



DANONE
ONE PLANET. ONE HEALTH

Q1 2020 SALES

**Resilience
amid COVID-19**

April 21, 2020

Emmanuel Faber, Chairman and CEO
Cécile Cabanis, CFO



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- This presentation contains certain forward-looking statements concerning Danone. In some cases, you can identify these forward-looking statements by forward-looking words, such as “estimate”, “expect”, “anticipate”, “project”, “plan”, “intend”, “objective”, “believe”, “forecast”, “guidance”, “outlook”, “foresee”, “likely”, “may”, “should”, “goal”, “target”, “might”, “will”, “could”, “predict”, “continue”, “convinced” and “confident,” the negative or plural of these words and other comparable terminology. Forward looking statements in this document include, but are not limited to, predictions of future activities, operations, direction, performance and results of Danone.
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- All references in this presentation to Like-for-like (LFL) changes, recurring operating margin, recurring EPS and free cash flow correspond to financial indicators not defined in IFRS. Please refer to the FY 2019 results press release issued on February 26, 2020 for further details on IAS29 (Financial reporting in hyperinflationary economies), the definitions and reconciliation with financial statements of financial indicators not defined in IFRS. Finally, the calculation of Net Debt/Ebitda is detailed in the annual registration document.
- Due to rounding, the sum of values presented in this presentation may differ from totals as reported. Such differences are not material.



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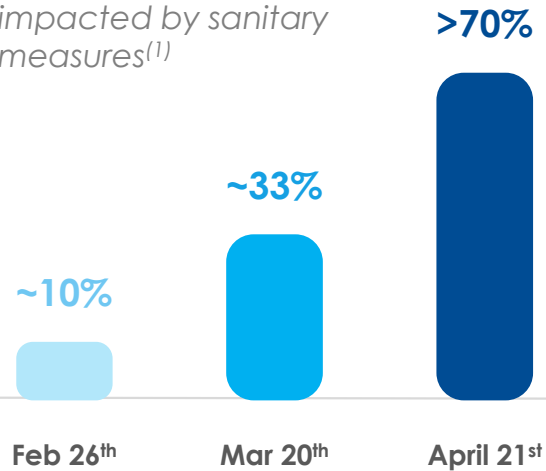


Fast-changing market backdrop

Unprecedented times, significant impact on food and beverage

COVID-19: from China to the whole world

Portion of Danone's sales in countries impacted by sanitary measures⁽¹⁾



Fast-changing demand patterns

- Country-by-country changes
- Out-of-home reduced
- Boosted e-commerce adoption
- Volatility in weekly demand
- Home stock-piling in some categories
- Shift to large and multi-formats

Challenged supply chain Decreased efficiency

- Distancing requirements
- Logistics bottlenecks
- Shipping delays
- Greater number of employees on sick leave

Growing loyalty to and expectations from brands⁽²⁾

- 60% of people turning to brands they trust (89% in China)
- 65% of people's future purchase influenced by brands' response to pandemic (88% in China)

(1) COVID-19 sanitary measures in countries include cancellation of events, closure of outlets and confinement measures

(2) Source: Edelman Trust Barometer Special Report 'Brand Trust and the Coronavirus Pandemic'. Data collected between March 23 and 26, 2020

Our guiding principles and actions

One Planet. One Health. vision serving our entire value chain's resilience



ONE PLANET. ONE HEALTH

Committed

to our employees and consumers to ensure safety and food supply continuity

Responsible

to protect our entire value chain and wider community, at country and local level

Resilient

by adapting operations and supply chain and supporting our partners

Our messages around Q1

Resilience established, adapting to ongoing changes

Q1 2020: a solid quarter

+3.7% LFL sales growth, ahead of expectations

- Sharp rise in March
- Boost from short-term effects, including cumulated effect of shift to at-home and pantry loading
- Resilience of SN and EDP well-compensates headwinds in Waters

Outlook

Navigating through limited visibility

- Volatile and uncertain macro-environment leading to 2020 guidance withdrawal
- Reassessing resource allocation priorities in the short-term
- Reworking operations and retooling supply chain
- Strong balance sheet underpins our resilience

Strategic priorities

Maintaining commitment to long-term frame of action and goals

- Relevance of localized food supply chain and regenerative agriculture strategies
- Confirming data-related investments
- Uniquely fit to emerge as the most attractive food platform for all stakeholders

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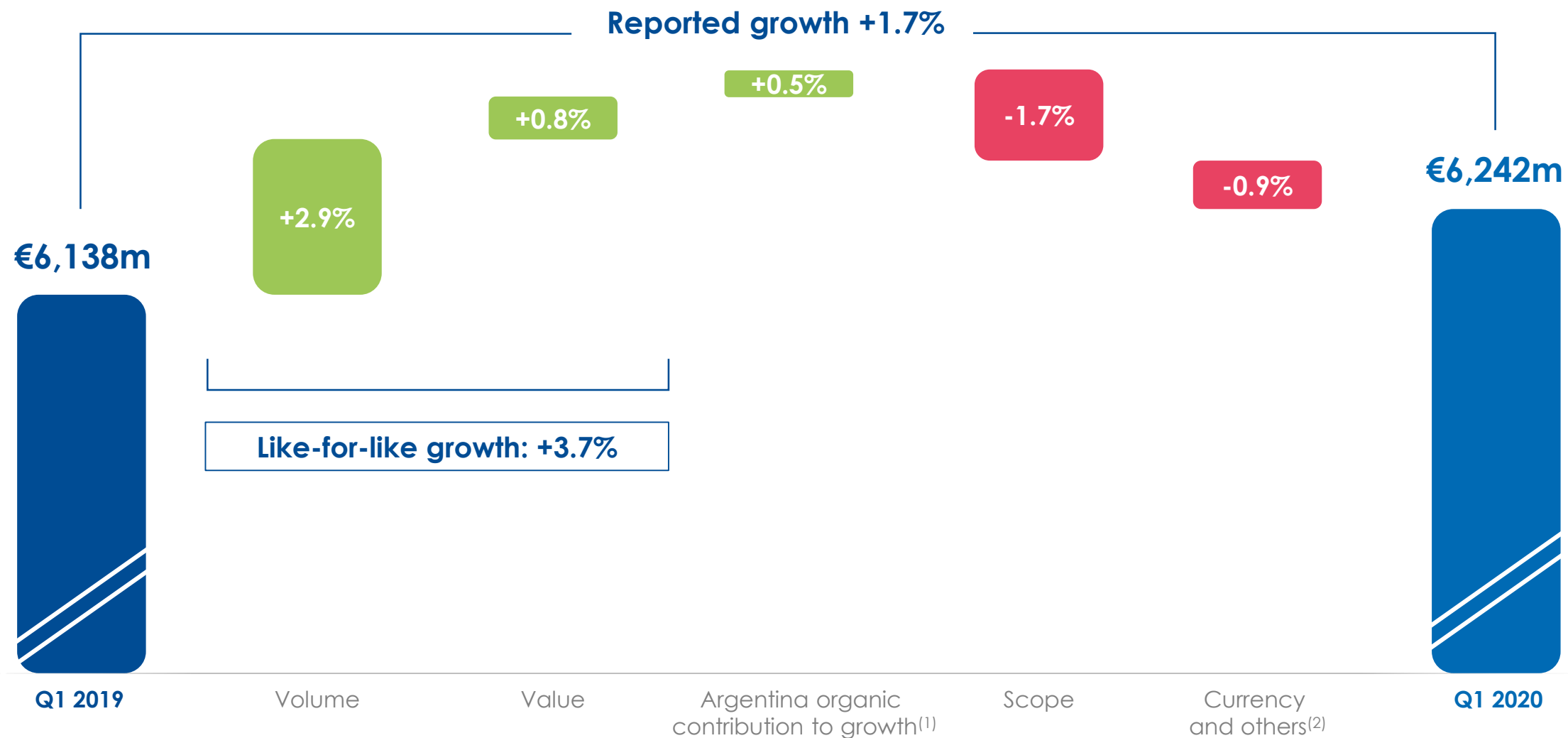
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Q1 2020 sales bridge

Like-for-like sales growth driven by strong rise in EDP and Specialized Nutrition volumes









(1) As a reminder, since January 2019, all like-for-like data exclude the contribution of Argentinian entities; (2) Including IAS 29

Q1 2020 sales by business and geography

Experiencing different regional and category trends

By reporting entity

By geographical area

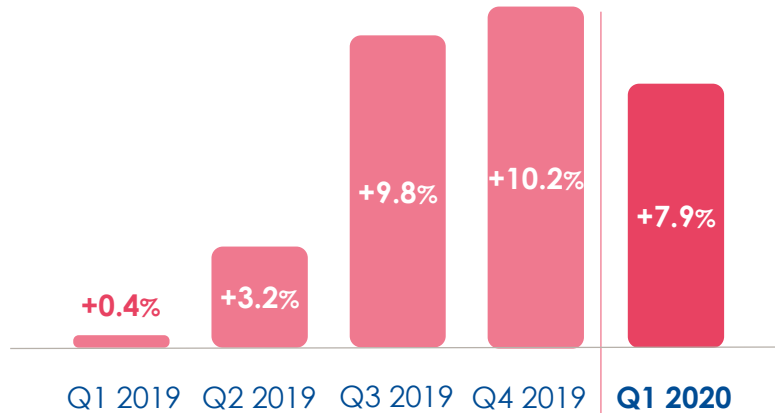
	 Company	 Essential Dairy & Plant-based	 Specialized Nutrition	 Waters	 Europe & Noram	 Rest of the World
Q1 net sales	€6,242m	€3,364m	€1,949m	€928	€3,469m	€2,772m
Like-for-like growth	+3.7%	+4.6%	+7.9%	-6.8%	+4.7%	+2.6%
Volume	+2.9%	+2.8%	+5.2%	-0.9%	+5.4%	+0.6%
Value	+0.8%	+1.9%	+2.7%	-5.9%	-0.7%	+2.0%



Specialized Nutrition: +7.9% like-for-like sales growth

Strong growth globally, favored by stock-piling behaviors

Quarterly LFL sales growth



Q1:

- **Infant Nutrition:** high-single-digit growth
- **Adult Nutrition:** strong growth

China⁽¹⁾: solid sales growth

- Sustained market demand, accelerated due to stock-loading
- Share gains in direct channels from strong position in e-commerce
- Headwinds from Hong-Kong border closure, travel ban
- Double-digit growth in Advanced Medical Nutrition

Europe⁽²⁾: ~+10% sales growth

- Boosted in March by stock-piling in both BMS⁽³⁾ and baby-food
- Strong demand in tube feeding in hospitals

Other geographies

- Continued strong performance in South East Asia
- Continued strong progression of *Happy Family* in the US
- Home stock-piling in CIS and Latam

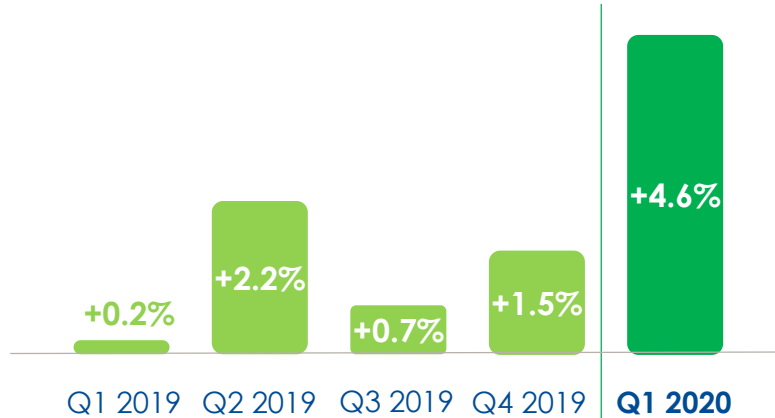
(1) Estimated sales for domestic consumption in China through both direct and indirect distribution channels; (2) Estimated sales for domestic consumption in Europe; (3) Breast Milk Substitutes



Essential Dairy and Plant-based: +4.6% like-for-like sales growth

Volumes boosted by lockdown in Europe and North America

Quarterly LFL sales growth



Q1:

- **Essential Dairy:** solid growth
- **Plant-based:** mid-teen growth

Europe: mid-single digit growth

- Broad-based growth across countries
- Strong sales in March (double-digit growth rate)
- Growing at-home Dairy consumption, stock-piling effects in Plant-Based
- Adjusting portfolio to meet consumers' short term habit changes

North America: mid-single digit growth

- Solid performance across brands and categories
- Premium Dairy and Plant-Based boosted by home stock-piling in March
- Coffee Creamers growing strongly despite loss of demand in foodservice

Rest of the world

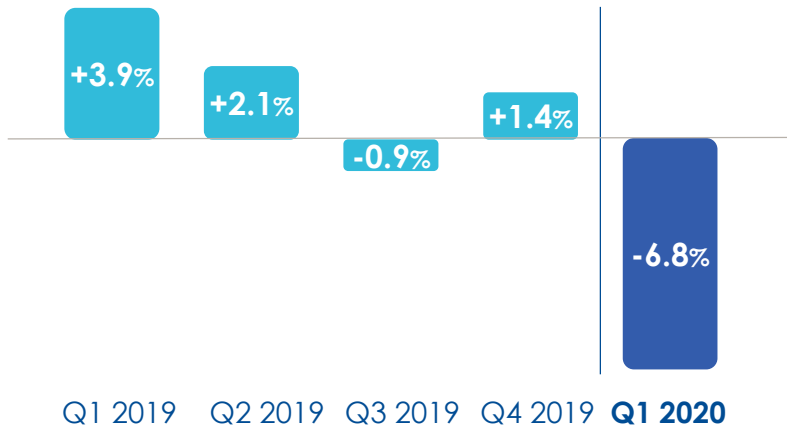
- **CIS:** traditional dairy driving slight improvement vs previous quarter
- **Latin America:** solid growth
- **Africa:** negatively impacted by exposure to proximity stores



Waters: -6.8% like-for-like sales growth

Out-of-home, small formats and Aquadrinks penalized

Quarterly LFL sales growth



China: steep double-digit decline at around -40%

- Significant sales loss in line with expectations
- New Mizone on shelf from end April; relaunch campaign adapted while demand slowly improves

Europe: mid-single digit negative growth

- Loss of out-of-home volumes leading to negative mix effects
- Short-term stock-piling benefits in March on large plain water formats

Q1:

- **Modern trade and eCommerce: solid growth**
- **Foodservice and Impulse: steep double-digit decline**

Other geographies: solid growth

- Plain Water and jugs formats driving growth in Indonesia, Mexico and Turkey



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Operating in a dramatically changed environment

Increased uncertainty from COVID-19 on our 2020 outlook

Multi and complex impacts of COVID-19 on value chain



Sales

Volumes (shift to at-home)

Brand preference

Volumes (reverse loading effects)

Mix effects (product, country, formats)

Margin

Drop in commodity prices

Reduced travel costs

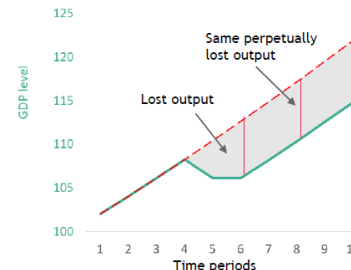
Manufacturing and logistics extra-costs to guarantee business continuity

Uncertain length and depth macro scenario

V curve



U curve



with different impact on consumers' purchasing power by country

Large currency fluctuations

Evolution of EUR vs key currencies since Feb 26th



-24%



-17%



-14%



-15%

2020 guidance withdrawn

Reassessing resource allocation priorities

Adapting to new short-term reality

Portfolio flexibility

- Innovation pipeline review
- Transition to rPET delayed by disrupted supply
- Delay in price increase
- Focus on the core range to maximize industrial output

Supply chain continuity

- Supply localization
- Inventory increase
- Adapted ways of working, including masks supply

Agile resource allocation

- Optimization of promotions
- Adjustment of A&P plans and messaging to reflect shifting media consumption
- Brand investment and support to their ecosystem
- Rephasing of some transformation initiatives

Areas of focus

- **People safety**
- **Business continuity at appropriate cost**
- **Brand availability and preference**
- **Cash management**

Confidence that resilience is established

Relying on strong balance sheet going forward

1

Strong investment grade

- 2.8x Net debt / EBITDA as of end 2019
- BBB+ stable outlook (S&P), Baa1 stable outlook (Moody's)

2

Successful refinancing

- €800m bond issuance on March 2020
- 7-year maturity
- Attractive rate (mid-swap + 0.93%)

3

Significant cash in hands

- €3bn of cash and cash equivalents as of end 2019

4

Back-up facilities

- ~€3bn available financing
- No covenant

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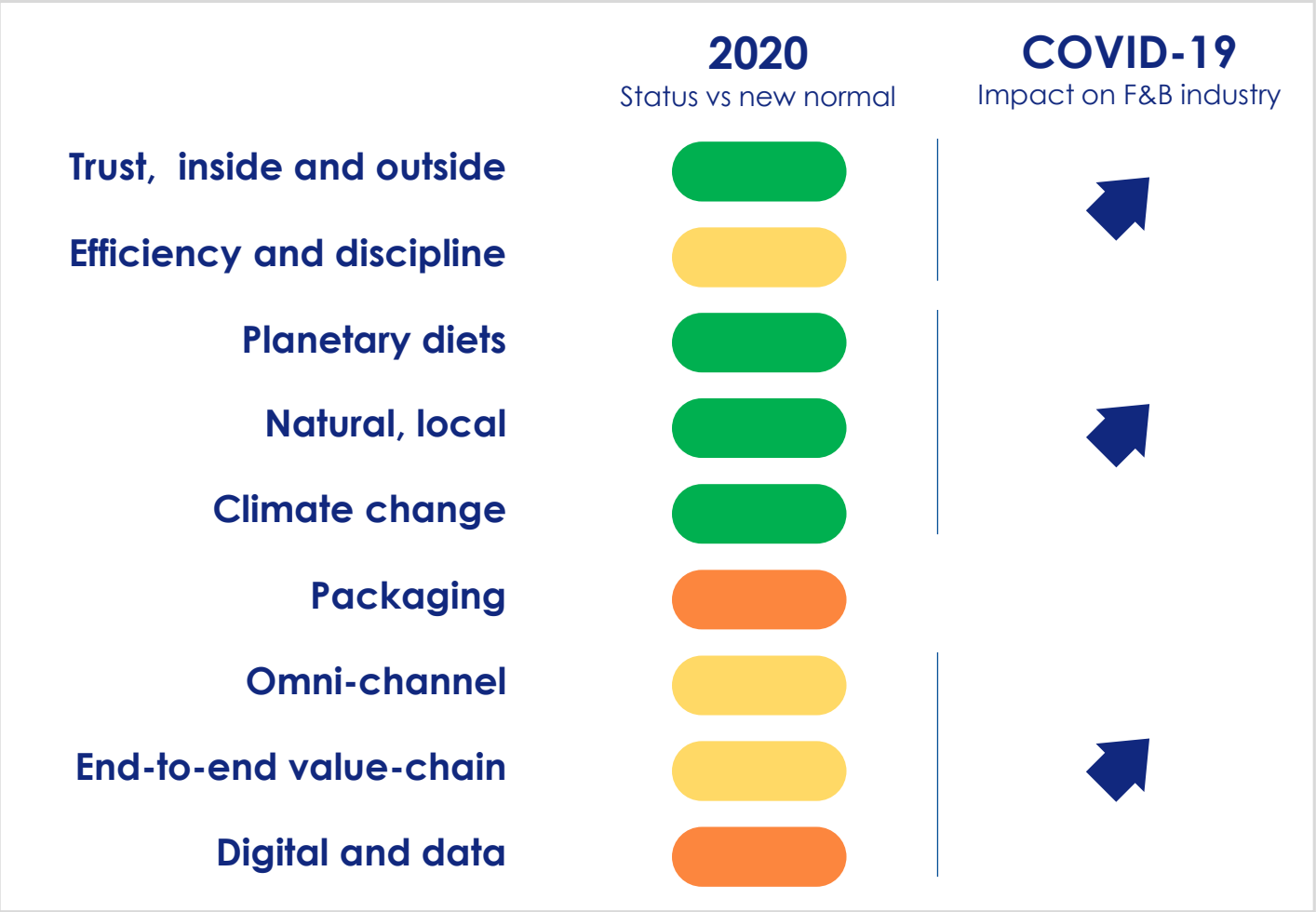
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Beyond COVID-19

Increased relevance of our frame of action, committed to strategic transformation roadmap



Beyond COVID-19: uniquely fit to emerge as the most attractive food platform

Lead the way to create and share sustainable value

2030
GOALS

OUR BRAND MODEL



OUR BUSINESS MODEL

OUR TRUST MODEL

Healthies



Local



Leaders



Responsible

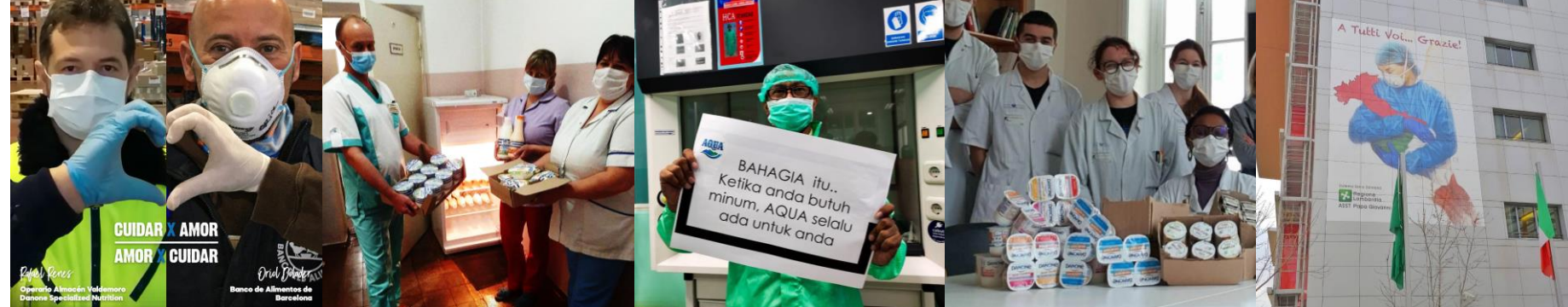


Agile



Purpose












Appendix



Q1 2020 sales by reporting entity and by geographical area

	 Essential Dairy & Plant-based	 Specialized Nutrition	 Waters	 Company
 Europe and Noram Sales <i>LFL growth</i>	€2,275m +5.3%	€817m +7.3%	€378m -3.6%	€3,469m +4.7%
 Rest of the world Sales <i>LFL growth</i>	€1,090m +3.3%	€1,132m +8.3%	€550m -9.0%	€2,772m +2.6%
 Company Sales <i>LFL growth</i>	€3,364m +4.6%	€1,949m +7.9%	€928m -6.8%	€6,242m +3.7%

Q1 2020 impact of currencies & scope

Q1 2020

Like-for-like sales growth

Argentina organic contribution to growth

Currency and others⁽¹⁾

IAS 29 impact

Scope

Reported sales growth



Essential Dairy & Plant-based

+4.6%

+0.5%

-0.5%

+0.1%

-3.1%

+1.7%



Specialized Nutrition

+7.9%

+0.4%

-1.8%

+0.0%

+0.0%

+6.6%



Waters

-6.8%

+0.9%

-1.7%

+0.1%

+0.0%

-7.4%



Company

+3.7%

+0.5%















-1.0%

+0.1%

-1.7%

+1.7%

Changes in exchange rates

		% total Q1 2020	Q1 20 vs Q1 19 (avg)
	United States Dollar	20.8%	+3.0%
	Russian Ruble	6.6%	+1.3%
	Indonesian Rupiah	6.2%	+2.4%
	British Pound	5.4%	+1.2%
	Chinese Renminbi	5.1%	-0.5%
	Mexican Peso	4.5%	-1.2%
	Brazilian Real	2.6%	-13.1%
	Polish Zloty	2.6%	-0.5%
	Hong Kong Dollar	2.3%	+4.0%
	Argentine Peso	2.2%	-34.9%
	Canadian Dollar	2.1%	+1.9%
	Australian Dollar	2.1%	-5.1%
	Turkish Lira	1.9%	-9.4%
	Moroccan Dirham	1.6%	+2.0%

