



DANONE
ONE PLANET. ONE HEALTH

FY 2020 RESULTS

February 19th, 2021

Disclaimer

- 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 income, recurring operating margin, recurring net income, recurring income tax, recurring EPS and free cash flow correspond to financial indicators not defined in IFRS. Please refer to the FY 2020 results press release issued on February 19, 2021 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 ROIC and 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.

CEO Introduction

What you will hear from us today...

A brief history

Contrasted performance in 2020, after 5 years of consistent and competitive delivery

Danone's reinvention is underway, around 4 pillars

Strengthened governance

A brief history

Contrasted performance in 2020, after 5 years of consistent and competitive delivery

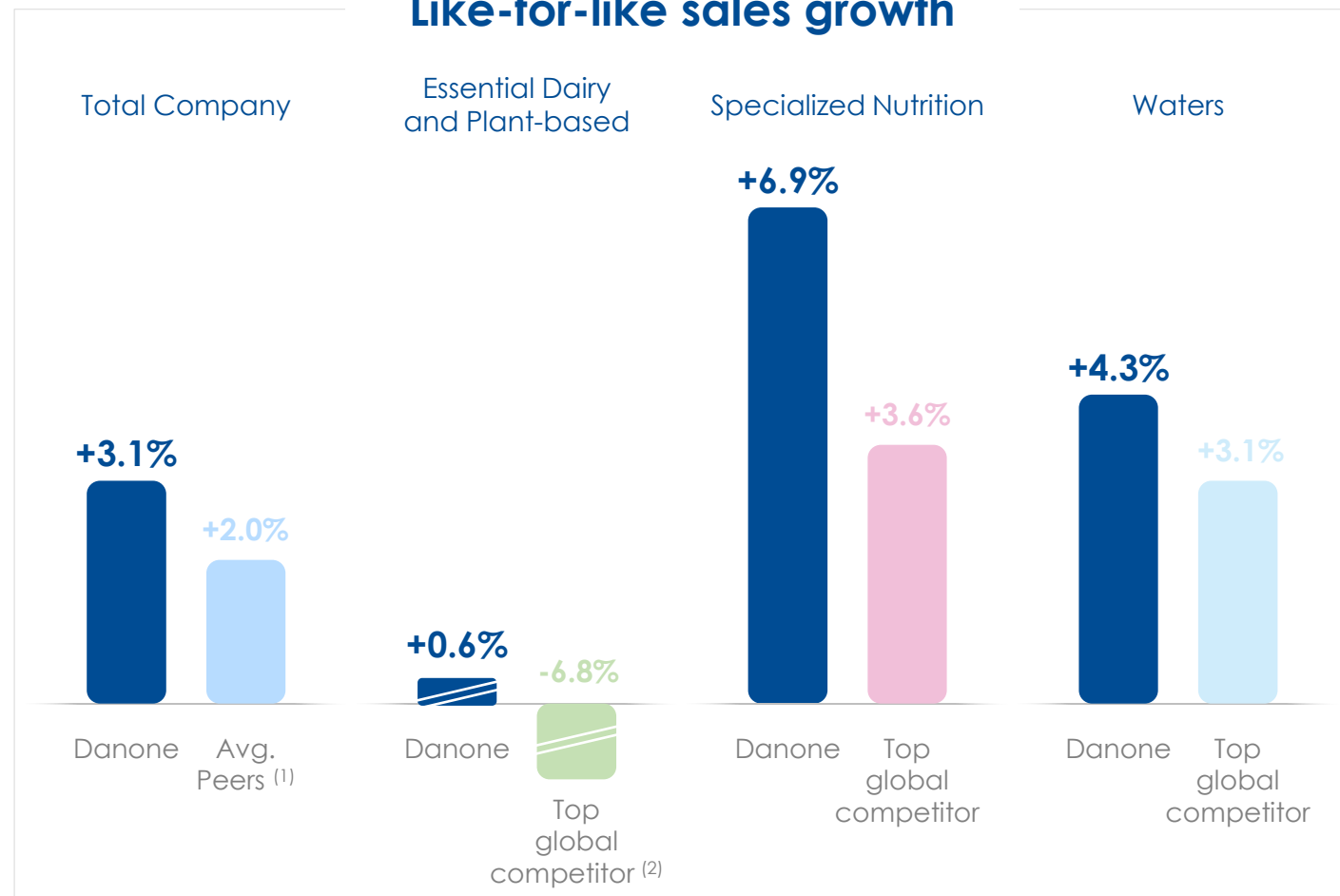
Danone's reinvention is underway, around 4 pillars

Strengthened governance

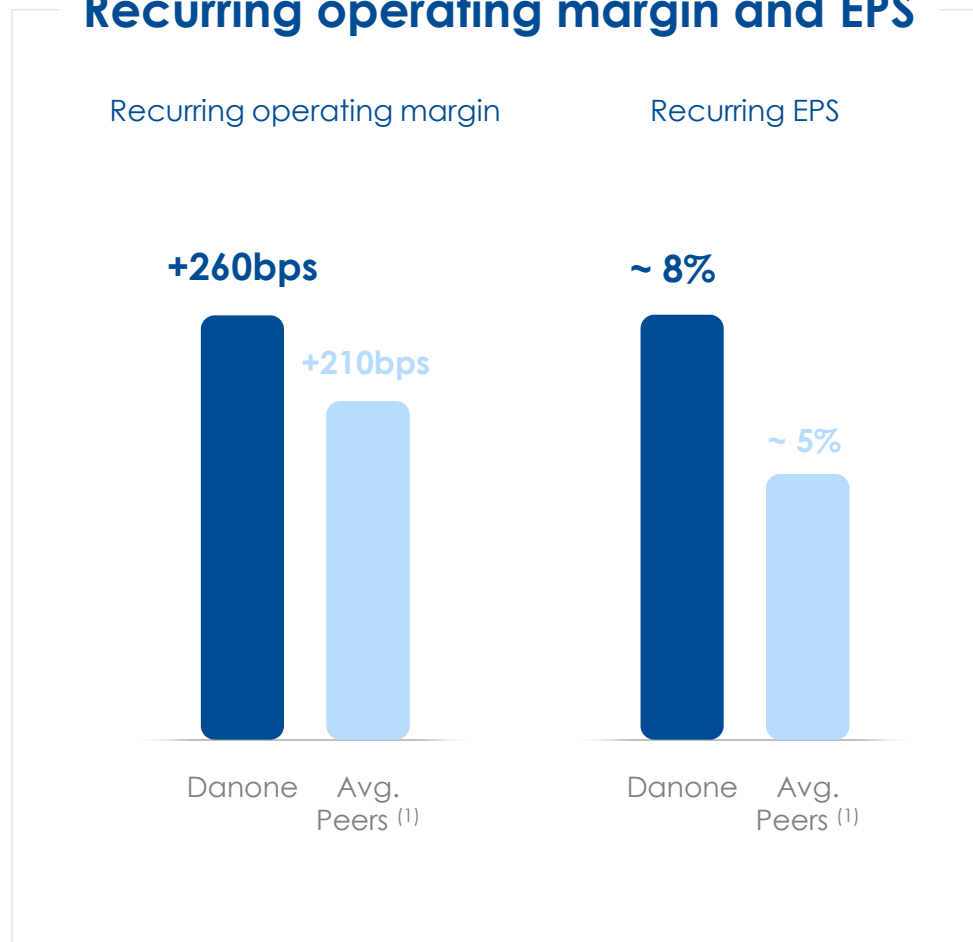
5 years of consistent and competitive delivery

Sales growth, margin and EPS delivery ahead of larger panel up to 2019

Like-for-like sales growth



Recurring operating margin and EPS

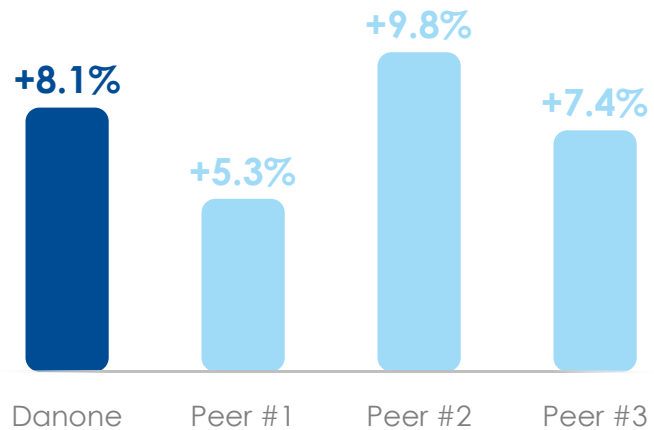


5 years of consistent and competitive delivery

Improving sales growth and earnings in line with key peers

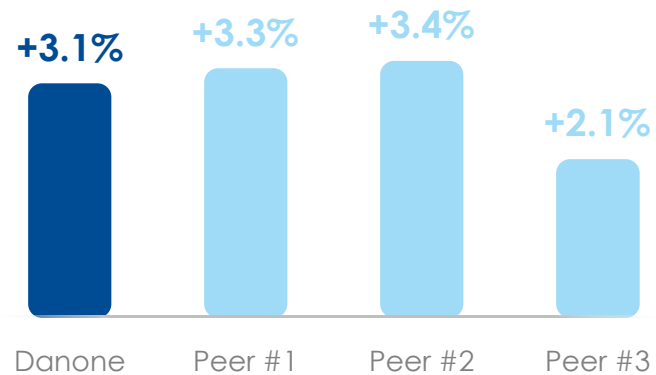
Recurring EPS

2015-2019 average growth



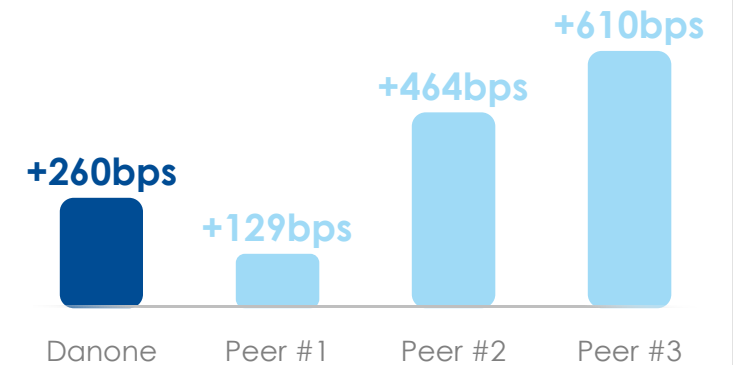
Life-for-like sales growth

2015-2019 average growth



Recurring operating margin

2014-2019 evolution



A brief history

Contrasted performance in 2020, after 5 years of consistent and competitive delivery

Danone's reinvention is underway, around 4 pillars

Strengthened governance

2020 made our frame of action more relevant than ever

We bring Health through food to as many people as possible



Healthier



Local



Leader



Sustainable



Agile



Purpose



Committed to sustainable value creation

Through our business, brand and trust model

Focus on profitable
sustainable growth

+15%

Plant-Based 2020 like-for-like sales growth

Recognized superior
environmental performance

AAA

CDP ranking for the 2nd year in a row
One of only 10 companies
The only food company

Fostering inclusion and
engagement

91%

of employees recommend
Danone as a GPTW⁽²⁾
+11bps vs FMCG norm⁽³⁾

~50%

of sales covered
by B Corp certification

**-1mt carbon emissions
in 2020 full scope⁽¹⁾**

cost of carbon
per share -4%

50%

of Directors from
underrepresented
nationalities⁽³⁾



Closing 2020 with priorities delivered through the Covid crisis

Focus on competitive profitable growth and absolute cash

14%

Recurring operating margin

€2.1 bn

Free cash flow

**LFL sales
growth**

Sequential improvement Q4 vs Q3: -1.4% vs -2.5%
FY: -1.5% LFL; contrasted performance by category

Market Share strength

Across key categories and brands



Infant Milk Formula



Dairy & Waters



Essential Dairy

Aptamil

TWO GOOD



Actimèl

DANONE



Danette

evian

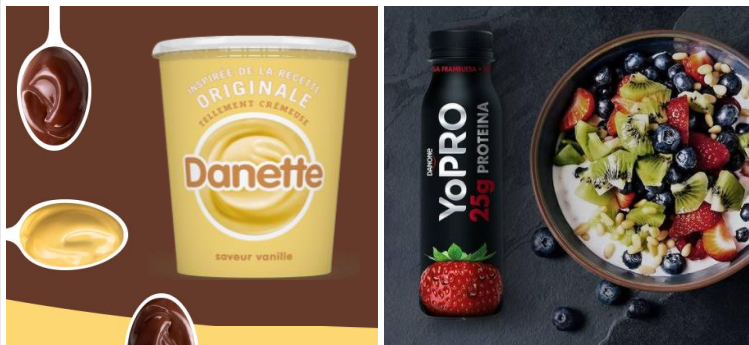
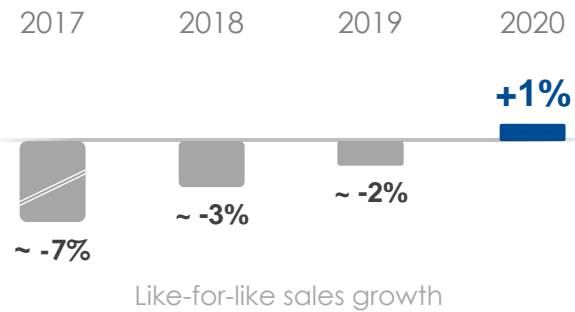


EDP back to solid performance, highest LFL sales growth since 2012

Dairy growing low-single-digit in 2020



Dairy Europe is back to growth



Dairy US: Broad-based sales growth



& CIS

Modern & Traditional Dairy portfolios fueling growth recovery



EDP back to solid performance, highest LFL sales growth since 2012

Dairy reaping the fruits of the repositioning strategy

Restored category relevance & market share gains

Health & Immunity

Actimèl

> +10%
LFL sales growth

> +20_{bps} MS
Global ⁽¹⁾



Restored category relevance & market share gains

Smart Indulgence

Danette

> +5%
LFL sales growth

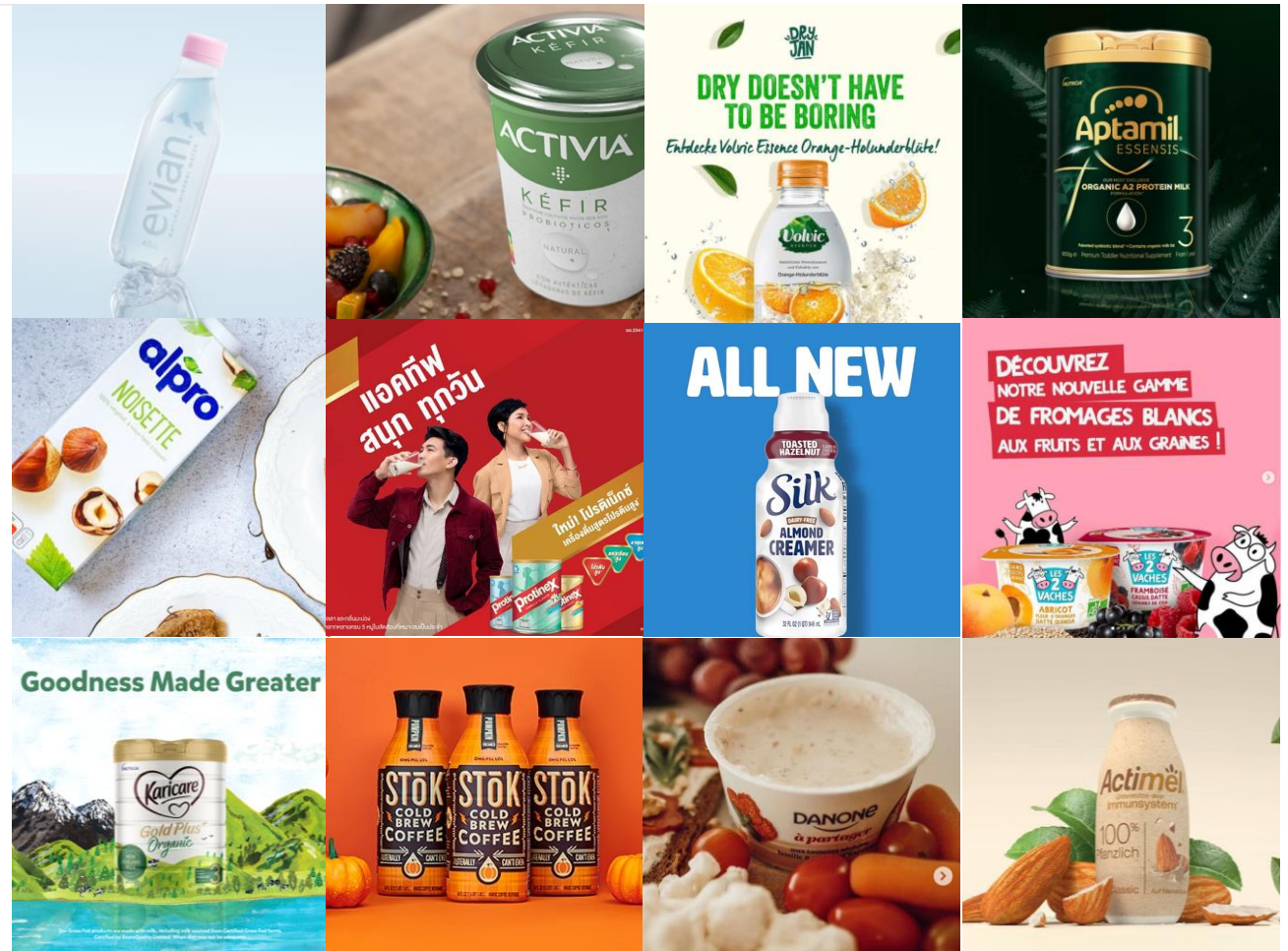
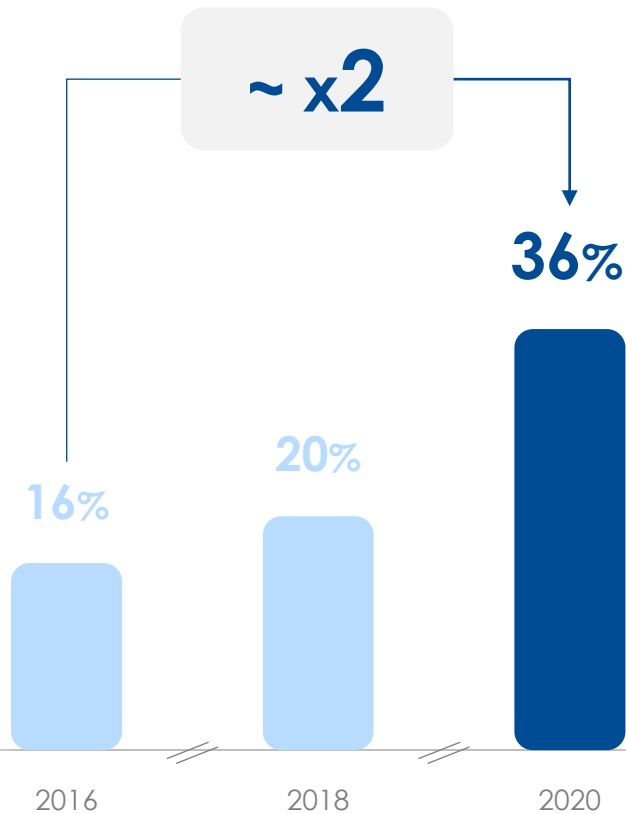
> +23_{bps} MS
Global ⁽¹⁾



Another year of accelerated innovation

36% of revenues generated from products launched less than 2 years ago

% of Innovation in Net Sales ⁽¹⁾



Innovation model will be adapted to the new context

SKU rationalization to allow for more selective and meaningful innovation

Successful dynamic portfolio management 2020 example



-30% in # SKU on
half-gallon formats
in 2020

+10% volume output on
performing assets

Double-digit growth
in 2020

+200bps share gains ⁽¹⁾
widening gap with competition

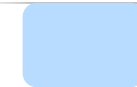


2021 plan

of SKUs cut

2020

2021



~ -500



~ -1500

**-20% of total Company SKUs
cut by end of 2021**




2020, the last year of the WhiteWave integration

Value creation plan delivered

Growth engine since the acquisition

2016 – 2020 CAGR


WhiteWave
+6%


alpro
+13%

Category leadership



#1

PB Beverages
and Yogurt



#1

Organic milk
PB Beverages
and Yogurt

Legacy WW driving growth in 2020

2020 like for like sales growth

+11%

Contribution to Danone 2020 LFL growth

~ +160bps

Value creation plan fully delivered

Integration Synergies

Original plan

Delivery

~ \$300m

overdelivered

EBITDA evolution

+40%

between 2016 and 2020

A brief history

Contrasted performance in 2020, after 5 years of consistent and competitive delivery

Danone's reinvention is underway, around 4 pillars

Strengthened governance

Four pillars to reconnect with Danone's mid-term profitable growth ambition And restore shareholder value creation



**Investing for
portfolio superiority
and differentiation**



**Optimizing
execution across
the value chain**



**Reshaping the
organization**

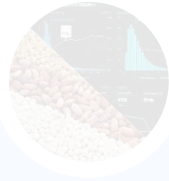


**Reviewing our
portfolio, making
selective divestures
and bolt on
acquisitions**

Four pillars to reconnect with Danone's mid-term profitable growth ambition And restore shareholder value creation



**Investing for
portfolio superiority
and differentiation**



**Optimizing
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**Reshaping the
organization**



**Reviewing our
portfolio, making
selective divestures
and bolt on
acquisitions**

Plant-based now representing c. 20% of EDP revenues

Reaching scale thanks to accelerated geographic and portfolio expansion

Plant-based now contributing at scale

+15%

LFL sales growth

€2.2bn

revenues in 2020

Continued category penetration gains



+5pts

since 2016 ⁽¹⁾



+8pts

since 2016 ⁽¹⁾

Accelerated expansion

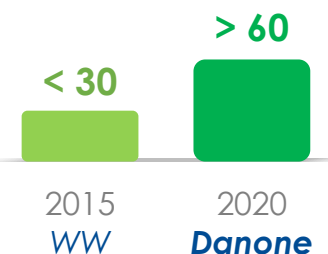
alpro

~ €750m **~ +60%**

revenue in 2020

vs 2015

Number of countries addressed



~ x2



Portfolio superiority and differentiation through incremental innovation

YoPro and Two Good, reinventing the High Protein and Greek segments



2020 revenues

~ €**130**m
3 years after launch



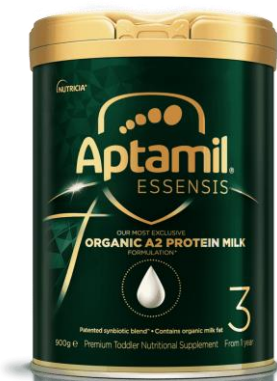
2020 revenues

~ €**100**m
2 years after launch



~ €2bn revenues from eCommerce in 2020

Growth fueled by consumer adoption and market share gains



~ €2bn

revenues in 2020 ⁽¹⁾

~ +40%

like for like sales growth ⁽¹⁾

~ 10%

of Company 2020 sales ⁽²⁾

75%

of businesses gaining eCom
market share in Europe EDP ⁽³⁾



+ 162 bps



+ 190 bps



+ 340 bps



Four pillars to reconnect with Danone's mid-term profitable growth ambition And restore shareholder value creation



Investing for
portfolio superiority
and differentiation



**Optimizing
execution across
the value chain**



Reshaping the
organization



Reviewing our
portfolio, making
selective divestures
and bolt on
acquisitions

Delivering superior consumer value for profitable growth

With unmatched science and technology in Plant-based, Probiotics and Proteins

Plant-based

~ +8%

LFL sales growth vs LY



Accelerating brand support in 2021

Probiotics

Proteins

TWO GOOD



Delivering superior consumer value for profitable growth

Design to Deliver integration already in action with Alpro



Unique 40-year
ingredient dataset



Direct farmer
relationships



Proprietary
processing
capabilities



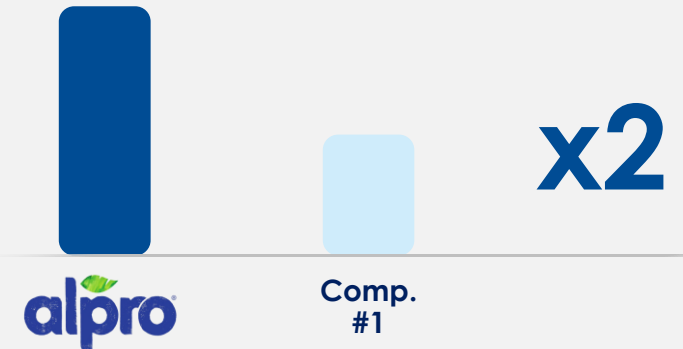
Unique
technology



alpro ^{~4.0} relative
market
share



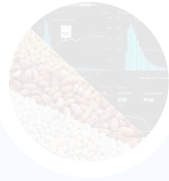
First brand of choice (18-24yo) ⁽¹⁾



Four pillars to reconnect with Danone's mid-term profitable growth ambition And restore shareholder value creation



Investing for
portfolio superiority
and differentiation



Optimizing
execution across
the value chain



Reshaping the
organization

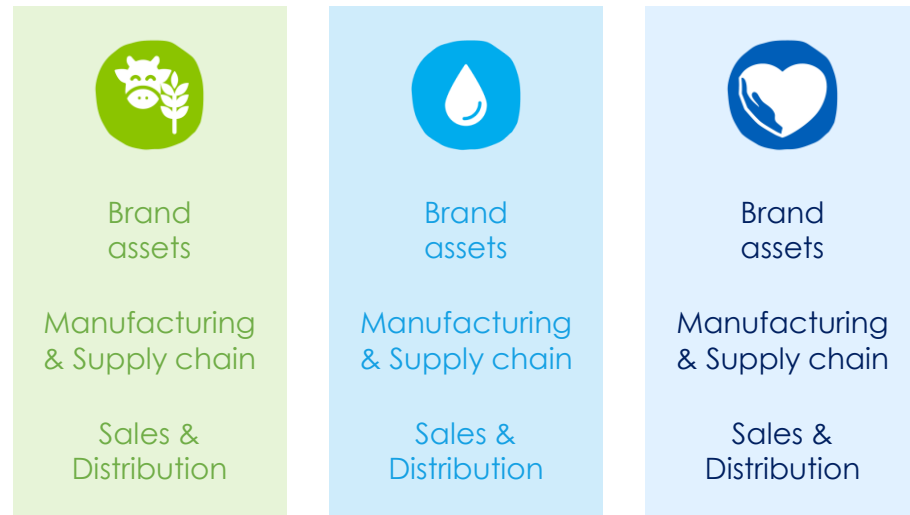


Reviewing our
portfolio, making
selective divestitures
and bolt on
acquisitions

Local First: organization design as a lever for growth and resilience

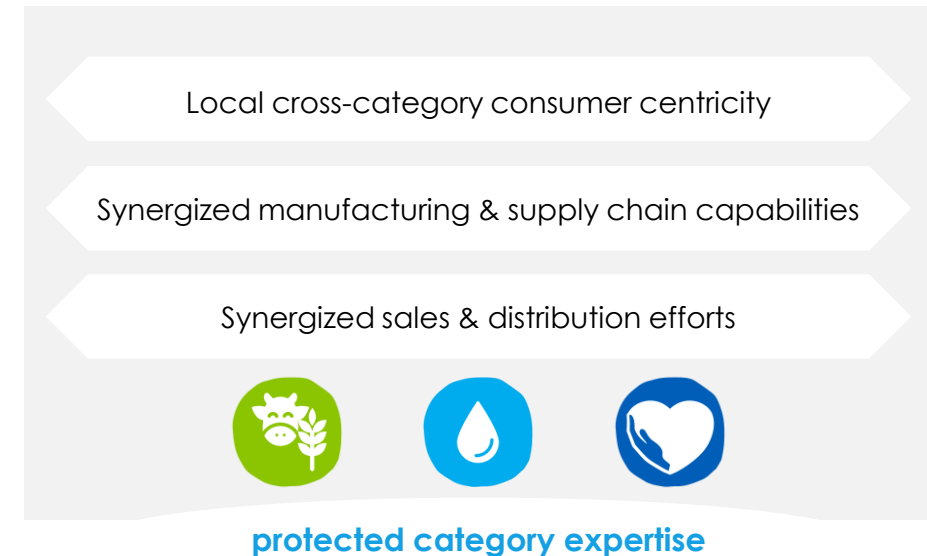
From category-led independent businesses to geography-led cross-category units

FROM 3 BUSINESSES OPERATING IN PARALLEL



3 divisions
13 regional teams
61 country business units

TO CROSS-CATEGORY LOCAL ENTITIES

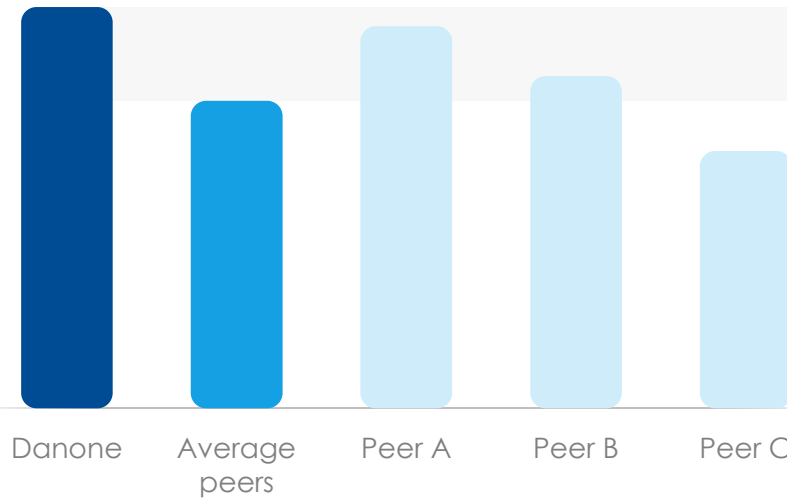


6 zone teams
22 country business units

A fitter and more agile organization

€700m savings on SG&A by 2023 to fuel growth and restore margins

Overheads (% of NS, 2019)



€1bn

€300m

€700m

2023 savings

Cost of goods sold
and logistic costs
Extra productivity

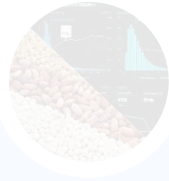
~20% SG&A

costs reduction
in 3 years to restore
competitiveness and
invest in growth

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portfolio superiority
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Optimizing
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the value chain



Reshaping the
organization



**Reviewing our
portfolio, making
selective divestitures
and bolt on
acquisitions**

Accelerating in major Plant-Based adjacencies

Welcoming *Follow Your Heart* in the Danone Plant-based family



#1 position in US plant-based sliced cheese ⁽¹⁾

#2 position in US plant-based shredded cheese ⁽¹⁾

Leading position in plant-based mayonnaise



Disciplined capital allocation to drive shareholder returns

With clear and well-balanced priorities

Continued disciplined capital allocation to drive shareholder returns



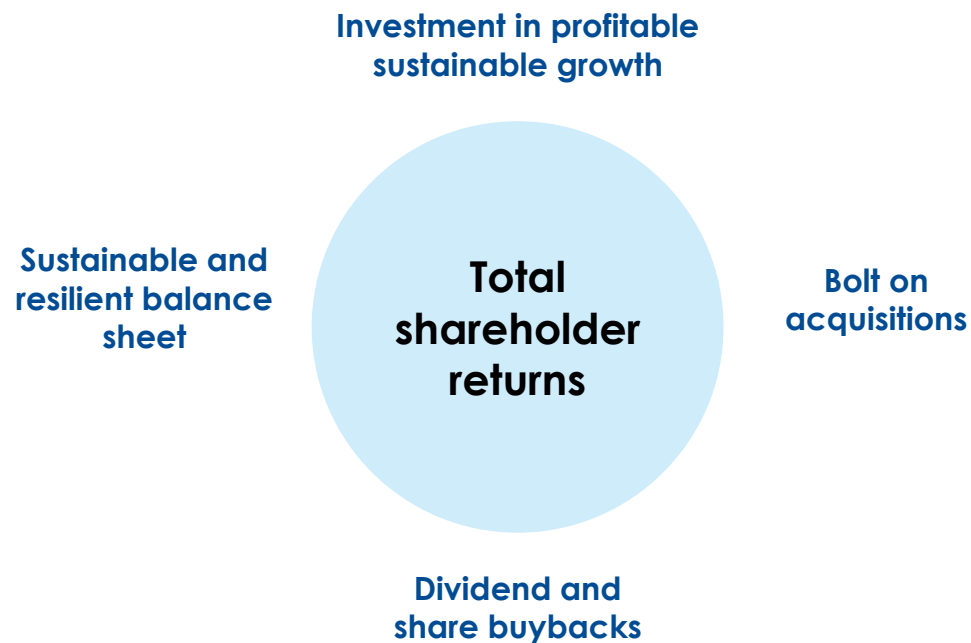
Strategic review of Argentina and Vega on track



Sale of remaining 6.6% stake in Yakult in **October 2020** following first exit in 2018

- > 25x P/E ⁽¹⁾, unlocking **€470m** of invested capital
- ~ **€200m** capital gain

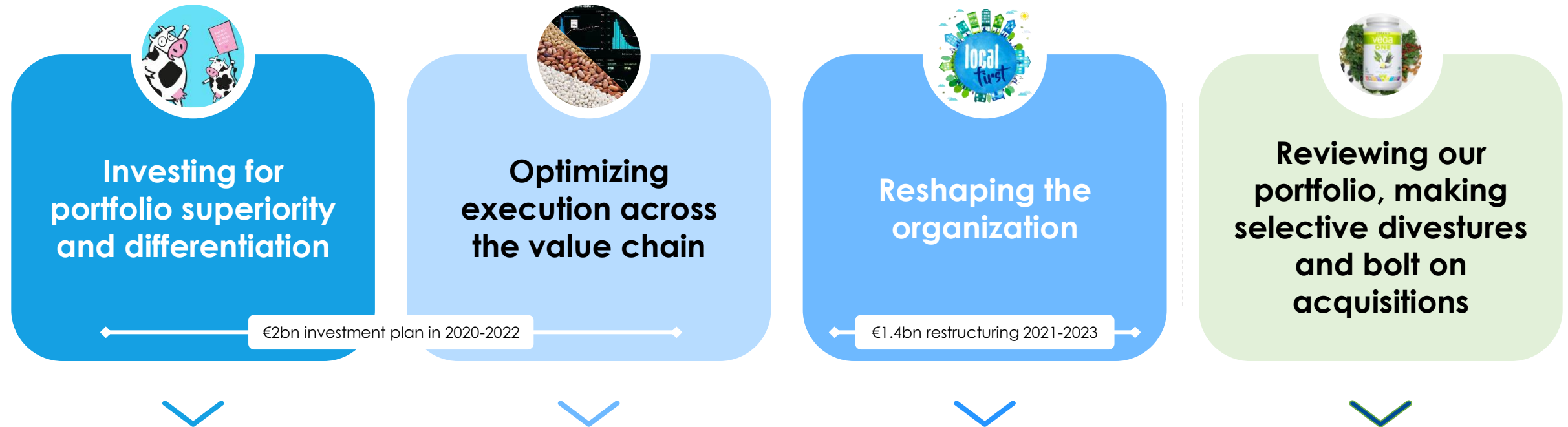
Capital allocation priorities



TSR part of Executive Committee incentives as of 2021



Four pillars to reconnect with Danone's mid-term profitable growth ambition And restore shareholder value creation



Accelerating growth and delivering €1bn savings by 2023 towards Danone mid-term targets: 3% to 5% LFL sales growth, mid to high teens operating margin

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Strengthening our governance

To oversee Management's delivery of the plan, including Local First

A Board reaching 70% independence & gender parity

After 2021 Shareholders' Meeting

Gilles SCHNEPP



New Lead
Independent
Director

Ariane GORIN



Two new
members
bringing
additional
expertise

Dr. Susan ROBERTS



A newly created Strategy & Transformation Committee

Monitoring progress on
adaptation plan and
portfolio review



Benoît POTIER
Chair

Entreprise à Mission Mission Committee

Monitoring progress
on Social and
Environmental goals



Pascal LAMY
Chair

supported by 8 members with
global independent expertise



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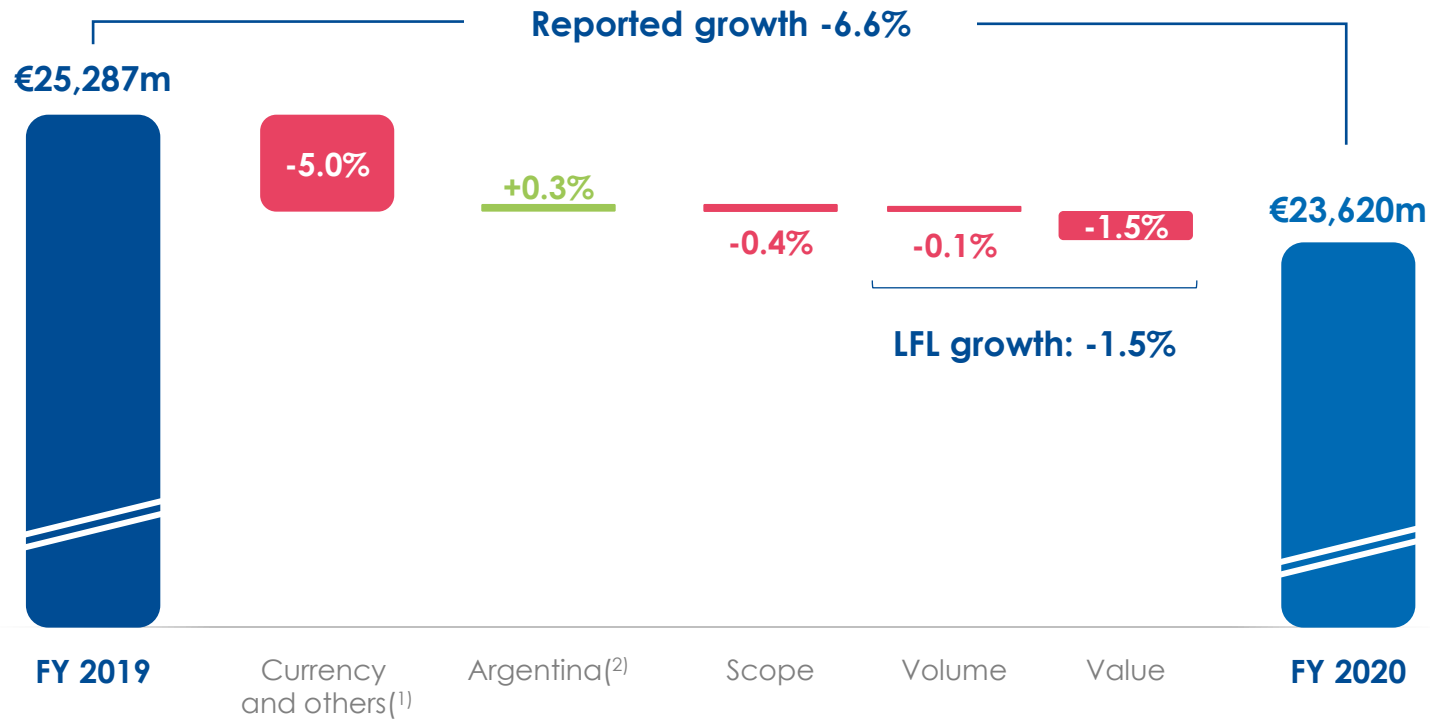
2020 financial review

Juergen Esser
CFO

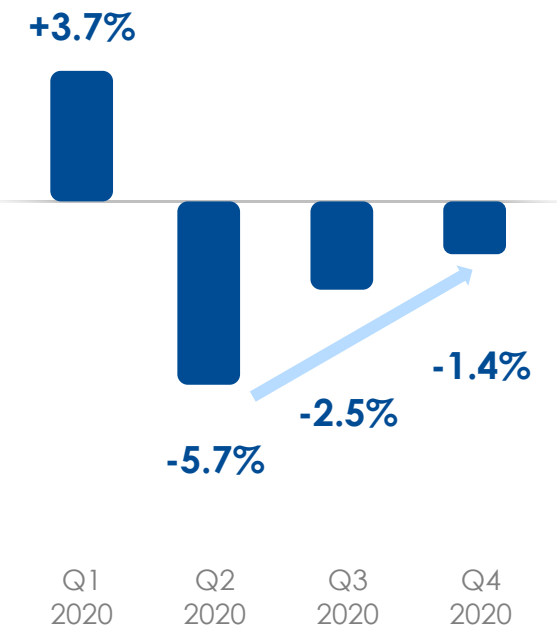
Sales bridge

Sequential LFL improvement in Q4 vs Q3

FY 20 sales bridge



Quarterly LFL sales growth





Specialized Nutrition Sequential improvement vs Q3



FY 2020 key figures

Sales	€7.2bn
Like-for-like change	-0.9%
Volume / Value	-0.8% / -0.1%
Recurring operating margin	24.5%
Change	-74 bps

Like-for-like sales growth excluding Argentina

Q4 developments

China

- Domestic channels back to growth in Q4; cross-border declining -45%
- Solid market share performance: Aptamil, number one multinational brand in China IMF, holding market share, best performer during 11-11 event
- Strong performance maintained in Advanced Medical Nutrition

Europe

- Slow recovery in Infant Milk and First Diet categories
- Medical nutrition activity back to a more normalized situation
- Resilient market share performance, notably in UK and France

Other geographies

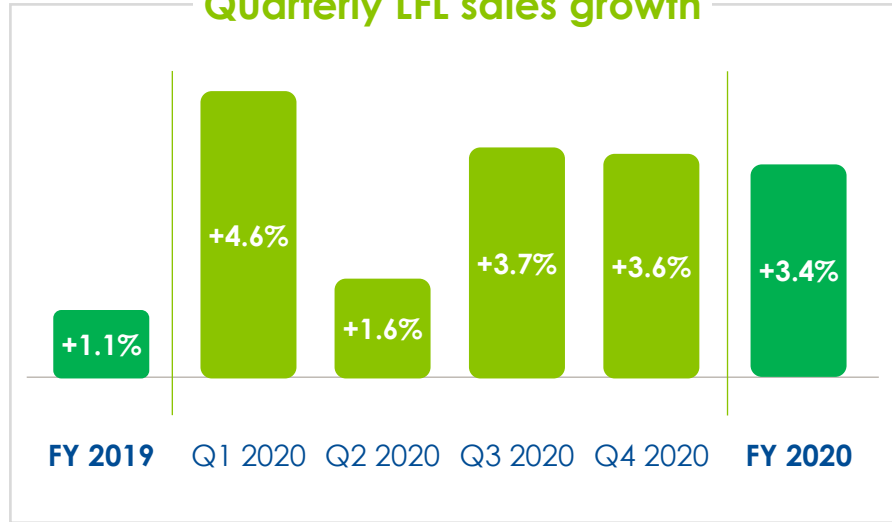
- Strong performance driven by market share gain



Essential Dairy & Plant-based

Back to solid performance in 2020

Quarterly LFL sales growth



FY 2020 key figures

Sales	€12.8bn
Like-for-like change	+3.4%
Volume / Value	+3.0% / +0.3%
Recurring operating margin	10.2%
Change	-6 bps

Like-for-like sales growth excluding Argentina

Plant-based reaching €2.2bn sales, growing +15% LFL in FY 2020

- Alpro, Silk and So Delicious growing double-digit
- Alpro now a c. €750m brand

Q4 developments

Europe and North America driving the performance, up mid-single digit

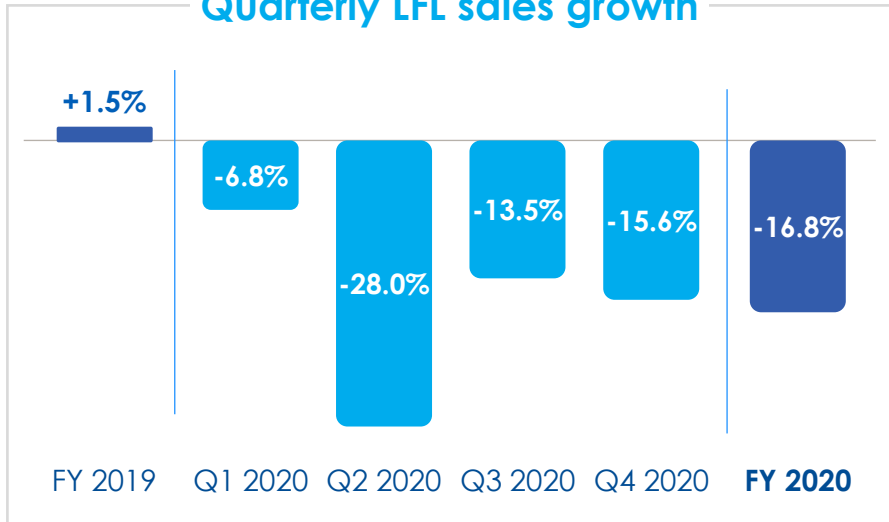
- Dairy Europe back to growth, reaping the fruits of repositioning in 2019
- Increased relevance of Health and Immunity
- North America: resilient in Yogurt and Coffee Creamers, continued performance of Plant-based and Premium Dairy

Rest of the world

- Low single digit growth in CIS
- Steady performance in Latin America and Africa

Waters **Volumes and mix impact from muted out-of-home consumption**

Quarterly LFL sales growth



FY 2020 key figures

Sales	€3.6bn
Like-for-like change	-16.8%
Volume / Value	-7.7% / -9.1%
Recurring operating margin	7.0%
Change	-601 bps

Like-for-like sales growth excluding Argentina

Q4 developments

Product, format and channel performance driven by lockdowns

- Out-of-home channels declining -20% and small formats down -30%
- Average price per liter severely hit by negative channel and format mix

Deteriorating conditions in Europe

- Europe performance negatively impacted by new wave of lockdowns and restrictions to mobility
- Resilient market share performance, especially in France, Germany and UK

Indonesia and Latam

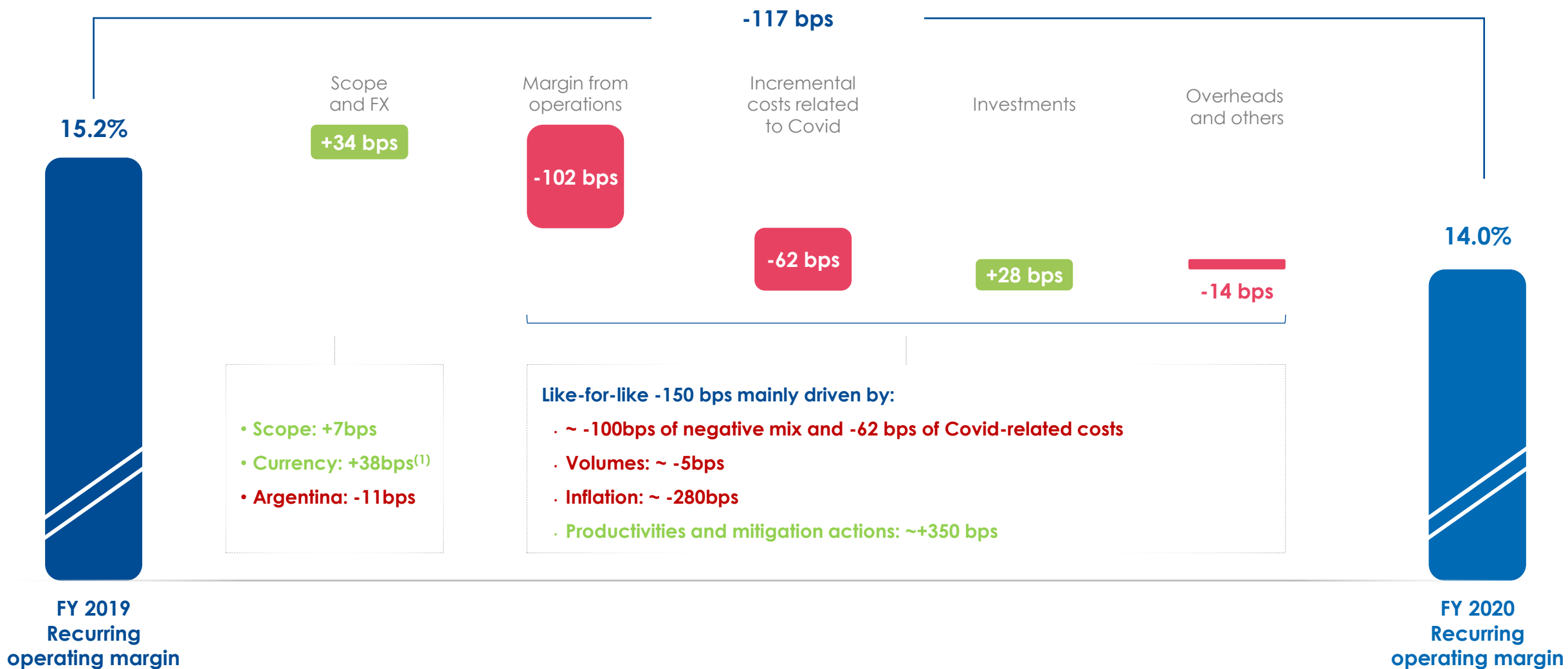
- Strong impact on out-of-home channels on the back of restrictions and curfews

China

- Mizone back to growth in Q4 on a small quarter

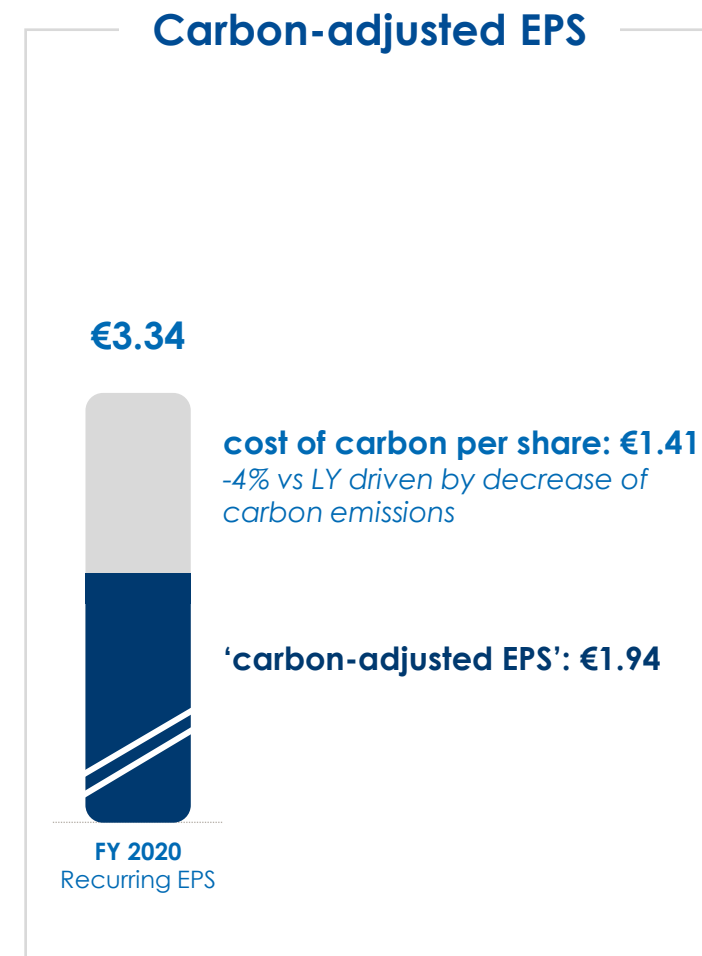
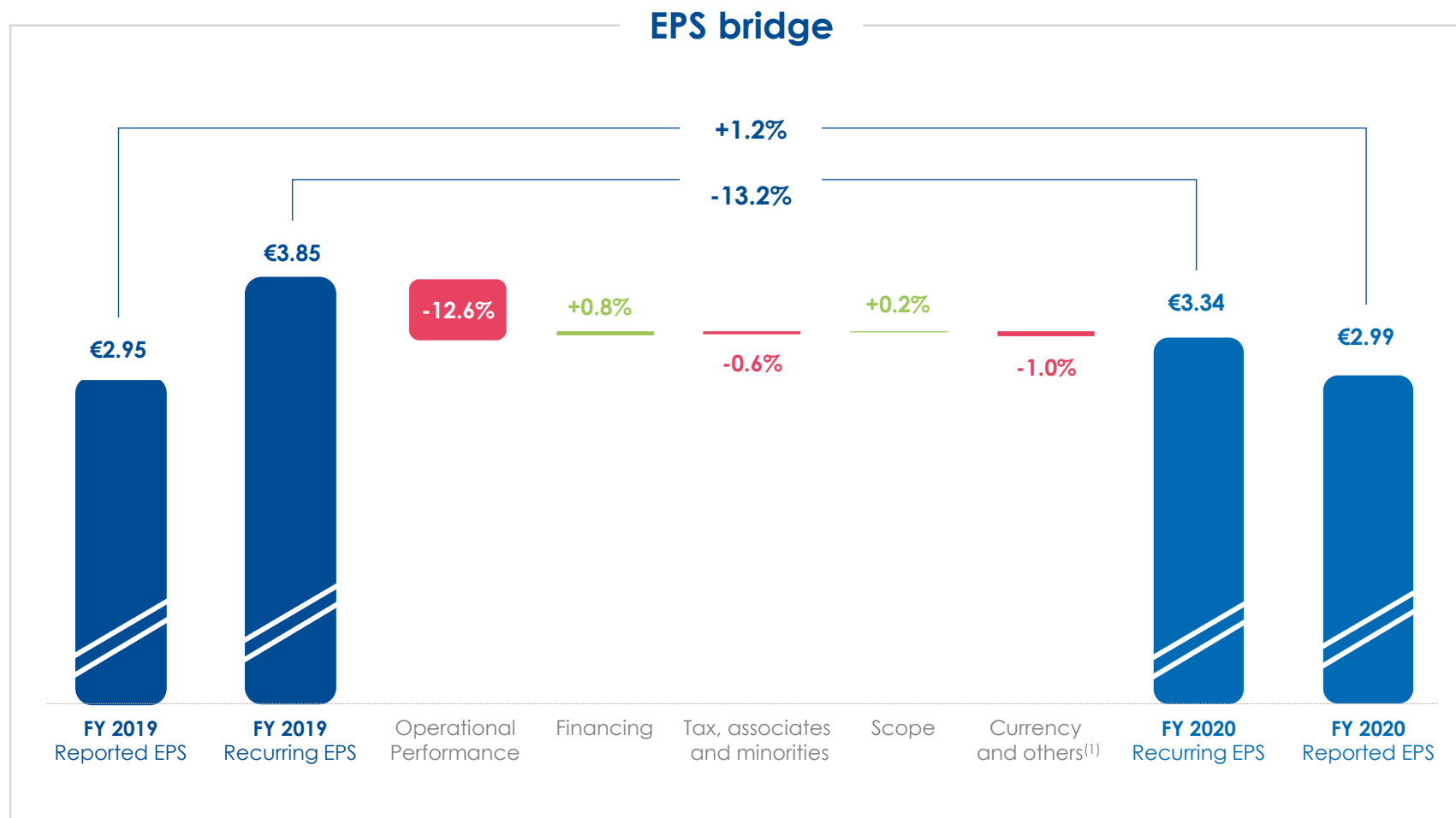
FY 2020 recurring operating margin

Margin deterioration mostly driven by Covid-related negative mix and extra costs



EPS

Decline of recurring EPS driven by operating performance; cost of carbon per share -4%



Cash flow and balance sheet

Protecting cash generation and gearing through disciplined capital allocation

Free cash flow

€2.1 bn

8.7% conversion rate

Working capital

-3.1%

Negative
channel mix

Capex

€962m

4.1% of Net Sales

Net Debt

2.8x

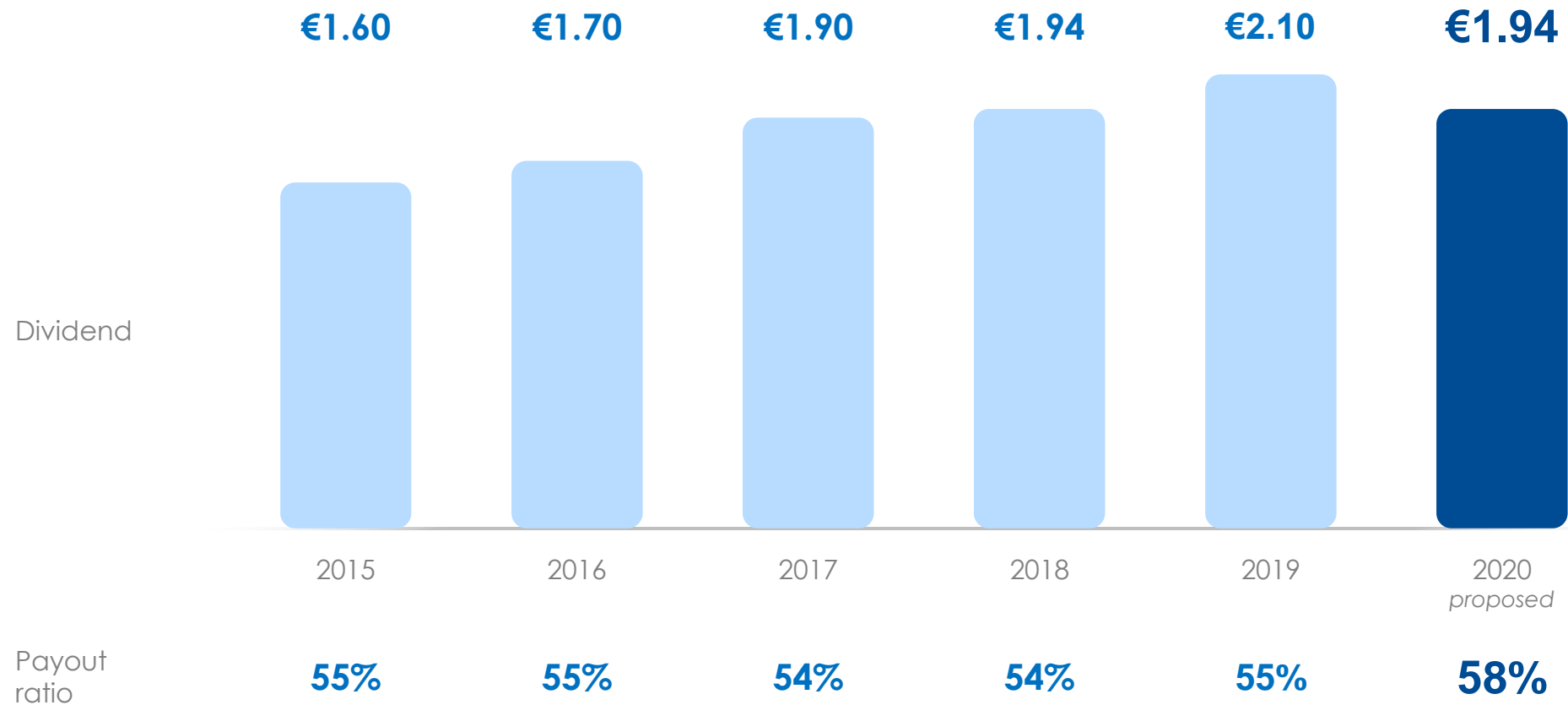
Net debt/ EBITDA

€11.9bn

Net debt

Proposed dividend of 1.94€ per share in cash at next AGM on April 29th, 2021

Balanced decision reflecting confidence in company resilience



2021 Outlook

2 phase year, return to profitable growth as of H2

Macro outlook

Continued uncertainties on duration and level of restrictions across all geographies in H1 2021

Progressive reopening of economies assumed starting from H2, driven by progressive roll-out of vaccination programs

Danone outlook

Tough Q1 driven by base of comparison and continued channel-related headwinds

Back to growth as of Q2

Back to profitable growth in H2

FY margin expected broadly in line with 2020

Reiterating Financial Targets

2022 target

> 15%

operating
margin⁽²⁾

Mid-term ambition

3% to 5%
LFL⁽¹⁾ sales growth

mid to high teens
operating margin⁽²⁾

Long-term goal



(1) Like-for-like

(2) Recurring operating margin

Leading in sustainability Through financial disclosure

Engaged in the UN Global Compact CFO Task Force

Together with 40+ corporates
and investors worldwide



Compliant with TCFD framework



Supporting the Audencia academic research chair

Piloting non-financial
reporting standards with the
European Union





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Conclusion







Emmanuel Faber
Chairman & CEO










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Appendix

Q4 2020 sales by reporting entity – breakdown volume/value

	By reporting entity				By geographical area	
	 Company	 Essential Dairy & Plant-based	 Specialized Nutrition	 Waters	 Europe & Noram	 Rest of the World
Q4 net sales	€5,628m	€3,131m	€1,753m	€743m	€3,252m	€2,376m
Like-for-like growth	-1.4%	+3.6%	-3.1%	-15.6%	-1.0%	-1.9%
Volume	+0.0%	+3.7%	-1.7%	-9.3%	+1.0%	-1.0%
Value	-1.4%	-0.1%	-1.3%	-6.3%	-1.9%	-0.9%

Q4 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>	€2,182m +4.6%	€738m -5.0%	€332m -21.9%	€3,252m -1.0%
 Rest of the world Sales <i>LFL growth</i>	€950m +1.7%	€1,015m -1.7%	€411m -10.2%	€2,376m -1.9%
 Company Sales <i>LFL growth</i>	€3,131m +3.6%	€1,753m -3.1%	€743m -15.6%	€5,628m -1.4%

Q4 & FY 2020 impact of currencies & scope

Q4 2020














	Essential Dairy & Plant-based	Specialized Nutrition	Waters	Total
Reported sales growth	-6.1%	-9.8%	-22.8%	-9.8%
Argentina organic contribution to growth	+0.3%	+0.3%	+0.4%	+0.3%
Currency and others ⁽¹⁾	-9.8%	-6.7%	-7.5%	-8.5%
IAS 29 impact	-0.2%	-0.4%	-0.3%	-0.3%
Scope	+0.0%	+0.1%	+0.2%	+0.1%
Like-for-like sales growth	+3.6%	-3.1%	-15.6%	-1.4%

FY 2020

	Essential Dairy & Plant-based	Specialized Nutrition	Waters	Total
Reported sales growth	-2.6%	-4.8%	-21.1%	-6.6%
Argentina organic contribution to growth	+0.4%	+0.4%	+0.2%	+0.3%
Currency and others ⁽¹⁾	-5.4%	-4.2%	-4.4%	-4.9%
IAS 29 impact	-0.2%	-0.1%	-0.1%	-0.1%
Scope	-0.8%	+0.0%	+0.1%	-0.4%
Like-for-like sales growth	+3.4%	-0.9%	-16.8%	-1.5%

(1) Excluding IAS29 impact

Changes in exchange rates

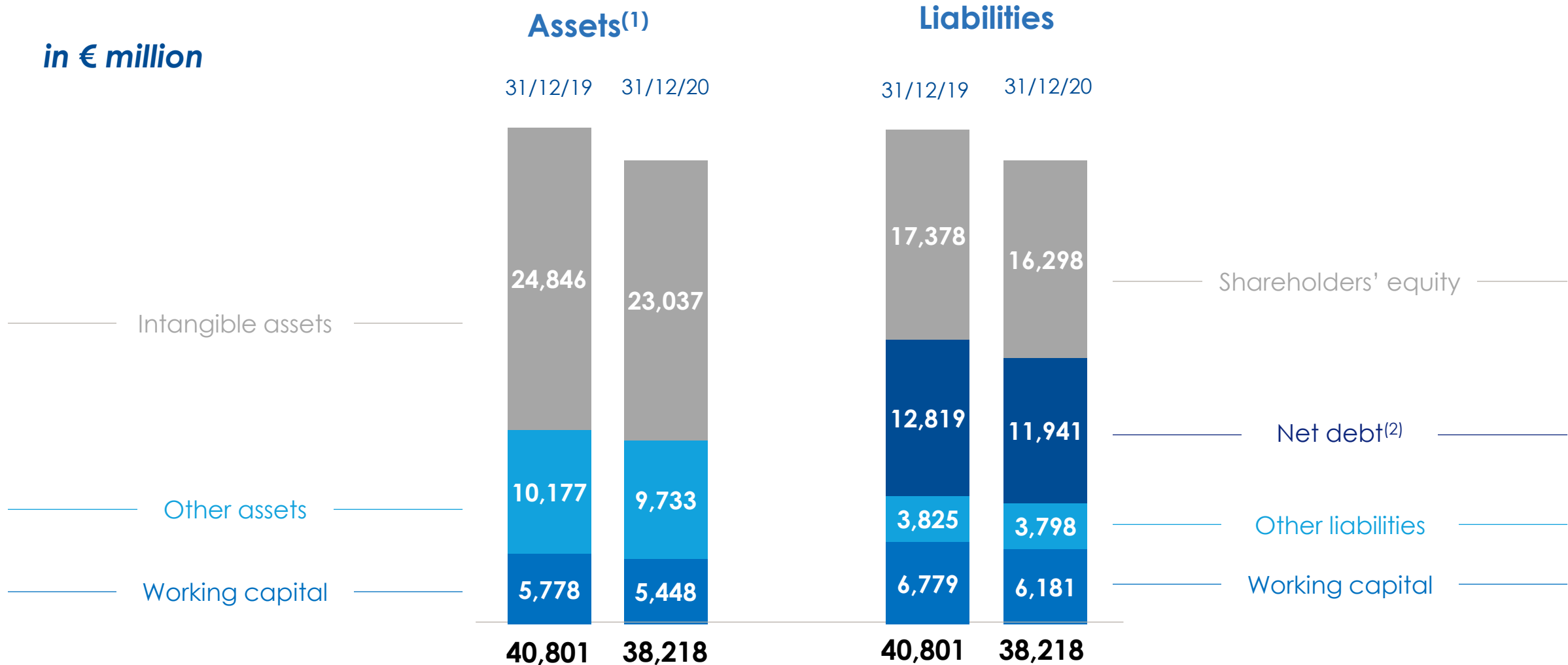
	% total FY 2020	FY 20 vs FY 19 (avg)	Q4 20 vs Q4 19 (avg)
 United States Dollar	21.5%	-2.0%	-7.2%
 Chinese Renminbi	6.8%	-1.8%	-1.2%
 Russian Ruble	6.0%	-12.6%	-22.4%
 Indonesian Rupiah	5.7%	-4.4%	-8.9%
 British Pound	5.4%	-1.3%	-4.7%
 Mexican Peso	3.8%	-12.1%	-13.0%
 Brazilian Real	2.4%	-25.2%	-29.2%
 Polish Zloty	2.4%	-3.3%	-4.8%
 Canadian Dollar	2.3%	-2.9%	-6.0%
 Hong Kong Dollar	2.1%	-1.0%	-6.3%
 Argentine Peso	1.8%	-33.6%	-31.4%
 Australian Dollar	1.6%	-2.7%	-0.7%
 Turkish Lira	1.6%	-21.1%	-31.7%

Recurring operating margin

Recurring operating profit (€m) and margin (%)	FY 2019		FY 2020		Change	
	€m	Margin (%)	€m	Margin (%)	Reported	Like-for-like
Essential Dairy & Plant-based	1,345	10.2%	1,303	10.2%	-6 bps	-36 bps
Specialized Nutrition	1,908	25.3%	1,763	24.5%	-74 bps	-126 bps
Waters	593	13.0%	251	7.0%	-601 bps	-574 bps
Europe & Noram	1,999	14.6%	1,823	13.6%	-98 bps	-117 bps
Rest of the world	1,847	16.0%	1,494	14.6%	-132 bps	-189 bps
Total	3,846	15.2%	3,317	14.0%	-117 bps	-150 bps

Balance sheet

in € million



(1) Excluding assets included in net debt

(2) Net of cash, cash equivalents, marketable securities, other short-term investments and financial instrument asset

Tax rate development

€ mln	2019	2020
Total income tax (reported)	(793)	(762)
Reported tax rate	27.7%	30.6%
Non-current income tax ⁽¹⁾	163	66
Current income tax	(956)	(828)
Underlying tax rate	27.5%	27.5%

(1) Tax related to non-current items

Cash-flow statement

	2019	2020
Recurring operating income	3,846	3,317
Financial income	(370)	(310)
Income tax on operating and financial income	(956)	(828)
Non-current income net of tax	(446)	(453)
Depreciation and amortization	1,386	1,452
Net change in provisions / Deferred taxes	151	(5)
Dividend received from equity accounted affiliates	53	32
Net change in interest income (expense)	8	12
Expense related to stock options and GPS	30	16
(Gains) losses on disposal of property, plant and equipment and financial investments	14	(54)
Other components of net income with no cash impact	39	20
Cash flow provided by operating activities, excluding changes in net working capital	3,755	3,199



Cash-flow statement

	2019	2020
Cash flow provided by operating activities, excluding changes in net working capital	3,755	3,199
Change in working capital	(311)	(232)
Cash flow from operations	3,444	2,967
Capital expenditure	(951)	(962)
Proceeds from the sale of industrial assets	16	43
Business acquisitions and other investments, net of cash and cash equivalent acquired	(112)	(183)
Proceeds from the sale of business	58	547
Change in long-term loans and other long-term assets	(19)	(54)
Cash flow used in investing activities and disposals	(1,008)	(610)

Cash-flow statement

	2019	2020
Cash flow used in investing activities and disposals	(1,008)	(610)
Increase in capital and additional paid-in capital	55	30
Purchases of treasury stock (net of disposal)	-	0
Perpetual subordinated notes issued or repaid during the period	(22)	(22)
Dividends paid to Danone shareholders	(1,256)	(1,363)
Transactions with non controlling interests*	(209)	(147)
Net cash flows on hedging derivatives	(7)	(1)
Bonds issued or raised during the period	0	1,600
Bonds repaid during the period	(1,899)	(2,050)
Increase (decrease) in other current and non-current financial debt	354	(306)
Increase (decrease) in other short-term investments	584	(102)
Cash flow used in financing activities	(2,400)	(2,360)
Effect of exchange rate and other changes	(231)	(48)
Increase (decrease) in cash	(195)	(51)

* Including dividends and capital increase

EBITDA calculation

	2019	2020
Operating income	3,237	2,798
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	1,386	1,452
EBITDA	4,623	4,250