



DANONE
ONE PLANET. ONE HEALTH

FULL-YEAR 2021 RESULTS

February 23, 2022

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, carbon-adjusted recurring EPS and free cash flow correspond to financial indicators not defined in IFRS. Please refer to the financial press releases issued by the Company 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.

FY 2021 CEO INTRODUCTION

Antoine de Saint-Affrique
Chief Executive Officer



SOLID SALES GROWTH IN 2021

With all categories contributing



+3.4%

LFL sales growth in 2021



+3.7%

LFL sales growth in 2021



+1.0%

LFL sales growth in 2021



+7.2%

LFL sales growth in 2021



FURTHER PROGRESS ON SOME POCKETS OF EXCELLENCE

Protein & Immunity, science-led Infant Nutrition innovation, Waters adjacencies



THE ORGANIZATION IS IN PLACE

Important milestones achieved in 2021

NORTH AMERICA

First tangible benefits are visible

EUROPE

Switched to the new model in Q4

GLOBAL CAPABILITIES

Core capabilities and functions strengthened



WE BUILD ON A GOOD BASE

But we have a lot to improve

GROWTH MODEL

+2.4%

mix contribution vs LY

BUT

**Market share challenges
and volume decrease**

QUALITY OF EXECUTION

>5%

productivity in H2

BUT

**Service level
issues**

INVESTMENTS

A&P

maintained in absolute value

BUT

**Decreasing as a %
of net sales**



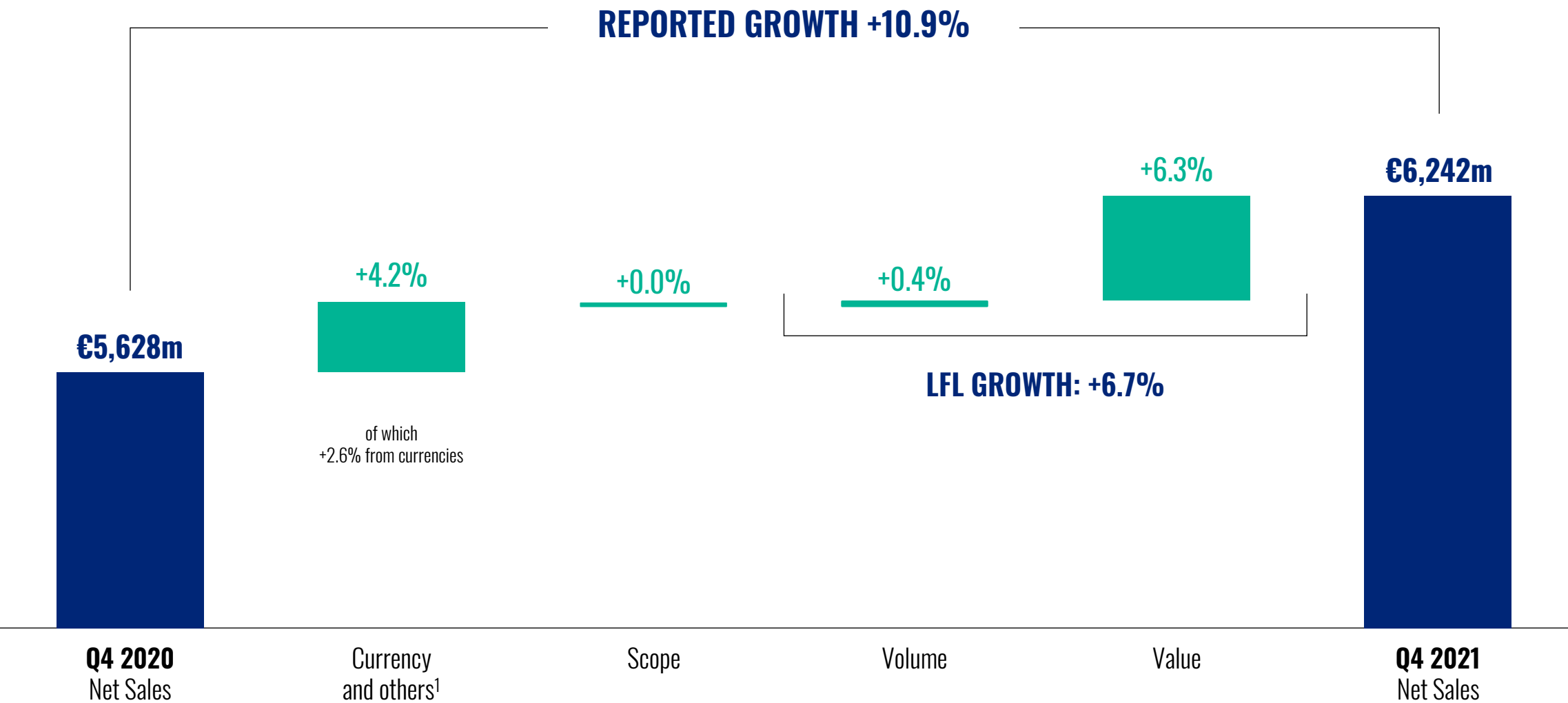
FY 2021 FINANCIAL REVIEW

Juergen Esser
Chief Financial Officer



STRONG END TO THE YEAR

Q4 growing +6.7% on a like-for-like basis, with positive volume

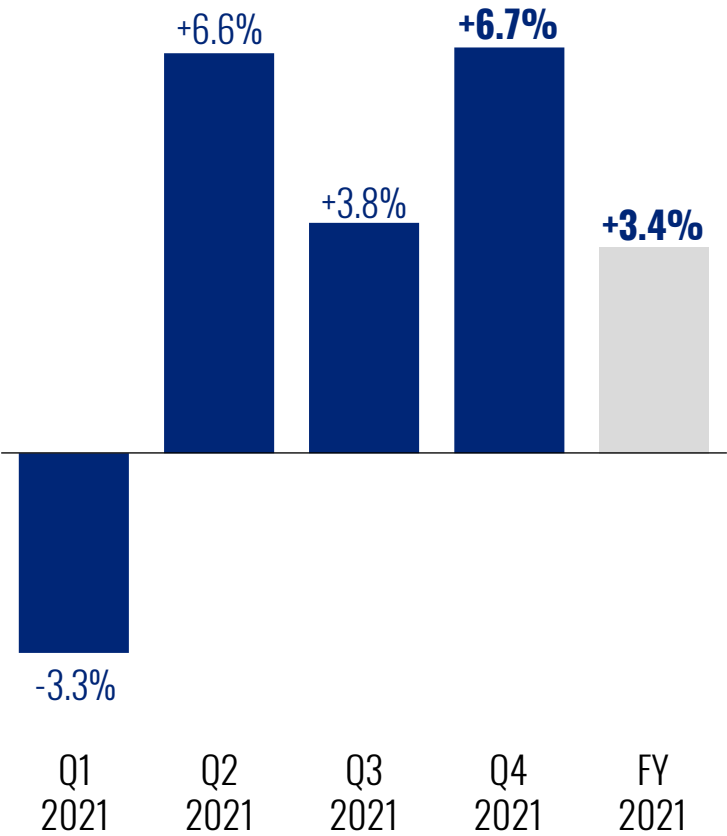


¹ Includes IAS 29 and contribution to growth from hyperinflation geographies

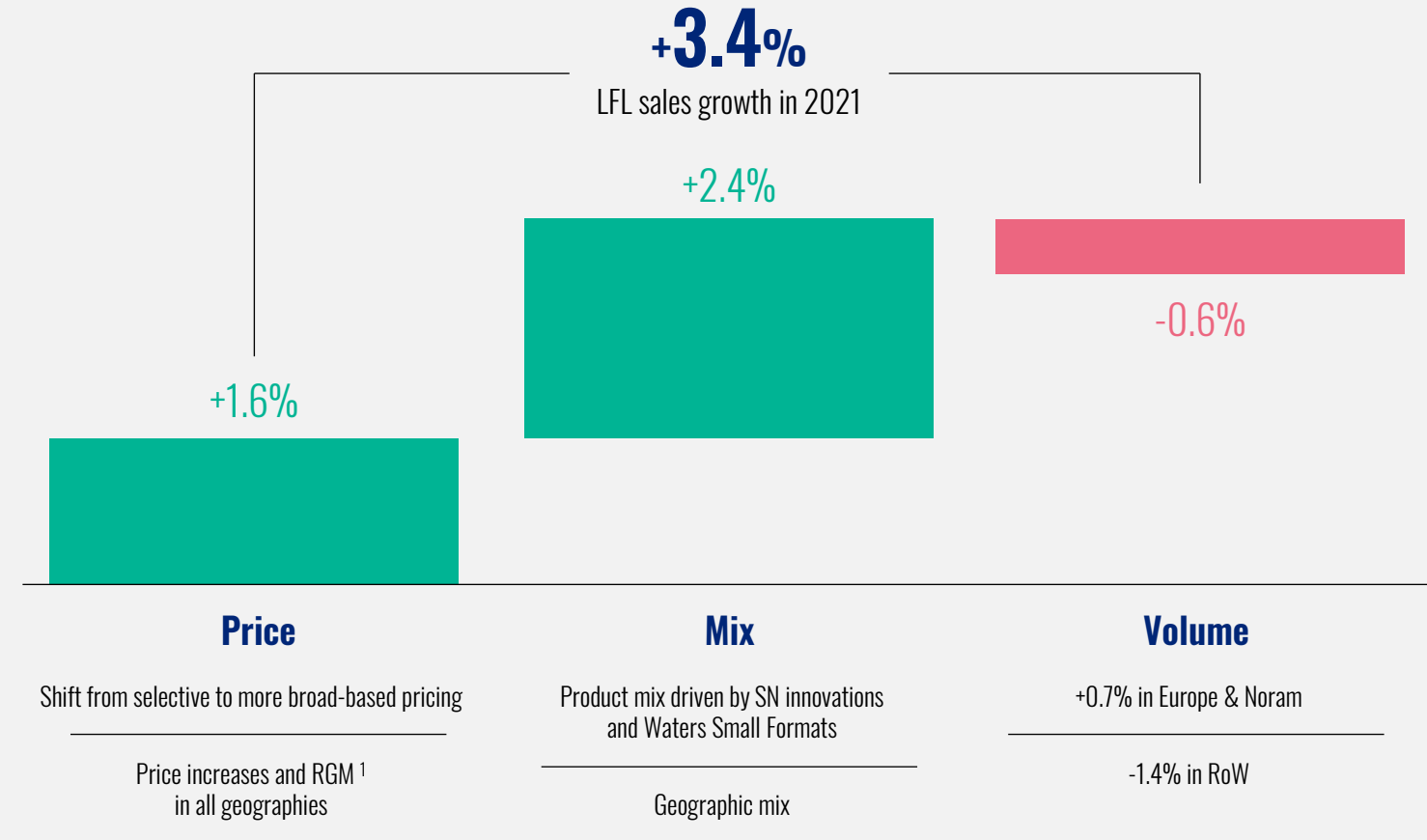
SOLID FY SET OF GROWTH, DRIVEN BY MIX AND PRICE

Back to LFL sales growth as soon as Q2

BACK TO LFL GROWTH SINCE Q2



LFL GROWTH DRIVEN BY MIX AND PRICE



¹ Revenue Growth Management

ESSENTIAL DAIRY & PLANT-BASED

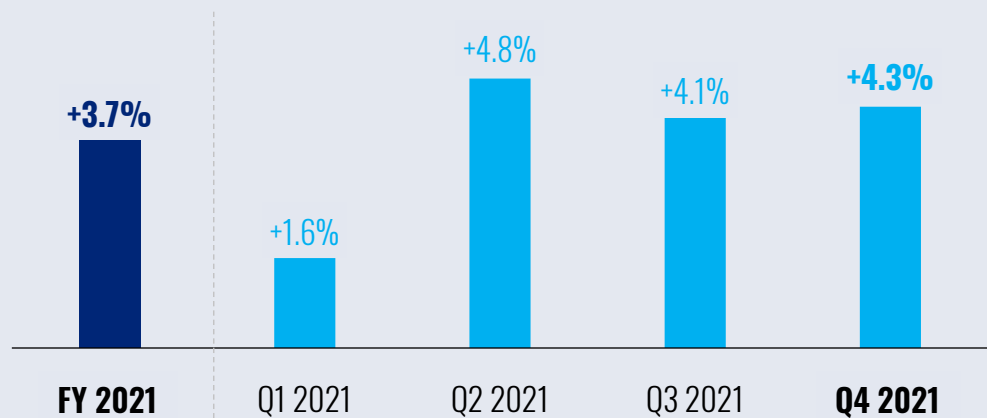
Another quarter of sustained solid growth



2021 KEY FIGURES

FY21 NET SALES	€13.1bn
LIKE-FOR-LIKE CHANGE	+3.7%
Volume / Value	+0.7% / +3.0%
FY21 RECURRING OPERATING MARGIN	9.8%
Reported change	-33 bps

LIKE-FOR-LIKE SALES GROWTH BY QUARTER



Q4 DEVELOPMENTS

Sustained solid growth in Dairy

driven by Probiotics, Protein and Indulgence

Solid mid-single-digit growth for Plant-based

in a challenging supply environment

Solid growth in Europe and North America

with positive volumes

- Alpro, Actimel and Yopro driving Europe growth
- Noram growth led by Oikos, Activia and International Delight; tight management of demand and supply in a challenging environment

Sequential improvement in Rest of the World

driven by price and mix

- Further recovery in Latam & Africa
- Soft growth in CIS, still penalized by a difficult macroeconomic context

SPECIALIZED NUTRITION

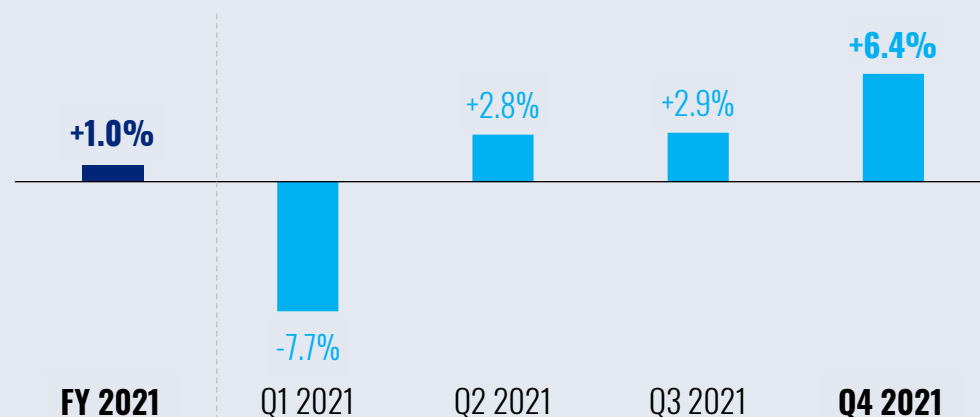
Strong quarter led by Infant Nutrition



2021 KEY FIGURES

FY21 NET SALES	€7.2bn
LIKE-FOR-LIKE CHANGE	+1.0%
Volume / Value	-3.5% / +4.5%
FY21 RECURRING OPERATING MARGIN	23.5%
Reported change	-105 bps

LIKE-FOR-LIKE SALES GROWTH BY QUARTER



Q4 DEVELOPMENTS

Very strong growth in Infant Nutrition

driven by China and Rest of the World

- Mid-teens growth in China underpinned by solid competitiveness
- Continued growth and competitiveness in Domestic labels and International Labels sold through cross-border platforms
- No recovery for cross-border indirect channels on the low base of last year
- Another soft quarter in Europe
- Rest of the World back to strong mid-single-digit growth, led by volume and value

Weak quarter in Adult Nutrition

- Maintaining inventories at healthy levels amid supply challenges, notably in Europe

WATERS

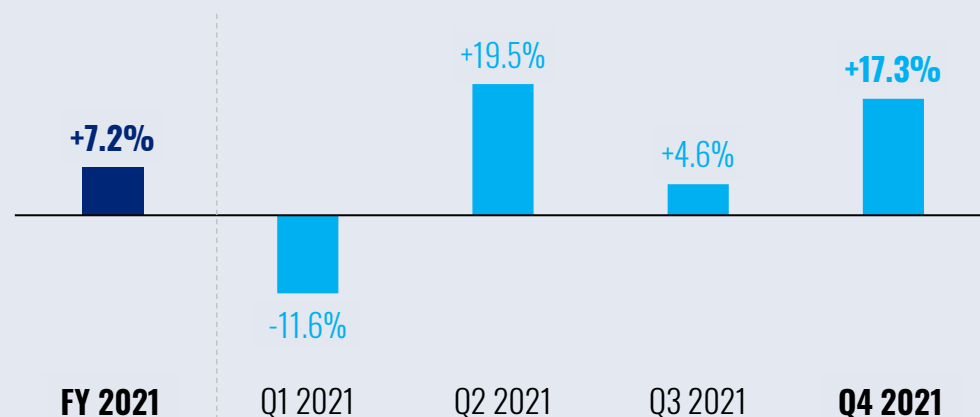
Broad-based acceleration



2021 KEY FIGURES

FY21 NET SALES	€4.0bn
LIKE-FOR-LIKE CHANGE	+7.2%
Volume / Value	+0.5% / +6.7%
FY21 RECURRING OPERATING MARGIN	8.9%
Reported change	+194 bps

LIKE-FOR-LIKE SALES GROWTH BY QUARTER



Q4 DEVELOPMENTS

Product mix improvement led by Small formats recovery

Continued strong momentum in Large formats

Sequential recovery in Europe,
growing mid-teens; Q4 above 2019 levels

- Growth led by **evian**, **Volvic**, **Zywiec Zdroj** and **Font Vella**
- Broad-based market share gains driven by Plain, Sparkling and Aquadrinks

Rest of the World

- Continued recovery in Latin America led by bottled plain water & HOD¹
- **Mizone** back to growth with stable market shares
- Low-single-digit growth in South-East Asia

¹ Home & Office Delivery

NAVIGATING THROUGH A HIGH INFLATIONARY CONTEXT

Stepping-up productivity and generalizing pricing actions through 2021

~9%

INFLATION¹

in H2 2021

~8%

INFLATION¹

in FY 2021

>5%

PRODUCTIVITY

in H2 2021

**SEQUENTIAL
ACCELERATION IN 2021**

+1.6%

PRICING

in FY 2021

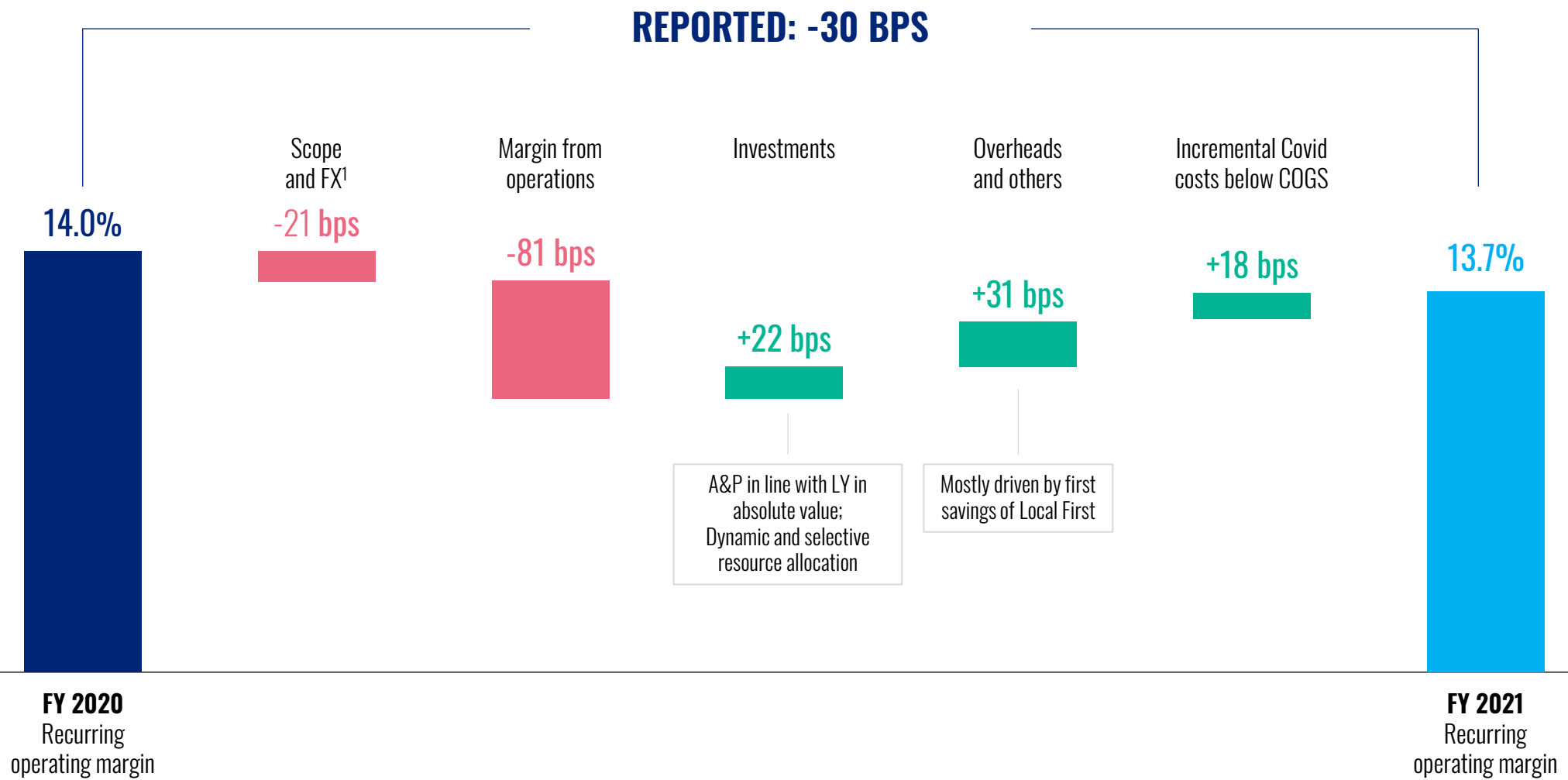
**FROM SELECTIVE
TO MORE BROAD-BASED**

¹ Material, manufacturing and logistics costs



FY 2021 RECURRING OPERATING MARGIN

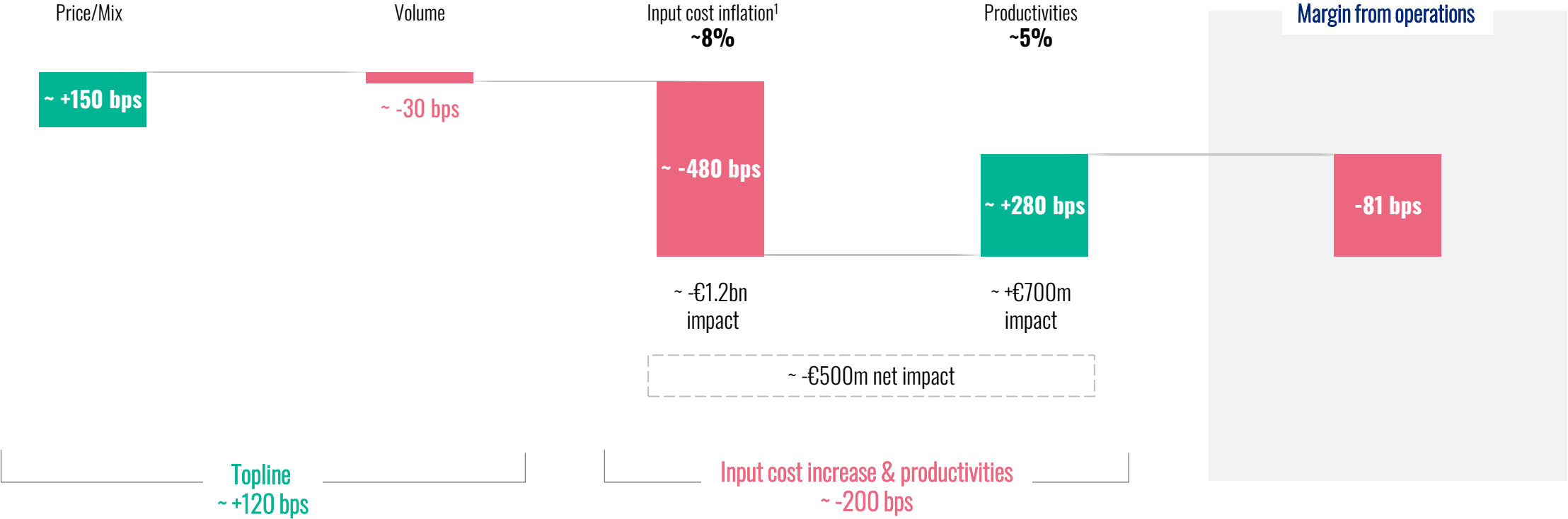
13.7% down -30 bps vs. last year



¹ Includes IAS 29 and contribution to growth from hyperinflation geographies

FY 2021 RECURRING OPERATING MARGIN

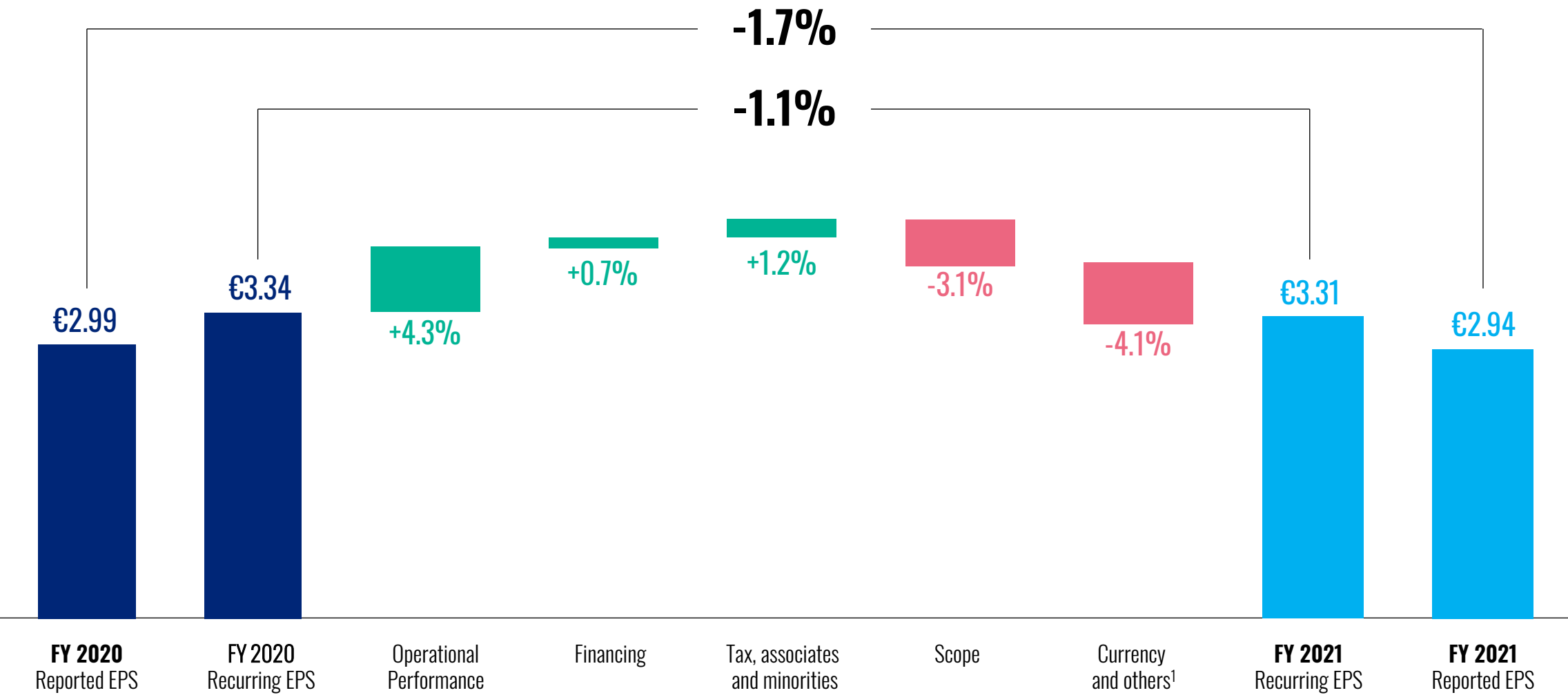
ZOOMING IN ON MARGIN FROM OPERATIONS



¹ Material, manufacturing and logistics costs

EPS BRIDGE

Reported EPS -1.7%, Recurring EPS -1.1%



¹ Including IAS 29

REPORTED EPS IMPACTED BY 2 MAJOR NON-RECURRING ELEMENTS

Local First and divestment of Mengniu participation

LOCAL FIRST RESTRUCTURING COSTS

~ €0.7bn

one-off in 2021

Out of

~ €1.4bn

Project cost confirmed

Project on track

Savings Plan with €700m confirmed

MENGNIU DISPOSAL

€0.6bn

Net capital gain



FOCUS ON CASH GENERATION

Free cash flow reaching €2.5bn in 2021

FREE CASH FLOW

€2.5bn

Dynamic cash flow generation,
adapted phasing of Local First cash-out

WORKING CAPITAL

-4.8% of Net Sales

vs. -3.1% in 2020

Normalization of channel mix

CAPEX

€1.0bn

4.3%
of Net Sales



DISCIPLINED CAPITAL ALLOCATION

Proposed dividend of 1.94€ per share in cash, in line with last year

NET DEBT

3.0x

Net debt / EBITDA

€10.5bn

Net debt

ROIC

8.7%

in 2021

vs. 8.5% in 2020

PROPOSED DIVIDEND

€1.94

per share in cash





IN LINE WITH LAST YEAR

Subject to the next AGM on April 26th, 2022



ANOTHER YEAR OF PROGRESS IN ESG

Across 4 key pillars: Health, Environment, Social and B Corp

<div>HEALTH & NUTRITION</div> <div> ACCESS TO NUTRITION INITIATIVE</div> <div>Healthiest Portfolio #1 of product profile ranking</div> <div>83%</div> <div>of volumes with no added sugar¹</div>	<div>ENVIRONMENT</div> <div></div> <div>AAA ranking for the 3rd year in a row</div> <div>-3%</div> <div>CO2 emissions reduction²</div> <div>+2%</div> <div>Carbon-adjusted EPS</div>	<div>SOCIAL</div> <div></div> <div>100%</div> <div>FutureSkills program proposed to all subsidiaries with eligible employees</div>	<div>B CORP</div> <div></div> <div>62%</div> <div>of sales covered by B Corp certification</div>
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¹ All volumes in the One Health Scorecard, only excluding plant-based products and adult medical nutrition; ² Compared to 2020, full scope emissions based on constant scope of consolidation and constant methodology

FY 2021 CEO CONCLUSION

Antoine de Saint-Affrique
CEO



黃金原乳[^] HMO[#]
奇蹟守護 · 黃金免疫力



MOVING INTO ACTION









APPENDIX










Q4 2021 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	€6,242m	€3,386m	€1,931m	€925m	€3,480m	€2,762m	
Like-for-like growth	+6.7%	+4.3%	+6.4%	+17.3%	+4.3%	+10.0%	
Volume	+0.4%	-0.4%	+0.1%	+4.3%	+0.7%	+0.9%	
Value	+6.3%	+4.7%	+6.3%	+13.0%	+3.6%	+9.0%	

Q4 2021 SALES BY REPORTING ENTITY AND BY GEOGRAPHICAL AREA

	 ESSENTIAL DAIRY & PLANT-BASED	 SPECIALIZED NUTRITION	 WATERS	 COMPANY
 EUROPE & NORAM				
Sales	€2,313m	€742m	€424m	€3,480m
LFL growth	+3.6%	-1.0%	+21.0%	+4.3%
 REST OF THE WORLD				
Sales	€1,073m	€1,188m	€501m	€2,762m
LFL growth	+6.0%	+11.8%	+14.2%	+10.0%
 COMPANY				
Sales	€3,386m	€1,931m	€925m	€6,242m
LFL growth	+4.3%	+6.4%	+17.3%	+6.7%

FY 2021 SALES BY REPORTING ENTITY AND BY GEOGRAPHICAL AREA

	 ESSENTIAL DAIRY & PLANT-BASED	 SPECIALIZED NUTRITION	 WATERS	 COMPANY
 EUROPE & NORAM Sales	€9,081m	€2,889m	€1,791m	€13,762m
LFL growth	+3.5%	-2.1%	+8.9%	+2.9%
 REST OF THE WORLD Sales	€4,009m	€4,340m	€2,170m	€10,520m
LFL growth	+4.1%	+3.2%	+5.8%	+4.1%
 COMPANY Sales	€13,090m	€7,230m	€3,961m	€24,281m
LFL growth	+3.7%	+1.0%	+7.2%	+3.4%

Q4 AND FY 2021 SALES BY REPORTING ENTITY AND BY GEOGRAPHICAL AREA



ESSENTIAL DAIRY & PLANT-BASED



SPECIALIZED NUTRITION



WATERS



TOTAL

Q4 2021















Reported sales growth	+8.1%	+10.1%	+24.5%	+10.9%
Contribution to growth from hyperinflation geographies	+0.9%	+0.5%	+2.3%	+1.0%
Currency and others ¹	+3.1%	+2.7%	+2.3%	+2.9%
IAS 29 impact	+0.2%	+0.5%	+0.6%	+0.3%
Scope	(0.4%)	+0.0%	+2.0%	+0.0%
Like-for-like sales growth	+4.3%	+6.4%	+17.3%	+6.7%

FY 2021

Reported sales growth	+2.1%	+0.5%	+9.9%	+2.8%
Contribution to growth from hyperinflation geographies	+0.6%	+0.4%	+1.2%	+0.7%
Currency and others ¹	-2.7%	-1.4%	-1.2%	-2.1%
IAS 29 impact	+0.5%	+0.4%	+0.5%	+0.5%
Scope	(0.0%)	+0.1%	+2.1%	+0.4%
Like-for-like sales growth	+3.7%	+1.0%	+7.2%	+3.4%

¹ Excluding IAS 29

CHANGES IN EXCHANGE RATES

		% total FY 2021	FY 21 vs FY 20 (avg)	Q4 21 vs Q4 20 (avg)
	United States Dollar	21.7%	-3.5%	+4.7%
	Chinese Renminbi	7.3%	+3.3%	+8.7%
	Indonesian Rupiah	5.7%	-2.0%	+5.0%
	British Pound	5.4%	+3.5%	+6.5%
	Russian Ruble	5.3%	-4.7%	+11.5%
	Mexican Peso	4.0%	+2.2%	+3.5%
	Polish Zloty	2.5%	-2.7%	-2.5%
	Brazilian Real	2.4%	-7.5%	+0.6%
	Canadian Dollar	2.4%	+3.2%	+7.8%
	Hong Kong Dollar	2.3%	-3.6%	+5.1%
	Turkish Lira	1.8%	-23.4%	-23.2%
	Argentine Peso	1.8%	-28.1%	-16.7%
	Japanese Yen	1.4%	-6.1%	-4.0%
	Australian Dollar	1.2%	+5.1%	+3.8%

RECURRING OPERATING MARGIN

€ million

	FY 2020		FY 2021		Change	
	€m	Margin (%)	€m	Margin (%)	Reported	Like-for-like
Essential Dairy & Plant-based	1,303	10.2%	1,287	9.8%	-33 bps	-37 bps
Specialized Nutrition	1,763	24.5%	1,697	23.5%	-105 bps	-25 bps
Waters	251	7.0%	353	8.9%	+194 bps	+189 bps
Europe & Noram	1,823	13.6%	1,862	13.5%	-7 bps	+21 bps
Rest of the world	1,494	14.6%	1,475	14.0%	-61 bps	-52 bps
Total	3,317	14.0%	3,337	13.7%	-30 bps	-9 bps

NON-RECURRING NET INCOME

€ million

		2020	2021	Change 2021 vs 2020
Recurring net income		2,189	2,165	(24)
NON-RECURRING ITEMS	Non-recurring net income	(233)	(241)	(7)
	Operating income	(519)	(1,080)	(560)
	Total Financial expenses	0	5	+5
	Income tax	66	252	+186
	Net income from associates	219	578	+359
	Non-controlling interests	1	3	2
Reported net income		1,956	1,924	(32)

Costs related to Local First and transformation of operations

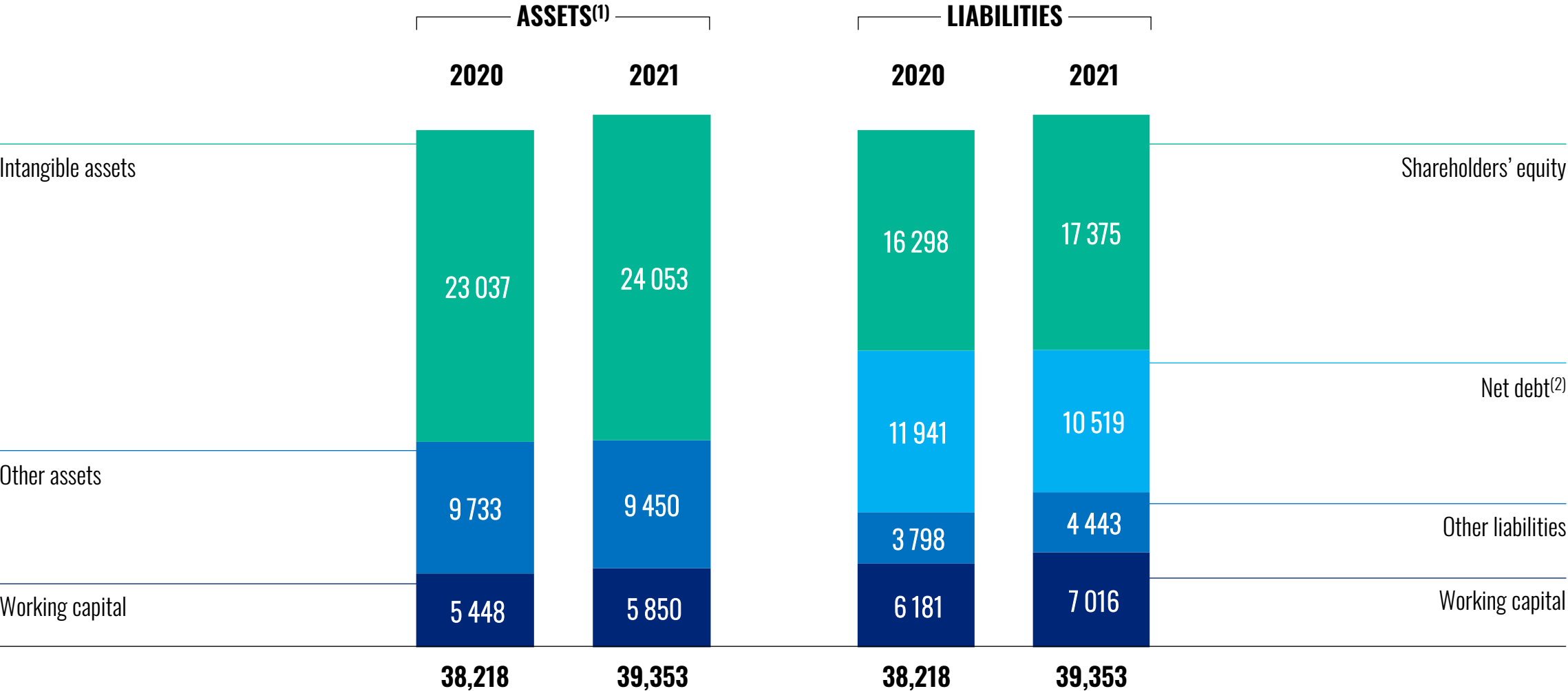
Tax effects linked to non-recurring costs (Local First)

Net capital gain from Mengniu disposal

Note: Net income group share

BALANCE SHEET

€ 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

€ million

	2020	2021
Total income tax (reported)	(762)	(589)
Reported tax rate	30.6%	29.5%
Non-current income tax ⁽¹⁾	66	252
Current income tax	(828)	(841)
Underlying tax rate	27.5%	27.4%

⁽¹⁾ Tax related to non-current items

CASH-FLOW STATEMENT

€ million

	2020	2021
Recurring operating income	3,317	3,337
Financial income	(310)	(267)
Income tax on operating and financial income	(828)	(841)
Non-current income net of tax	(453)	(824)
Depreciation and amortization	1,452	1,265
Net change in provisions / Deferred taxes	(5)	419
Dividend received from equity accounted affiliates	32	23
Net change in interest income (expense)	12	(1)
Expense related to stock options and GPS	16	12
(Gains) losses on disposal of property, plant and equipment and financial investments	(54)	(31)
Other components of net income with no cash impact	20	31
Cash flows provided by operating activities, excluding changes in net working capital	3,198	3,123

CASH-FLOW STATEMENT

€ million

	2020	2021
Cash flows provided by operating activities, excluding changes in net working capital	3,198	3,123
Change in working capital	(232)	351
Cash flows from operations	2,967	3,474
Capital expenditure	(962)	(1,043)
Proceeds from the sale of industrial assets	43	46
Business acquisitions and other investments, net of cash and cash equivalent acquired	(183)	(300)
Proceeds from the sale of business	547	1,834
Change in long-term loans and other long-term assets	(54)	24
Cash flows used in investing activities and disposals	(610)	561

CASH-FLOW STATEMENT

€ million

	2020	2021
Cash flows used in investing activities and disposals	(610)	561
Increase in capital and additional paid-in capital	30	46
Purchases of treasury stock (net of disposal)	0	(801)
Perpetual subordinated notes issued or repaid during the period	(22)	(43)
Dividends paid to Danone shareholders	(1,363)	(1,261)
Transactions with non controlling interests*	(147)	(136)
Net cash flows on hedging derivatives	(1)	2
Bonds issued or raised during the period	1,600	1,700
Bonds repaid during the period	(2,050)	(1,919)
Increase (decrease) in other current and non-current financial debt	(306)	(124)
Increase (decrease) in other short-term investments	(102)	(1,492)
Cash flows used in financing activities	(2,360)	(4,027)
Effect of exchange rate and other changes	(48)	58
Increase (decrease) in cash	(52)	66

*Including dividends and capital increase

EBITDA CALCULATION

€ million

	2020	2021
Operating income	2,798	2,257
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	1,452	1,265
EBITDA	4,250	3,522