



DANONE FIRST QUARTER SALES 2024 CONFERENCE CALL TRANSCRIPT

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COMPANY SPEAKERS

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CFO PRESENTATION

SLIDE 1 – COVER SLIDE

Mathilde Rodié, Danone Head of Investor Relations and Financial Communication:

Good morning, everyone. Thank you for being with us this morning for our Q1 Result Call.

I'm with Juergen Esser, the CFO, who will go through some prepared remarks before taking your questions in a second step.

And before we start, I draw your attention on our disclaimer, Page #17. Please pay attention to that. And with that, let me hand it over to Juergen.

Juergen Esser, Danone Group Deputy CEO in charge of Finance, Technology & Data:

Thank you, Mathilde. And good morning, everyone. I hope you are well. And thank you for being with us this morning to discuss our first quarter 2024 results.

SLIDE 2 – Q1 2024: A GOOD START TO THE YEAR

I propose we go straight into it, starting with Page #2. As you could see from our press release earlier today, we had a good start to the year, with Q1 net sales up +4.1% versus last year on a like-for-like basis, with all our geographies and all our categories contributing. We are particularly pleased with the fact that this growth was again supported by a positive volume/mix, up +1.2% compared to last year. This means the second consecutive quarter of positive volume/mix, which as you know is fundamental to our objective to deliver a more balanced growth algorithm from this year 2024, onwards. Before we delve into the performance of each zone, let me share a few category highlights first. EDP closed the quarter up +3% on a like-for-like basis, supported by another resilient delivery of our North American platform, an increasingly good competitive performance in Europe and a solid delivery of our businesses in emerging markets. Importantly, we made progress in rebuilding the competitiveness of our EDP category. As a testimony to the effectiveness of the portfolio revamping, we executed last year, this Q1 performance was largely driven by our key brands, including Actimel, Danone, International Delight, Oikos, YoPRO and Alpro. Next to EDP, Specialized Nutrition grew +3.8% versus last year on a like-for-like basis, delivering what I would qualify as a strong start to the year given the very high basis of comparison from last year. This performance reflects continued strong dynamics in Medical Nutrition but also the resilient and competitive performance of our Infant Nutrition business across all geographies. And finally Waters, that was up +8.1% versus last year on a like-for-like basis, a

stellar performance that was largely driven by Mizone in China, up more than +27%. Here we are particularly satisfied by the start of the year, which bodes well for the upcoming season. Beyond Mizone, we had also good start in our Waters category in Europe, thanks to further market share gains, a testimony to the continued success of our premiumization and channel diversification strategy.

SLIDE 3 – FURTHER DELIVERING ON RENEW DANONE AGENDA

Moving to the next page, Page #3, and taking a step back from the numbers. The key highlight of this publication is in the progress we made this quarter in further building resilience into the performance across the portfolio. As you will remember from the conversations over the last 2 years, one of the key features of the target business model we strive for is to deliver balanced growth with a positive volume/mix contribution. In that context, we are pleased with the quality of our quarter 1 delivery, not only at company level with volume/mix up +1.2% but also within each of our categories, with volume/mix for EDP up +0.8%, as well as for Specialized Nutrition, up +0.3% despite the high base. The standout performance of the quarter comes from Waters where volume/mix was up +3.9%, reflecting, as mentioned, the performance of Mizone in China and of our premium brands in Europe. And while putting a lot of focus on this increasingly balanced growth algorithm, we are also improving the structural resilience of our company, by making further progress on the rotation of our portfolio. This quarter we closed the disposal of 2 underperforming non-core assets: U.S. organic dairy and Michel & Augustin. These are important steps in making our portfolio fit for performance and value creation, but also in enabling us to look, going forward, at portfolio rotation in a more balanced way.

SLIDE 4 – Q1 SALES BRIDGE: VOLUME/MIX UP +1.2% AMID PRICING NORMALIZATION

Let me now move to Page #4 to review our traditional sales bridge. As discussed already, like-for-like sales were up +4.1% this quarter, driven by volume/mix up +1.2%, while pricing further normalized with a contribution of +2.9%. Outside of the like-for-like, currencies, hyperinflation and others had a negative contribution of -1.6%, reflecting the devaluation of most emerging market currencies against the euro. Last but not least, scope was negative this quarter at -5%, reflecting the impact of the deconsolidation of our EDP Russia business from the perimeter since July 2023.

SLIDE 5 – EUROPE: SOLID START TO THE YEAR

Let's now have a look at the performance of each zone in more details, starting with Europe on Page #5. Europe delivered a solid start to the year with like-for-like revenue growing +2.8%. In an environment that remains challenging, we have managed to deliver not only a resilient performance across categories but also continued to improve our competitive position. This starts, obviously, with EDP, where the portfolio transformation we initiated continues to deliver results. We see many fundamental KPIs going into the right direction, which is translating, since several months, into our market shares expanding. We are particularly happy with the performance of brand platforms like High Protein as well as Actimel, but also increasingly good traction on big brands like Activia and Alpro. The good underlying performance is not entirely reflected into our net sales numbers, as we were exposed over the last weeks of the quarter to some shipment disruptions in the frame of our price negotiations with retailers. It was important for us to stay firm in those conversations to build a sound base for the remainder of the year, even if this has cost us a few basis points of market shares in the month of March and April. As of today, the majority of those situations are solved. Negotiations are mostly done and we are, as we speak, going back to business as usual, continuing our journey of solidifying the promising dynamics we see in this category. Next to EDP, Waters delivered a very strong performance this quarter, with sales up around +6%, driven by the continued good growth dynamics of evian and Volvic across the continent, confirming the effectiveness of the brand reinvestments we started a few quarters ago. And finally, Specialized Nutrition has delivered solid growth, up +2.5%, on the high base of last year. This quarter again, performance remained competitive across all segments, from Infant Milk Formula to Medical Nutrition. So overall a solid start into the year for our European business, which bodes well for the quarters to come.

SLIDE 6 – NORTH AMERICA: SOLID QUARTER LED BY COFFEE CREATIONS AND HIGH PROTEIN

Moving on to the next page, Page #6, with North America. North America delivered a solid first quarter, with sales up +2.5%. This quarter again, our growth was led by volume/mix, up +1.5%. Performance of North America was primarily driven by our Coffee Creations and High-Protein yogurt businesses both in U.S. and in Canada. Our Coffee Creations platform registered another quarter of double-digit growth, led by our flagship brands International Delight and Stok, with both of them winning market share in their respective segments. In Yogurt, our high-protein proposition Oikos Black continues to grow strong double digits driven by further expansion of shelf space, strong consumer demand, notably supported by our successful Super Bowl campaign. In

Q1, we also launched a number of exciting innovations into this space, including what we call the Remix pack formats, which you see on the picture on the bottom right of this page, an innovation for which we registered an encouraging start. And as we are overall working on making the Yogurt category sustainably more attractive through a science and benefits centered strategy, it bodes well that the FDA has recently approved certain claims on the benefits of yogurt consumption to reduce the risk of diabetes type 2. Moving to Plant-Based. You'll remember that this was one of the areas we flagged as underperforming a few weeks ago. While the performance is not yet where we want it to be, we start to see some encouraging signs with market share sequentially stabilizing. So overall, there's a resilient performance of our North American platform, making us confident in the continued delivery over the coming quarters.

SLIDE 7 – CHINA, NORTH ASIA & OCEANIA: STRONG START TO THE YEAR

Moving on to the next page, Slide #7, and our China, North Asia & Oceania zone. Here we delivered a strong start to the year, with like-for-like sales up as much as +8.9%, mostly driven by volume/mix up +6.9%. In Specialized Nutrition, our Chinese Medical Nutrition platform delivered again very strong competitive growth, while Infant Milk Formula continued to grow its net sales competitively. We are carefully navigating the end of the transition period from old to new recipes and are progressing in line with our plans. In parallel, our Waters brand Mizone delivered a stellar performance this quarter, growing more than 27%, building on the great work done by the team over the last 2 years. And even if Q1 is traditionally a small quarter for Mizone, this performance allows us to look at the upcoming high season with confidence. And I could not close the review of this zone without a word on our EDP platform in Japan that delivered another quarter of strong double-digit growth, up +16% versus last year. Our Japanese team continues to drive its Dairy business through an efficient mix of functionality, differentiation and superior execution.

SLIDE 8 – LATIN AMERICA: BROAD-BASED GROWTH ACROSS CATEGORIES

Moving now on the next page, Page #8, on Latin America. We closed a good first quarter in the region with like-for-like sales up +4.1%. Growth was, this quarter again, driven by pricing, up +6.8%, with volume/mix negative at -2.6%. Performance this quarter was particularly driven by the Bonafont brand in Waters, with a strong performance across the different product ranges. EDP posted solid growth in the quarter, supported by our value-added ranges that performed well across the zone, notably driven by the Danone and also YoPRO brands. It's worth noting that a

very large part of the negative volume/mix of the zone this quarter was driven by the impact of the licensing out of our Paulista milk brand in Brazil. This is a deliberate choice we made that will impact our volume/mix for most of year 2024, but clearly participates to our efforts in restoring a resilient and profitable growth model for our Latin American zone.

SLIDE 9 – REST OF THE WORLD: GOOD QUARTER ON A HIGH BASE

Let's finish the financial review with the Rest of the World zone on the next page, Page #9, where growth was up +6%. This Q1 performance was supported by a positive volume/mix component at +1.0%. Let me here highlight the resilient and continuously competitive performance of our Specialized Nutrition platform across the region, from Southeast Asia to the Middle East, on a steep double-digit growth base of Q1 last year. We continue to win market shares across the region, with a strong focus on our superior Aptamil portfolio as well as with local brands like SGM in Indonesia. In parallel, the teams are making good progress on stepping up the value creation contribution of our Dairy platform in Africa, where the focus on a profitable growth model start to drive up gross margins as well as competitiveness.

SLIDE 10 – 2024 PRIORITIES REMAIN UNCHANGED

To close these prepared remarks with the support of the next page, Page #10: as you can see, we are starting well into this year, 2024, which combined with the progress we make on our strategic agenda, makes us confident into the delivery of our commitments. We confirm therefore our guidance for the year with like-for-like sales growth expected in the 3% to 5% corridor and operating margin expected to improve moderately. With inflationary assumptions remaining unchanged, we are continuing to reinvest into our key business drivers, to solidify the quality and predictability of our profitable growth model. We will have the occasion, as you know, to share with you in more granularity about the progress we make on our strategic priorities during our upcoming Capital Market Event, which we will host on the 19th and 20th of June in our offices in Amsterdam. We are very much looking forward to meeting many of you there. More details will follow soon, so please stay tuned. And with that, let me hand over to Mathilde to launch the Q&A session.

QUESTIONS & ANSWERS SESSION

Mathilde Rodié, Danone Head of Investor Relations and Financial Communication:

Thank you, Juergen. So we will now open the Q&A session. And the first question is from Guillaume Delmas, from UBS.

QUESTION 1: VOLUME GROWTH IN EDP; PERFORMANCE IN SPECIALIZED NUTRITION IN CHINA AND REST OF THE WORLD

Guillaume Delmas, analyst at UBS:

Two questions for me, please; firstly, on your underlying volume growth in EDP in the first quarter - because it seemed that you were affected by a couple of temporary headwinds. You mentioned some shipment disruption in Europe but also the fact that you licensed out your milk business in Brazil. So trying to understand. Excluding these 2 factors, what would your volume growth in EDP have been in the first quarter? And then second question: Can you maybe shed some light on your performance in Specialized Nutrition in China and Rest of the World? You were facing a particularly elevated comparator in the first quarter and yet it does look like you were able to grow volume/mix competitively in both regions in Q1, so my question on this is: what did drive this performance. And should we assume a sequential acceleration in Q2 as comps become significantly easier?

Juergen Esser, Danone Group Deputy CEO in charge of Finance, Technology & Data:

Guillaume, look. On EDP, we are quite happy with the start of the year growing 3%, volume/mix up almost growing 1%. Now why it's important for us, because, as you said, second consecutive quarter of growth in this strategic category. And what we are seeing is that we are structurally improving in many areas, including in Europe. You saw consistent delivery in North America and good progress in Emerging Markets. When you look at the sequence, in Q4, we posted something like a 2% volume/mix growth: now something like 1% in this first quarter. The difference is exactly coming from the 2 drivers you mentioned, the licensing out of the Paulista milk in Brazil, which is accounting for something like 1.5% of our Latin American sales, and the shipment disruptions we were exposed to over the last weeks of the month of March in Europe. So when excluding these 2 elements, we would have been posting more or less the same performance as in the fourth quarter, so we are very pleased with the underlying growth trends. As I was mentioning, those shipment disruptions which we were facing in the frame of the price negotiations with retailers are mostly behind us, so starting from the month of May onwards, we will be back to business as usual in Europe. Specialized Nutrition, indeed, a very good start into the year; a very good start

into the year in China, on one side, where the ELN business is going according to the plan. We are posting again positive net sales. Market shares are expanding. Category dynamics are not really changing. We see some slight improvements in the trends of the category in the moment that we are coming sequentially towards the end of the transition period from old to new recipes. And what we are seeing is a slightly stronger demand from online channels vis-à-vis mum & baby stores, which is beneficial to us because we have in those online channels stronger muscles, but overall I would say we are on trend. Innovations which we have been launching under the Essensis frame have a good start, so overall good dynamics. What works well for us and continuously is the growth on the Medical front: on one side, on the Pediatrics, which are growing double digit also in this Q1 on a high base of last year, as you said it; but also on the Adult Nutrition front, where we see our Nutrison powder going very well on top of the Tube Feeding business, which you know, and where we indeed recycled a very high base of last year. So overall, going well in China; going well in Rest of the World, where we were particularly pleased, as I mentioned, with Southeast Asian business and the Middle East business, recycling the high base of last year. So it makes us look confident into the remainder of the year, knowing that SN it's not a business to look at quarter by quarter, where we need to look at, I would say, the more long-term trends. And we are pretty pleased with what we are seeing.

Mathilde Rodié, Danone Head of Investor Relations and Financial Communication:

So next question is from Jon Cox, Kepler.

QUESTION 2: TEMPORARY SHIPMENT DISRUPTIONS IN EUROPE; PLANT-BASED PERFORMANCE IN THE U.S.; 2024 SALES GUIDANCE

Jon Cox, analyst at Kepler Cheuvreux:

A couple of questions for you. I wonder if you can just give us a little bit more detail on this logistics disruption, i.e., the negotiations with the retailers. You said, in the last couple of weeks of March and then all of April. Is that the way to read it, i.e., Q2 will be even worse impacted in Europe by that? So first question. Second question, just on the Plant-Based in the U.S. You're seeing sort of glimmers of improvement. Can you talk through that a little bit, give us a little bit more detail what you're seeing, what you think may happen? And I'm just going to sneak in a sneaky one as it were. You're guiding for 3% to 5% growth this year. You're 4%-plus in Q1, which is probably the worst quarter if you look at all of the comparables you had in a year ago. Why so cautious? Do you see something that maybe we don't?

Juergen Esser, Danone Group Deputy CEO in charge of Finance, Technology & Data:

Jon, going through your questions. So first, on Europe and Dairy, again good start into the quarter, underlying KPIs really going well. It's true that it's now, since the month of October, that we are winning market share, which I think is promising to us. Now it's true that - and we were very clear when we were discussing a couple of weeks ago, in our Full Year call - that we are going for selective price increases in Europe. And for us, it was very important to stay firm in those discussions, so this is why indeed, in the month of March, we were experiencing some shipment disruptions.

As we are speaking, most of the negotiations are done, which means that we will sequentially go back to business as normal. So March and April, these 2 months will see some market share pressure, but then we should go back from the month of May, onwards, so on this one, I think we are on a pretty good track. On Plant-Based in the U.S., I think we shared that last time. We went a bit too far in terms of pricing last year. We need to price correct that and to be again competitive versus competition. We did that at the back end of the Q4. We see the impact of that, so market shares are sequentially stabilizing, but we will not stop there. We are pretty pleased with what we are seeing with Alpro in Europe being back to growth, being back to competitive growth, thanks to 2 drivers: first driver, refocusing on key occasions of consumption with coffee and breakfast but also with a dedicated focus on the Away-From-Home channels. And that really works for us, and so we are using the same playbook now for the U.S. And so we are confident that we will see better dynamics as we will travel through the year. And thirdly, yes, we are pleased with the start of the year. Look, 4% is a good number, well within our 3% to 5% guidance, so there is nothing which would change the way we look at the full year. It's a volatile external environment. I mean, you see what's happening in some parts of the world. Inflation is going to normalize as we will travel through the year, so we will have a rebalancing of our growth algorithm between volume/mix and price; and so we are looking with confidence on the 3 remaining quarters.

Mathilde Rodié, Danone Head of Investor Relations and Financial Communication:

The next question is from Bruno Monteyne from Bernstein.

QUESTION 3: MIX COMPONENT IN EUROPE AND EDP; MARKET SHARE TRENDS

Bruno Monteyne, analyst at Bernstein:

Mathilde and Juergen, my first question is on the mix element in volume and mix, particularly in Europe and EDP. Am I right to estimate that the mix component is about 100 basis points? The

second question is you mentioned a few times you're very happy with the competitiveness of the business. And do you sort of talk about percentage of brands and country combinations where you're gaining share? Is that a statistic that you can share with us, sort of back up that competitiveness claim?

Juergen Esser, Danone Group Deputy CEO in charge of Finance, Technology & Data:

Bruno, when it comes to Europe and volume/mix. So we post, as you saw, slightly positive volume/mix in Europe which includes a positive contribution from our EDP business, as you say, which bodes well because, despite the shipment disruptions, we were able to deliver a positive number for EDP Europe and Dairy Europe, which makes us confident for the remainder of the year. I think we have strong plans at hand on the core business, but also on innovations to kick in for the remainder of the year. I think we will be able to share some more of this during the CME in a couple of weeks from now. When it comes to competitiveness, you're right to say that we see a sequential improvement of our competitiveness and in areas where we put a particular focus, which is on our underperformers, which we called out some 2 years ago. So shares are improving in EDP Europe, as said. It's now a couple of months where we see shares going into the green. Mizone has turned around. We see good performance particularly on our Coffee Creations in U.S. as well as on our Specialized Nutrition portfolio overall. Are we going to publish percentages of portfolio growing share? We will not do that. We don't think that's the right thing to do. I think it would, from a competitive standpoint, even put us in a weaker position being too much transparent on those metrics.

Bruno Monteyne, analyst at Bernstein:

On the mix component or the first question, I don't think you really answered how much mix in itself is contributing? Is it about 100 basis points?

Juergen Esser, Danone Group Deputy CEO in charge of Finance, Technology & Data:

We'll not start to share the difference between volume and mix, but what I can tell you is that we are pretty happy with the mix within each of the categories, as a matter of fact, and within each of the zones. So what we are seeing is that our focus on more premium ranges, our focus on more differentiated ranges is indeed contributing significantly to volume/mix in that first quarter; in the last quarters but, we believe, also in the quarters to come.

Mathilde Rodié, Danone Head of Investor Relations and Financial Communication:

So the next question is from Celine Pannuti from JP Morgan.

QUESTION 4: PRICING IN EUROPE AND NORTH AMERICA; PERFORMANCE IN WATERS CHINA; TEMPORARY SHIPMENT DISRUPTIONS IN EUROPE

Celine Pannuti, analyst at JP Morgan:

My first question is on Europe and North America. You mentioned that you've been trying to get price increases. Can you talk about the level of pricing that you are able to get there? And then if I think about, I think, Juergen, you mentioned, normalization of that growth in those 2 regions as a normalization of pricing, I mean both of the regions are knocking the door of 3%, but they are below 3%. I just want to understand whether within your algorithm those can sustainably be as well within the 3% to 5% range. My second question is on Waters, which had a very strong performance. You seem to be hinting that Mizone performance will continue to be strong. It seems that there was a boycott of a local brand in China in Waters, but did you benefit at all? But overall, if you could give us a bit more steer on, yes, the confidence into the Water business in the coming quarter. And just I want to, lastly, double check something that was asked before. On those shipments that you lost in March and April, are those lost? Or could there be a bit of a catch-up of replenishment in the second quarter?

Juergen Esser, Danone Group Deputy CEO in charge of Finance, Technology & Data:

Celine, let me start with China and the Waters business. You know that Mizone is a very seasonal business, is an away-from-home consumption product, so Q1, in that sense, for us, and Q4 similarly, for us, are smaller quarters in absolute, but I think the numbers you saw in this first quarter are indeed, I would say, reassuring us that we are on the right track because we see market shares further expanding. And at the same moment, we have been benefiting from low inventories when we started into the year. Did we benefit from a boycott of local water brand? I don't think so. I really don't think so. The way we measure ourselves is what we are calling the overall NABs, so the overall territory of Non-Alcoholic Beverages, so we take a relatively large view of the category. And within this very large view of the category, we are winning share. What starts to pay really for us is the refocus on a narrower portfolio and lesser SKUs in Mizone, with a marketing mix which has been rejuvenated, and with a good first and encouraging sign on the innovations we have been launching, including the Electrolytes variant which you maybe saw on the slide of the China zone in a very prominent manner. So we are pretty happy with the start of the year.

When it comes to Europe and North America. So price negotiations are mostly completed. I confirm what we said a few weeks ago, which is there is no broad-based pricing, as the inflation has really come down very much compared to last year. What we have been doing is to do

selective price increases, especially on those product ranges which offer amore differentiated element versus competition. And here we stayed firm in the discussion. We stayed firm because we saw that, overall as a company, we started very well into the year, which gave us the space to stay firm. I think that's very important. With the shipment disruptions and the net sales we didn't get out of it: Is it totally lost? At the moment that we are going to reinstall shipments, of course, there will be a pipeline filling back into the shelves, so some of it will be regained. We are overall confident on the growth trajectory of Europe and North America. Of course, it's not a linear path, but overall when I look at the next quarters to come, I think they will have their very fair contribution to our overall growth algorithm for the company.

Mathilde Rodié, Danone Head of Investor Relations and Financial Communication:

The next question is from Warren Ackerman, Barclays.

QUESTION 5: HYPERINFLATION IMPACT ON Q1; CONSUMER TRENDS AND VOLUME/MIX IMPACT IN LATIN AMERICA; MEDICAL NUTRITION PERFORMANCE

Warren Ackerman, analyst at Barclays:

Juergen, it's Warren here at Barclays. A couple for you. Can you explain the impact of hyperinflation this quarter? It looks like a big impact in Latin America and Rest of the World. Just in terms of the numbers and sort of how you're dealing with it in terms of the like-for-like. And any comments around the kind of margins as well would be helpful. And then just secondly, on Latin America, did I hear you right? It wasn't a great line. Paulista was 1.5% of total Latin America sales, and that's going completely because you've licensed it. And that's one big reason behind the -2.6%. Can you maybe just clarify that? And maybe could you talk a little bit more about what you're seeing more generally in Latin America, Mexico and Brazil with regards to the consumer sort of trading up, trading down across your portfolio? And then just quickly. On Medical Nutrition, are you able to put a number on what the underlying sales growth was for Medical Adult in total for Q1 within Specialized Nutrition?

Juergen Esser, Danone Group Deputy CEO in charge of Finance, Technology & Data:

Warren, starting with hyperinflation. As you know, hyperinflation is outside of our like-for-like. It's combined with what we're calling the currency effects. For us, hyperinflation is mainly linked to Argentina and Turkey. The way we deal with it, and I think the teams on the ground are dealing great, is to make sure that we are protecting during those difficult macroeconomic moments, as we are protecting our market shares, but that we're also protecting our balance sheet and the cash delivery. And this is going well for us. In that sense, no big news. It's something which we

have seen during all 2023. It continues into 2024, so I think no big, well, let's say, particular point of attention on this. Latin America: your understanding is right. Here for Latin America we were very clear that this is one of the zones where we want to restore a profitable growth model, which means to let go some of the non-profitable and non-strategic volumes. Paulista milk was one of those non-core assets identified and so we licensed it out. And yes, I confirm it's around 1.5% of our net sales and, of course, a little bit more volume because of the low-price levels of this kind of product ranges. What we are seeing in Latin America, in fact, is that our more differentiated product ranges are doing well. I talked particularly about YoPRO High Protein in Brazil, but we are seeing the same in Mexico, so this is getting great traction. Our Waters business is doing also pretty well, Bonafont particularly in Mexico, so we are in fact pretty happy with what we are seeing there. And you saw that, let's say, focus on the more differentiated portfolio parts resulting into margin growth. You saw that already on the second half of last year. This is something which is going to continue. Medical Nutrition: overall good start into the year across the globe. You know that this part of Specialized Nutrition has been growing double digit a number of quarters. I think the underlying category dynamics remain very sound. What is our job here, is to make sure that we continue to win share and that we broaden our portfolio. This is why I mentioned, for China, the good performance of our Nutrison powder, which means not only focusing on what we are selling to hospitals, but more and more also making sure that we are catching the opportunity of people leaving the hospital, so for the discharge moment, so that we continue supporting them. And here we are seeing very encouraging signs. So overall we are, I think, going into the right direction on the Medical Nutrition spot, which is for us obviously one of the key growth engines moving forward.

Mathilde Rodié, Danone Head of Investor Relations and Financial Communication:

The next question is from Pascal Boll, Stifel.

QUESTION 6: TEMPORARY SHIPMENT DISRUPTIONS IN EUROPE; GROWTH PROSPECTS IN WATERS; HIGH PROTEIN ROLL-OUT

Pascal Boll, analyst at Stifel:

My first question, on the shipping disruptions. Can you confirm here that there are no delisting, so far, and you're also not expecting them? That's my first question. Then on Waters, looking at last year, I think the comparison base also for the next quarters remain pretty much the same as in Q1, so do you expect that growth will maintain on those levels we have seen in Q1? And then maybe the last question, on your Protein lines, which seem to be very successful. Can you put

here a sales number to that business; and in how many countries you have launched the YoPRO brand, so far? And what is still to come here?

Juergen Esser, Danone Group Deputy CEO in charge of Finance, Technology & Data:

Pascal, look. On the shipment disruptions, I think our objective is to continue the journey which we started last year, which is increasing our distribution numbers, increasing our share of shelves, so the way we have been entertaining the negotiations and the way we want to build the growth of Dairy and EDP in Europe is to continue growing our distribution levels and share of shelves. And I think we feel confident also coming out of most of these negotiations, and so we are going with confidence into the next quarters in that sense, yes. On Waters, good start of the year based on 2 elements; a good category dynamic in Europe, in Latin America, in China at the start of the year. We know that category depends also on weather conditions during the season, so that's something we need to see, how the season will go, but I think what is encouraging is the market share dynamics. And this is why we will very clearly continue our reinvestments into our Waters brands in order to solidify this market share trajectory. When it comes to the High Protein ranges, we see indeed very strong dynamics everywhere around the world from that platform. We have now it launched in many of our geographies. I mean North America, a very strong platform for us. I talked about Latin America, where we have it across Brazil and Mexico. In Europe, we are still in rollout mode in a number of countries, while it is our key contributor today in Japan. So still some opportunities on the rollout. It will get, at a certain point, to a billionaire platform. It's today one of our biggest growth engines and so we are reinvesting clearly behind it. What is important for us is to stay an innovator in that space. You heard me talking about the new packaging formats we launched in U.S. with Remix. We're also launching beverages in a number of regions in order to solidify the very good dynamic we see in that space which consumers love.

Mathilde Rodié, Danone Head of Investor Relations and Financial Communication:

Thank you. So next question from David Hayes, Jefferies

QUESTION 6: BRAND BOYCOTTS; WATERS PROCESSES

David Hayes, analyst at Jefferies:

So just 2 questions for me, 1 on brand boycotts and 1 on spring water review. So just on the brand boycott, we've heard a couple of companies talk about some brand boycotts in Muslim-based countries given the geopolitical situation. I guess I'm thinking Morocco and Indonesia specifically

for you. It doesn't seem like you're seeing anything in that regard, but just wondering whether there was any impacts. Or you're thinking there may be some impacts of that moving forward in terms of Western brands being chosen not to be bought. And then the second one, on the spring water review. We've obviously seen more headlines recently on the spring water processes for one of your competitors still under review. I just wonder whether - again I know we talked about this in the last call - but I just wonder whether there's any review taking place or if there's anything there that you think you need to look at as well because of the wider ramification or whether you feel that there's nothing to be done on your side related to that.

Juergen Esser, Danone Group Deputy CEO in charge of Finance, Technology & Data:

David, look. First, on Waters, please to understand I will not comment on competitors. You see our performance in Waters is great. The underlying strategy for us on Waters is obviously the protection of this very unique source of mineral water. We are applying the highest-quality standards to their protection as well as to the bottling side. For those of you - and I think, David, you had the pleasure to come with us to the evian bottling site and more importantly, to the impluvium, you see what we have been doing since 30 years to protect the purity of those water sources, so in that sense, we want really to make sure that consumers have a very good understanding of the job which is done there. And you see today it's working well for us.

When it comes to boycotts or the direct or indirect consequences of what's happening particularly in the Middle East region, we're obviously monitoring that very closely. So far, we could not see significant impact on our business. Let me remind you that we are operating across different geographies with mostly local brands, rooted in local production and local sourcing, so, so far, nothing to report. Obviously we are staying very close to the situation. And same applies to the more indirect consequences which it could have on commodity prices or sea transport, but we don't see anything that you don't see. So, so far, I would say we are on track with where we want to go.

Mathilde Rodié, Danone Head of Investor Relations and Financial Communication:

Thank you, David. So the next question is from Jeff Stent from Exane.

QUESTION 7: SPECIALIZED NUTRITION IN NORTH AMERICA

Jeff Stent, analyst at Exane:

Just a quick question on ELN. I realize you don't have a particularly big business in North America but I'm more interested given what's happened with Reckitt and Abbott. Has that in any way

changed how you manage your pre-term business elsewhere? And do you see any implications for yourselves in any other markets from what's happened in the U.S.?

Juergen Esser, Danone Group Deputy CEO in charge of Finance, Technology & Data:

Jeff, look. As you say, in North America we have a relatively small presence on Specialized Nutrition, mostly on Pediatric specialties focusing on Allergy. We have some baby food under the Happy Family brand. We are not operating these premature formulas in U.S., so I cannot really comment on what's happening there. We have premature formulas in other parts of the world, but for us today, that's not something that we would be exposed to this kind of discussions or issues.

Jeff Stent, analyst at Exane:

So you don't see any risks, in any market, from sort of similar events to what we've seen in the U.S. Is that a conclusion?

Juergen Esser, Danone Group Deputy CEO in charge of Finance, Technology & Data:

No. I confirm we don't.

Mathilde Rodié, Danone Head of Investor Relations and Financial Communication:

And so now the last question, from Tom Sykes, Deutsche Bank.

QUESTION 8: OUT-OF-HOME

Tom Sykes, analyst at Deutsche Bank:

Just one question. Are you able to scale the contribution of the Out-of-Home growth to the overall and maybe give some view on volume/mix at all within Out-of-Home? And given the focus on that: Is the early stages of the ramp-up in Out-of-Home. Will they be -- will that be as profitable growth as it has been? Or is that just requiring a bit more investment upfront and later payback, please?

Juergen Esser, Danone Group Deputy CEO in charge of Finance, Technology & Data:

Tom, very good point. We have put Away-from-Home back at the center of our strategy in a number of regions, particularly in North America and in Europe but not only. What does it mean, putting it at the center of our strategy? It means having a channel-specific approach on the product on the price, on the product formats. And so you have seen us launching, and you will

see us launching a number of innovations into those spaces, which are, for example, more drinkable products, products which are relevant for snacking, in order to play a larger role there. So today, we see very strong growth coming out of this channel, but this channel still is relatively small for us, so we really want to capture the opportunity there. The underlying dynamics in Away-from-Home are very strong. It's a channel which is in strong growth. Today, we are winning share in this channel, but we want to definitely step up our relative weight there. Is it profitable growth? I confirm, yes. Obviously what is conditional to make this truly profitable growth, is to have a dedicated strategy for it, as I said, dedicated product formats, so that we can demand the right level of pricing with the right level of route to market and distribution. So for us, and you will hear us talking about it probably a little bit more at the CME, it's at the core of our strategy moving forward.

Mathilde Rodié, Danone Head of Investor Relations and Financial Communication:

So with that, we end the Q&A. Thank you, everyone, for your attention. And maybe last word from Juergen.

Juergen Esser, Danone Group Deputy CEO in charge of Finance, Technology & Data:

Thank you, guys, for your attention and the discussion. You saw that we started well into this year. Gives us confidence on what's to come. And we are very much looking forward to see you all at the CME in Amsterdam, so stay tuned. Bye.