DANONE Q3 2026 SALES CONFERENCE CALL TRANSCRIPT

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PRESENTATION

Mathilde Rodie, *Head IR*

Good morning, everyone. Mathilde Rodie speaking, Head of Investor Relations. Thank you for being with us this morning for Danone's 2026 Q3 sales call. I'm here with our CFO, Juergen Esser, who will go through some prepared remarks before taking your questions. And before we start, I draw your attention to the disclaimer on slide 23 of the presentation related to forward-looking statements and the definition of financial indicators that we'll refer to during the presentation. And with that, let me hand it over to Juergen.

SLIDE 2 – SOLID PERFORMANCE IN Q3

Juergen Esser, *Chief Financial Officer*

Thank you, Mathilde, and good morning, everyone. Thank you for joining us for our Q3 sales presentation. Given the busy day ahead, I suggest we go straight into it, starting with slide number 2. And here, let me start with the key messages of today's release. Most important, with a strong +4% like-for-like sales growth in Q3, we delivered another quarter of broad-based growth across categories and geographies, proving once again the relevance of our health-focused portfolio.

Price contribution to our growth is obviously increasing to more than 3% in the quarter, reflecting the decisive pricing actions that we have taken during the quarter. This has been critical in the current inflationary context. We're at the same moment, continuing to post positive volume/mix growth, which means all ingredients are here to support our long-term value creation model.

Having said that, these good numbers in Q3 are not taking away our attention from the areas that are not yet delivering to our expectations. This is particularly the case for EDP in North America, where focused actions have been taken to step up execution and restore performance with sense of urgency. All in all, our Q3 performance gives us lots of confidence to continue delivering on our guidance, which we confirm today. Let's go to slide number 3 to dive deeper into each of those points.

SLIDE 3 – BROAD-BASED GROWTH ACROSS CATEGORIES AND GEOGRAPHIES

As I said, the solid like-for-like growth of +4% we delivered in Q3 was well balanced across our three regions and across our three categories, each of them performing within our target corridor of between 3% and 5%. While we will dive into regional details shortly, let us focus first on the category performance.

And here, it's great to see that our Specialized Nutrition category is again leading the growth for our company, an important element of our profitable growth algorithm, as you know. Equally important, the growth in each of the categories is driven by multiple business engines, which is probably best displayed on the next slide, which is slide number 4.

SLIDE 4 – A RESILIENT PORTFOLIO WITH MULTIPLE GROWTH ENGINES

Our dairy and plant-based business delivered another solid quarter of +3.6% like-for-like growth with our main European markets like France, Spain and the UK outperforming. This is a great achievement when you remember where we were only two to three years ago. In Spain, for instance, we have been transforming the whole portfolio in record time, retaking visible leadership and stepping up execution to market-leading levels.

Beyond Europe, we continue to see double-digit growth in Japan, where our business is becoming now a EUR 500 million platform as well as strong momentum in Mexico as well as in Brazil. Moving to Specialized Nutrition that delivered a very strong +4.7% like-for-like growth in the quarter. Our most important business in this category is, as you all know, in China, and we are pleased to see that our Chinese business is contributing over proportionally to the global category results. It's also great to have North America increasingly contributing as our Medical Nutrition business is delivering double-digit growth in Q3, amplified by the Kate Farms integration.

Beyond China and North America, we're also seeing very strong growth in emerging markets across many regions, including in Brazil, Indonesia and India as well as in the Middle East with massive headroom for growth in those geographies. And finally, the Waters category that posted solid growth of +3.6%. This performance was driven in particular by a strong season across our main European markets as well as double-digit growth in Indonesia, Mexico and North America.

So as you can see, our growth stays broad-based with multiple engines outperforming within each of our three categories. Let's now move on to slide number 5 and the underlying growth drivers over time.

SLIDE 5 – ANOTHER QUARTER OF STRONG LIKE-FOR-LIKE GROWTH

As you know, positive volume/mix growth is fundamental to our strategy. In Q3, volume/mix contributed +0.4% to our like-for-like sales growth.

Important to note that this number was distorted in the quarter by around 1 point of negative impact from the volume decline of Mizone in China, something that I will get back later to.

Excluding Mizone, volume/mix for the group would therefore be broadly in line with the level we delivered in H1. Price contributed +3.6% in Q3. In the inflationary environment we are operating in with oil prices and its related indexes staying elevated, we have taken proactive and deliberate pricing actions during the quarter.

Building on the experience of the previous inflationary cycles, we have acted early and decisively rather than delaying action to avoid more significant price increases later on. We have implemented these actions selectively and with discipline category by category and market by market, always keeping consumers at the center of our decision-making. As demand stays our North Star, we continue to carefully balance affordability, competitiveness and sustainable value creation.

Let me now turn to a few zooms on some specific business cells, starting with one of the key satisfactions that I would like to highlight, EDP Europe on slide number 6.

SLIDE 6 – EUROPE: EDP SUCCESSFULLY DELIVERING ON ITS TURNAROUND PLAN

We are very pleased with the steady performance of our EDP business in Europe, which outperformed in Q3, the category at group level. Importantly, our Dairy portfolio is increasingly aligned with evolving consumer preferences with high protein, gut health and the most functional segments being today the fastest-growing product groups.

At the same time, our more recent platforms such as Skyr and Kefir continue to gain traction with consumers, both growing strong double digit in Q3, and we continue to expand them across markets. Kefir, in particular, is now EUR 100 million platform on a full year basis, only 18 months after initial launch.

Together with our fiber enriched offering, it contributes to reposition the Activia brand as the gut health expert. And this is translating into renewed momentum for the brand with Activia delivering now the fourth consecutive quarter of growth in Europe. It's worth to mention here also the Danone brand that delivered double-digit growth in Q3, driven by strong consumer demand for our Skyr offering and the progressive rollout of our new Greek proposition.

And finally, Alpro in plant-based that delivered also double-digit growth with innovation continuing to play a key role. Our protein enriched ranges performed particularly well, while we continue to progressively roll out recent launches across Europe, including Meal to Go, our Matcha Coconut ready-to-drink offering and our Greek Style plant-based yogurt.

Let's now move on to slide number 7 for a dedicated focus on our North American EDP business.

SLIDE 7 – NORAM: FOCUSING ON YOGURT EXECUTION AND COMPETITIVENESS

We delivered low single-digit growth in Q3 in EDP North America. We are obviously not satisfied with this performance in light of a market which is growing faster. Let me provide some context on what is behind the numbers and more importantly, the decisive actions we have taken to restore stronger momentum in our yogurt business. As we have discussed over the past few quarters, capacity has been a constraint to our growth.

Over the past nine months, we have rolled out 8 capacity expansion projects across 4 of our 13 existing factories. These capacity installations focused on high-protein products are on track. While we keep adding new lines in the near future, capacity is at the end of Q3, no longer a limiting factor to our growth. What has prevented us from fully leveraging these new capacities in the short term is execution related.

We did encounter issues in the third quarter in starting up those lines and resynchronizing the end-to-end planning in operations. This has led, short term, to service levels for our customers below our standards and hence, impacting our sales over the last weeks of the quarter.

We took strong actions that have started to improve our service level already visible in October. Teams are working hard to get back to a satisfactory level with high sense of urgency as this is a prerequisite to return with our usual levels of in-store activation and promotional activities. Beyond elevated focus on execution, we are very active in regaining innovation leadership. We will be entering into year 2027 with an unprecedented quality of innovation pipeline.

This includes the launch of Kefir products, the expansion into fiber-enriched products and our entry into the natural Greek segment. The latter one is important as we had so far focused our efforts on what we call the segment of high-protein Greek, and we will now attack the everyday Greek segment, a multibillion-dollar subsegment where we had so far not really been playing in.

Net-net, capacity is not an issue anymore, all hands-on deck to fix quality of execution to then leverage an exciting innovation pipeline. We will up our game to bring our business where it belongs. In that context, we have, among many other things, decided to change the leadership of our US business with immediate effect as we now enter a more offensive phase.

Moving now to slide 8 for a focus on our former CNAO region.

SLIDE 8 – CNAO: CONSISTENT GROWTH IN SPECIALIZED NUTRITION AND EDP

Our performance in CNAO in the third quarter was very polarized. Our Specialized Nutrition business, which represents around 70% of sales in the region continued to deliver strong mid-single-digit growth in Q3 across both IMF and Medical Nutrition. In IMF, our Aptamil brand continued to perform well. We had a very strong sell-in for the Double-eleven sales festival, a good indicator of underlying demand.

The Essensis platform remains the single largest contributor to growth, and we see significant opportunities ahead of us. In Medical Nutrition, demand remains strong, supported by favorable underlying trends. EDP delivered again double-digit growth, driven by Oikos and Activia with continued market share gains in the Japanese market, which bodes well for the coming quarters. In Waters, more precisely Mizone in China, the quarter has been difficult.

Weather conditions remained very unfavorable throughout the summer, resulting in a poor season for the beverage market overall. This is especially relevant for Mizone given that the vast majority of its sales are generated through away-from-home channels. Against this backdrop, the competitive environment has been highly promotional, and we chose to remain disciplined.

As we are approaching the end of the season, we have decided to bring inventory levels down to make sure we end the year in a healthy position. As mentioned already, Mizone had a significant negative impact of 1 point of sales at company level. We are entering now the fourth quarter of the year, which is traditionally a very small quarter for Mizone. Hence, the impact will not replicate with such magnitude in Q4.

With that, let me now turn to slide number 9, our traditional sales bridge for the third quarter.

SLIDE 9 – Q3 SALES BRIDGE

Reported sales growth reached +5.2% in Q3, exceeding like-for-like growth again this quarter. Next to the already discussed like-for-like growth performance, we had -0.5% scope effect, reflecting the deconsolidation of our dairy business in Argentina since August, partly offset by the consolidation of the Huel company since September as well as the consolidation of our joint venture with Saputo Dairy Australia.

At the same time, currencies had a positive impact of +1.5%, reflecting the appreciation of several currencies against the euro, notably the Chinese renminbi, the Mexican peso and the US dollar. Taking all these effects into account, reported sales reached EUR 7.2 billion in the third quarter. Let's now take a closer look at the performance of each region. I will probably be

a little bit briefer than usual as we have already covered some of the key topics at subregion level.

Starting with Europe, Middle East and Africa on slide number 10.

SLIDE 10 – EMEA

EMEA delivered +3.9% like-for-like growth in Q3 with volume/mix at -0.4% and price at +4.3%. Volume/mix was positive in EDP and in Waters, but negative in SN. I have already discussed the strong performance in EDP and Waters on the previous slides. So let me focus here on SN and give you a bit more context, notably on the performance of our IMF business in the region.

In the Middle East, our IMF business bounced back very quickly in Q2, and we are now back to strong, but more normal trends for the region. In Europe, as we have said earlier, the recovery is more progressive and the overall category dynamics remain soft. We are recovering well on Stage 1 formula, which confirms our scenario of normalization as new babies and parents enter the category. Our focus stays very much on rebuilding trust in the category and our brands, and we are investing as we speak into a dedicated international marketing campaign for Aptamil.
Let's now move on to the Americas region on slide number 11.

SLIDE 11 – AMERICAS

The Americas region delivered +4.4% like-for-like sales growth, stepping up its contribution quarter-by-quarter. On a comparable scope, the like-for-like growth of the region was negatively impacted by the deconsolidation of Dairy business in Argentina, which was not totally offset yet by the first time like-for-like contribution from Kate Farms. We discussed already the Noram EDP performance, so let me here only highlight the strong momentum in EDP Brazil as well as in Mexico, with both countries successfully expanding their high protein Greek Yogurt ranges.

Next to EDP, we saw the Specialized Nutrition category delivering an outstanding +12% like-for-like growth, driven by Aptamil in Latin America, Neocate across the region and Kate Farms in US. The Waters business also delivered a strong +11.7%, supported by a solid performance from Evian in North America and improved momentum for Bonafont in Mexico.

Turning now to our Asia Pacific region on slide number 12.

SLIDE 12 – APAC

APAC delivered +3.6% like-for-like growth with a balanced contribution from volume/mix at +1.7% and price at +1.9%. Beyond what I have already covered on the previous slides regarding our performance in China and Japan, let me briefly touch here on two key contributors to the regional growth, Indonesia and India. In Indonesia, our business has been accelerating over the last quarters.

The Aqua brand is performing strongly also in Q3, driven by increased velocities and distribution gains. We also delivered a very good quarter in our Early Life Nutrition business in Indonesia with good performances across our SGM, Bebelac and Aptamil brands. In India, we are aiming to scale fast our Early Life Nutrition business as we are co-leading the premium segment, which is still relatively young, but very vibrant. We are pleased to report very strong growth also in the third quarter, supported by dynamic category and strong competitive demand for our Aptamil brand.

As we are raising the game in this strategic country, our priority number 1 remains to expand our distribution reach while further elevating the Aptamil superiority credentials. Those remarks conclude the regional review. And I suggest we move now on to the last slide of today's presentation on slide number 13.

SLIDE 13 – 2026 GUIDANCE CONFIRMED

Despite a challenging environment, we delivered a very solid performance in the first nine months of the year, reflecting the strength of our portfolio and the resilience of our well-balanced geographical footprint. As you have seen throughout this presentation, we have many winning platforms delivering strong growth across all categories and all geographies. This is giving us lots of confidence as we enter the final part of the year. We confirm today our 2026 financial guidance with like-for-like sales between +3% and +5% and recurring operating income to grow faster than sales.

Thank you once again for listening. I look forward to your questions. And with that, Mathilde, back to you.

QUESTIONS & ANSWERS SESSION

Mathilde Rodie, *Head IR*

Thank you, Juergen. Guillaume Delmas, UBS.

QUESTION 1: COST OF NET DEBT; EDP VOLUME/MIX; NORTH AMERICA

Guillaume Delmas, *analyst at UBS*

One housekeeping and one question, please. The housekeeping, it's on your cost of net debt. I know you don't guide on this line, Juergen. But given your recent acquisitions, I'm thinking Huel and MADE and also given the higher cost of your refinancing, I think it was around 4%. Would it be fair to assume a sequential step-up in your cost of net debt in the back half of this year and then a further step-up in '27. So any color on this would be great.

And then my question, it's on your volume/mix development in Europe and North America for EDP. Because when I look at both regions, I mean, it seems it slowed sequentially Q3 versus Q2. Now very different reasons for that. But maybe if you can talk about potential higher price elasticity in Europe EDP or anything that would explain the sequential slowdown in volume/mix?

And then for North America, I mean, you mentioned some customer service improving. So would it be fair to say that Q3 was the trough, at least from a market share point of view in yogurt? And looking ahead, where would you expect to see the most rapid improvement? I mean, is it in high protein, traditional yogurt, standard Greek? And again, just talking about market share development. And I don't think you touched on creamers, just was creamers also part of this customer service that was a bit subpar or it was not affected and creamers is performing in line with your expectations?

Juergen Esser, *Chief Financial Officer*

Guillaume, a long list of questions. So let me try to be sharp and brief on each of them.

Starting first with the housekeeping one, cost of net debt. You are right that net debt is moving due to the acquisitions, which we have been doing and we are doing as we speak with what we are doing in Australia. At the same moment, we are generating lots of cash. So the absolute level of net debt is not significantly increasing. What is indeed a factor is the cost of the debt, as you said, and we just issued a triple bond a couple of weeks ago. And yes, this is increasing the cost of our net debt because we are replacing debt, which was issued at 0% or 1% coupons, and we are now issuing with 4% coupons. So yes, cost of net debt is going to increase over the next quarters.

When it comes to pricing and volume/mix, I think we discussed in our Q2 and H1 call already that we were planning to implement selective and targeted pricing. Our intention to go for pricing was just reinforced in a way by what happened in the summer with the oil price, which stayed well above $100. And so we have taken proactive pricing, building on what I said before, building on the experience of previous cycles. And one of the learnings was that it's

important to act early because it helps limiting sharper price increases later on. So we increased prices selectively in US. We increased prices selectively in Europe.
To date, we have not seen any significant price elasticities. So when you look at our performance over the last quarters in the US or Europe, there is no significant impact from that. It's difficult to predict what's going to happen. But as of today, there is nothing there.

When it comes to North American performance and customer service levels, indeed, end of the quarter three was difficult in terms of customer service. Things are improving over the last weeks, and you saw that also on the chart. This was mainly about yogurt, but not only because in the end, the issue of ramping up the new capacity has disturbed a bit the whole end-to-end supply chain. But from now on, we are full on getting the things right so that we can go with the right service level in year 2027.

Guillaume Delmas, analyst at UBS
On coffee creamers?

Juergen Esser, *Chief Financial Officer*
And on coffee creamers, yes, what you see is that market shares on coffee creamers have been stabilizing, and we are going with a nice set of innovations actually into year 2027. So I think we are well set for a good year in Creamers.

Mathilde Rodie, Head IR
Jon Cox, Kepler Cheuvreux.

QUESTION 2: MIZONE; NORTH AMERICA

Jon Cox, *analyst at Kepler Cheuvreux*
Two questions from my side. Just on Mizone, just maybe you could just repeat what you said. So in the Q4, you wouldn't anticipate that sort of 1-point negative impact on the group from Mizone. Just wondering what you may be doing to try to improve things. Mizone problems have been on and off for years and years, sometimes on, sometimes off.

Second question, just talking about North America. You're talking about leadership changes there. You seem to be saying actually, it was really about execution in Q3 retail and maybe not being on the stores rather than this is a reset, and it's going to be another 18 months because now we need to get new guys in, need to look at the whole thing, and it's going to be another 18 months before we can actually get North America going. I'm just wondering what is it?

Is it really just like you weren't happy with the way this thing has gone. You've replaced leadership, but generally, it's moving in the right direction? Or is this a full reset? You've got a new management team coming in. It's going to be another 18 months before you get going in North America?

Juergen Esser, *Chief Financial Officer*

Look, let me start with your second question because that's probably the one which is the most important. It's going in the right direction. But we need to recognize that we need to work harder to improve our US performance and regain momentum now that capacity is there, which requires stronger focus on execution and rebuilding our innovation leadership. And as part of this, we believe that it is important that we bring fresh eyes into that business to now lead in a very offensive and aggressive manner the business into year 2027. We are appointing a Franco-American Danoner called Francois Lacombe, who has been turning around our Spanish business, who has been working in the US and who comes with the right experience and the right mindset into the US business to really make sure that 2027 looks very different than 2026.There are two elements which are important, execution. And as I said, that he will be sorting out quickly now the issue on customer service and then really playing to the max a very strong innovation pipeline for the US for 2027, an innovation pipeline, which we have not seen for years, to be honest. We are launching Kefir, which is the number 1 growth driver in Europe today. We are going now big on fibers, which is working very well in Activia in Europe. And that's probably something which will be important. We are now entering what we call the everyday Greek subsegment in the US. We have so far with Oikos only been playing in what we call performance Greek, which is high protein, which is this very dark black label. And we are now entering into the more natural everyday Greek. It's a multibillion-dollar segment where we have not been really playing over the last years. And this is super exciting. We will attack that segment with the Oikos brand and the Danone brand and with a very strong approach, which is absolutely no artificial anything in it. So we are actually quite excited about what we see ahead there. So all hands on deck and things are absolutely going in the right direction.

When it comes to Mizone in Q4, very important to keep in mind that this is an extremely seasonal business, Q2 and Q3 making up for 70%, 75% of sales. So we needed to correct stock levels in Q3. This is why you have this very heavy impact on group sales. That is not going to replicate in Q4 just because this is a very small quarter for Mizone, and we cleared most of the stock. So teams are getting basically from now on ready for next season, and we are hoping for better weather conditions in China because fundamentally, we believe that Mizone is well positioned to win in the functional beverage category in China.

Jon Cox, *analyst at Kepler Cheuvreux*

So basically, volume/mix should accelerate in Q4 for the group.

Juergen Esser, *Chief Financial Officer*

We will not have again such a negative impact from Mizone from a volume/mix standpoint in Q4 like in Q3.

Mathilde Rodie, Head IR

David Roux, Morgan Stanley.

QUESTION 3: SN CHINA; COGS INFLATION; ARGENTINA JV

David Roux, *analyst at Morgan Stanley*

My first question is just on the China Specialized Nutrition business. You noted the strong mid-single-digit growth for the quarter. Is it fair to assume that both IMF and Medical Nutrition were growing around those levels? And also, could you give us a bit of color on how volumes developed for infant milk from the last quarter?

And then my second question is on costs, and I appreciate this is a trading update, but it has been mentioned in the context of pricing. But could you perhaps put some numbers on where COGS inflation is running for the nine months to date and how you would expect this evolving into next year? Because arguably, I would assume that you do have visibility on milk contracts.

And then just very lastly, a housekeeping question. Just for clarification, what was the impact on like-for-like from the deconsolidation of revenue for Argentina JV? I think we have pencilled in around 30 to 40 bps.

Juergen Esser, *Chief Financial Officer*

Look, China, pretty solid quarter, as you said. And importantly, we have been reporting strong momentum across both IMF and Medical Nutrition, and this is important. On IMF, no real news, I would say, in a sense that the category is soft. We are overperforming in this category. Essensis is continuing to do a very, very good job. So a positive dynamic in volume/mix net sales. And at the same moment, medical nutrition continue to grow on what is our heritage business in a way, which is our tube format in hospitals. And as you know, we are investing significantly into creating a sizeable business outside of hospitals, which is more oral nutrition, which is in pharmacies, which is nonprescribed and that's accelerating. It's not yet at scale, but it's quite exciting what we are seeing there. So SN China was a very good quarter.

When it comes to the inflation, the last time we talked a couple of months ago, we were maybe still hoping that in one way or the other, the oil price would go back to a more normal level. We see today that the oil price stays very elevated. What does that mean for the industry and for corporates like us, it means that we are less and less protected from the usual hedgings we are doing on commodity indexes. So in that sense, the inflationary pressure is increasing sequentially. In front of that, we have been doing pricing, as we said, we are pushing hard on productivity and efficiencies and driving our volume/mix. So the combination of positive volume/mix, pricing and productivity will be the key ingredients also for the rest of the year and going into year 2027 to drive our profit margins in the right direction.

Last on like-for-like Argentina impact, it's around 40 bps.

Mathilde Rodie, Head IR
Jeremy Fialko, HSBC.

QUESTION 4: US EDP; MIZONE

Jeremy Fialko, *analyst at HSBC*
Maybe the first one is, could you talk a bit more about what you think the kind of recovery trajectory in US SN -- sorry, US EDP might look like? And would you expect to see Q4 getting better than Q3 kind of progressive improvement over the quarters? Or do you feel that actually we need to wait a little bit longer before we see much of an improvement coming through in that business?

And then the second thing is when we look at Mizone, you mentioned you think that it's a well-positioned business to win. But I'm still interested to hear your thoughts on why you think it's a good fit for Danone's portfolio, given that it doesn't seem to be hugely synergistic with your other businesses. The markets are quite competitive, and there's a lot of volatility and if you could take still weather dependency within the business. So I would be interested to get your thoughts on that.

Juergen Esser, *Chief Financial Officer*
Jeremy, on North America, look, capacity, as I said, is no longer a limiting factor. We didn't do a particularly good job end of the quarter to get the capacity online very clearly. So customer service level touched the low point. Things are now improving. The team is doing only one thing now, which is to ramp up the capacity and get back with promotional activities. What is very important is that when you cannot serve consumer demand, you cannot do promotional activities. So number one, getting now the customer service right, reactivating promotional activities. That's now the job of Q4 and getting it then into 2027 with a focus, which will go into

launching the innovation and making sure that we are getting all the distribution we had agreed with our retailers. So I think we have a good program in front of us, which should make the performance of Noram 2027 very different than 2026.

When it comes to Mizone in China, look, we have now been enjoying four very good years of Mizone with a very functional positioning in China, offering hydration and with a very strong focus on Away From Home. In that sense, Mizone for us is a blueprint for many things we are doing across the planet actually on more functional beverages, either in the Waters division or in the EDP division. And so I think we are -- strategically, it makes all the sense. This has been a particularly difficult year. I mean, I think all the industry has been suffering. We have been extremely disciplined and not following some of the crazy promotions we have seen in that industry at the end of the summer. So we are now preparing for a good season 2027.

Mathilde Rodie, Head IR
Celine Pannuti, JPMorgan.

QUESTION 5: ELASTICITY IN EDP; SN EUROPE

Celine Pannuti, *analyst at JPMorgan*
My two questions. So first, I would like to talk about EDP. You raised prices and volume sequentially slowed. Could you give us a bit of a color of what the volume was in Europe, which I think you did quite well in EDP Europe and whether -- just to try to understand the sensitivity on elasticity versus the volume hit that you had in EDP North America?

And where are you in that pricing acceleration or pricing need in the EDP category? And then my second question on SN Europe, I think the progress is quite slow. If you could as well give us a bit of color on what's happening in terms of share performance, category performance and what is your expectation looking into '27?

Juergen Esser, *Chief Financial Officer*
First on EDP. Actually, we are happy at global level with our EDP performance. I mean, delivering 3.6% with a broad-based contribution from many countries, I think, is a good number. We are particularly happy, as you said, with what we are seeing in Europe. Having now countries like France or Spain leading the table, I think, is very reassuring because that has been the most heavy transformation we have done in the portfolio since we started with our strategy. But it's not only that we have France and Spain or the UK contributing, you saw that we have many countries, including Brazil, including Mexico, including Japan. When you look at the composition of this growth, price is an important contributor, but volume/mix is also clearly positive. So we are seeing continued still strong demand for our products.

The job to do is now to turn EDP North America into positive as we go into year 2027 from a volume/mix and net sales standpoint. When it comes to SN Europe, SN Europe, there's two elements here. Medical Nutrition, a very solid performance. There is still the aftermath of the recall of IMF. And as you know, it's very different between what we saw in the Middle East.
So we had the recall. It bounced extremely quickly back in Q2, and now we are back to a normal level. While in Europe, it's way more progressive. And it's very different actually country by country. The one thing which is very reassuring us is that things are performing pretty well on Stage 1 formula. So that's the formula, which is for babies between zero and six months, which means for new babies entering the categories, for new parents entering categories.
And here, we see the market shares well oriented, but not only the market shares, but also the underlying subcategory dynamics, which makes us confident that we will progressively return to growth also for IMF Europe and SN Europe, which has been a bit still the drag in the third quarter for this region.

Celine Pannuti, *analyst at JPMorgan*
Can I just ask, could you comment on EDP Europe, please, the volume and price split?

Juergen Esser, *Chief Financial Officer*
It has been a bit more price than volume/mix, but very close to balance actually. So I think a very strong contribution. Pricing actually in Europe happened throughout the quarter of Q3. So we are very happy with that. And the positive volume/mix, very much driven by what I mentioned previously, which is Kefir, Skyr and Alpro. Alpro growing double digit, the Danone brand growing double digit, Kefir growing double digits, Skyr growing double digit, and this is really volume/mix growth.

Mathilde Rodie, Head IR
Charlie Higgs, Redburn.

QUESTION 6: PRICING IN EUROPE

Charlie Higgs, *analyst at Redburn*
I just want to follow on quickly on that last question. How did the conversations with retailers go with regard to pricing in Europe? And are you confident next year that you could take some more pricing if there is commodity inflation? And then my second question was on the disruption in France. There was some damage to some customers, but also a hack to some of the fridges. And I was just wondering if you could comment if that's had any impact on your EDP or other businesses after the quarter end?

Juergen Esser, *Chief Financial Officer*

Yes. Look, pricing -- doing a price increase in Europe is always a journey. Has never been easy, has not been easy in the third quarter. We succeeded. We put the price increases which we wanted to put. What is definitely helping us here is the fact that we are performing in EDP in Europe. Velocity is increasing, as we said just before, volume/mix increasing. So when you have strong velocities, you are able to price. So in that sense, I think we are well positioned.

When it comes to France, obviously, having fridges not working for a day or two is not a good thing. Having some social tension is not a good thing. Having said that, France is performing very well for us. We have a fantastic product portfolio. We have a great team. And so we are very confident to see continued good performance in our home country.

Mathilde Rodie, Head IR

And we have two last questions coming in. So we will take first Olivier Nicolaï from Goldman Sachs.

QUESTION 7: SHARE BUYBACK

Olivier Nicolaï, *analyst at Goldman Sachs*

Just a very quick one on -- considering your very strong free cash flow generation. I've seen, obviously, you have announced a share buyback to offset the employee incentives. How you should think about share buyback going forward and just to make your balance sheet a bit more efficient in the absence of large-scale M&A, of course.

Juergen Esser, *Chief Financial Officer*

Olivier, you know that free cash flow has been part of the focus areas of the company over the four years. So we are in a very disciplined manner working the different dimensions on free cash flow. The share buyback we announced today is, I would say, almost a traditional share buyback, as you say, eliminating the dilutive impact from employee incentive programs.

Share buyback is part of the toolbox moving forward. They've been very clear about that. I think we will do a more formal update as we go into the full year results next year about our capital allocation priorities. You know that we are just closing over the next weeks eventually the MADE acquisition, the MADE Group acquisition in Australia. So we have some cash outflow there. So we'll have, I think, the next discussion about capital allocation with the full year results.

Mathilde Rodie, Head IR

Warren Ackerman, Barclays.

QUESTION 8: US EDP; SN EMERGING MARKETS

Warren Ackerman, *analyst at Barclays*

It's Warren here at Barclays. I've got two. Back on US EDP. Juergen, can you give a little bit more detail on what happened when these capacities came on? How many of the expansion projects had issues? I mean you mentioned eight capacity expansions in four factories. Just want to understand a little bit more what actually happened. Because service levels 85% are obviously very bad.

I mean, best-in-class players are like 98%, 99% so 85%. You don't really see it that low. And if your service levels are that low, have you suffered any sort of delistings or penalties with that service level? I'm just interested to understand what that's meant on the ground because what we can see is that trade weighted distribution does seem to be coming down.

So I'm just trying to understand like what's happening and how quickly you can get service levels back in the US? And what's the sensitivity to that as you can improve service with your key accounts? I'd just like to know a bit more on what's actually happening.

And then secondly, we've talked a lot about China, but the other big region is SN emerging markets. Ex China, it's an area where you are investing a lot and is growing rapidly. Can you talk a little bit about what the growth was in the quarter, what you're seeing, where you're investing? Because I think you've said previously that, that region overall is almost as big as China in aggregate. So just interested to see what it did in the quarter and what the outlook is.

Juergen Esser, *Chief Financial Officer*

Look, capacity was installed, as I said, across a number of our factories during the year 2026. Capacity is there. Our planning was to ramp up capacity very fast and deliver to our customers the additional capacity. We were slower than what we were expecting and this is disturbing the whole supply chain. So the service levels went down very abruptly. And this is causing some out-of-stock situation. Now it can move up also very quickly again. And that's the beauty of it. The team is full on making the capacity now work. We saw over the last weeks good, very good improvement. Now as you say, the objective is to reach very, very fast again, satisfactory levels. And I'm confident we are there. We will be there. No delistings to report at that moment. But what is important for us is to have the service levels back because then we can go back to promotional activities. And this is very, very important, Warren, to get the promotional activities again activated. So extremely high sense of urgency. We see the numbers going up. Now it will continue going up over the next days and weeks.

When it comes to SN in emerging markets, very exciting. We see actually double-digit growth in most of the countries there. We see double-digit growth in Latin America. We see double-digit growth in Middle East, Africa. We see high single-digit growth in the rest of Asia Pacific. And to your point, that's a platform which is as big as China. It's a very profitable platform, and we see massive headroom ahead. We talk mostly about IMF. We talk mostly about Aptamil. And while the categories are growing there, we are winning also important share. So we are reallocating resources into that region because we believe that there are very important growth opportunities for many quarters in front of us.

Mathilde Rodie, Head IR

And with that, I think we finish the call.

Juergen Esser, *Chief Financial Officer*

Thank you very much, everybody. I wish you a lovely day. Talk soon. Bye-bye.