



GAME

OPERATIONS FOR VALUE CREATION

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OPERATIONS FOR VALUE CREATION

01

OPERATIONS: OUR JOURNEY SO FAR



02

VALUE CREATION AT PLAY IN AFRICA



03

THE JOURNEY AHEAD





01

02

01

**OPERATIONS:
OUR JOURNEY SO FAR**

**BUILDING CAPABILITIES &
STEPPING UP
PERFORMANCE**



DANONE OPERATIONS FOOTPRINT

**48,000 ENGAGED
DANONERS**

Planning, Sourcing,
Manufacturing &
Customer Service



**A RESILIENT SUPPLY
SYSTEM OF 50,000
SUPPLIERS**



**A WELL DISTRIBUTED
NETWORK OF 150+
PRODUCTION SITES &
300+ DISTRIBUTION
CENTERS**



**SERVING 1.5 BN
CONSUMERS**



BUILDING CAPABILITIES & STEPPING UP PERFORMANCE

From a defensive approach to a proactive value creation strategy

2021

WAKE UP CALL: SUPPLY CHAIN VS. SUPPLY CHAIN



- Volumes
- ↓ Gross margin

2022

WAR AND INFLATION
& RENEW DANONE



- ↓ Volumes
- ↓ Gross margin

2023

RENEW DANONE
AMPLIFICATION

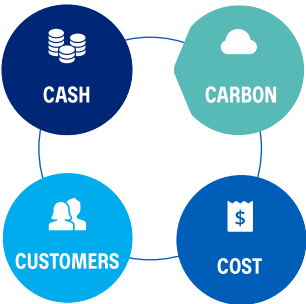
- Building new capabilities
- Deploying our operations strategy
- Record high productivity

- Volumes
- ↑ Gross margin

2024

READY TO ACCELERATE
FOR GREATER IMPACT

- Structural COGS competitiveness
- Superior service
- AI & tech deployments



ACTIVATING OUR INTERCONNECTED ‘4C’ FRAMEWORK FOR VALUE CREATION



CUSTOMER SERVICE AS A SOURCE OF COMPETITIVE ADVANTAGE



#1

CASE FILL RATE
+ CONSISTENCY

500 bps
vs 2021

2023
CFR > 96%
YTD 22/25W > 96%

#2

CASE FILL RATE
+ CONSISTENCY
+ RESPONSIVENESS

Sense-plan-deliver
for superior
customer
satisfaction


1st USA in 2023

#3

NETWORK
CAPACITY

Release Capacity


Create Capacity
Category Big Bets



#4

INNOVATION
EXCELLENCE

Fewer, Better, Bolder
AND First Time Right

Expanding into
an ecosystem to
source technology



#5

AI & MACHINE
LEARNING
SMART PLANNING


40X
Faster Forecast

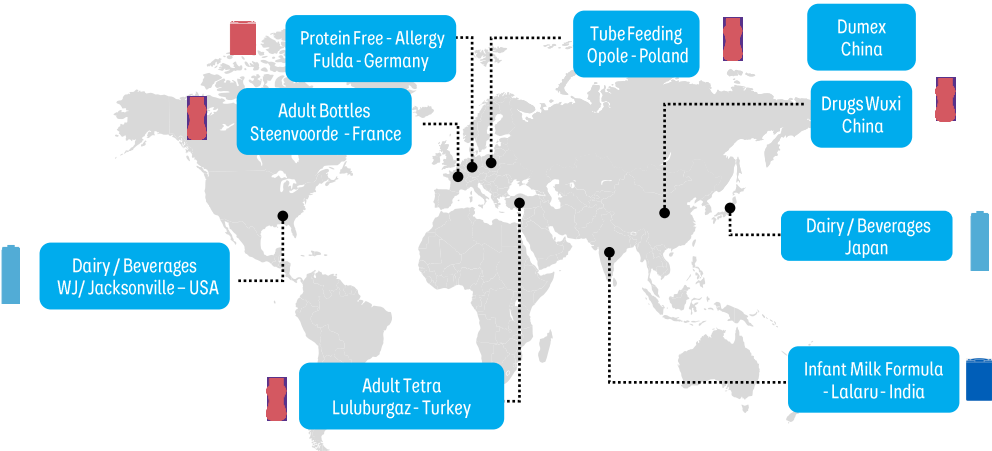

+10%
Forecast Accuracy



SCALING CAPACITY IN LINE WITH CATEGORY STRATEGY



1. CREATING MANUFACTURING CAPACITY



2. RE-INDUSTRIALIZING



FRANCE
STEENVOORDE

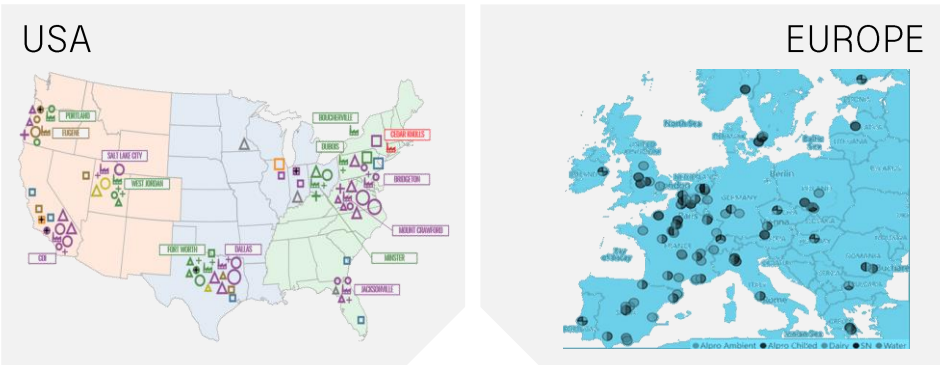


FRANCE
VILLECOMTAL



USA
WEST JORDAN

3. EXTENDING & OPTIMIZING LOGISTICS



4. EXPANDING SUPPLIER BASE



XPand program
100 new sources
higher agility,
higher resilience

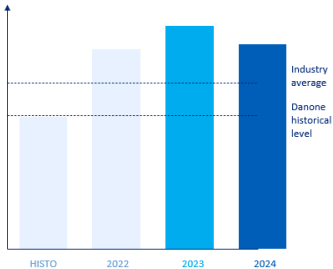
COMPETITIVE COST



#1



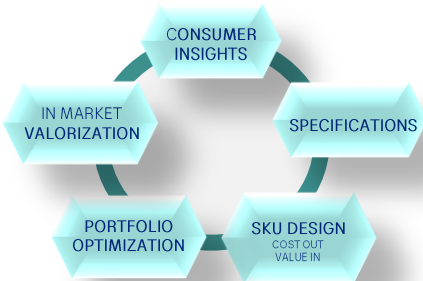
Integrated productivity approach
Rolling 3-year blue funnel



#2

DESIGN TO SUPERIOR VALUE

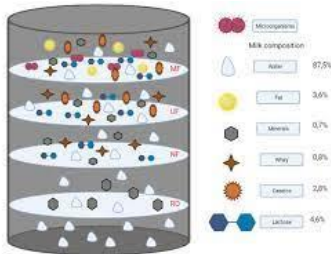
Consumer preference at the lowest possible COGS



#3

EXTRACTING GREATER VALUE FROM RAW MATERIALS

Valorizing milk value chain



#4

DYNAMIC COGS FORECASTING

More accurate and quicker COGS forecast for Business Planning

COST MODELS

500+

INTEGRATION PROGRESS

DANONE SNOWFLAKE

TIME SAVED

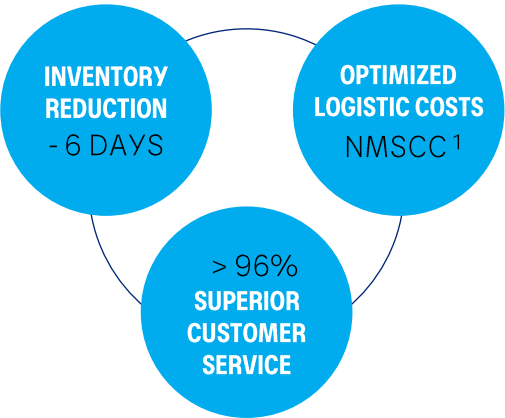
21 DAYS

RELEASE CASH FROM OPERATIONS & MAXIMIZE ROA



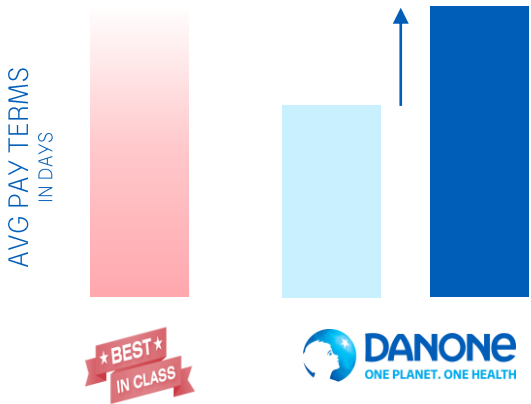
#1

INVENTORIES FROM
'HOLD' TO 'SERVE'



#2

RESET
PAYABLES



#3

CAPEX
EFFICIENCY

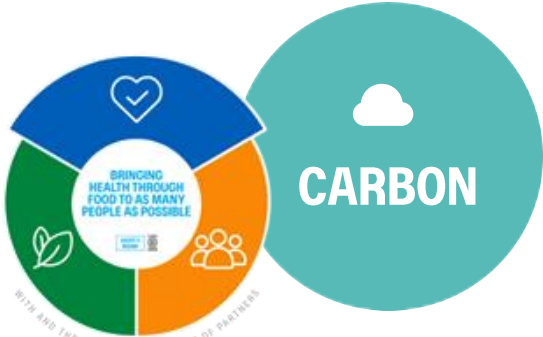
Capex / net sales below 4.5%

Capex intensity

$$\frac{\text{Capex required}}{\text{Tonnes product produced}} \rightarrow \text{10\% IMPROVEMENT}$$

1. Non-material supply chain costs

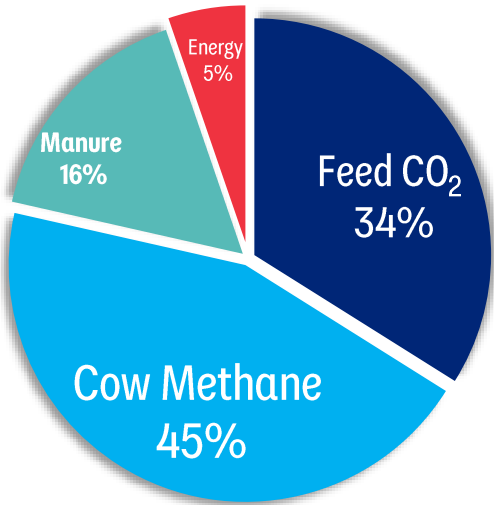
SUSTAINABILITY FOR PERFORMANCE & EFFICIENCY



DOUBLING DOWN ON OUR STRENGTH: REGENERATIVE AGRICULTURE



ADDRESSING LIQUID MILK CARBON FOOTPRINT...

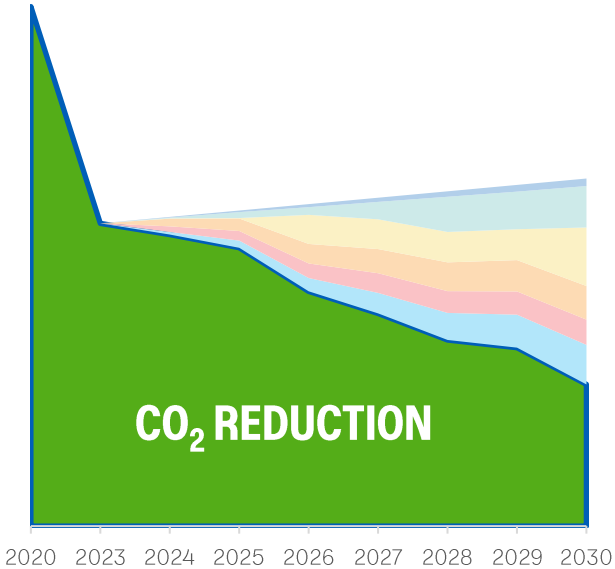


... IN COLLABORATION WITH DANONE FARMERS



- #1 HERD MANAGEMENT
- #2 MANURE MANAGEMENT
- #3 ANIMAL FEED
- #4 SOIL HEALTH

... DELIVERING GREATER IMPACT TOGETHER





01

02

02

**DANONE
DAIRY AFRICA**

**ACTIVATING OUR '4C'
FRAMEWORK FOR VALUE
CREATION IN AFRICA**

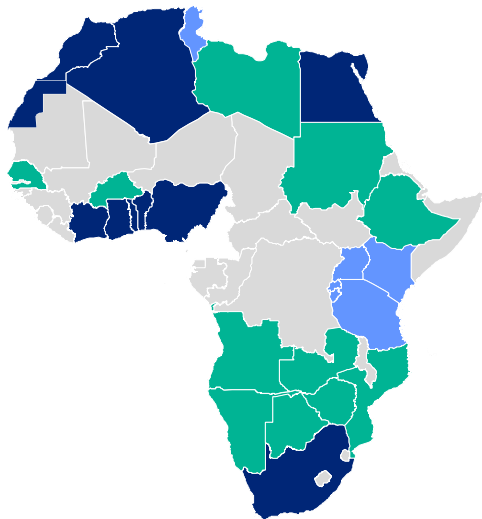




OVERVIEW OF DANONE DAIRY AFRICA

A HYPERLOCAL FOOTPRINT IN A VOLATILE OPERATING ENVIRONMENT

A Hyperlocal footprint
serving 500M consumers



DIRECTLY
OPERATED
BUSINESS UNITS

JOINT
VENTURES &
PARTNERSHIPS

EXPORT MODEL

A Continent of opportunities...
with challenges

1/3 of Generation Alpha are born and live in Africa

+100m additional middle-class households in Sub-Saharan Africa by 2035

Protein intake expected to grow 7-fold by 2050



GEOPOLITICAL, SOCIAL
& CLIMATE CHALLENGES

MACRO-ECONOMIC VOLATILITY

A fragile starting point
3 years ago

Deep reach and strong assets

Portfolio and brand proliferation

Volumes structurally eroding

Gross margin structurally eroding

Profitability and Cash issues

ACTIVATING OUR '4C' FRAMEWORK FOR VALUE CREATION IN AFRICA

BUSINESS MODEL TRANSFORMATION TO RECREATE THE CONDITIONS FOR SUSTAINABLE PROFITABLE GROWTH





SIGNIFICANTLY IMPROVING CUSTOMER SERVICE

ENABLING CONSISTENT SUPPLY THROUGH STRONGER CAPABILITIES



Step change in supply planning capabilities

Building supply chain resilience

Unlocking production capacity

Route-to-market transformation



Implementation of a new route-to-market in South Africa



Ambient route to market capabilities

Inventory optimization



Customer service level	Cost to serve
Triple digit improvement	Triple digit improvement

Africa Dairy CFR¹

Triple digit improvement

1. Case fill rate



COST EFFICIENCY AT THE HEART OF THE TRANSFORMATION

SIMPLIFICATION, FIX COST LEVERAGE AND STEP CHANGE IN PRODUCTIVITY TO OFFER AFFORDABLE HEALTHY NUTRITION AND STEP CHANGE MARGIN



COST

Localization

Battle against waste

Non-material supply chain costs focus

'Design to superior value' and portfolio simplification

DTSV¹ as a growth driver



Nutritional yet affordable innovations focused on rural areas



Revenue impact

Volume incrementality

Market share impact

Strengthened competitiveness in rural Egypt

High-single digit productivity over the last 2 years



01

02

1. Design to superior value



STRENGTHENING OUR CASH GENERATION CYCLE

WITH A RIGOROUS FOCUS ON WORKING CAPITAL AND RETURN ON ASSETS



Disciplined cash collection

Inventory reduction

Payment terms improvement

Capex frugality



Full overhaul of cash management



- Inventory & payables optimization
- Stronger planning capability
- Local partnerships
- Implementation of flexible recipes

Impact over 2 years

+300bps WK cap/NS improvement

Africa working capital

Triple digit improvement

Africa ROA

> 500bps improvement



DELIVERING CARBON REDUCTION THROUGH EFFICIENCY

YIELD IMPROVEMENT AS A KEY LEVER TO CARBON REDUCTION AND COST MANAGEMENT



Route-to-market efficiency

Green energy

Sustainable packaging

Dairy Farming transformation



Yield improvement to drive output and long-term resilience



Milk yield and quality significantly improved

Yield improvement
c. +30%

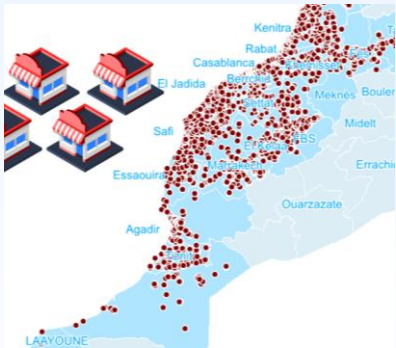
CO₂ emissions
c. -30%

LEVERAGING THE 4C FRAMEWORK

SYSTEMATIC APPROACH TO TRANSFORM THE BUSINESS MODEL



Route-to-market transformation for competitive advantage



A COMPLEX & CRITICAL
SUPPLY CHAIN



OPTIMIZED FREQUENCY
OF VISITS



OUTPLACEMENT
HIGH SUCCESS RATE


CUSTOMERS

90 bps
improvement in service to
the customer


COST

130 bps
improvement in operating
margin


CASH

270 bps
inventory over net sales
optimization


CARBON

-3%
carbon emissions

MAKING GRADUAL PROGRESS ON AFRICA TRANSFORMATION

FOCUS ON EXCELLENT EXECUTION OF THE 4Cs

PROGRESS OF THE LAST 2 YEARS

ORGANIC SALES GROWTH

Accelerating Net Sales to **mid to high-single digit balanced growth**

MARGIN IMPROVEMENT

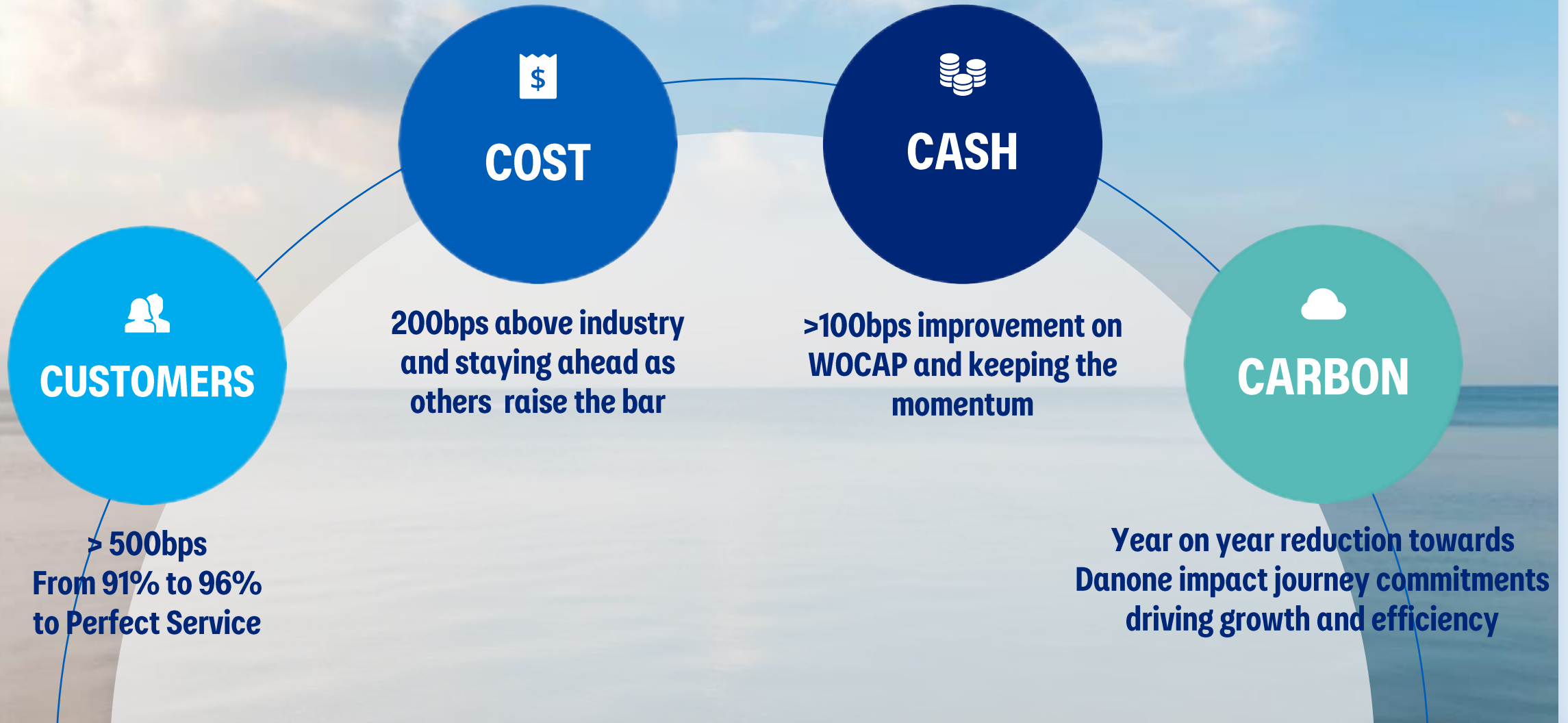
Expanding Gross Margin **triple digit and rebuilding structural profitability**

CASH GENERATION

Significant improvement
driven by working capital optimization



WE HAVE DELIVERED AND BUILT CAPABILITIES FOR MOVING TO THE NEXT S-CURVE



STEPPING UP CAPABILITIES FOR 48,000 DANONERS



EN ROUTE TOWARDS INDUSTRY-BEATING OPERATIONS TOWARDS INDUSTRIAL REVOLUTION 5.0*

OUR JOURNEY SO FAR

OUR DESTINATION



“A new and emerging phase of industrializtion that sees humans working alongside advanced technology and AI-powered robots to enhance workplace processes, coupled with more human-centric focus as well as increased resilience and an improved focus on sustainability.”

*source: www.twi-global.com



TANGIBLE PROGRESS SO FAR... AND WE ARE READY FOR MORE

READY TO TAKE
THE NEXT LEAP
FORWARD



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CAPITAL MARKET EVENT

