



2023 Third-Quarter Sales
Press release – Paris, October 26, 2023

Renew Danone starts yielding results Solid third quarter, full year guidance raised

- **Net sales reached €6,906m in Q3 2023**, up **+6.2%** on a **like-for-like (LFL) basis**, supported by a sequential improvement in volume/mix (-0.3%) led by EDP
- **Good momentum across the portfolio, with further progress on Renew Danone agenda:**
 - EDP transformation in Europe starts delivering results, with volume/mix sequentially improving, giving confidence for next quarters
 - Continued solid dynamics in China led by Medical Nutrition and Infant Milk Formula; robust growth during peak season for Mizone confirming turnaround
 - Resilient performance in North America supported by Coffee Creations and Yogurts
 - Strong broad-based growth in AMEA and Latin America
- **2023 guidance raised:** like-for-like sales growth now expected between +6% and +7% (versus between +4% and +6% previously); moderate improvement in recurring operating margin confirmed

€ million except %	Q3 2022	Q3 2023	Reported change	LFL Sales Growth	Volume/Mix Growth	9M 2022	9M 2023	Reported change	LFL Sales Growth	Volume/Mix Growth
BY GEOGRAPHICAL ZONE										
Europe	2,270	2,392	+5.4%	+5.1%	-4.1%	6,701	7,069	+5.5%	+5.9%	-4.4%
North America ¹	1,813	1,747	-3.7%	+3.9%	-0.2%	4,953	5,164	+4.3%	+6.7%	-0.7%
China, North Asia & Oceania ²	940	896	-4.6%	+8.4%	+7.3%	2,611	2,674	+2.4%	+11.0%	+9.8%
Latin America ³	757	771	+2.0%	+8.2%	-1.8%	2,118	2,233	+5.4%	+10.4%	-1.3%
Rest of the World ⁴	1,555	1,100	-29.3%	+9.7%	+1.9%	4,317	3,977	-7.9%	+8.3%	-1.4%
BY CATEGORY										
EDP	3,862	3,474	-10.1%	+6.3%	-0.8%	10,946	10,973	+0.2%	+7.2%	-2.5%
Specialized Nutrition	2,134	2,070	-3.0%	+5.7%	+0.3%	6,174	6,369	+3.2%	+7.4%	+1.2%
Waters	1,338	1,362	+1.8%	+7.0%	-0.2%	3,580	3,775	+5.5%	+9.3%	+0.6%
TOTAL	7,334	6,906	-5.8%	+6.2%	-0.3%	20,700	21,118	+2.0%	+7.6%	-0.8%

All references in this document to Like-for-like (LFL) changes, Recurring operating income and margin correspond to alternative performance measures not defined by IFRS. Their definitions, as well as their reconciliation with financial statements, are listed on pages 3 and 4.

¹United States and Canada; ²China, Japan, Australia and New Zealand; ³Mexico, Brazil, Argentina and Uruguay; ⁴Asia, Middle East incl. Turkey, Africa and CIS

For more information, please contact:
Media Relations: press@danone.com – Investor Relations: finance@danone.com
Danone: 17, Boulevard Haussmann, 75009 Paris, France

Antoine de Saint-Affrique: CEO statement

18 months after the launch of Renew Danone, the benefits of our strategy are starting to show. This quarter is the seventh consecutive quarter of delivery, with sales up +6.2% on a like-for-like basis, notably supported by the sequential improvement in volume/mix.

We maintain our focus on addressing our underperformers and investing with discipline behind our winners. In China, Mizone is now posting several quarters of strong competitive growth. With EDP Europe, we continue to make sequential progress with the significant transformation we initiated in Q3 last year. This is now starting to generate results. In Medical Nutrition we have made several investments which expand our capacity and increase the reach of our portfolio.

We continue to view our future with confidence, despite a challenging environment. We raise our full year guidance and now expect to deliver like-for-like sales growth between +6% and +7%. We will also keep deploying consistently our business model and will further increase our reinvestments behind brands and innovation.

I. 2023 THIRD QUARTER SALES

In Q3 2023, consolidated sales stood at €6.9 bn, up +6.2% on a like-for-like basis, led by an increase of +6.6% from price, and a sequential improvement of volume/mix, down -0.3%. On a reported basis, sales decreased by -5.8%, mainly penalized by the strong negative impact from forex (-7.4%), reflecting the depreciation of the majority of currencies against the euro. Reported sales were also penalized by a negative effect from scope (-6.2%), mainly resulting from the deconsolidation of EDP Russia operations starting from July 2023. Finally, hyperinflation contributed positively to reported sales (+1.8%).

Sales by operating segment

In the third quarter, **Europe** sales were up +5.1% on a like-for-like basis, with price up +9.2% and volume/mix down -4.1%. In EDP, the portfolio transformation starts delivering results, with notably a solid performance of *Actimel*, *Danone*, *YoPro* and *Alpro* brands. Specialized Nutrition delivered resilient growth, while Waters registered further market shares gains, in a category penalized by poor weather conditions during the summer season. In **North America**, sales were up +3.9% on a like-for-like basis, led by price up +4.0% and resilient volume/mix (-0.2%). The performance was supported by the continued strong growth of Coffee Creations and Yogurts, led by *International Delight*, *Stok* and *Oikos* brands. **China, North Asia & Oceania** posted sales growth of +8.4% on a like-for-like basis, driven by volume/mix up +7.3%, and price up +1.2%. In China, Specialized Nutrition pursued its revenue mix rebalancing: in Infant Nutrition, *Aptamil* delivered another quarter of solid performance, with continued market share gains, while Medical Nutrition further strengthened. In Waters, *Mizone* registered robust growth during peak season, confirming its turnaround. Outside China, EDP sales delivered mid-teens growth and market share gains in Japan, led by functional brands. **Latin America** posted sales growth of +8.2% on a like-for-like basis, with a +10.0% increase in price and a -1.8% decline in volume/mix, with a broad-based growth across all geographies and categories. In the **Rest of the World**, sales were up +9.7% on a like-for-like basis, driven by price up +7.7% and volume/mix up +1.9%, notably led by Specialized Nutrition in South-East Asia and India.

Sales by geography and category

Q3 2023	Europe		North America		China/North Asia/Oceania		AMEA, CIS & Latin America		Total	
	Net sales (€m)	LFL sales growth (%)	Net sales (€m)	LFL sales growth (%)	Net sales (€m)	LFL sales growth (%)	Net sales (€m)	LFL sales growth (%)	Net sales (€m)	LFL sales growth (%)
EDP	1,067	+6.6%	1,583	+4.9%	90	+14.6%	733	+8.0%	3,474	+6.3%
Specialized Nutrition	766	+3.0%	92	-12.5%	573	+6.5%	641	+11.5%	2,070	+5.7%
Waters	560	+5.2%	72	+5.3%	233	+10.9%	498	+7.5%	1,362	+7.0%
Total Company	2,392	+5.1%	1,747	+3.9%	896	+8.4%	1,871	+9.1%	6,906	+6.2%

9M 2023	Europe		North America		China/North Asia/Oceania		AMEA, CIS & Latin America		Total	
	Net sales (€m)	LFL sales growth (%)	Net sales (€m)	LFL sales growth (%)	Net sales (€m)	LFL sales growth (%)	Net sales (€m)	LFL sales growth (%)	Net sales (€m)	LFL sales growth (%)
EDP	3,219	+5.9%	4,690	+7.2%	270	+16.1%	2,794	+8.1%	10,973	+7.2%
Specialized Nutrition	2,284	+3.0%	264	-5.9%	1,793	+9.4%	2,028	+13.2%	6,369	+7.4%
Waters	1,566	+10.7%	210	+15.1%	611	+13.9%	1,387	+5.1%	3,775	+9.3%
Total Company	7,069	+5.9%	5,164	+6.7%	2,674	+11.0%	6,210	+9.0%	21,118	+7.6%

II. 2023 GUIDANCE

Like-for-like sales growth now expected between +6% and +7%, versus +4% and +6% previously; moderate improvement in recurring operating margin confirmed.

III. MAJOR DEVELOPMENTS OVER THE PERIOD

- July 16, 2023:** Danone has taken note of the decision of the Russian authorities aiming at placing Danone Russia (EDP) under the temporary external administration of the Russian Federal Agency for State Property Management (Rosimushchestvo). On July 18, 2023, the Russian authorities indicated that the Board of Directors and CEO of Danone Russia (EDP) had been changed. While Danone no longer retains control of the management of its EDP operations in Russia, it remains their legal owner. Danone has accordingly fully deconsolidated its EDP Russia entities from July 2023. EDP Russia has therefore been excluded from Danone's reported data as well as from the like-for-like perimeter from July 2023.¹

IV. ALTERNATIVE PERFORMANCE MEASURES NOT DEFINED BY IFRS

IAS 29: impact on reported data

Danone has been applying IAS 29 in hyperinflation countries as defined in IFRS. Adoption of IAS 29 in hyperinflationary countries requires its non-monetary assets and liabilities and its income statement to be restated to reflect the changes in the general pricing power of its functional currency, leading to a gain or loss on the net monetary position included in the net income. Moreover, its financial statements are converted into euros using the closing exchange rate of the relevant period.

IAS 29: impact on reported data € million except %	Q3 2023
Sales	17.7
Sales growth (%)	0.26%

Breakdown by quarter of 9M 2023 sales after application of IAS 29

9M 2023 sales correspond to the addition of:

- Q3 2023 reported sales;
- Q1 and Q2 2023 sales resulting from the application of IAS 29 until September 30, 2023, to sales of entities in hyperinflation countries (application of the inflation rate until September 30, 2023, and translation into euros using the September 30, 2023, closing rate) and provided in the table below for information (unaudited data)

¹Additional details available in Danone H1 results' press release published on July 26, 2023

€ million	Q1 2023 ¹	Q2 2023 ²	Q3 2023	9M 2023
Europe	2,248	2,429	2,392	7,069
North America	1,714	1,704	1,747	5,164
China, North Asia & Oceania	824	954	896	2,674
Latin America	692	770	771	2,233
Rest of the World	1,482	1,395	1,100	3,977

Total	6,960	7,251	6,906	21,118
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¹Results from the application of IAS 29 until September 30, 2023, to Q1 sales of entities of hyperinflation countries.

²Results from the application of IAS 29 until September 30, 2023, to Q2 sales of entities of hyperinflation countries.

Financial indicators not defined in IFRS

Due to rounding, the sum of values presented may differ from totals as reported. Such differences are not material.

Like-for-like changes in sales, recurring operating income and recurring operating margin reflect Danone's organic performance and essentially exclude the impact of:

- changes in consolidation scope, with indicators related to a given fiscal year calculated on the basis of the previous year's scope;
- changes in applicable accounting principles;
- changes in exchange rates, with both previous-year and current-year indicators calculated using the same exchange rates (the exchange rate used is a projected annual rate determined by Danone for the current year and applied to both previous and current years).

All countries with hyperinflationary economies are now taken into account in like-for-like changes as follows: net sales growth in excess of around 26% per year (a three-year average at 26% would generally trigger the application of hyperinflationary accounting as defined in IFRS) is now excluded from the like-for-like net sales growth calculation."

Bridge from reported data to like-for-like data

(€ million except %)	Q3 2022	Like-for-like change	Impact of changes in scope of consolidation	Impact of changes in exchange rates & others incl. IAS 29	Contribution of hyperinflation	Reported change	Q3 2023
Sales	7,334	+6.2%	-6.2%	-7.7%	+1.8%	-5.8%	6,906

Recurring operating income is defined as Danone's operating income excluding Other operating income and expenses. Other operating income and expenses comprise items that, because of their significant or unusual nature, cannot be viewed as inherent to Danone's recurring activity and have limited predictive value, thus distorting the assessment of its recurring operating performance and its evolution. These mainly include:

- capital gains and losses on disposals of fully consolidated companies;
- impairment charges on intangible assets with indefinite useful lives;
- costs related to strategic restructurings or transformation plans;
- costs related to major external growth transactions;
- costs related to major crisis and major litigations;
- in connection with IFRS 3 (Revised) and IAS 27 (Revised) relating to business combinations, (i) acquisition costs related to business combinations, (ii) revaluation profit or loss accounted for following a loss of control, and (iii) changes in earn-outs relating to business combinations and subsequent to acquisition date.

Recurring operating margin is defined as Recurring operating income over Sales ratio.



FORWARD-LOOKING STATEMENTS

This press release contains certain forward-looking statements concerning Danone. In some cases, you can identify these forward-looking statements by forward-looking words, such as “estimate”, “expect”, “anticipate”, “project”, “plan”, “intend”, “objective”, “believe”, “forecast”, “guidance”, “foresee”, “likely”, “may”, “should”, “goal”, “target”, “might”, “will”, “could”, “predict”, “continue”, “convinced” and “confident,” the negative or plural of these words and other comparable terminology. Forward looking statements in this document include, but are not limited to, predictions of future activities, operations, direction, performance and results of Danone.

Although Danone believes its expectations are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, which could cause actual results to differ materially from those anticipated in these forward-looking statements. For a detailed description of these risks and uncertainties, please refer to the “Risk Factor” section of Danone’s Universal Registration Document (the current version of which is available at www.danone.com).

Subject to regulatory requirements, Danone does not undertake to publicly update or revise any of these forward-looking statements. This document does not constitute an offer to sell, or a solicitation of an offer to buy Danone securities.

The presentation to analysts and investors will be broadcast live today from 8:15 a.m. (Paris time) on Danone’s website (www.danone.com).
Related slides will also be available on the website in the Investors section.

APPENDIX – Sales by geographical zone and by category (in € million)

	First quarter		Second quarter		Third Quarter	
	2022	2023	2022	2023	2022	2023
BY GEOGRAPHICAL ZONE						
Europe	2,142	2,248	2,289	2,429	2,270	2,392
North America ¹	1,477	1,714	1,662	1,704	1,813	1,747
China, North Asia & Oceania ²	735	824	936	954	940	896
Latin America ³	602	689	704	779	757	771
Rest of the World	1,280	1,486	1,476	1,369	1,555	1,100
BY CATEGORY						
EDP	3,365	3,768	3,684	3,731	3,862	3,474
Specialized Nutrition	1,919	2,143	2,106	2,142	2,134	2,070
Waters	951	1,051	1,277	1,362	1,338	1,362
TOTAL	6,236	6,962	7,067	7,235	7,334	6,906

	First quarter 2023		Second quarter 2023		Third quarter 2023	
	Reported change	Like-for-like change	Reported change	Like-for-like change	Reported change	Like-for-like change
BY GEOGRAPHICAL ZONE						
Europe	+4.9%	+6.2%	+6.1%	+6.5%	+5.4%	+5.1%
North America ¹	+16.0%	+11.8%	+2.5%	+5.0%	-3.7%	+3.9%
China, North Asia & Oceania ²	+12.1%	+16.0%	+1.9%	+9.6%	-4.6%	+8.4%
Latin America ³	+14.6%	+12.6%	+10.7%	+10.8%	+2.0%	+8.2%
Rest of the World ⁴	+16.2%	+11.8%	-7.2%	+3.9%	-29.3%	+9.7%
BY CATEGORY						
EDP	+12.0%	+9.3%	+1.3%	+6.2%	-10.1%	+6.3%
Specialized Nutrition	+11.6%	+12.0%	+1.7%	+4.9%	-3.0%	+5.7%
Waters	+10.5%	+12.0%	+6.6%	+9.6%	+1.8%	+7.0%
TOTAL	+11.6%	+10.5%	+2.4%	+6.4%	-5.8%	+6.2%

¹United States and Canada; ²China, Japan, Australia and New Zealand; ³Mexico, Brazil, Argentina and Uruguay; ⁴Asia, Middle East incl. Turkey, Africa and CIS