



2022 First-Quarter Sales
Press release – Paris, April 20, 2022

Good start to the year with all geographies and categories growing

2022 guidance reiterated

- **Good start to the year, with net sales of €6,236m in the first quarter, up +7.1% on a like-for-like (LFL) basis**, with price up +4.9% and volume/mix up +2.2%; net sales up +10.2% on a reported basis
- **Broad-based like-for-like sales growth**
 - +5.7% in Europe and +5.5% in North America driven by all categories
 - +15.3% in China and North Asia led by Specialized Nutrition benefiting from a low base of comparison
 - +7.0% in Rest of the World led by EDP and Waters
- The operating environment remains highly volatile, with sustained supply disruptions and broad-based inflation around mid-teens levels in 2022
- **2022 guidance reiterated**, supported by pricing actions, mix management and productivity efforts: price-led like-for-like sales growth between +3 and +5% and a recurring operating margin above 12%

€ million except %	Q1 2021	Q1 2022	Reported change	LFL Sales Growth	Volume/Mix Growth
BY GEOGRAPHICAL ZONE					
Europe	1,987	2,114	+6.4%	+5.7%	+3.1%
North America ¹	1,316	1,477	+12.2%	+5.5%	+1.3%
China, North Asia & Oceania ²	598	735	+22.9%	+15.3%	+13.2%
Rest of the World	1,756	1,909	+8.7%	+7.0%	-2.3%
BY CATEGORY					
EDP	3,149	3,365	+6.9%	+3.6%	-1.8%
Specialized Nutrition	1,719	1,919	+11.7%	+9.5%	+5.6%
Waters	790	951	+20.5%	+15.9%	+10.8%
TOTAL	5,657	6,236	+10.2%	+7.1%	+2.2%

Juergen Esser – CFO statement

“Sales were up +7.1% on a like-for-like basis in the first quarter, kicking-off a good start to 2022. Growth was broad-based across geographies and categories, and benefited from a positive contribution from both Price and Mix. Volumes held well especially in North America and Europe as we continued to navigate a highly volatile and inflationary environment.

We are actively pursuing the agenda set out at our recent CME. In line with our Renew Danone approach, we are putting greater focus on the quality of our execution, supported by pricing and mix management as well as sustained productivity efforts. As announced, we have now started our reinvestment program with savings generated by Local First.

Our teams are mobilized to make 2022 the foundational year it ought to be for Danone as we move towards sustainable value creation for all. We reiterate our guidance for the year, with price-led like-for-like sales growth in the +3 to +5% range and recurring operating margin above 12%.”

¹United States and Canada; ²China, Japan, Australia and New Zealand

I. 2022 FIRST-QUARTER SALES

In the first quarter of 2022, consolidated sales stood at €6.2 bn, up +7.1% on a like-for-like basis, led by +4.9% in price and +2.2% in volume/mix. On a reported basis, sales increased by +10.2%, benefiting from a positive forex impact of +2.2%, notably reflecting the appreciation of the British Pound, the US Dollar and other Asian and Latin American currencies against the Euro. Reported sales also benefited from a positive organic contribution of hyperinflation geographies to growth (+1.0%), as well as a slightly negative scope effect of -0.2%, resulting from the combined effects of the integration of Follow Your Heart and the disposal of Vega.

Performance by geographical zone

▪ EUROPE

Europe posted sales growth of +5.7% on a like-for-like basis, driven by +3.1% growth in volume/mix and +2.6% in price. In a context of supply challenges, this strong performance was led by Specialized Nutrition, which registered high-single digit growth on last year's low base, and Waters, which posted double-digit growth, while EDP delivered a soft quarter, with Plant-based growing low single-digit and Dairy posting flat growth. From a country perspective, France delivered a solid quarter, led by double-digit growth in *Actimel*, *Alpro*, and *HiPro* in EDP, but also *Aptamil* and *evian*. The United Kingdom posted strong growth, driven by *Aptamil* and *Fortimel* in Specialized Nutrition, *Activia*, *Actimel* and *Volvic*. Finally, the performance was softer in Spain, with the good momentum in Specialized Nutrition, Waters and Plant-based being offset by the weak performance of Dairy.

▪ NORTH AMERICA

North America sales increased by +5.5% on a like-for-like basis, benefiting from a positive contribution of +1.3% from volume/mix and +4.2% from price. Growth was driven by all categories, despite sustained supply challenges, with a continued strong momentum in Yogurt led by *Oikos*, *Two Good*, *Activia* and *Danimals*, and a particularly strong quarter in Coffee Creamers, led by *International Delight*. Plant-based grew mid-single digits, with Beverages showing good momentum in growth and competitiveness while Adjacencies delivered continued strong growth.

▪ CHINA, NORTH ASIA & OCEANIA

China, North Asia & Oceania sales increased by +15.3% on a like-for-like basis, led by +13.2% in volume/mix and +2.1% in price. In China, Infant Milk Nutrition posted mid-teens growth, benefiting from a low base of comparison, with good market share performance on both Domestic and International labels. By channel, domestic channels selling Chinese Labels grew mid-teens; International Labels sold in cross-border eCommerce platforms delivered very strong growth, largely offsetting the further decline of International Labels in Indirect channels (Daigous, Friends & Family). Special Pediatric solutions and Adult Nutrition delivered strong double-digit growth, while *Mizone* registered a slight decline in the quarter, penalized by city-lockdowns recently implemented. Beyond China, Japan delivered solid growth in EDP, while Oceania platforms showed a strong momentum in Specialized Nutrition.

▪ REST OF THE WORLD

Rest of the World sales increased by +7.0% on a like-for-like basis, with volume/mix down -2.3% and price up +9.3%. Indonesia delivered high-single digit growth, led by the recovery in mobility that benefited the *Aqua* brand, while Specialized Nutrition posted a negative quarter, on the very high base of last year. Latin America posted mid-single digit growth, led by Mexico, where EDP delivered strong mid-single digit growth and Waters double-digit growth. Africa and Middle East delivered mid-single digit growth with a strong contribution from EDP, growing high-single digit, while Specialized Nutrition registered a soft quarter on the high base of last year. Finally, CIS and Turkey delivered strong growth, entirely driven by price while volumes were declining, in a very challenging context.

II. RUSSIA – REMINDER OF DANONE’S POSITION

Danone condemns the ongoing war in Ukraine with no ambiguity.

Danone has decided to significantly adapt its operations in Russia, by:

- Refocusing its portfolio on essential dairy products, infant and medical nutrition, and ceasing all imports of *evian* and *Alpro* products;
- Stopping all new investments, including advertising, brand activations and consumer promotions.

Danone does not take cash, dividends or profits from Russia, and will donate any profits made in the country to humanitarian relief organizations.

III. 2022 OUTLOOK AND GUIDANCE

Following the presentation of its new strategic priorities and *Renew Danone* plan, Danone expects 2022 to be a foundational year.

In 2022, the company continues to expect price-led like-for-like sales growth between +3 and +5% and a recurring operating margin above 12%, assuming the reinvestment of 100% of Local First savings, a productivity higher than last year and a mid-teens level of input cost inflation (based on current macro-economic assumptions).

IV. MAJOR DEVELOPMENTS OVER THE PERIOD

- **February 24, 2022:** Danone announced another step in its Board renewal, and will propose 3 new independent directors for election at the 2022 Shareholder’s Meeting, in addition to Valérie Chapoulaud-Floquet and Antoine de Saint-Affrique: Patrice Louvet, currently President and Chief Executive Officer of Ralph Lauren, Géraldine Picaud, currently Chief Financial Officer of Holcim, and Susan Roberts, PhD, professor of nutrition at Tufts University and co-director of the Tufts Institute for Global Obesity Research.
- **March 8, 2022:** New CEO Antoine de Saint-Affrique, together with a strengthened leadership team, presented Danone’s new strategic plan “Renew Danone” at a Capital Market Event (CME). The plan will enable Danone to reconnect with a sustainable profitable growth model. The delivery of the plan will be facilitated by a greater alignment between purpose and performance.

V. IFRS STANDARDS AND FINANCIAL INDICATORS NOT DEFINED IN IFRS

IAS29: impact on reported data

Danone has been applying IAS 29 in hyperinflation countries as defined in IFRS. Adoption of IAS 29 in these 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.

IAS29: impact on reported data € million except %	Q1 2022
Sales	+3.2
Sales growth (%)	+0.1%

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 previous-year scope, both previous-year and current-year scopes excluding entities in countries under hyperinflation according to IAS 29 during the previous year (as for Argentinian entities since January 1st, 2019);
- 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).

Bridge from reported data to like-for-like data

(€ million except %)	Q1 2021	Impact of changes in scope of consolidation	Impact of changes in exchange rates and others, including IAS29	Organic contribution from hyperinflation countries	Like-for-like growth	Q1 2022
Sales	5,657	-0.2%	+2.4%	+1.0%	+7.1%	6,236

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 of 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 9:00 a.m. (Paris time) on Danone’s website (www.danone.com).
Related slides will also be available on the website in the Investors section.