



Investors' Presentation Transcript

Notice: Transcript is the one from Morning Investors' Presentation and Q&A session to which we add the Afternoon Q&A session at the end.

Thursday July 7, 2016

Opening remarks

Régis Massuyeau

Head of Investor Relations, Danone

Good morning, everybody, and thank you for joining this important call. I am Régis Massuyeau, head of IR for Danone. I am today with Emmanuel Faber, Danone CEO, Cécile Cabanis, Danone CFO and Gregg Engles, Chairman and CEO of WhiteWave. Before we start, I would advise you, for the classical part, to go through the disclaimer and if you are okay, I think we can start and I hand over to Emmanuel now. Thank you.

Introduction

Emmanuel Faber

CEO, Danone

Welcome

Thank you, Régis. Hello everyone. Thanks very much for joining this call this morning. I am sitting next to my friend Gregg Engles. Gregg, I would like to thank you very much for joining us here in Paris for this very important announcement for both our companies, and Cécile. And we will spend the next hour to walk you through the story that we want to write together with WhiteWave.

Danone: A unique and engaging mission to build the future

I will use the presentation and I am now going to move to page five to start sharing with you what you are familiar with when it comes to the Danone story: the two pillars, the two chapters of our story. On the left, the unique mission we have, that we have translated into a Manifesto that is embedded into four unique, growing, healthy categories. You have heard so many times why we chose these categories, and these are the long-term growth potential that they have. I am more than convinced that there is indeed a great potential in growing these categories. On the right side of page five, you have the other very important chapter of the Danone story that we are writing, which is our equation towards strong, sustainable and profitable growth.

2016 as you know is an important year in delivering this equation. We are fully on track with the equation as exemplified by the guidance uplift of last June and, of course, we will be pleased to further report on our progress in late July when we announce our H1 numbers, just to feel again that we are totally committed and fully on track on delivering and writing these two very important chapters.

Now, this morning, we are opening a new approach which will basically fast forward our ability to write these chapters. First, on the left side, the WhiteWave combination will significantly enhance our Danone 2020 plan, serving the ambition that we have been starting to discuss with you 18 months ago about driving an Alimentation revolution for the more sustainable, healthier food and beverage, drinking and eating habits for our consumers. And, equally importantly, this is tremendously accelerating our Danone journey in the equation on the second chapter towards strong sustainable and profitable growth by 2020.

Executive Summary

In a nutshell, this is a perfect match of vision, culture and businesses that would allow us to create a truly unique global leader, strongly aligned with long-lasting consumer trends emerging more and more for healthier and more sustainable eating and drinking options. It significantly enhances our Danone 2020 plan, immediately accelerates the Danone journey on our equation to 2020; very interestingly in many ways it doubles the size of our US business, which obviously has both the positives of creating a powerhouse in the refrigerated category in the US, but also to double the proportion of US business that we get into our portfolio at Danone and therefore building the resilience of the future long-term cash flows and stability of our business model.

In a nutshell, it has this absolutely unique combination of highly profitable growth segments and brands in stable geographies. That leads to a strong value creation agenda, which Cécile will discuss further later on, starting with a solid EPS accretion in the first year after closing, with an acquisition that is 100% debt-financed in a context where we expect to maintain a strong investment-grade profile. Before I take you into the detail of that, I would like to turn to Gregg to tell us a few words about WhiteWave.

WhiteWave at a Glance

Gregg Engles

Chairman & CEO, WhiteWave

Introductory remarks

Thank you, Emmanuel. I am just delighted to be here today and I think I can speak for all of us at WhiteWave to say that we are delighted to be part of a future with the Danone company, which we have long admired and which we see as a true leading business in the areas of health, well-being and sustainability.

Today's announcement is an exciting next chapter for WhiteWave, and we believe it delivers compelling value to our shareholders and all of our stakeholders. This transaction brings together two mission-based organizations, and represents a very strong cultural match. Both companies believe that nutrition and enjoyment play a key role in sustaining health, and together we believe that we will be able to offer a more diversified product portfolio to more consumers in more geographies to meet their ever-evolving food preferences. Moreover, joining Danone provides us with an opportunity to really accelerate our industry-leading growth as part of a large global player with very substantial financial, geographic, operational resources around the world.

WhiteWave at a glance: Key facts and figures

Let me spend a few minutes and give you a brief overview of WhiteWave and our industry-leading brands. WhiteWave's mission since its inception has been to change the way the world eats for the better. This entrepreneurial spirit really springs from our culture and our heritage as the owner and developer of transformative start-up food brands. Over the past four years, we have built a solid foundation as a public company. Our very strong positions in rapidly growing categories have led to solid, value-driven top and bottom line growth. We capped off 2015 with approximately \$4 billion in net sales, and 13% full year growth that

included 9.5% organic like-for-like sales growth, building on our strong momentum of the past several years. A majority of our sales are based in North America, but we have approximately 14% of our sales under the Alpro brand in Europe.

WhiteWave, we believe, is in the sweet spot of where consumers are going. Consumers today are giving more thought to the food choices they make, and more than ever they are looking for products with simple, clean ingredients. They want better food that is also more convenient, and they demand corporate responsibility and lower environmental impacts. WhiteWave has built a portfolio that is aligned with these trends, providing consumers with innovative, great tasting food and beverage choices. These trends will continue to support our growth as we build our business for tomorrow's consumer landscape.

WhiteWave at a glance: A portfolio anchored in Dairy & non-Dairy consumer trends

Driving our growth has been a large and leading brand portfolio, with sales in all of our platforms well in excess of \$500 million. We have 10 powerful brands that each hold number one or number two market share positions, including in plant-based foods and beverages, our Silk brand in North America and Alpro in Europe. The Horizon Organic and Wallaby brands in organic and premium dairy, Earthbound Farms in our fresh foods business and International Delight in our coffee creamers and beverages business, which is over a billion dollar platform today.

Our product categories are large and growing, and they will be the primary source of our volume for years to come. Household penetration in our subcategories remains significantly underdeveloped, leaving significant white space for future growth.

WhiteWave's portfolio of brands shares common consumers with very similar need states across complementary usage occasions with Danone's portfolio. Danone's experience in fresh dairy products, water and nutrition will be complemented by our expertise in plant-based foods and beverages, organic dairy and our coffee creamers and beverages business.

Like Danone, we believe that nutrition and enjoyment play a key role in sustaining healthy lifestyles. Together, we will be able to offer a more diverse portfolio to more consumers in more places around the world to meet ever-evolving food preferences. Danone is a fantastic cultural fit for our organization and the ideal strategic partner to support our future. As we bring together two leading companies with a shared mission of changing the way the world eats for the better, I am excited to see the opportunities presented to WhiteWave by joining Danone as well as the significant value it delivers for our shareholders. So I would like to thank Emmanuel and his team for making this happen, and for the bright future that they have laid out for WhiteWave as part of Danone. I will now turn the call back over to Emmanuel.

A Compelling Move for Danone, Creating a Unique Combination

Emmanuel Faber

CEO, Danone

Thank you very much, Gregg. Let me now indeed discuss with you guys how this fascinating story leads into Danone story. We will go back to page 12 and how we fast forward our two big chapters of the Danone story.

Significantly enhances Danone 2020 plan, serving the ambition for an Alimentation revolution

Let me start with the first chapter, which is the Alimentation. You have seen this tree, in Evian we've been discussing it, and in many ways WhiteWave is going to help us grow that tree much faster than what we are currently doing with our own efforts.

First of all, WhiteWave is fully aligned with Danone's mission in terms of a superior consumer experience, healthier choices and community relevance through its deeply community-rooted brands.

Second, WhiteWave is very aligned with our sustainability commitments that go from our supplier to our consumers, and you have heard it discussed on numerous occasions our carbon footprint and climate change policy, the trusted origin and ingredients that is an increasingly key element of choice for consumers, and our sustainable agriculture commitment that overall drives the way we want to create new eating and drinking options for our consumers.

Finally, Danone and WhiteWave, as purpose-driven organizations, are expecting to combine our US-based activities into a public B-Corp in the US, which again will accelerate the transformation of how we do business and create value for all our stakeholders.

Finally, you have heard me and a number of my colleagues discuss with you for a few years our inroads into hybrid vegetal/dairy fermentation of protein in a way to create new consumer options, taste options but also sustainability topics, and of course we have been discussing that with you with products in Poland, in Spain, in Africa, in India, and this WhiteWave alliance is simply step-changing our ability to deliver on this plant-based opportunity, becoming instantly the world leader in the plant-based milks and related products.

Unique combination to foster healthier and more sustainable eating and drinking practices

Let me review a few examples of how this combination can create tremendous additional opportunities. Here you have Horizon, the leading organic milk brand in the US, with close to one billion sales, and this is how they are currently expanding their portfolio towards better nutrition for kids and toddlers through a number of product brand expansions, going into pouches and lunchboxes, fruit snacks and others. And now you see on the right how that matches topics that you and I have been discussing over the last several years: our Danimals Squeezable new formulation, which is flying in the US as a pouch; our Stonyfield pouch for kids; our HappyBaby, clean label, clear label, greens and vegetables for babies in the US; our Les 2 Vaches brand in France, a breakthrough brand that we have started in the organic sector here. And you can imagine how we can match these ambitions together and create new fields of new product development.

Another example is what Alpro, a \$500-million brand here, leading the plant-based milk and related products market in Europe, seven times bigger than its next number two in Europe, starting from beverages and then yoghurt, going into deserts, and now entering into culinary, an opportunity for me to say that the plant based is incremental to our dairy sales. Also because it allows us to enter outside of snacks or end of meals and desserts into the main meal category, two thirds of consumers are actually using plant-based as an ingredient for meals sauce and meal preparation, so that will open new moments of consumption in addition to what we have today. That matches what, for instance, in Russia we have seen with our great Prostokvashino brand, moving into cheese and preparation for cooking, and that inspired our all-natural plain family format of Danone in the US, which is currently used also for cooking preparations.

Another example is the Vega fast-growing business acquired by WhiteWave a couple of years ago, which is a nearly \$200-million business, fast-growing, leading the plant-based protein business in the US, a huge category as you know. Well, if you look at the small print on this chart, the right part says that only 5% of Vega is now in the conventional channel, and you can imagine by creating this powerhouse and Vega joining Danone is going to be for the long term hugely helpful to them in expanding in the more conventional channel of opportunity. And on the left side, you can see that they are only playing now in the ready-to-drink part of the category, which is half of it. Just look at what we currently have and we have been discussing this with you: protein Light&Fit shake in the US, or even our Fortimel compact, which is our medical nutrition business. Just to share with you, as you know, that this is a product where we had to re-engineer the formulation, the taste, the aroma, in order to ensure that there would be better compliance and higher nutritional density. Leveraging this is clearly an area in which we can help Vega and other brands of the WhiteWave portfolio to move into the ready-to-drink protein opportunity, which is fast-growing in the US and expanding further.

Embed healthier choices in indulgence

The last example is to flag that in the indulgence, permissible and convenience opportunity of the coffee creamers, where WhiteWave holds a solid number two position and the most innovative product range in the US, what is interesting in this chart is that coffee is now consumed 60% creamed, and has continued to increase creamers in terms of penetration. WhiteWave creamer sales have been above the category sales with more than 10% sales over the last three years, and what you can see inside the chart, starting with the left two boxes, is that what is fast-growing in the creamer side is the plant-based and the organic versus conventional. So it also shows that you can drive indulgence through healthier and more sustainable choices, and this is not an antagonism but there can be synergies here.

This is very much matching our Danone vision, that the sweet spot for the future is the cross-combination of healthier and more sustainable options. And this is illustrated by the right part of this chart, where the Simply Pure International Delight options are actually growing 56% and that is directly related to the fact that they are using a simple, cleaner ingredients list in their formulation. So, this is basically embracing the plant-based health and planet promise.

Embracing the plant-based health and planet promise

In a nutshell, the plant-based proposition is for a healthier choice and a better choice for the planet using less land, less water, emitting less greenhouse than dairy. Yet I think we are only scratching the surface, because I think putting these two companies together, our global dairy fermentation technology know-how and the leading plant-based technology of WhiteWave, we are actually going to create a situation where we are going to have the broadest diversity in fermented protein and textured products together, which is combining the incredible strengths of WhiteWave and our strengths to drive this alimentation revolution further.

From an environmental standpoint, we believe that through everything that you have heard us say, starting with our water cycle, our plastics cycle, our sustainable agriculture and milk cycles as part of Danone, we have an incredibly powerful platform to welcome WhiteWave and also continue to improve the environmental footprint of both dairy and plant-based from where it is today, and that drives consumer preference at the end.

Taking the sustainability equation of dairy and plant-based to the next level

And talking about this, today one of the two barriers to the expansion of plant-based protein is its cost and therefore consumer price and its taste barrier versus dairy. And I think we cannot underestimate the power of cross-fertilizing 100 years of research and development of Danone on protein fermentation, texturing and valorization. Everything we have done on vegetal in emerging countries, looking at wheat and lentils and millets of fermentation, and what WhiteWave is doing in the US and in the EU is going to incredibly leverage the power of these two companies together.

Immediately accelerates Danone journey towards strong, sustainable and profitable growth by 2020

So this is about the first chapter and how it step changes our journey. The second chapter, very importantly, is that this alliances is creating a huge acceleration in our journey towards strong sustainable and profitable growth; strong because of the very fast growth of WhiteWave, sustainable in particular because we are going to double the size of our US platform, and profitable because of the synergies that we will explain a little bit further.

WhiteWave: a strong and sustainable growth trajectory

Let me start with the strong paragraph of the chapter. First of all, and back to what Gregg said earlier, the company has been the fastest growing company in its space in the US and growing faster than the majority of its categories with very solid brands in line with long-lasting consumer trends and still, as Gregg said, significant upside potential in household penetration where it operates.

WhiteWave participating into high-growth categories...

WhiteWave is participating into high growth categories in which I will not expand right now but you can see across the board, from left to right, the very fast growing categories in which it plays, with number one positions or very significant market positions, that drive the solidity of the potential of future growth for WhiteWave.

...Supported by long-lasting consumer trends

This is supported by long-lasting consumer trends, plant-based alternatives, organic non-GMO foods, personalized experience, fresh, minimally processed food, healthier nutrition, sustainability, which in a nutshell – and you can read the details for your own if you want – is summarized, as a consequence, into the top box of this chart of page 24, 77% of US and UK consumers declare that they try to eat healthier than in the past today. And this is where we believe that this makes sense for the long-term of our story.

Immediately accelerates Danone journey towards strong, sustainable and profitable growth by 2020

The next paragraph of the acceleration is the sustainability part of our financial equation.

Danone has started its evolution at the leading edge of new consumer aspirations in the US

Danone has started its evolution in the US at the leading edge of consumer aspirations and embracing a new reality which is that organic and non-GMOs are very fast growing. And actually today the sum of both is representing 16% of the total food SKUs available on the shelf in the US. And you can see on the right part, the fast growth of this number of SKUs, which our alliances are obviously directly addressing.

Now Danone, as you know, has started its own transformation in the US with the Danone pledge on sustainable agriculture, naturality and transparency, which will lead us to be totally out of GMO ingredients and milk by 2018, starting with three flagship brands, Danone, Oikos and Danimals, our kids' brand in the US, which is half of our total portfolio. It means migrating more than €1 billion of sales in about two years' time. And this is linked to our pledge for transparency to make sure that consumers can really make the choice they want to make for health and for their planet. That means whatever the big debate about GMO labelling is going to land on, we are committed and we will label GMOs by the end of 2017.

Doubling the size of Danone in the US above \$6 bn

So this is where Danone sits in the US in the transformation. Obviously this is paving the way to meeting minds with WhiteWave in the US at a time where we propose to double the size of Danone in the US, above \$6 billion sales, which will make us the fastest growing food and beverage company in the US, entering the top 15 food and beverage company ranking, which is a step-change for both WhiteWave and ourselves, entering into a weighing in more on future consumer trends, retail trends, industry dynamics, of course talent retention and attraction, which are so important for the next generation to come in the US.

And finally, very concretely, creating the number one refrigerated dairy company, with the most complete range of dairy and non-dairy alternative products which will allow us to really drive category growth with our customers. You remember me telling you all along that one of the key elements for the growth of the category, Chilled, in the US is about expanding the shelf space. The shelf space has been growing. We will basically double our weight in the ability to convince our customers to expand that shelf further with this very wide offering of products.

Strong position of WhiteWave reinforcing Danone's resilience

The result is that North America will basically double as a proportion of our total sales for Danone to more than 22%, fast growing and therefore continue to weigh-in in the future as one of our biggest geographies for Danone. And this undoubtedly for us is creating even more stability and sustainability in the financial equation that Cécile and myself are sharing regularly with you.

Danone becoming a World-leading pioneer in organic food and beverage

Lastly about sustainability of our equation, Danone is becoming world-leading pioneer in organic food and beverage with the WhiteWave combination. On the left side you have the great set of our brands and WhiteWave brands, which together will account for more than \$1.5 billion sales in the world, across very prosumer and connected activists' brands, driving a lot of consumer preference, in a context where organic food growth is about three times the average of conventional food growth all over the place, in EU, in the US but also in China growing very fast, in Africa starting to, in Latin America driving too. Organic foods industry in total is more than €35 billion so it is a big opportunity. And one very important aspect is that across these markets dairy products is the key entry to organic consumer experience and therefore Danone is uniquely positioned to drive further the portfolio and the growth of organic as part of food and beverage options for the future.

Now let me turn to Cécile to provide you more color on accelerating the profitable paragraphs of our economic report.

Financial Outlook of the Acquisition

Cecile Cabanis

CFO, Danone

Introductory remarks

Thank you, Emmanuel. Hello everyone. I will now take you through the economics of this unique combination, and I am very happy to do that. Maybe before, just one word. You heard me each quarter confirming and insisting on the fact that we were fully focused on building our organic agenda for strong, sustainable and profitable growth, and that we were progressing according to our plan and being fully on track with the plan. I just want to reiterate that this is the case still, and there is absolutely no change there.

Immediately accelerates Danone journey towards strong, sustainable and profitable growth by 2020

Now, let me go to why we are here today, and I will start by saying that this combination will immediately accelerate our strong, sustainable profitable growth equation. Why? Because basically it is about first, high profitable growth in stable geographies; second, it is about significant synergies; and third, it will be financed 100% through debt, and we expect to maintain a strong investment-grade profile. So in a nutshell, this combination will bring strong value creation and be accretive to the Danone model.

WhiteWave high profitable growth model

Let me go now into more details. I will start by looking at what we have as a standalone. The equation has been delivering high sustainable profitable growth year after year. WhiteWave is to date the fastest growing food and beverage company in the US, the second one being Danone, and the strong position of WhiteWave in the US on growing categories will accelerate the Danone agenda and, together, reinforce Danone's resilience. Indeed, when you have high growth in stable geographies, it is a very important mix in the global environment that is becoming more and more volatile. There is often a negative correlation between reasonable growth and volatility, and here we have much of high growth, and stable environment, which is quite unique.

Significant synergies

So let us move now to synergies. This combination will result in significant synergies, which are highly executable. We are projecting a \$300 million run-rate synergies at the EBIT level on an annual basis, which, if you look at it, is about double the size of the synergy that we had when we did the Danone Numico transaction. It will present around 8% of WhiteWave net sales, and 80% of WhiteWave EBIT based on 2015 numbers. From these synergies, 75% are cost synergies and, of this, 75%, 85% will be in the US. The cost synergies will basically be the result of efficiencies created through the combination by scaling sourcing and supply chain and fixed cost optimization. In addition, there will be revenue synergies driven by the acceleration of existing platform, as well as the leverage of R&D capabilities to support innovations. So overall, we are looking at significant synergies that once again are highly executable, and we are confident in this \$300 million annual run-rate.

Strong value creation accretive to Danone model

So moving to value creation, basically if we combined the high profitable growth and the significant synergies, this combination is resulting in strong value creation and is accretive to Danone's model. As you can see on the charts, starting from the top, sales growth like-for-like will be improved by more than 0.5%, the EBIT margin will be accretive year two, the EPS will be solidly accretive as of year one, and double-digit accretive once we achieve our run-rate synergies of \$300 million. In terms of capital efficiency, the ROIC will be impacted negatively by 200 bps in year one, but will gradually come back to current level in year three. As we previously shared, ROIC is a focus, and we will make sure that we continue to improve it year after year.

Key transaction parameters

Moving now to the key transaction metrics. So, as we shared, the acquisition price is \$56.25 per share. This amounts to a total equity value of \$10.4 billion, and an enterprise value of \$12.5 billion when adding the debt. It will present a premium of around 24% versus the average of the last 30 days, and when it comes to valuation, it represents a 21.2 multiple of the 2016 consensus EBITDA, and a 14x multiple EBITDA if we include the annual run rate of synergies that I commented earlier. In terms of financing, it is 100% cash transaction, financed with debt. We have already received a commitment from our banks, and we expect to maintain a strong investment grade profile.

A perfect match to accelerate strong sustainable profitable growth

Maybe before I go the next step, and in order to wrap up, I would say that WhiteWave is a unique company of the right size with high growth in stable geographies, and it will enable us to immediately accelerate our strong sustainable profitable growth agenda as well as reinforce the resilience of our model. And I would like to add that this is fully consistent with our capital and resource allocation discipline that we continue to focus on very carefully.

Next steps to closing

Going quickly through the next steps, the transaction is subject to WhiteWave shareholders' approval as well as regulatory approval. We expect closing of the transaction to occur by year end, and that is about it for the next step. I will turn to Emmanuel for the conclusion, and then we will be ready to take your questions. Thank you very much.

Conclusion

Emmanuel Faber

CEO, Danone

Thank you, Cecile. Well, my concluding slide is actually my executive summary. I hope and I trust that through the last 30 minutes we have been able to provide – Gregg, Cecile and myself – more color to each of the points that you see on this page.

I would like to add three comments on top of this page. One is this is not a deal that we need to do; it is a deal that we want to do. You know how focused we are on delivering Danone's standalone agenda. I am extremely confident that we are on the right track to do that. We are conscious of the few important topics on which we continue to work, and we will continue to work to be right on the path, and delivering on the path to strong sustainable and profitable growth. I believe our fundamentals to do that are very solid – the way we organize the company, the resource allocation processes beyond budget, the disciplined allocation and the collective work that the team is doing for me are really creating a very solid, powerful base for deciding to move to this opportunity.

The second point about this is that the metrics are aligned with what you have heard me say now for two years – about key criteria for large mergers and acquisitions and the way we intend to deploy capital with the right balance of ambition for the future and discipline in this capital allocation. The second comment I would like to make is that there is a compelling business logic that only WhiteWave and Danone can address together, and through my presentation I think you have seen how much Danone is uniquely positioned through its global presence and leadership on the chilled shelf, through its hundred years of protein fermentation, texturing, and [inaudible], through its sustainability commitments, to take WhiteWave to its next level of growth, and lead us to step change our alimentation transformation plans.

And to that end, I would like to point to a third comment, on the soft side of things. This is a situation where we have had the strong support – amicable support – of management teams and Board alignment. The fact that Gregg has agreed to join our Board after the closing of the transaction is creating exactly the right conditions to pave the way for a warm welcome of

the WhiteWave teams as part of the Danone family, and I think is showing the absolute alignment of WhiteWave's top management and Danone on the business agenda, how to drive future growth and the implementation of the synergy plan.

With Gregg on our Board, it is a huge sign of alignment, and I think beyond what Cecile has shared on our ability to execute synergies – 80% of the cost synergies being in the US in particular – I think it is important for me to highlight that I have a tremendous level of confidence in the alignment that we will create through actually setting up a transition team towards completion of this transaction, to give it the full staff to address step change fast-forwarding on the two big chapters of Danone's story as we have shared it with you. Thank you very much for your attention, and we will now turn to your questions.

Q&A

Morning Q&A session

Warren Ackerman (Societe Generale): Morning everybody, I have actually got a few questions. The first one is actually for Gregg. It seems like a modest premium, 24% for a genuine growth company. Just interested, do you think your US shareholders will approve this and do you think double-digit like-for-like growth in your business is sustainable? That is the first question.

Then the second one on synergy. It seems like a high number. Just, Cécile, can you maybe explain a bit more in detail the 75% cost synergies? Can you outline, maybe, a little bit more – I know it is early days – but a bit more on the fixed costs; will facilities or people be moved or changed? And maybe you can explain the phasing of synergies and restructuring charges?

And then the final one for Emmanuel. It is interesting that this gets you into completely new categories, like coffee creamers, the Earthbound Farms business; moves you away from the core four categories that Danone have always had. Can you explain your thinking there, because it does seem to be a slight change in strategy? Thank you.

Gregg Engles: So let me jump in and take the WhiteWave-focused questions. First of all, I would say that our Board was unanimously in support of this transaction and, by virtue of that, believes it represents a full and fair valuation for our business, and we will recommend to our shareholders that they approve it at the time of the special meeting that will be called sometime in the late fall. There are a lot of different metrics to look at, at valuing companies. Premium is, I would say, just one of many, and I think you have to look at the context of all the other valuation metrics, in terms of how you ultimately decide, as a Board and as a company, to enter into a transaction like this one; you are the seller. But I would say that we are excited about this transaction; we are excited for the future of our company and we are excited for the benefit for our shareholders.

As to long-term growth rates for our business, we have grown on a like-for-like basis around 10% for the last several years, on a constant currency basis. Our forward guidance is, for 2016, for high single-digits like-for-like growth. We are on track to develop that, or deliver

that, through the first half of the year, as we communicated with respect to our ongoing guidance. And finally, I would say that we benefit from being in categories that are supported by very strong secular consumer trends, and we play in those categories with absolute leading brands and great product technologies that deliver satisfaction and value for our consumers. So we are very well positioned, we like our growth story and we are, as I said, just absolutely delighted to enter into this transaction with Danone.

Cécile Cabanis: So on synergies, as you said, it is early days so I will not go into much details, but basically, from the cost synergy of \$225 million run rate, 85% is based in the US. And when you look at both our portfolio, our network for distribution and manufacturing, and the rest of the structure, I think there are efficiencies that we can go and look for. We have been doing extensive discussion and work on that, so are we, today, fully confident that this will be highly executable, but I think it is too early to share very much details on those numbers, as you said.

Emmanuel Faber: I will take on board your last question, Warren. Let me start with coffee creamers. It is a very interesting perspective because coffee is a growing category overall. Premium coffees have been growing faster. The number of single-serve machines owned by households in the US has tripled in three, four years. So there is here a moment of consumption that, in particular in the US and in a number of other geographies, is actually there. A majority of people, or consumers, are now creaming, and the point is that through the half-and-half, through the organic creamers, through the plant-based creamers, we can offer healthier alternatives to other options, yet permissible indulgence and pleasurable. This is actually a business in which we already have a presence in Russia, in Argentina, through our milk businesses, and I think it is an interesting add-on, adjacent to our categories. It is also bringing us into a new moment of consumption, new channels of distributions, away from home; Starbucks, coffee shops and others. So there is clearly here an element, in particular, of the American way of eating, snacking and drinking that we would embark with that.

On Earthbound Farms, first of all let me remind you that we already growing and working with growers of organic fruits and vegetables around the world. Our baby food business has a winning business of about €700 million of sales globally, which is about jars and pouches, etc., which is growing a very, very specific no pesticide, non-GMO, organic plants and vegetables and fruits, and therefore we are already in that food chain.

Second, if I look at just the US, for instance, and staying in the baby food for a second, I shared with you the number of non-GMO and organic SKUs in the US overall, which is growing so fast. In the baby food space in the US, it has now reached more than 50% of the SKUs. And so organic produce is part of the future diet of Americans, and 80% of parents in the US consider as important to provide organic nutrition to their kids.

The third point is that Earthbound Farm is creating a very interesting opportunity to penetrate in a very attractive part of the shop. The fresh produce shop is actually where affluent prosumers, progressive consumers, in the US are spending a lot of money; it is a high-traffic, very attractive space in which you would find now second placements for dips and hummus, and other greens and textures, and dairy/non-dairy mixes. We are definitely, both WhiteWave and Danone, separately considering further inroads. And of course together, we will be even more powerful through the Earthbound presence. And the fact that they are merchandising

that space early in the morning every morning, we will be able to penetrate that and it is a Trojan horse to a fast-growing aisle in the US.

Jeff Stent (Exane BNP Paribas): Good morning. One question. When do you think this deal will recover your cost of capital?

Cécile Cabanis: So basically, as you have seen, we expect that the ROIC will be negatively impacted in Year 1, but we will recover it and it will be back to current levels in Year 3. In terms of cost of capital, it will get there in around six to seven years. You have to take into account that, as I said, ROIC is a key metric for us. We continue to be focused and make sure that on our agenda it is fully part of the attention and that we will continue to make sure it is being improved year after year on an organic basis.

Eileen Khoo (Morgan Stanley): Thank you very much. Good morning everyone. I just have two quick questions. The first one is around synergies but I wonder if you could give more color in terms of where you actually see the biggest opportunities in terms of top-line synergies. So will it be mainly in expanding WhiteWave's products and markets outside the US, for example? That is the first question. The second one is just around the timing of this. I think I probably speak for quite a few people that this deal comes as a bit of a surprise in terms of timing. So why now? Obviously WhiteWave IPO at \$18 – you could have afforded it at any time in the last few years. So could you just give us some color into how this came into fruition, how long have you been in discussion, was WhiteWave part of the bidding process at all. Just talk us through that a little bit. Thanks.

Emmanuel Faber: Thank you, Eileen. On synergies and top line, I will not be specific at this stage, in line with what Cécile has just said. But first of all, you can imagine that creating a company that is going to double its size in the refrigerated aisle in the US is just weighing in further in terms of category, advisory, leadership planograms, how to organize the shelf, promote and everything. There is also a combination of the regional market shares and presence, which has actually differences in the US and that will call for one company helping the other, depending on the channels, the categories and the regions in the US.

Beyond this, Alpro in Europe has been growing double-digit since its acquisition by WhiteWave a few years ago. It is today mostly focused on four key geographies: the UK, Germany, Netherlands and Belgium. And, of course, we are seeing a number of additional opportunities beyond these markets and part of the synergy plan is to use Danone's 30/40% market share and leadership in the shelf space in big European markets to help Alpro roll out its winning recipes at marginal cost within the dairy portfolio of Danone in these additional European countries.

On top of that, we obviously see – although have not fully yet captured the opportunity – of a much bigger opportunity for the longer term, which is about emerging countries where, to make it very simple, you have growth rates of plant-based which is anywhere between two to three times faster than dairy. And you know that dairy is growing in Africa and Latin America and Eastern Europe, in China and many Asian countries. So, this is to say that we have not even fully embedded these opportunities as part of the top line.

There is also an element, as I said, of developing recipes and formulations that will lower the cost of plant-based on one side, thanks to our own technology and know-how and 100 years of research on protein fermentation. And on the other side, potentially work on the taste.

Because both of us have been working on the two sides of the fence, between dairy and dairy alternatives so far, trying to match the benefits of each of these categories and yet reduce the barriers. By joining forces across that barrier, we are going to create a new space and invent new products which are only very partially included in the 75-million EBIT run-rate synergies that we expect to generate from top-line synergies in the future. So that is my comment at this stage.

On timing and everything, the first thing I think we should say, Gregg, is that we have known each other and you have known Franck for 20 years. We have been discussing about the dairy, the milk, the organic segments in the US for years. As you know, we have been with Stonyfield, growing Stonyfield from 2000 to now – 15 years of growth – as part of our portfolio, and therefore becoming neighbors to Horizon as part of Dean and now WhiteWave. We have made important inroads into the non-GMO space, which creates a completely new space for Danone in the US, which brings us closer to the mindset of WhiteWave. And as far as I am concerned, you have heard me say a number of times that I wanted to make sure that we had the right timing, given what we are doing within Danone and driving the new Danone 2020 plan in a very disciplined manner. I do not think this should have and, from my end, could have happened much before because we are on the path that I described. Maybe it could have happened later, but that is then a matter of opportunity and I want to turn to Gregg if he has any additional comments to that.

Gregg Engles: I do not have a lot to add to that. The only thing that I would comment about the timing of the transaction is that these things happen when uncorrelated events by two distinct parties happen to align with uncorrelated ways of thinking.

WhiteWave, when it became public had a fantastic growth plot laid out in front of it. I would disagree somewhat with your notion that it could have been bought at any time along the way. We have a tremendous amount of confidence in our plan and in our brands and our categories. However, I would say a key element of the logic of this transaction is that we have long believed as a management team that perhaps our greatest opportunity to create value is to establish and prove that the market for plant-based alternatives to dairy was a global market and along that path to build market-leading brands in this category in important geographies. We have been extremely successful at doing that in North America and in Europe. However, we had to confront the reality that notwithstanding our success, we are still a modest-sized company and the resources to take on the challenge of building a global category in a very fast-paced global commercial environment is difficult and resource-challenging for a company our size.

I think one of the things ultimately driving this deal today is that, at least in part, Danone sees value in that global opportunity and value that they can marry with their existing infrastructure and capabilities to drive this value-creation more quickly. It is a competitive world and speed is important to the success of ventures like this.

I really think it is – I actually do not think it is something that could happen at any time. There has to be a confluence of aligned visions, aligned opportunity sets and aligned capabilities that allow something like this to happen. It is relatively unique and I think both teams are proud of the vision exhibited by their leadership to bring this to happen today.

Adam Spielman (Citi): Thank you. Two quick questions, if I may. First of all, can you tell us the expected coupon of the debt, please? Secondly, perhaps more complicatedly, can you explain how the Executive Committee of Danone will balance its time when thinking on the one hand of ensuring this very important acquisition is executed well, etc., and on the other hand ensuring that the progress in dairy in Europe is really working? Particularly, I am thinking about the relaunch of Activia.

Cécile Cabanis: Adam, I will take the one in the debt. Today, the way we have structured it is a bridge. It is two bridge actually, a bridge to bond and a bridge to term loan, underwritten by two banks. We will syndicate it to the rest of our bank's pool in July and then we will structure it as we move to closing. Not today, so I will answer your question once we are more towards the end of the year.

Emmanuel Faber: Adam, I will take your question on the dairy and execution. I think we want to make sure that we find, in terms of organization, the answer to your question and in terms of pace. You have heard it say so many times since 18 months, two years now, that the pace of change, it will basically keep me awake at night. Are we changing fast enough or are we changing too fast sometimes? We are embarking on this transformation. I am very reassured basically by the numbers that I see quarter after quarter delivering on our plans, the discipline, the margin expansion, I think that speaks for the fact that I think we are at about the right pace. You heard Cécile and myself say, when we highlighted the guidance for this year, that we would expand the range to 3-5%, because today is not I think the priority to outgrow at any expense. We just want to be disciplined and we will continue to do that.

Of course, dairy is at the core of the restoration of our growth potential and the 5% plus number that we expect at the exit of the Danone 2020 story. You have my full commitment and I can tell you that even yesterday, I was talking with the team about this, we are fully committed to get Europe back on track on dairy. Activia is planned for re-launch in Q4 this year in Europe, a number of big geographies early 2017. The re-launch is on track.

Why we have re-launch, as you know, Actimel, this is without any current trading statement here but Actimel continues to perform well in Europe after the re-launch. The Danonino re-launch performs well, too. We have tested other launches, re-launches on a few of our eight or nine brand platforms for dairy globally, and in particular in Europe, that are testing well. Be assured that the priority for the team is 100% in Europe dairy until the end of this year and through the re-launch of Activia.

Then we come to executing the business plan that we have for WhiteWave. That will be a combination of ensuring that we have the right anchor on the dairy global platform of Danone, essentially in the US, less essentially but importantly so in Europe. The rest is an opportunity to execute the numbers that you have seen in the synergies. At the same time, we want to make sure that there will be enough autonomy of the WhiteWave company very closely related to our Danone organization in the US, which goes into the WhiteWave space with our organic Happy Family, organic Stonyfield, non-GMO huge brands going into that space. All of this is a combination of the US and beyond the US with the vegetal hybrid protein that I mentioned as an opportunity needs to breathe and grow with an autonomy that should not defocus the dairy equation and should not be limited by the dairy vision of the world.

We need to find these two elements in the organization. We still have six months to discuss, work and establish what is going to be the right organization to do this. I really believe that we have the solutions. When we start, probably end of this year or early next year, the integration after closing, there will be no rush in Europe after the re-launch of Activia to push Alpro's sales all over the place. We are talking about a three-year expansion of the synergy numbers. We are building this for much longer than three years, so be absolutely assured that there will be the right level of focus.

In terms of timing, back to Eileen's question, the element of timing is that I think we need to put things one after the other in the right order and with the right organization that will allow to continue to build all the chapters of Danone's strong profitable growth story.

Alain Oberhuber (MainFirst Bank AG): Good morning, everybody. Thank you much for taking my questions. Just two small questions. What is the WACC you have calculated in? Secondly, the synergies, okay, it is only early stage but could we look into the ramp up of synergies, where it will go then, which direction?

Cécile Cabanis: Alain, the line was not so good but I will try to interpret your question. On the ramp up of synergies, basically the plan we have is that the major part of the synergies will be in by year two. This is to your question on the ramp up.

Basically, on the ROIC, I probably would go back to what I said to the question of Jeff, which is that looking at the overall transaction, the way you have to look at it is, first, that it accelerates our agenda of strong profitable; second, that it has a solid EPS accretion in year one and double-digit once we get the full synergies benefit. In terms of your question about WACC, there will be a negative impact year one but because the company is of the right size, it will not be a major impact and we will recover it within the next years. It will bypass the work between year six and year seven.

Emmanuel Faber: Thank you, everyone. This is Emmanuel here. I would like to thank you for your attention. Again thanks, Gregg, for a wonderful discussion and conclusions on where we are and for attending this call with us. I think it means a lot about what we are trying to build together. Thank you for your attention, everyone. We will be of course talking and then Régis and the team will be talking to you as a follow-up. We will be back to you anyway on 28th July for further news about the agenda of Danone that continues to unfold as we speak. Thanks for your attention.

Afternoon Q&A session

Chris Growe (Stifel): Hi Gregg. I want to congratulate you and Danone on this transaction; it is really a good one for you and for shareholders. I and many others on this call were around when you acquired Dean Foods and proceeded to acquire the rest of WhiteWave, so it has been a great story from the beginning. The transaction is not that surprising to many of us, in my view, that know your business and knew it fit well with many global CPG companies. I think you have outlined some basic points, the key criteria as to why these two companies fit well together. But I guess I want to understand: what can Danone bring to you that WhiteWave could not? Is it just the global nature of their business? Just to understand how this can help to accelerate the growth of WhiteWave. And just a quick follow on, if I could. Are there any areas where regulatory scrutiny might come into play? Europe is all I am thinking there, if you could maybe address that as well. Thank you.

Gregg Engles: Sure. I think there are many areas in which Danone can take the business of WhiteWave and build upon it in a very meaningful way. Perhaps the most exciting to me is the globalisation, particularly of our plant-based platform, but I think there are opportunities in other aspects of our portfolio as well. While it is a little bit newer to Danone, I think coffee is a global platform and a global business, and I think we play in coffee in a very interesting way. That, as the arbiters of coffee fashion, the Starbucks of the world continue to spread their brand and their message about coffee globally, and I think the opportunities that we enjoy in the United States with respect to creaming and flavouring and the personalisation of coffee will become more global trends, and I think permissible indulgence and healthy indulgence is a great place for a modern food company to be.

So those are clearly important points, but I think there are other points as well. First of all, Danone has, as Emmanuel mentioned, a fantastic technology platform that I think can strengthen the technology platform that we have built at WhiteWave, and as you have heard us begin to talk about over the last 18 months, dairy is a much broader source of volume than just milk. Clearly, it is coming into focus that cultured products are subject to the same consumer desires among a set of consumers for non-dairy alternatives to dairy occasions, and there are many other large aspects of dairy where I think that, with Danone's resources, we can move faster against significant opportunities. So those are, I think, some of the important areas on the top line. Beyond that, I think in terms of just the industrial synergies, to double the size of either of our businesses in the refrigerated dairy case will be really meaningful in the United States, in terms of our ability to bring innovations to market, to help our customers grow, and to bring exciting new products to consumers. So we are going to have, I think, as a combined entity, a different conversation with retailers than either one of us could have had alone, and then throughout the supply chain I think there will be lots of opportunities to do things more efficiently as a business.

In Europe, while we have a clear leading position in our plant-based categories in Europe, we really only go direct to market in four marketplaces in the EU. Danone's presence in Europe, outside of those four geographies, I think will allow us to have a much more robust go to market effort in the European marketplace. So there is really fantastic logic across the board in this transaction.

With respect to regulatory, I have not made a very good living of predicting how regulators will choose to see things like this. However, I would say our product categories are not overlapping. They are complementary. They sit side by side with one another, not on top of one another. I think that is the basic philosophical lens through which we see the regulatory landscape, but we will know quickly. We will move to these filings and I think we will have those answers in short order.

John Baumgartner (Wells Fargo): Good morning. Thanks for the question and congratulations on the news. First off, Cécile, I would like to clarify the amount of the breakup fee. Then for Emmanuel, in terms of the attractiveness for the WhiteWave business specific to the US, where do you see the largest opportunities for top-line growth as a combined entity? Is it the plant yogurt given your existing business here, is it more the opportunity to accelerate the at-home penetration of plant beverages? I am just curious of where you kind of see this proportionate growth opportunity going forward. Thank you.

Cécile Cabanis: Sorry, I do not think we want to comment on the details of the agreement. We will be able to look at the proxy once it is filed. However, at this time, we would not make more comment than that.

Emmanuel Faber: On the revenue synergies, I would like to refer to a later conversation on the details. Broadly speaking, we have seen the transaction model, an amount of revenue synergies which is multi hundred millions of additional revenues by 2020 for the combined entity that derives a \$75 million of EBIT coming from these revenue synergies. They are essentially coming from the US, Europe and scratching the surface of what broader opportunity can be on plant-based expansion outside of Europe and the US.

The US business revenue opportunities will come from a combination of essentially three elements. One is we have a distribution and a route to market which are serving the same customers, talking to the same buyers in the same organisations. The shelf space that we occupy together is going to allow us to play an even bigger role in influencing the way the shelves should be animated in terms of innovation, promotion, planograms and the shelf organisation in many ways, which instead of ignoring each other or fighting each other will be combining for the benefit of the category the approach of one single company to have the whole spectrum of shopper attitude and consumer attitudes to our joint categories. This is absolutely unique.

For those of us who have been with Danone for a while in terms of coverage, you know and you have heard us say that one of the biggest opportunities we had for growth in the US is the expansion of the shelf. The chilled cabinet in the US is a third, on average, of what it is here in Europe. Pushing and helping and supporting our customers to drive the expansion of that shelf is a key opportunity that we will have in a much bigger way by combining forces of WhiteWave brands and our own brands. That is the first type of opportunity.

The second is that we are not distributed in an even manner in all kinds of metrics that you can look at in the US. We are not distributed the same way in natural versus conventional channels. We are not distributed in the same way away from home and traditional retail. We are not distributed in the same way in club stores, in Wal-Mart, not in the same in terms of regions either. Our Stonyfield brand is probably stronger in the East, Horizon has heritage

coming from Midwest and West and therefore there is a cross harmonisation of how we work that will generate also revenue synergies.

The third element in the US will be generating new product development and innovations. Of course I will not comment on that but what I shared earlier about removing this barrier between plant-based and dairy protein is going to create a bubbling space of ideas that gradually and over time we will be able to put in the market, of course served by an extremely powerful ability of route to market that we will have in combining the two companies.

Matthew Grainger (Morgan Stanley): Good morning, everyone. Congratulations. I had one question for Gregg and then one more general question. Gregg, I agree with your comments regarding the strategic logic here and how the WhiteWave brand portfolio can benefit from this combination.

More generally, I was hoping though that you could just elaborate a bit on the question of why you felt this was the right time for this partnership and for a sale of the company given the track record you have had of compounding earnings on a standalone basis and your confidence in this year's outlook.

Then just generally with respect to the sale process, if you could provide any context on whether it was a competitive one or whether there are anything that would preclude you from considering other strategic alternatives.

Gregg Engles: Well, as to all of the questions on process and the nature of our obligations, I will have to just refer you to the proxy when it is filed. We cannot and will not go into any of those items on the call.

As to the timing, timing in transactions of this nature is always unique to the particular transaction. Here I think that WhiteWave has been an enormously successful company, very confident in its future. Yet it is, notwithstanding the fact that it is today a \$12.5 billion enterprise company, still a relatively young company and really focussed on limited geographies of United States and Europe. There is rapid evolution around the world today in these categories because they are obviously attractive categories because of their emergence with a devoted set of consumers.

You have often heard us talk about the opportunity, particularly around the plant-base set of categories globally, and Danone simply has 100 years of built-up capability around the world that we do not have. The source of expansions takes resource and expertise, local knowledge and understanding, commercial infrastructures.

I think Danone sees the opportunity that we see. We feel it is important for us to capitalise on it. Danone saw the value in that. I think that is how you ultimately end up with a transaction, right, a buyer and a seller see similar opportunity, the buyers prepare to capitalise that value for the benefit of the shareholders of the seller and that is how we find ourselves here.

Matthew Grainger: Okay. Thank you, Gregg, I appreciate it. For Emmanuel and Cécile, this may be a technical question. Just briefly, you mentioned in a press release that the companies in the US would be merged into a public benefit corporation. I was just curious

what that entails in terms of just operational objectives for the company or anything that we should be aware of?

Emmanuel Faber: Yes, the regulation has gradually spread across the United States, starting in the early 2010s, starting in California with multiple purpose corporations. Then gradually spreading to a federal regulation that basically creates a new pattern of companies, governance and rules, which essentially is about the fact that recognising the fact that company's business relies not only as a result into shareholders value creation, which it obviously does, but also find its root and long-term resilience in impacting positively their global stakeholders, starting with consumers, environment, farmers, whoever that is. The US regulator has chosen to propose to those companies and entrepreneurs that wanting to incorporate in that form to find a legal way to do so. One B Corp in the US is Patagonia, for instance, the apparel and outdoors company. Ben & Jerry's in Unilever. Happy Family which is part of Danone in the US is a B Corp certified company too.

These are very thriving business-wise companies, but they have chosen to look with their Board and fiduciary duties of the Board to a broader set of indicators that allow them to drive what for Danone you have seen in my presentation, which is the two chapters together are going to be governed together, the Alimentation revolution, which is a source of growth and profitable and sustainable growth in the future.

As far as we are concerned, you should not see any change in the way we operate because this is very much the way we do and given how much how much of a purpose-driven company WhiteWave has been in their culture and entrepreneurship. As I said, what I would personally characterise as very activist brands, consumer related to these long-term consumer trends, I think this is perfect fit for a candidate to create probably the biggest B Corp existing in the US and it is one of the fascinating unique stories that the two Boards of our company have decided they wanted to create.

Régis Massuyeau: Thank you very much all. Sorry we have to interrupt there, but we have other commitments. I would like to thank you all and we will stop there. Thank you all. Thank you very much. Goodbye.

[END OF TRANSCRIPT]