



DANONE
ONE PLANET. ONE HEALTH

HALF-YEAR 2021 RESULTS

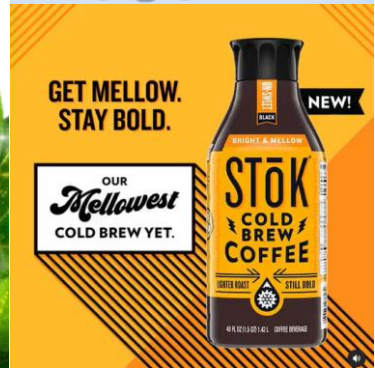
Investor Call

July 29th, 2021

Véronique Penchienati-Bosetta

Shane Grant

Juergen Esser



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- *This presentation 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”, “outlook”, “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.*
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- *All references in this presentation to Like-for-like (LFL) changes, recurring operating income, recurring operating margin, recurring net income, recurring income tax, recurring EPS and free cash flow correspond to financial indicators not defined in IFRS. Please refer to the press release issued on July 29, 2021 for further details on IAS29 (Financial reporting in hyperinflationary economies), the definitions and reconciliation with financial statements of financial indicators not defined in IFRS. Finally, the calculation of ROIC and Net Debt/Ebitda is detailed in the annual registration document.*
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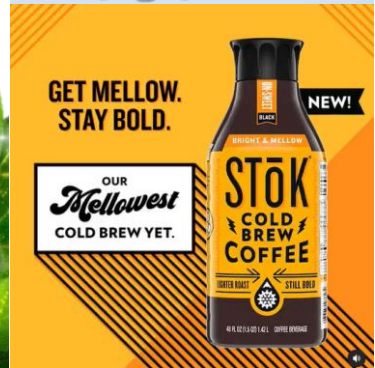
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H1 2021

Highlights

Véronique Penchienati-Bosetta
Shane Grant

Interim co-CEOs



H1 2021 highlights

A semester of recovery and progress

Back to
LFL sales growth

+6.6%

Q2 LFL sales growth

+1.6%

H1 LFL sales growth

Recurring
operating margin

13.1%

*in a context of negative
category mix and
accelerated inflation*

Further progress on
portfolio pruning



All categories back to growth in Q2

Q2 like-for-like growth



+4.8%

Continued growth in Dairy driven by Protein and Probiotics
6th consecutive quarter of double-digit growth for Plant-based



+2.8%

High single-digit growth in Adult Nutrition
Infant Nutrition back to growth on softer comps and despite category dynamics



+19.5%

Acceleration of the recovery mainly driven by Europe mobility and strong share gains
while Emerging geographies are still more impacted by Covid-related restrictions

Driving growth with clear priorities

On core portfolio, execution and brand support

**Core portfolio
renovation &
innovation**

**Strategic
channels focus &
execution step-up**

**Targetted
brand
reinvestment**

Driving growth with clear priorities

On core portfolio, execution and brand support

Core portfolio renovation & innovation



Protein



Science based
reno & inno



Core
renovation

Probiotics

Journey
extension

Adjacent
innovation

Plant-
based

Adult
nutrition

New
models

Strategic channels focus & execution step-up



eCommerce
acceleration



Away from home
recovery



Stepped up RGM
and execution focus

Targetted brand reinvestment



Driving growth through renovation and innovation

On core portfolio and beyond – H1 highlights



Protein, Probiotics and Plant-based core



Innovation, renovation & journey extension in Infant Nutrition



Waters renovation, adjacencies & new models



Driving growth through renovation and innovation

On core portfolio and beyond – Selected H2 plans

Core competitiveness & new territories



Plant-based 2.0



Scaling Plant-based Adjacencies



Driving growth in key channels

Continued strength in e-commerce, AFH recovery led by Europe and US, execution focus


Continued eCommerce strength


~ **+20%**
H1 LFL growth vs LY


~ **+40%**
H1 LFL growth vs LY

AFH recovery led by Europe and US


+60%
in Q2 for Waters Small Formats


+65%
in Q2 for AFH channels

Stepped up Revenue Growth Management and execution focus

 Pack size diversification



 Package Mix & Promotion



 Differentiation for Pricing



Sustained At Home habits

Focus on execution coupled with targetted reinvestments Translating in market share gains on strategic battles

Accelerated brand support on key growth platforms



OIKOS

+10bps YTD
+70bps QTD

alpro

+70bps YTD in Europe



+50bps YTD in France
+110bps YTD in Germany

**NUTRICIA
neocate**

+30bps YTD
+70bps QTD

YoPRO

+30bps YTD in France
+30bps YTD in Spain

Actimel

+30bps YTD Worldwide
+90bps YTD in the UK

evian

+10bps in France
+50bps in the UK

Mizone
脉动

+20bps YTD

Market share evolution vs LY

Clear productivity step-up and selective pricing To manage exceptional commodity inflation

 ~ **420**bps
inflation

incl. milk and ingredients,
plastic, packaging and
transportation

 ~ **320**bps
productivity

SKU rationalization
Design to superior value

 ~ **110**bps
net pricing in H1



Local First organizational backbone

Progressing according to plan

A growth enabler

Cross-category backbone

Reinvestments

Progress according to plan

€700m

gross savings by 2023 confirmed

Clear priorities for the second half of the year

Focused on delivering on Company guidance

Local First project

*Cross-category
leaner organization*

People engagement

*Support,
inclusiveness, energy*

Quality of execution

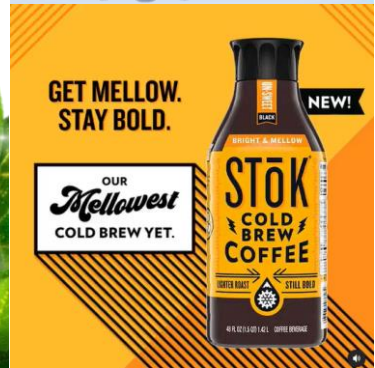
*Topline and
efficiency*

Brand support & reinvestment

*Focused on
strategic battles*



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H1 2021

Financial Review



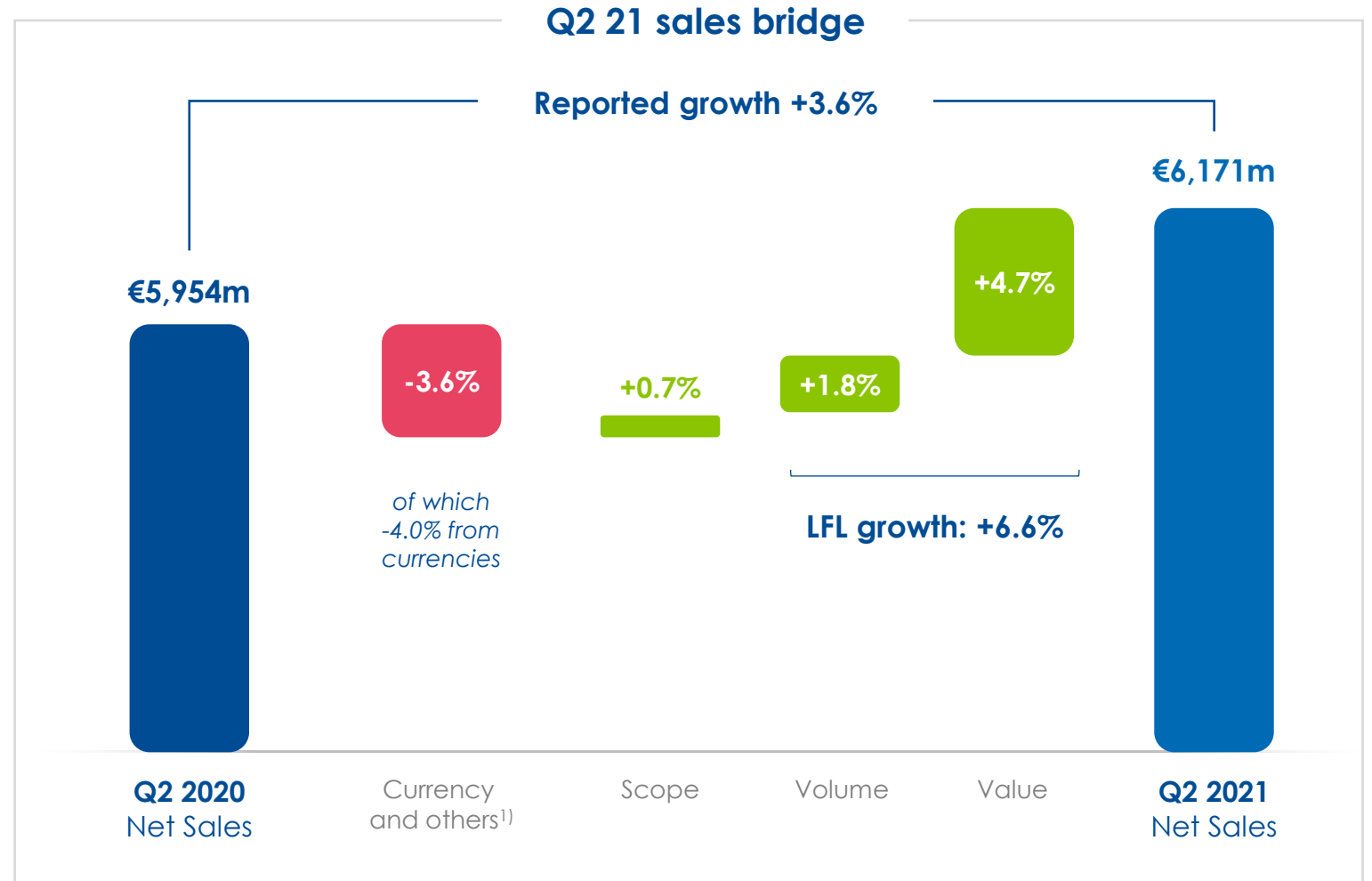
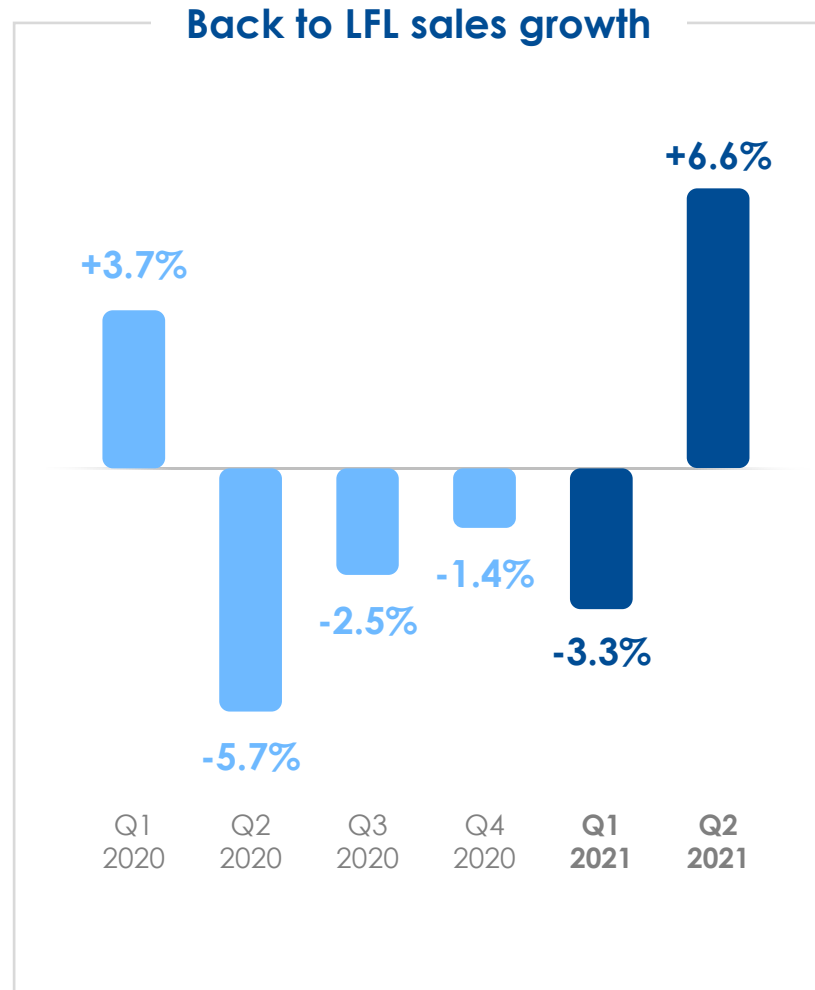
Juergen Esser

Chief Financial Officer



Sales bridge

+6.6% like for like sales growth in Q2



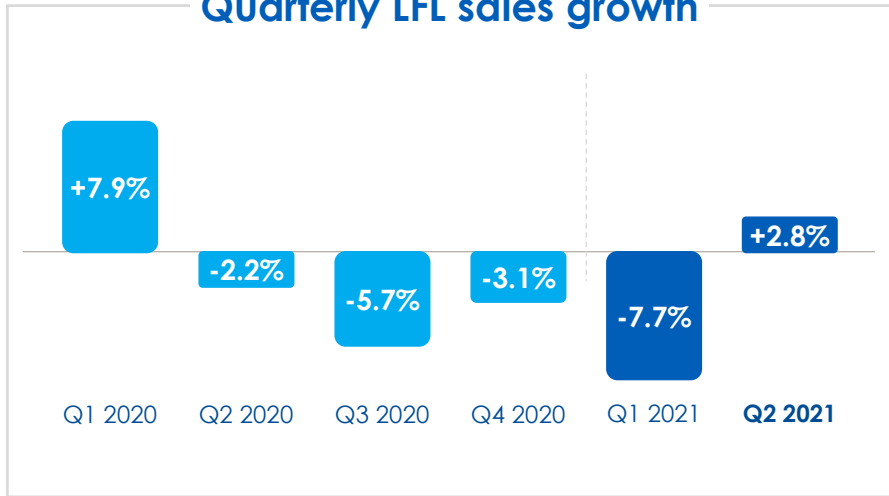
(1) Includes IAS 29 and contribution to growth from hyperinflation geographies



Specialized Nutrition

Adult Nutrition driving growth, contrasted dynamics in Infant Nutrition

Quarterly LFL sales growth



H1 2021 key figures

Sales	€3.5bn
Like-for-like change	-2.6%
Volume / Value	-4.3% / +1.7%
Recurring operating margin	22.9%
Change	-351 bps

Like-for-like sales growth excluding hyperinflation countries

Q2 developments

High single-digit growth in Adult Nutrition

- Driven by both Oral and Tube feeding platforms

Contrasted dynamics of Infant Nutrition

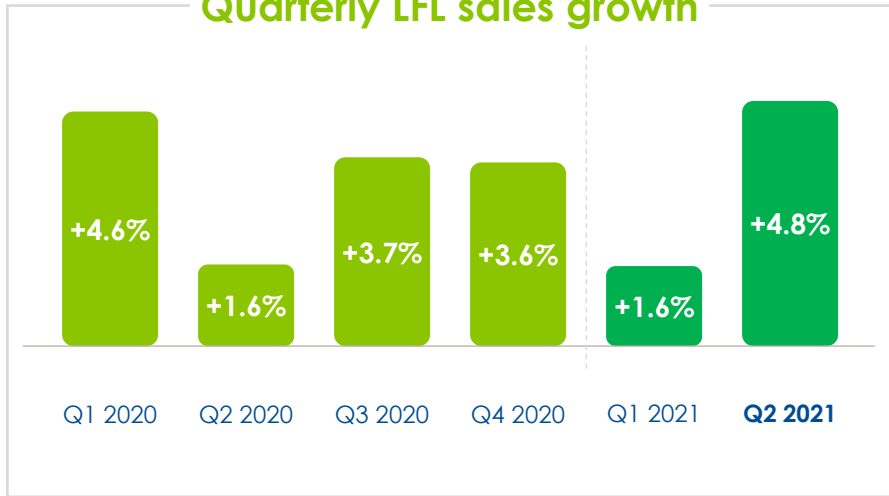
- High single-digit growth in Europe thanks to softer basis of comparison
- Polarized performance in China:
 - Slightly positive for Domestic labels, against a high base of comp
 - Very strong growth of International labels in e-commerce platforms
 - -45% to -60% decline in cross-border indirect channels in line with H2 20
 - *Aptamil* market share continued to be resilient
- Another quarter of solid growth in platforms in Rest of the World



Essential Dairy & Plant-based

All geographies contributing to growth

Quarterly LFL sales growth



H1 2021 key figures

Sales	€6.4bn
Like-for-like change	+3.2%
Volume / Value	+1.3% / +1.9%
Recurring operating margin	9.1%
Change	+5 bps

Like-for-like sales growth excluding hyperinflation countries

Q2 developments

6th quarter of double-digit growth in Plant-based

Solid growth in Essential Dairy led by Probiotics and Protein segments

Sustained solid growth in Europe and North America

- Europe growth led by Plant-based, Probiotics and Protein platforms: *Alpro*, *Actimel* and *YoPro* all growing double-digit and gaining share
- Noram Essential Dairy performance led by broad-based growth across the Yogurt segment, with share gains led by *Oikos*, *Two Good* and *Activia*
- Solid growth in Plant-based Noram led by the Yogurt and Creamers segments

Rest of the world: strong growth

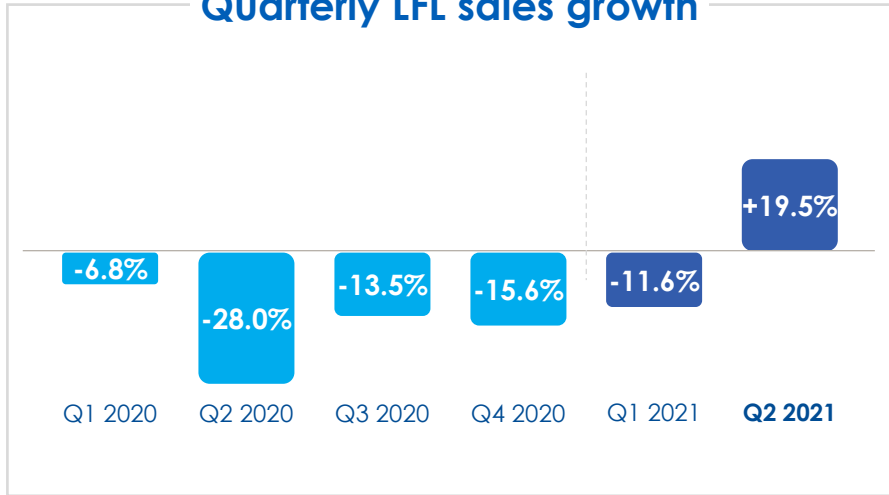
- Soft quarter in CIS in a challenging macro and sanitary environment
- Favorable basis of comparison in Latam and Africa while restrictions remain



Waters

Progressive recovery in volumes; positive country and product mix

Quarterly LFL sales growth



H1 2021 key figures

Sales	€1.9bn
Like-for-like change	+4.5%
Volume / Value	-2.3% / +6.8%
Recurring operating margin	8.5%
Change	+219 bps

Like-for-like sales growth excluding hyperinflation countries

Q2 developments

Growth led by Small formats

Water and Beverage categories equally contributing to growth

Steep double-digit growth in Europe led by France, Germany and the UK

- Progressive and sequential recovery of mobility during the quarter
- Continued share gains across geographies by *Volvic* and *evian*

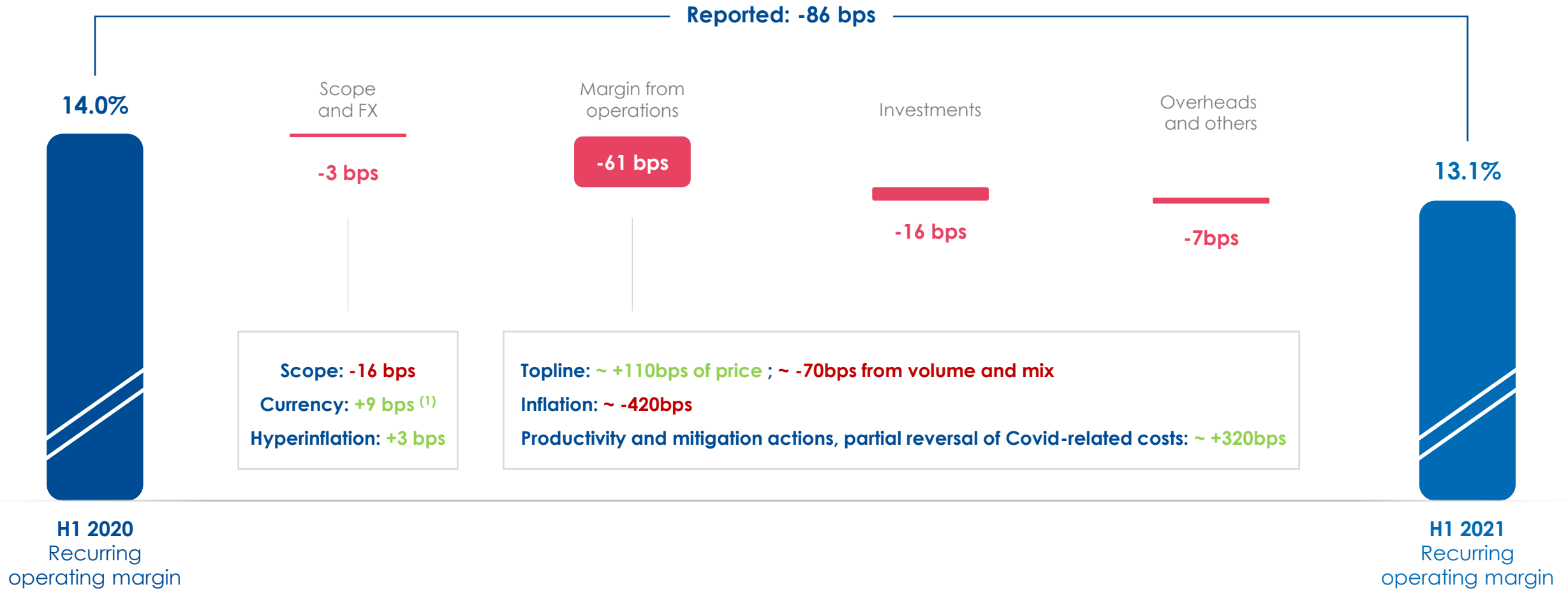
3rd consecutive positive quarter for *Mizone*, up low double-digit

Steep double-digit growth in Indonesia and Latam

- Driven by momentary mobility improvement and Q2 2020 low base
- Latest wave of restrictions negatively impacting mobility

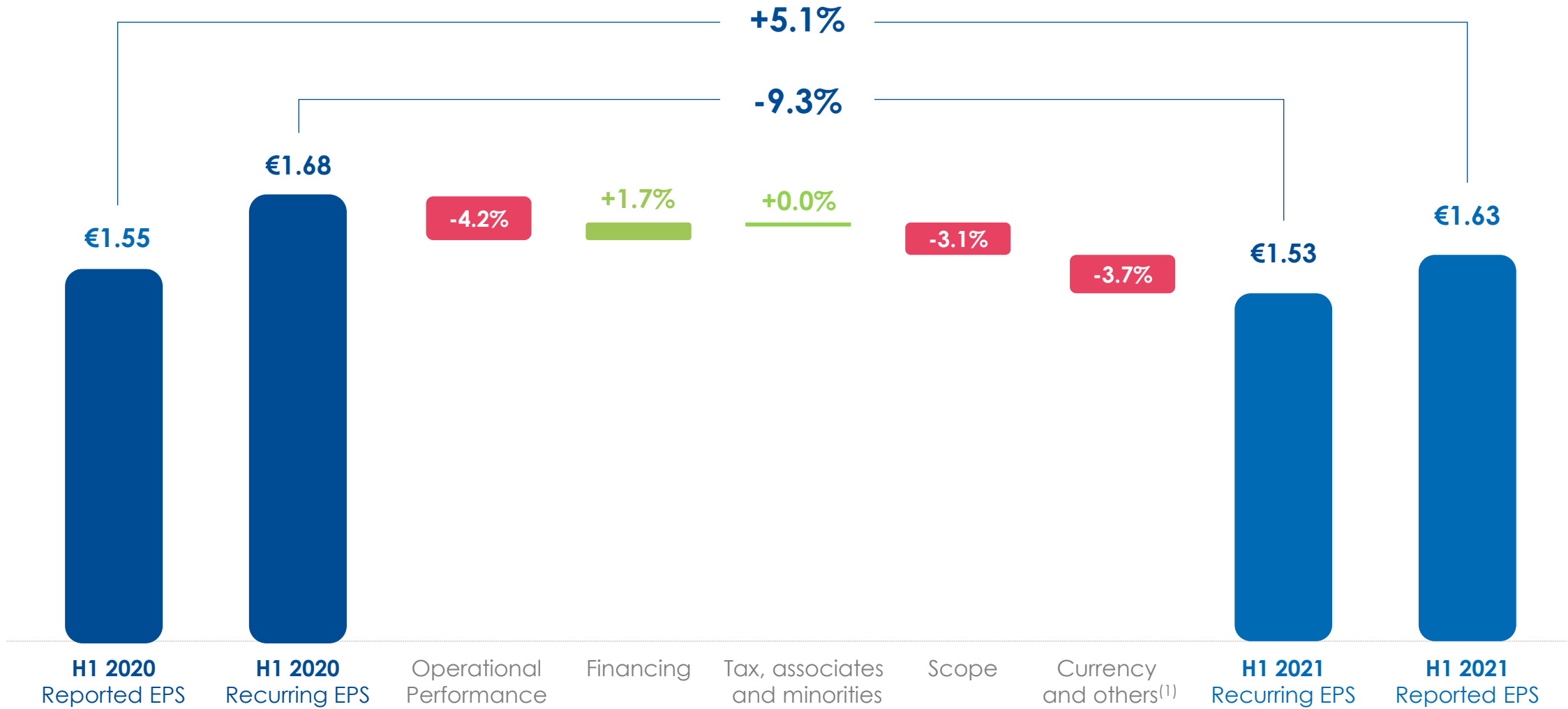
H1 2021 recurring operating margin

Price and strong productivity partially offset Volume, Mix and Inflation headwinds



EPS bridge

Reported EPS +5.1%, Recurring EPS -9.3%



Non-recurring net income

Impacted by Transformation and Portfolio management

H1 Non-recurring operating margin

- €700m

mainly Local First &
Operations transformation

Mengniu disposal

Gross proceeds

c. €1.6bn

Mengniu book value

c. €850m⁽¹⁾

Capital allocation

Balancing investments, balance sheet management and shareholder returns

Free cash flow

€1.0bn

8.5% conversion rate
(+90 bps vs LY)

-2.9%

WK/Net Sales
(~50 bps improvement vs LY)

Net Debt

€11.1bn

Net debt

€1.0bn

successful bond emission in
June 2021 at 0% coupon

Shareholder returns

Up to

€800m

share buyback
program in H2 2021

Continued progress on our sustainability agenda Among which strong industry-leading recognitions

The healthiest portfolio

**#1 on product
profile in ATNI's
ranking**

88% of volumes sold
Nutri-Score A or B
(or equivalent)



Leading on environment

**Triple certification
of Poços de
Caldas**

carbon neutrality, water
circularity & zero-waste
to landfill



Pioneering societal impact

**Livelihoods
Carbon
Fund #3**

supporting rural
communities and preserving
natural ecosystems



85/100 in S&P ESG Evaluation

“Among the most prepared companies to take advantage of long-term trends in the food and beverage industry”

2021 Outlook

H2 priorities

Quality of execution

People engagement

Brand support &
reinvestment

Local First project

Macro context

Covid-19 evolution and
pace of recovery

High inflation
environment

2021 guidance confirmed

Back to profitable
growth in H2

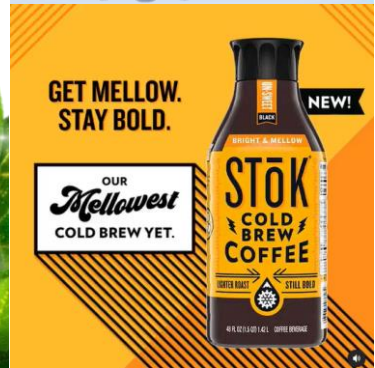
FY recurring operating
margin expected broadly
in line with last year



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H1 2021







Appendix



Q2 2021 sales by reporting entity – breakdown volume/value

By reporting entity

By geographical area

	 Company	 Essential Dairy & Plant-based	 Specialized Nutrition	 Waters	 Europe & Noram	 Rest of the World
Q2 net sales	€6,171m	€3,254m	€1,793m	€1,125m	€3,510m	€2,661m
Like-for-like growth	+6.6%	+4.8%	+2.8%	+19.5%	+6.4%	+6.9%
Volume	+1.8%	+2.2%	-1.4%	+6.6%	+4.1%	-0.0%
Value	+4.7%	+2.6%	+4.2%	+12.9%	+2.2%	+6.9%

Q2 & H1 2021 impact of currencies & scope

Q2 2021














	Essential Dairy & Plant-based	Specialized Nutrition	Waters	Total
Reported sales growth	+0.5%	+0.1%	+21.6%	+3.6%
Organic contribution from hyperinflation countries	+0.5%	+0.5%	+1.0%	+0.5%
Currency and others ⁽¹⁾	-5.4%	-3.4%	-1.1%	-4.3%
IAS 29 impact	+0.1%	+0.1%	-0.0%	+0.1%
Scope	+0.5%	+0.1%	+2.3%	+0.7%
Like-for-like sales growth	+4.8%	+2.8%	+19.5%	+6.6%

H1 2021

	Essential Dairy & Plant-based	Specialized Nutrition	Waters	Total
Reported sales growth	-2.9%	-6.0%	+3.5%	-2.9%
Organic contribution from hyperinflation countries	+0.4%	+0.4%	+0.7%	+0.4%
Currency and others ⁽¹⁾	-7.0%	-4.1%	-4.2%	-5.7%
IAS 29 impact	+0.2%	+0.2%	+0.2%	+0.2%
Scope	+0.2%	+0.1%	+2.3%	+0.5%
Like-for-like sales growth	+3.2%	-2.6%	+4.5%	+1.6%

(1) Excluding IAS29 impact

Changes in exchange rates

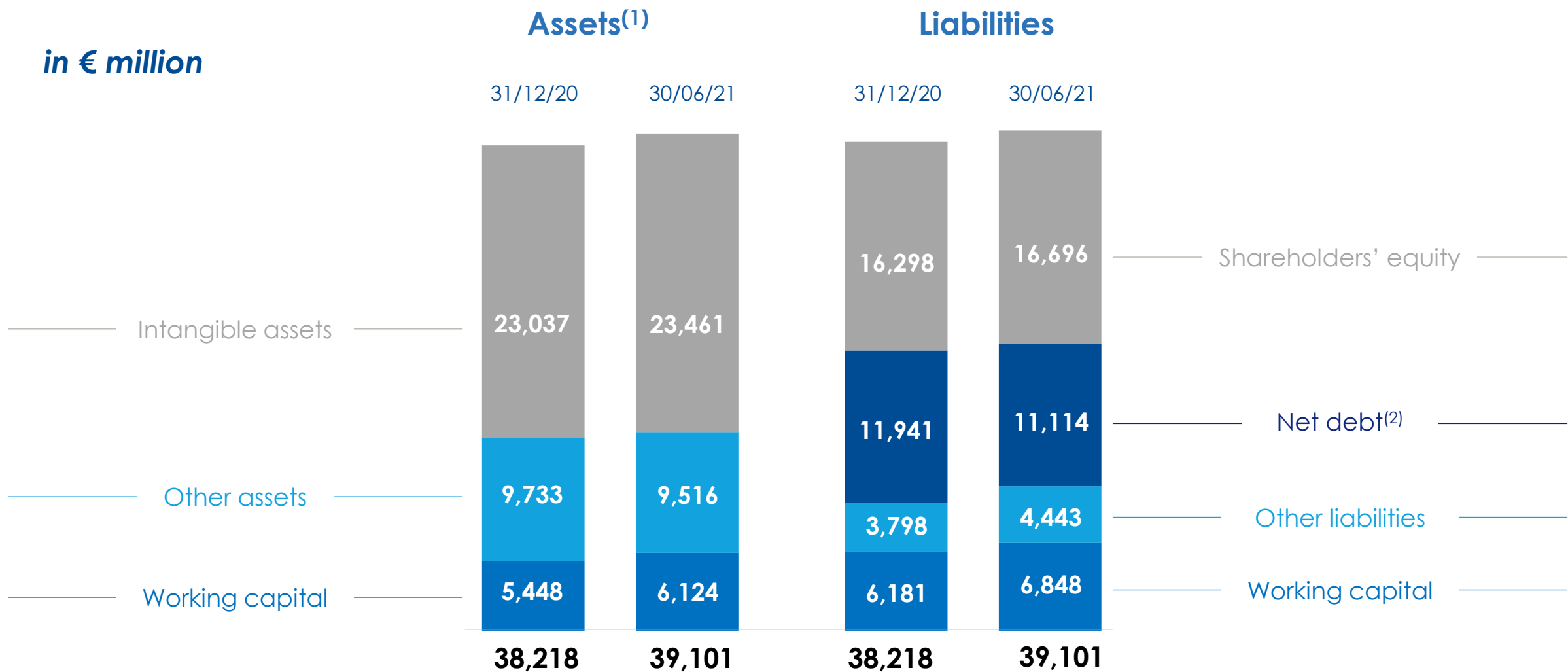
	% total H1 2021	H1 21 vs H1 20 (avg)	Q2 21 vs Q2 20 (avg)
 United States Dollar	21.7%	-8.5%	-8.6%
 Chinese Renminbi	7.4%	-0.5%	0.0%
 Indonesian Rupiah	5.7%	-7.0%	-5.5%
 Russian Ruble	5.4%	-14.3%	-10.7%
 British Pound	5.3%	+0.7%	+2.9%
 Mexican Peso	4.0%	-2.0%	+8.7%
 Polish Zloty	2.6%	-2.8%	-0.4%
 Brazilian Real	2.4%	-16.6%	-5.1%
 Hong Kong Dollar	2.0%	-8.6%	-8.8%
 Argentine Peso	1.6%	-35.6%	-33.3%
 Japanese Yen	1.4%	-8.1%	-9.9%
 Australian Dollar	1.1%	+7.4%	+6.9%
 Turkish Lira	1.8%	-24.9%	-24.3%

Recurring operating margin

Recurring operating profit (€m) and margin (%)	H1 2020		H1 2021		Change	
	€m	Margin (%)	€m	Margin (%)	Reported	Like-for-like
Essential Dairy & Plant-based	598	9.1%	584	9.1%	+5 bps	-4 bps
Specialized Nutrition	987	26.4%	804	22.9%	-351 bps	-293 bps
Waters	117	6.3%	163	8.5%	+219 bps	+185 bps
Europe & Noram	880	12.9%	898	13.2%	+34 bps	+34 bps
Rest of the world	822	15.3%	653	12.9%	-239 bps	-245 bps
Total	1,702	14.0%	1,551	13.1%	-86 bps	-83 bps

Balance sheet

in € million



(1) Excluding assets included in net debt

(2) Net of cash, cash equivalents, marketable securities, other short-term investments and financial instrument asset