



PROGRAM PROTEIN

DRIVING SMART SPENDING



DANONE
ONE PLANET. ONE HEALTH

Investor Seminar
October 22, 2018

Efficiency: The Power of Protein

Susanne LUICK-NIJBOER

Katharina STENHOLM

Susanne Luick-Nijboer
11 years at Danone



**VP, Global Business Leader,
Program Protein**
Since 2017

Regional Vice President
Early Life Nutrition, Danone
2007 to 2016

Senior Vice President,
Marketing and R&D, Unilever
2001 to 2007

Marketing and General Manager Positions,
Unilever Ice Cream & Frozen Food
1987 to 2001

**Senior Vice President, CCPO
Cycle and Procurement**
Since 2017

VP, CEO / CPO
SABMiller Procurement
2010 to 2017

CEO
Polttimo Group
2005 to 2010

Senior positions in
Marketing, Sales & RD
Prior to 2005

Katharina Stenholm
1 year at Danone





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**Progress report on
€1 billion savings target**



-2-

Embedding efficiencies to secure
sustainable profitable growth

Program Protein

What success looks like for Program PROTEIN

€1bn

Sustainable savings by 2020

Maximizing efficiencies

Smart spending mindset

Protein Program: year 1 progress report

Delivery on track



€991m

Savings identified now



15

Cost category playbooks



20+ Clusters activated
90% Spend coverage

Protein Program: year 1 progress report

Delivery on track



€688m

Initiatives in delivery

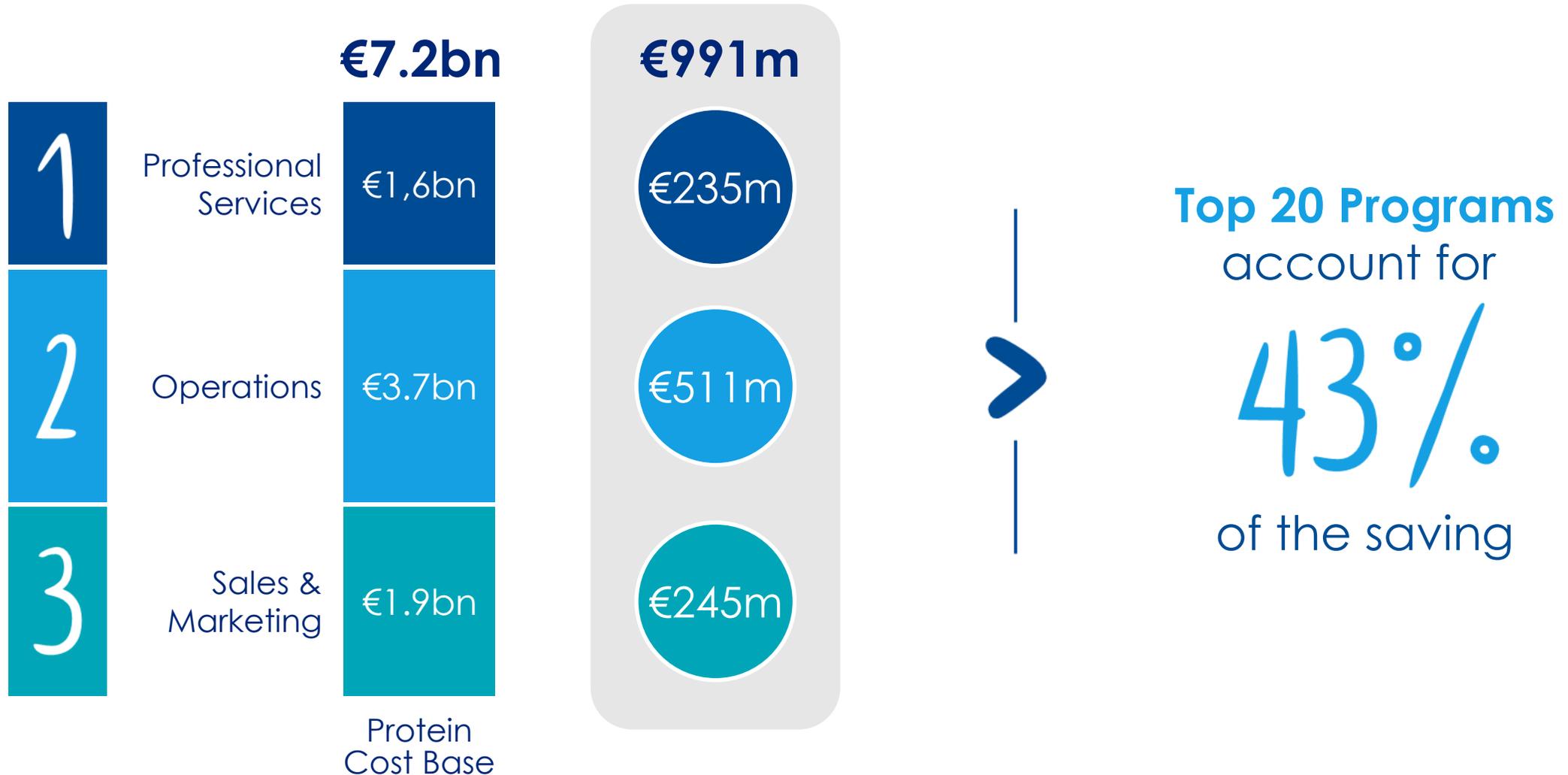


2018 H1 = €75m

2018e FY = €200m

Our focus and scope

Making our indirect cost base more efficient by 2020



Professional Services Delivering on our targets

2020 objective

€1.6bn



baseline



~15% savings

Top Programs

35% of category savings

- Internal consultancy
-
- Review use of temporary labour
-
- Better real estate management
-
- Smart travel
-
- IS-IT efficiencies

Actions

- Drive global policies
-
- Implement global practices
-
- New tools
-
- Strict budget controls

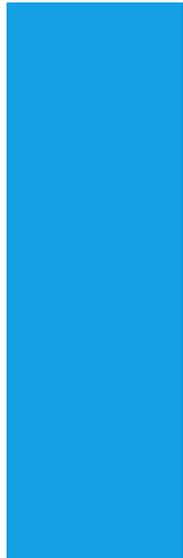
**Drive
overheads
down**



Operations Delivering on our targets

2020 objective

€3.7bn



Baseline



~15% savings

Top Programs

85% of category savings

Best-in-class warehousing



Network optimization



Inventory reduction



Ideal energy



Integrated facility management



3rd party manufacturing

Actions

Leverage expertise globally

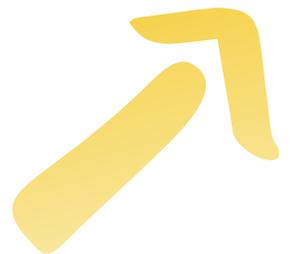


Unleash x-category opportunities



Best practices implementation across company

Gross Margin Up



2 Best-in-class warehousing Greater efficiency in logistics



Taking best-in-class warehouse practices and roll-out to all warehouses

Key Benefits:

Boost efficiency using standardized toolkits

—
Advanced technologies

—
Digital solution

—
Faster warehousing operations

—
Waste reduction

2 Purchase Power Agreement in Mexico

Buying cheaper cleaner energy



Securing >70% of Danone electricity consumption from a renewable source partnering with CAC40 companies in Mexico

Global roll-out of Mexican best practice



25% price efficiency

Business sustainability – moving from high volatility to long term fix price contracts

>70% renewable electricity – aiming for 100%

-45KT of CO₂ reduction



Sales & Marketing Capabilities for higher effectiveness

2020 objective

€1.9bn



baseline



~13% savings

Top Programs

60% of category savings

Smart Topline Investments



Best-in-class advertising production



Lean POSM



Graphic chain



Digital asset management

Actions

New tools

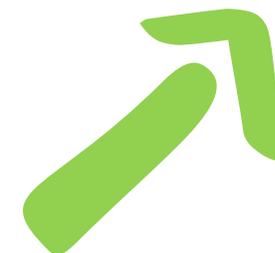


Capabilities building

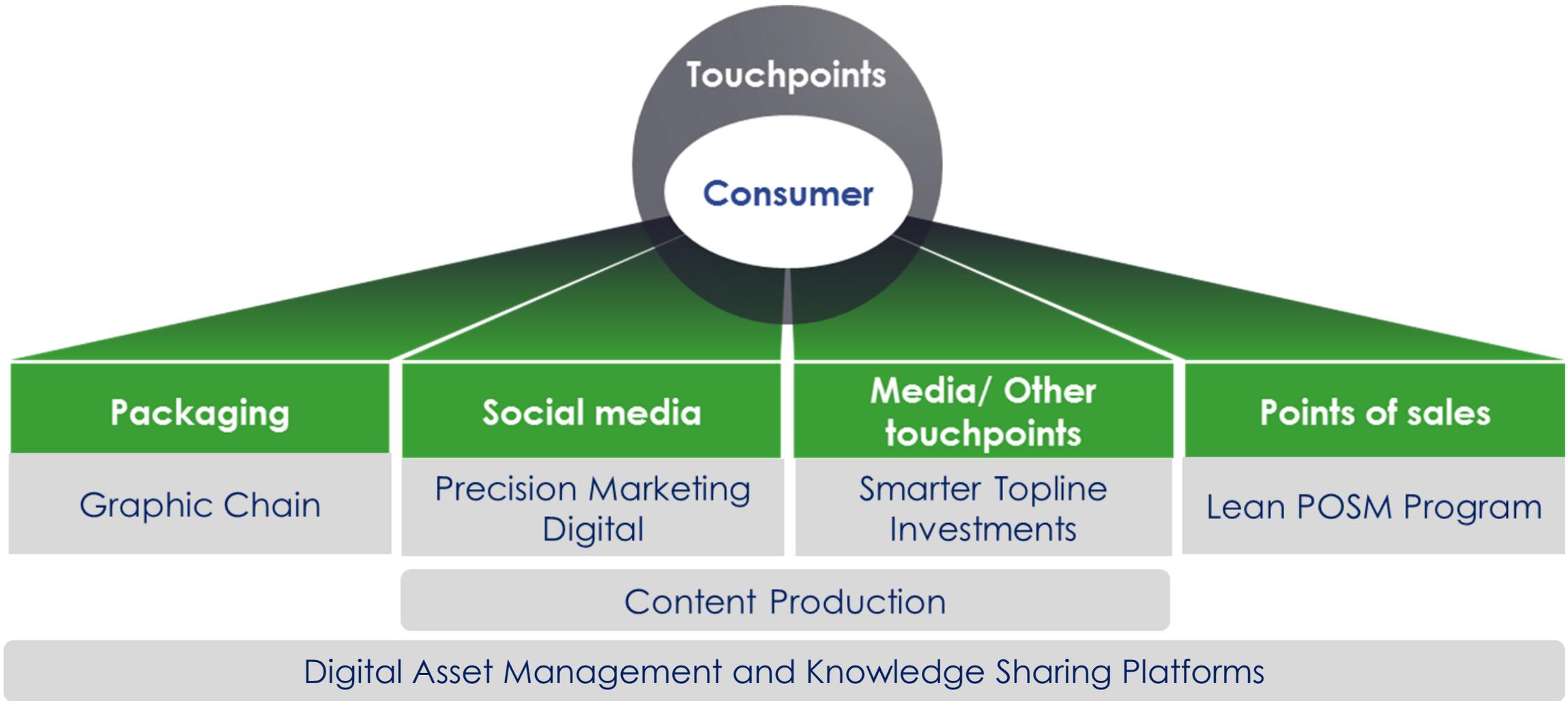


Leveraging scale

Growth



Sales & Marketing Interlinked transformational programs



Sales & Marketing Precision marketing digital



Select the best in class digital agencies to enable precision marketing with optimized content

Key Benefits:

- 30% decrease in cost per useful contact
-
- +40% increase in brand campaign effectiveness
-
- Deeper consumer understanding
-
- Data ownership and usage
-
- Data science capabilities inside Danone

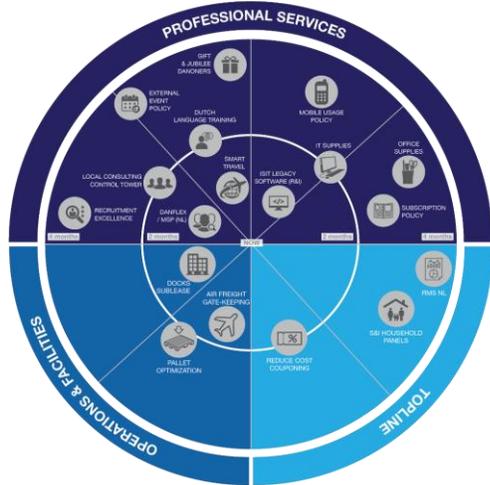


Benelux Cluster

Execution of global programs and driving smart spending

2018
20M€

2020
~70M€



Projects Portfolio Management

Use of One Danone organization across 13 entities

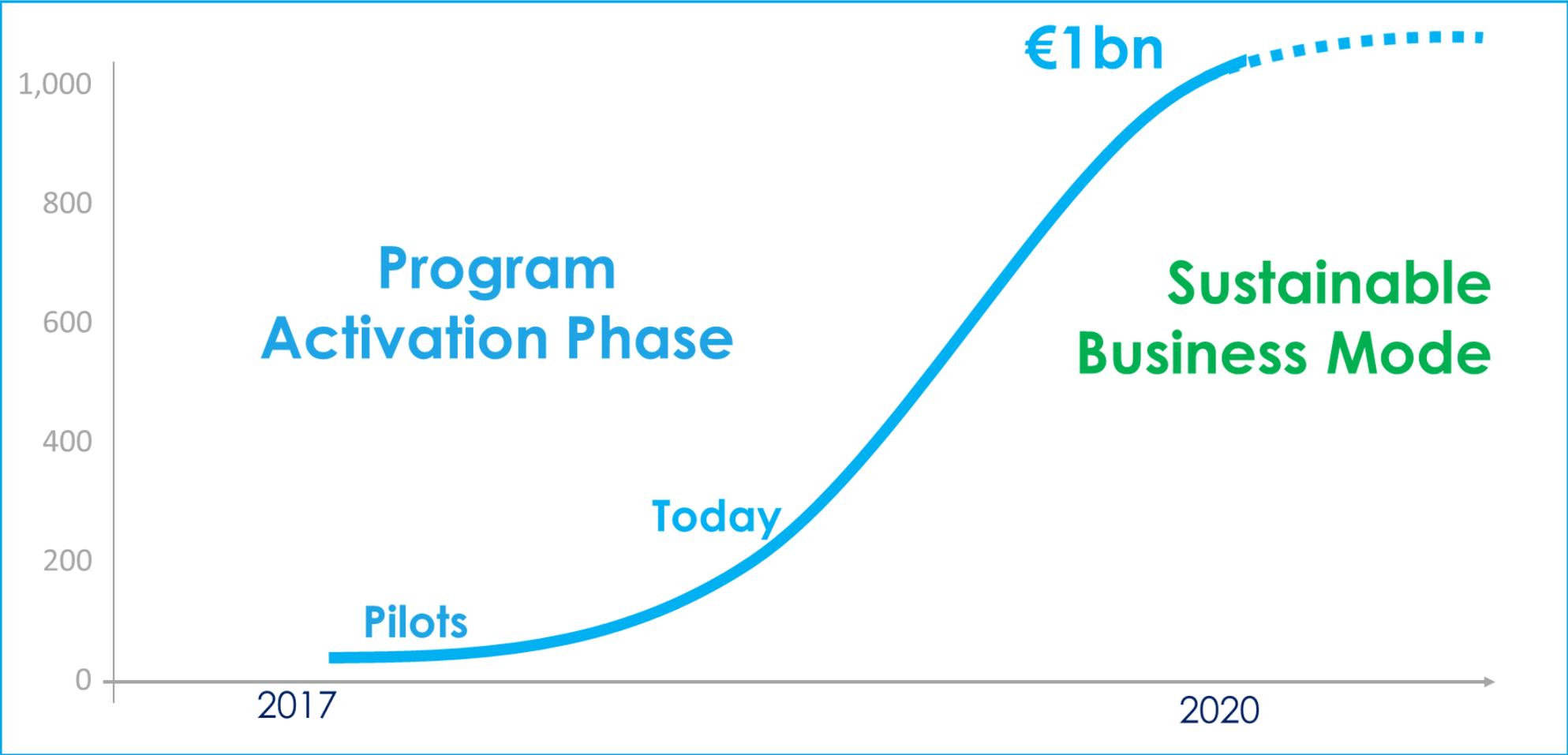
New processes and tools

High people engagement

Strong transformation & change management activities

Delivering Protein Program

Transition to sustainable business practice





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Progress report on
€1 billion savings target



-2-

Embedding efficiencies to secure
sustainable profitable growth

Secure value delivery

Embedding capabilities built through Protein



Support sustainable profitable growth

Repositioning procurement as a strategic business partner



Redesigning Source to Pay process

Becoming a data driven procurement organization



- Improve visibility and spend control
- Avoid value leakage in the process
- Allocate resources towards strategic sourcing
- Improve end-user and supplier experience
- Build differentiating digital capabilities

Securing the 1bn€ and unlocking future value potential

Reimagining indirect cost management

join up
as one team



partner for
success



streamline &
simplify



leverage
digital



Conclusion

Securing savings to enhance value creation



Danone strategic priorities

- 1 **accelerate growth**
- 2 **maximize efficiencies**
- 3 **allocate capital with discipline**



Protein efficiency program

Delivering savings, enabling reinvestment in growth

— Enhancing margins through permanent cost reduction

— Creating a more solid and efficient procurement organization

— Embedding a smart spending mindset throughout the company

— Disciplined resources management



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