Evian 2017 - Investor Seminar

Fit today and tomorrow

Emmanuel FABER
Chief Executive Officer

Evian 2017 - Investor Seminar
DISCLAIMER

This document is presented by Danone. It 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,” “believe,” “forecast,” “foresee,” “likely,” “may,” “should,” “goal,” “target,” “might,” “will,” “could,” “predict,” “continue,” “convincing,” 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, statements regarding Danone’s operation of its business including that of WhiteWave following completion of the merger, and statements regarding the future operation, direction and success of Danone’s business including that of WhiteWave.

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 section “Risk Factors” in Danone’s Registration Document (the current version of which is available on 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 shares.

All references in this presentation to like-for-like changes, “like-for-like New Danone” changes, recurring operating income, recurring operating margin, non-recurring results from associates, recurring net income and recurring EPS correspond to financial indicators not defined in IFRS used by Danone, which are defined at the end of this presentation.

Due to rounding, the sum of values presented in this document may differ from totals as reported. Such differences are not material.
2014-2016
The start of the Danone 2020 transformation

2015 – 2017
Revolution Accelerators for Danone

2017 - 2020
Delivering on a recrafted preparation agenda
2014-2016 The start of the Danone 2020 transformation

2015 – 2017 Revolution Accelerators for Danone

2017 - 2020 Delivering on a recrafted preparation agenda

2017 – 2020 FIT TODAY AND TOMORROW
Transformation in motion

2014

- September 2014: New governance
- December 2014: New Comex team

2015

- July 2015: Manifesto roll-out
- October 2015: Streams activation

TOWARDS 2020*
From European food conglomerate to global health focus

Categories: Portfolio revolution 1996-2016

Sales breakdown

From 10 categories...

1996

Waters 10%
Baby nutrition 3%
Fresh Dairy Products 26%
Pasta 3%
Sauces 5%
Italian Cheese 9%
Prepared and frozen food 9%
Biscuits 20%
Glass packaging 7%
Beers 8%

...to 4 categories

2016

Advanced Medical Nutrition 7%
Early Life Nutrition 23%
Fresh Dairy Products 49%
Waters 21%
From European food conglomerate to global health focus

Sales breakdown

- 20% CIS & NORAM
- 41% ALMA
- 39% Europe
- 77% Western Europe
- 6% North America

Growth markets (outside Europe)

- 23%
- 61%
### 2014-2016: building on the 3 horizons of the transformation

<table>
<thead>
<tr>
<th>Short term</th>
<th>Mid term</th>
<th>Long term</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; US, CIS</td>
<td>&gt; Nutrition policy</td>
<td>&gt; Milk, Water &amp; Plastic cycles</td>
</tr>
<tr>
<td>&gt; Middle-East</td>
<td>&gt; Agricultural policy</td>
<td>&gt; Global alliance Veolia</td>
</tr>
<tr>
<td>&gt; China Direct ELN and AMN</td>
<td>&gt; Packaging policy</td>
<td>&gt; CO₂ commitment</td>
</tr>
<tr>
<td>&gt; One Danone</td>
<td>&gt; ELN pledge</td>
<td>&gt; Launch of Livelihoods for Family Farming</td>
</tr>
<tr>
<td>&gt; Resource allocation process</td>
<td>&gt; Non GMO – US pledge</td>
<td></td>
</tr>
<tr>
<td>&gt; Medical Nutrition TAM organization</td>
<td>&gt; Accelerated R&amp;D spend</td>
<td></td>
</tr>
<tr>
<td>&gt; Dairy and Waters PRGM</td>
<td>&gt; Factories: Evian, Cuijk, Fulda</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&gt; 4 acquisitions in Africa</td>
<td></td>
</tr>
</tbody>
</table>
2014-2016: delivering on the transformation roadmap

**Like-for-like sales growth**
- 2014-16 CAGR: +4.0%
  - 2014: +4.7%
  - 2015: +4.4%
  - 2016: +2.9%

**Sustained improvement in recurring operating margin**
- 2014-16: +120bps cumulative
  - 2014: 12.6%
  - 2015: 12.9%
  - 2016: 13.8%

**Consistent recurring EPS growth**
- 2014-16 CAGR: +8.8%
  - 2014: €2.62
  - 2015: €2.93
  - 2016: €3.10
2014-2016
The start of the Danone 2020 transformation

2015 – 2017
Revolution Accelerators for Danone

2017 - 2020
Delivering on a recrafted preparation agenda
Revolution accelerators

SHIFTING CONSUMER TRENDS

POLITICS ARE BACK IN THE GAME

PEOPLE WANT TO LIVE AND WORK DIFFERENTLY
Revolution accelerators

SHIFTING CONSUMER TRENDS

POLITICS ARE BACK IN THE GAME

PEOPLE WANT TO LIVE AND WORK DIFFERENTLY

Evian 2017 - Investor Seminar
Revolution Accelerator: shifting consumer trends

New relationship to food and drinks

Small and local brands

Small, local are the new big

Transparency

People behind brands
The future of food

89% of prosumers think that “food is as effective as medicine in maintaining overall health”
Growing interest for healthy food

"What I eat says a lot about who I am" 70%

70% of prosumers and 58% of mainstream consumers agree with this statement.

Connected foodies 52%

52% of millennials identify themselves as foodies, and 44% have published a photo of food on social media.

New generations most willing to pay a premium for healthy food

<table>
<thead>
<tr>
<th>Generation</th>
<th>Willing to Pay Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generation Z (under 20)</td>
<td>31%</td>
</tr>
<tr>
<td>Millennials (21-34)</td>
<td>29%</td>
</tr>
<tr>
<td>Generation X (35-49)</td>
<td>26%</td>
</tr>
<tr>
<td>Baby Boomers (50-54)</td>
<td>23%</td>
</tr>
<tr>
<td>Silent Generation (65+)</td>
<td>15%</td>
</tr>
</tbody>
</table>

Sources: BETC/Havas’s Eaters Digest study, “The Future of Food”. Nielsen Global Health & Wellness Survey, Q3 2015

Millennials are 29% of global wallet
Health attributes polarizing category growth

Global Food 2012-2015 sales change

- Healthy: +5%
- Indulgent: +2%
- All the rest: -1%

2016 Danone SKU portfolio

- Healthy (2) 88%
- Others 12%

(1) Nielsen Global Health & Wellness Survey, Q3 2015
From niche vegetarians to mass market flexitarians

Aldi launches ‘flexitarian’ Full of Beans chilled mince

26% of consumers are flexitarian

Source: TNS, May 2016

Age of the flexitarian: millions now only eat meat at weekends

Aldi is tapping the flexitarian trend with the launch of a new mince product made from a blend of British beef mince and haricot beans, called Full of Beans.
USA: Health attributes polarizing category growth

F&B Industry Sales growth

Plant-based beverages vs F&B growth

Source: Nielsen xAOC for Rfg PBB, Nielsen xAOC + Convenience – Includes Grocery, Mass, Drug, Dollar, Club (ex Costco), Convenience, Military for F&B categories including Alcohol
Note: Sales are Retail Sales

Note: Size/growth figures are US xAOC only and do not include natural channel; data is for period ending 4/1/17;
PB Ice Cream includes novelties, Organic Dairy includes Butter, Heavy Whipping Cream, Dip, Cheese, Sour Cream
USA: Health attributes polarizing category growth

How America’s drinking habits change (2001-2011)

- Soft drinks: -17%
- Bottled water: +55%

USA: Organic disrupting the baby food

**Organic Market Share**

- **2008:** 5%
- **2017:** 28%

Source: IRI and Euromonitor.
New health is naturality: probiotics

Probiotics have become a frantic study subject since 2015

Volume of publications
2015 vs 2014

2.9k
+156%
Fermented Foods

3.3k
+75%
Gut microbia

Sources: Global MONITOR 2016, base 23 countries, n= 21,856, min base n= 982. Leatherhead Food Report 2014. Radarly – Linfluence
New health is « free from »: the case of allergies

Food allergies are #4 most frequent disease in the world, and growing

Prevalence of food allergies (%)

Source: Sampson & Hirschborn, 'concept change on food allergy in the past three decades' (1) Cow Milk Allergy
(2) numbers based on oral food challenges (not reported symptoms)
« My food, my health » revolution: Danone uniquely positioned

A mission: Bringing health through food to as many people as possible

An ambition for our Manifesto: Foster healthier, more sustainable eating habits

And a consistent product portfolio:

- #3* Number 2 in volume
- #1
- #2
- #1
- #1
Dairy

Category

- Size 2016: € 62bn
- 2006-2016 CAGR (1) +2.7%

Top 3 countries

- United States
- Russia
- France

Key long-term growth drivers:
- Fresh snacking growing as a trend
- Guts/microbiota/probiotics awareness
- Fermentation as « minimally processed »

NET SALES

- €10.7bn
- #1
- 25% Market Share (2)

* excluding China
(1) Source Euromonitor
(2) Market share in relevant Danone scope (only in sub-categories & countries we play in)
## Plant-Based food & beverages

### Category

#### Size 2016:

- **€ 12bn**

#### 2006-2016 CAGR\(^{(1)}\)

- **+12.2%**

### Top 3 countries

- United States
- United Kingdom
- Germany

### Key long-term growth drivers:

- Growing household penetration (Flexitarians)
- Geographic footprint
- Sustainability consumer trend
- A white space for innovation

---


\(^{(2)}\) Market share in relevant Danone scope (only in sub-categories & countries we play in). Including WhiteWave.
Essential Dairy & Plant-Based

- EDP NORAM
- EDP INTNL
Key long-term growth drivers:
- Switching trend to healthier beverage
- Public Health recommendations on minimal hydration
- Water sustainability stewardship

Category

Size 2016: €123bn
2006-2016 CAGR +9.1%

Top 3 countries

China
Indonesia
France

Category source Canadean
Water market = Plain Water and AQD
(1) Market share in relevant Danone scope (only in sub-categories & countries we play in)
Early Life Nutrition

Category

- Size 2016: €44bn
- 2006-2016 CAGR +7.9%

> Key long-term growth drivers:
  - Affluent middle-class demographics
  - 1,000 days awareness
  - Journey Management
  - Tailored Nutrition (allergies, etc.)

Top 3 countries

- China
- Indonesia
- United Kingdom

Category Size 2016: €44bn
2006-2016 CAGR +7.9%

- Key long-term growth drivers:
  - Affluent middle-class demographics
  - 1,000 days awareness
  - Journey Management
  - Tailored Nutrition (allergies, etc.)

Balance Sheet

- NET SALES
- Net Income
- Operating Income
- Capital Expenditure

*Euronomitor

(1) Market share in relevant Danone scope (only in sub-categories & countries we play in)
Advanced Medical Nutrition

Category

Size 2016: €5bn
2014-2016 CAGR +6.8%

> Key long-term growth drivers:
- Ageing population and prevalence of chronic diseases
- Growing investment in healthcare infrastructure in developing markets
- Rising importance of outpatient care

Top 3 countries

United-Kingdom
China
Germany

Category

NET SALES

€1.6bn
#1
37% Market Share (1)

* Internal data
(1) in relevant Danone scope (only in sub-categories & countries we play in)
(2) Market share in relevant Danone scope (only in sub-categories & countries we play in)
An unparalleled portfolio of 100% healthy diet categories

New Danone

- Essential Dairy & Plant-based - Noram
- Essential Dairy & Plant-based - Int'l
- Specialized Nutrition
- Waters

* Excluding Stonyfield
« My food, my health » revolution: consumers disrupt retail as shoppers
The battle for shelf space


BY ANNE GASPARRO

America’s packaged-food giants are losing the battle for retailers’ shelf space, complicating their efforts to break out of a yearslong slump.

Instead of promoting canned soup, cereal and cookies from companies like Kraft Heinz Co., Kellogg Co. and Mondelez International Inc., grocery stores are choosing to give better play to fresh food, prepared hot meals, and items from local upstarts more in favor with increasingly health-conscious consumers.

“We've got to maximize return on our shelf space,” said Don Fitzgerald, vice president of merchandising at Mariano’s, a Chicago grocery chain bought by Kroger Co. in 2015. Shoppers, he said, are drawn to steamy pasta at the store’s deli counter, rather than a box of dried macaroni with powdered cheese sitting on the shelf for weeks.

New Jersey-based ShopRite
« My food, my health »

Shelf Space Conversion

USA – total grocery 2014 – 2016
Change in Aisle feet

> Total F&B : +3%

> Top 10 categories : +19%

Non RFG | +18% | Total food

-36 ft |  +85 ft |  +3%

-3% |    +85 ft |    +3%

-100 |    -100 |
Customers/retailers looking to develop alternative, consistent approaches

“Organics hit on all three levers Costco pulls to enhance its value proposition.”

Costco Organic Sales

> CVS is overhauling stores to re-ignite its sales
> 50% stores upgrade food offering
> Moving healthy food near cash register
Danone and WhiteWave already recognized for their Category Leadership and Partnership

<table>
<thead>
<tr>
<th>Manufacturers</th>
<th>Overall performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dannon</td>
<td>1</td>
</tr>
<tr>
<td>Chobani</td>
<td>1</td>
</tr>
<tr>
<td>WhiteWave</td>
<td>3</td>
</tr>
<tr>
<td>General Mills</td>
<td>4</td>
</tr>
<tr>
<td>Sargento</td>
<td>5</td>
</tr>
<tr>
<td>Unilever</td>
<td>6</td>
</tr>
<tr>
<td>The Kraft Heinz Company</td>
<td>7</td>
</tr>
<tr>
<td>Hood</td>
<td>8</td>
</tr>
<tr>
<td>Nestlé USA</td>
<td>9</td>
</tr>
<tr>
<td>Organic Valley</td>
<td>10</td>
</tr>
<tr>
<td>Califia Farms</td>
<td>11</td>
</tr>
<tr>
<td>ConAgra Foods</td>
<td>12</td>
</tr>
<tr>
<td>The Hain Celestial Group</td>
<td>13</td>
</tr>
<tr>
<td>Dean Foods</td>
<td>14</td>
</tr>
<tr>
<td>Bel Brands</td>
<td>15</td>
</tr>
<tr>
<td>Johnson &amp; Johnson</td>
<td>16</td>
</tr>
</tbody>
</table>

Source: Advantage Report™ – FMCG
Dannon - Refrigerated - Dairy (Grocery/Mass/Club/Value Channels) / Performance based on Net Favorable rank  USA 2016 © The Advantage Group International, Inc.
Customers/retailers looking to develop alternative, consistent approaches

May 2017

- 3-week event branded ‘Helpful Little Swaps’: focused on making it easier for shoppers to eat healthier
- “Removed 8,000 tons of sugar, salt & fat from products since 2015”
- Danone part of the top 10 branded Global Packaged Partners

‘The Healthiest Place to Work and Shop’

UK Market share: 27.5%*
Over 3,400 Stores

* Kantar Worldpanel 03/04/2017 Latest 12 weeks

April 2017

- #11 global biggest food retailer
- #2 French global biggest retailer
- 3,800 retail shops
- 16 countries
- Danone in the top 10 suppliers

‘Activits for good, healthy, and local’

Source: company website
Shifting consumer trends

New relationship to food and drinks

Small and local brands

Small, local are the new big

Transparency

People behind brands
Why does local matter?

To cook or not to cook?

Percentage of dinners eaten at home that were actually made at home in the U.S.

- **Time cooking**
  - **- 45mn** (1964 – 2014)
  - **+ 8mn** (1964 – 2014)
  - Participating: 35% → 43% (2003 – 2014)

- **Time eating**
  - **+13mn** (1986-2010)

Source: NPD group
Why does local matter?

France vs USA: eating time during the day

Sources: Insee and Bureau of Labor Statistics, American Time Use Survey, and ERS, Eating and Health Module
Growth comes from small / local brands

<table>
<thead>
<tr>
<th>Category</th>
<th>Top 100 brands sales growth</th>
<th>Category growth 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Soft drinks</td>
<td>1.3%</td>
<td>4.6%</td>
</tr>
<tr>
<td>Bottled water</td>
<td>1.3%</td>
<td>7.7%</td>
</tr>
<tr>
<td>Baby food</td>
<td>-1.6%</td>
<td>6.9%</td>
</tr>
<tr>
<td>Cereals</td>
<td>-5.5%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Candy &amp; snacks</td>
<td>-0.3%</td>
<td>5.3%</td>
</tr>
<tr>
<td>Dairy</td>
<td>1.5%</td>
<td>3.9%</td>
</tr>
<tr>
<td>Frozen ice cream &amp; desserts</td>
<td>-7.8%</td>
<td>4.0%</td>
</tr>
<tr>
<td>Processed meat &amp; seafood</td>
<td></td>
<td>2.2%</td>
</tr>
<tr>
<td>Rice, pasta &amp; noodles</td>
<td>-0.4%</td>
<td>4.1%</td>
</tr>
</tbody>
</table>

Source: 1. Ad Age report / Category growth Top 100 Jun 2015 (52 weeks) 2. Euromonitor data packaged food & soft drinks value growth rate % 2016
Small and local brands become the new “big”

<table>
<thead>
<tr>
<th>Year</th>
<th>Global FMCG brands</th>
<th>Local / regional FMCG brands</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>55.5</td>
<td>44.5</td>
</tr>
<tr>
<td>2014</td>
<td>54.5</td>
<td>45.5</td>
</tr>
<tr>
<td>2015</td>
<td>53.8</td>
<td>46.2</td>
</tr>
<tr>
<td>2016</td>
<td>52.8</td>
<td>47.2</td>
</tr>
</tbody>
</table>

% share value

Danone expertise in growing local brands

Net Sales, mBRL

- 2010: 0
- 2011: 50
- 2012: 100
- 2013: 200
- 2014: 300
- 2015: 400
- 2016: 600

Net Sales, mBRL

- 2010: 0
- 2011: 50
- 2012: 100
- 2013: 200
- 2014: 300
- 2015: 400
- 2016: 600
Danone an active contributor of this shift: growing local brands portfolios

CIS
Net Sales, mRBL

Mizone
Net Sales, mRMB

Egypt
Net Sales, mGEP, w/o IC

Aqua
Net Sales, mIDR

Small, local are the new big
Consumers behind the shift to small / local

Willingness to pay more for products that are grown or made locally

72% Prosumers
60% Mainstream consumers

Sources: BETC/Havas’s Eaters Digest study, “The Future of Food”.
Shifting Danone’s growth engines

Dairy Young Brands:
+10% net sales growth LfL in Q1 2017
Inventing global corporate capabilities to fit the shift to local

A NEW TEAM
MADE OF OUR 15 REGIONAL LEADERS

ONE DANONE / 30 clusters live

- Closer to markets, faster decisions
- Empowered on global decisions
- Regional alignment and collaboration

- Backbone for key functions
- Localised relevance
- Mutualization of expertise
Empowering local business decisions

“There is a global trend to increase the number of regions in top 40 FMCG companies, to be closer to consumer reality”
Heidrick & Struggles, 2017
Simplify and fit the shift to local
ex: Activia

FROM

Global Brand Team

EU Brand Team

Cluster Brand Team

Country Marketing

Consumer Customer

TO

EU Brand Team + global overlay

Cluster Brand Team

Country Activation

Consumer Customer

Brand positioning decisions
Shifting consumer trends: Transparency

New relationship to food and drinks

Small and local brands

Small, local are the new big

Transparency

People behind brands
Consumer Insights

Transparency

> 62% of consumers: “it’s essential for a company to be completely transparent about all of its business practices (e.g. supply chain, donation activity, etc.)”

Minimally processed / naturality

> 50% of consumers: “I often eat/drink/take natural / minimally processed products to improve my wellbeing”

Source: Kantar Futures
Danone uniquely positioned to address naturality, simplicity

Most of Danone products are:

- Untouched by man
  - Spring water
- Minimally Processed
  - Fermentation: main natural process of transformation
- Natural / Non-GMO / Organic
- Special Care
  - Baby food grade
  - Medical science based ingredients
Danone driving its nutritional agenda

Danone nutrition policy

- No preservatives
- No artificial coloring
- No artificial flavoring
- Ca sourced directly from milk

Sugar reduction 2014-2017

- Brazil: -34%
- Mexico: -31%
- Spain: -27%
- Russia: -15%
- Germany: -11%
- France: -2%
Mars First Confectionery Company to Launch Front-of-Pack Nutrition Labeling Globally
Transparency
The power of the word “natural”
The case for GMO labeling in the USA

Sales of foods labeled as non-GMO

2012: $12.9 Bn
2016: $21.1 Bn (+64%)

% of non-GMO food and drink products launched

2011: 3%
2015: 17%

Sources: Nielsen, Food Science, Mintel Report, April 2016, The NPD Group/National Eating Trends®, Years ending February
The case for GMO labeling in the USA: consumers expect brand activism

- “Just Label It” campaign to advocate for labeling of GMO foods in the U.S.
- Senate reviewing the regulation
- $400m reported to be spent by corporates to fight the bill
- Does not sign the GMA petition
- Endorses “Just Label It” campaign
- Pledges to label GMO presence on pack by end of 2017, even if not required

Sources: Thompson Reuters

93% of Americans want labeling on genetically modified foods
Shifting consumer trends: vote for people behind the brand

New relationship to food and drinks

Small and local brands

Small, local are the new big

Transparency

People behind brands
People/founders are more important than brands
Authentic activists
People/founders are more important than brands
Authentic activists

Brendan Brazier
Formulator and Co-Founder Of Vega
Brendan Brazier is a former professional Ironman triathlete and two-time Canadian 50km Ultra Marathon Champion. He is now a successful performance nutrition consultant, the bestselling author of the Thrive book series and formulator of the award-winning line of plant-based Vega nutritional products.

Our Story
Wallaby Yogurt Company was born out of an adventure that began Down Under. During the Christmas season of 1992, founders Jerry and Faith traveled to Australia for vacation. They were awed by the country’s many natural wonders but interestingly enough, one of their most impressive discoveries turned out to be the yogurt. It was fresh, subtly sweet, and creamy in a way that they weren’t used to finding in the U.S. They wondered why this style of yogurt was not available back home. They were sure that Americans would enjoy its unique qualities. Being somewhat naïve, but genuinely inspired, Jerry and Faith decided to quit their technology industry jobs and dedicate themselves to building a yogurt company that would make this happen. They already knew what they would name it — Wallaby Yogurt — in honor of where the idea got its start.
The people behind the brands

Who is most trusted spokesperson to speak about:

- Employees
- Customers
- Ethics
- CSR
- Innovation
- Financials

Employees by far most trusted source of information

Edelman 2017 – Global Trust barometer
The people behind the brands

Edelman 2017 – Global Trust Barometer

> «The Edelman Trust Barometer reveals the largest-ever drop in trust across the institutions of government, business, media and NGOs.»

> «Of the four institutions, business is viewed as the only one that can make a difference.»

> «Business is the last retaining wall for trust.»

Kathryn Beiser, global chair of Edelman’s Corporate practice.
The case for big food to be part of the solution

The cost of global burden

Est. annual global direct economic impact associated with selected global burdens (as % of GDP)

- Climate Change: 1.3%
- Food waste: 1.3%
- Antimicrobial resistance: 1.6%
- Alcoholism: 1.9%
- Obesity: 2.7%
- Biodiversity & economic impact: 3.1%

The opportunity for embracing opportunities

Value of incremental market opps in 2030

- Forest ecosystem services: $365bn
- Agricultural solutions: $665bn
- Food loss & waste: $685bn
- Healthy lifestyle: $835bn

Source: World Business Council For Sustainable Development

Evian 2017 - Investor Seminar
DON’T USE THIS COFFEE CUP

Let’s just say that a certain coffee company’s $3 billion in net sales is only half from drinks sold in disposable cups (probably being conservative), and then say that those drinks are $4 apiece (probably on the high side). That’s 375,000,000 cups per year, tossed in a trash can and taken to a landfill. If you drive through a coffee shop — any coffee shop, not just Starbucks — for your morning coffee on the way to work every day, that’s 260 disposable cups you throw away every year.

How about you remember to use one of those six reusable “travel mugs” you have sitting in a cupboard at home next time? And every time after that.

SEMI-RAD

semi-rad.com
DON’T BUY THIS BOTTLE OF WATER

The average American uses 167 single-use plastic water bottles every year. The average American throws away 144 of those single-use plastic water bottles, and they end up in a landfill. The process of manufacturing those bottles uses 1.5 million barrels of oil, which could fuel 100,000 American cars for an entire year.

Tap water in the USA is treated, publicly available and practically free. Bottled water companies are not selling you water, they’re selling you a bottle. For the cost of a half-dozen bottles of Dasani or Aquafina, you can buy a sturdy water bottle that you can fill up for free, for years.

SEMI-RAD

(statistics from droptheprop.info)
Patagonia made a splash on Black Friday

DON'T BUY THIS JACKET

URGING CUSTOMERS NOT TO SHOP
Patagonia campaigning

COMMON THREADS INITIATIVE

REDUCE
WE make useful gear that lasts a long time
YOU don’t buy what you don’t need

REPAIR
WE help you repair your Patagonia gear
YOU pledge to fix what’s broken

REUSE
WE help find a home for Patagonia gear
you no longer need
YOU sell or pass it on*

RECYCLE
WE will take back your Patagonia gear
that is worn out
YOU pledge to keep your stuff out of
the landfill and incinerator

REIMAGINE
TOGETHER we reimagine a world where we take
only what nature can replace
Competitive Overview

Patagonia

- Brand reputation: Innovative designs, quality products and environmental conscience
- Green Marketing approach: “Don’t buy what you don’t need” campaign
- Worn Wear program
- Create solutions and awareness for environmental causes
- Annual sales in the following two years grew 40%

https://www.behance.net/gallery/566423-Patagonia-Campaign

Karen's slide
January 2016: Disruptor brand aggressively attacking category leaders

- Chobani ad vs Dannon Light & Fit

Legal injunction successful to ban the ad

- Chobani ad vs Yoplait Greek 100
February 2016: Just Label It Campaign Support

- Dannon supports “Just Label It” campaign
- Dannon announces it would label GMO’s presence on pack before end-2017, even if not required
April 2016: Offering US consumers the choice of non-GMO dairy brands
The Dannon pledge stands for sustainable agriculture, naturality, and transparency.

- **Sustainable Agriculture**: We pledge soil, water, animal welfare, carbon & energy, and biodiversity.
- **Naturality**: We pledge fewer ingredients, more natural ingredients, non-GMO ingredients, and non-GMO fed cows milk.
- **Transparency**: We pledge the label presence of GMOs regardless of government requirements by end 2017.
We are unique in the scale and impact of our transformation, investing in Non-GMO down to the feed.

**Brands**
- 3 Flagship Brands

**R&D**
- 75% products reformulated

**Ingredients**
- Sugar
- Starches
- Flavors
- Sweeteners...

**Milk**
- 1.3 Billion LB of Milk
- 45,000 cows
- 65,000 forage acres

**Manufacturing**
- 50% volumes
By 1H 2019, Brand Dannon, Danimals, and Oikos will be Non-GMO Project Verified.
Dannon brand turned activist

Vance Crowe @VanceCrowe
The only way this will stop, the only way to keep companies from going in the wrong direction is to react with disdain @Dannon

Vance Crowe @VanceCrowe
Director of Millennial Engagement at Monsanto. Former Peace Corps & World Bank. @LongNow Member 5454. I like the Bitcoin meme. You ought to know is. my opinions

St. Louis MO · monsanto.com/whoweare/pages…

Concordia @ConcordiaSummit · 30 Dec 2016
#FlashbackFriday to this session with @Cargill & @Danone. More on sustainable global food supply campaign here: concordia.net/sustainable-gl…

GMWatch @GMWatch
#Monsanto-funded groups object to @Dannon's move to non-GMO feed gmwatch.org/news/latest-ne … #followthemoney
US Pledge progress

> A strategic choice of brands

![Dannon](image1)

![Oikos](image2)

![Dannon](image3)

$1bn sales converted to non-GMO

> A brand turning consumer’s choice activist

Unique competitive advantage

> Only large player with direct milk collection / farmers relationship

> 75% of pledge farms are on unique « cost + » Dannon model

> Only player with full portfolio allowing scale effect

> Improving Oikos competitive position (conversion cost on greek formula = 3x yogurt)
Dannon aligning with the shift to transparency

2016 SKU $ growth

- Conventional: +1.5%
- Non-GMO and organic: +13%

Source: Spins data 2016
Climate-friendly brands: evian carbon neutrality

evian will be Danone's first brand to reach the target of zero net carbon, by:

> Reducing its carbon footprint
> Restoring water-linked ecosystems
Climate-friendly brands: Provamel carbon neutrality

2010 - PROVAMEL ACHIEVES CO2 NEUTRAL PRODUCTION
The production of Provamel products becomes fully CO2 neutral.
Danone ELN and breastfeeding support

Danone’s Global Parental Policy
released March 2017

Danone supports the WHO’s global public health recommendation calling for exclusive breastfeeding for the first six months of age and continued breastfeeding up to two years and beyond.

‘Stand by Mums’ in Romania

PUTTING PARENTS FIRST

SAMAS
Sănătate pentru Mame și Sugari

1000
WHAT YOU DO AND EAT IN THE FIRST 1000 DAYS, MAKES A DIFFERENCE FOR THE REST OF YOUR LIFE

DANONE’S COMMITMENT TO HEALTH AND NUTRITION IN THE FIRST 1000 DAYS

Position Paper
Brand reputation constituencies

Corporate ethics grew to nearly half of brand reputation

<table>
<thead>
<tr>
<th>Global</th>
<th>France</th>
</tr>
</thead>
<tbody>
<tr>
<td>41%</td>
<td>43%</td>
</tr>
<tr>
<td>12%</td>
<td>13%</td>
</tr>
<tr>
<td>15%</td>
<td>15%</td>
</tr>
<tr>
<td>14%</td>
<td>16%</td>
</tr>
</tbody>
</table>

Workplace: 12% (Global), 13% (France)
Governance: 15% (Global), 15% (France)
Citizenship: 14% (Global), 16% (France)

Source: 2017 France RepTrak – Reputation Institute
Balancing shareholder interests with benefits for people, the planet and society

DanoneWave’s specific goals:

> Encourage dietary practices in line with Danone’s mission to “bring health through food to as many people as possible”

> Promote a model of sustainable growth to:
  - Create economic and social value in the interest of key stakeholders
  - Improve the impact of its activities on the environment
Danone weaving « corporate activism » into strategic retail partnerships

Doug McMillon, Walmart CEO: “I want to congratulate Danone on announcing your intention to become certified as a B-Corp. We know that customers are increasingly informed. To earn and maintain their trust, companies should continue to make thoughtful and sustainable decisions when it comes to how we do business. I hope your work inspires others.”
The B-Corp movement
A proxy for the people behind the brands

Certified B Corporations (B-Corps) meet the highest standards of overall social and environmental performance, transparency, and accountability and aspire to use the power of business to solve social and environmental problems (‘Business as a force for good’)
The B-Corp movement and Danone

2015-2017

- 1,250 → 2,140 companies, SMEs
- 38 → 50 countries
- 130 industries, mostly B2C
- 25,000 companies use the assessment tool

> A unique Danone – B-Lab partnership
Next step: a new corporate signature

Express Danone’s role in the Alimentation Revolution
Revolution accelerators

SHIFTING CONSUMER TRENDS

POLITICS ARE BACK IN THE GAME

PEOPLE WANT TO LIVE AND WORK DIFFERENTLY
Revolution Accelerator: politics are back in the game

2015-2017 facts

- Global trade down after 2008
- Tariffs / protectionism
- Europe / Brexit
- Elections
- Water conflicts
- Health / obesity / sugar tax

Businesses and brands to act as citizens
Think and act as citizens
Danone: most preferred brand in France*

DANONE

#1 Consumer brand

#2 Company brand
   (E.Leclerc #1, Google #3 )

#1 in Quality Products

#1 in Social Responsibility

* Brand reputation survey 2017 via voice

“IT’S HEART-WARMING THAT E.LECLERC AND DANONE INSPIRE ‘STRONG CONFIDENCE’ AMONG 2/3 OF FRENCH PEOPLE.

AND, BY THE WAY, TOP 5 COMPANIES ARE FRENCH.”

MICHEL-EDOUARD LECLERC, E.LECLERC CEO
Think and act as citizens
Aqua: I am Indonesia

A celebration of expressing pride of why we are Indonesia

“SAYA INDONESIA”
I am Indonesia
#TemukanIndonesiamu
Think and act as citizens
Aqua: I am Indonesia

Bringing the Indonesian values into life
2 Indonesian young designers, 4 unique values, 15 designs …
Think and act as citizens
Aqua: I am Indonesia
Think and act as citizens
Build business and brands with:

... local / regional partners

... families

... public sector, NGOs
Danone: unique strategic toolbox designed for citizenship
Revolution accelerators

SHIFTING CONSUMER TRENDS

POLITICS ARE BACK IN THE GAME

PEOPLE WANT TO LIVE AND WORK DIFFERENTLY
Revolution Accelerator: people want to live and work differently

Millennials want to work for a purpose

56% of millennials consider impossible any collaboration with a company that does not take into account the social dimension in its project.

49% refuse missions that go against their ethical principles

Reason for choosing a job:
« the sense from my work is the strongest reason for choosing a job »
(#1: great place to work, #2: innovative mindset)

92% of the 2016 graduates: « it’s important for me to join a company with a strong CSR »

Source: Deloitte

Source: BNP PARIBAS – « La grande InvaZion ? »

Source: Accenture Study
Danone employer branding campaign
Danone People Survey (2015)
What is it?

- **3** weeks Administration
  (14 Sept – 4 Oct)
- **35** languages
  37% online and 63% paper
- **92,275** employees invited
  (-5% / 2013)
- **101** Questions for all Danoners
  49 supplementary items for Executives
- **32,690** employee comments
- **89%** Response rate
  (vs. 88% in 2013)

towerswatson.com © 2015 Towers Watson. All rights reserved. Proprietary and Confidential. For Towers Watson and Towers Watson client use only.
Danone People Survey 2015

- I fully support the values of the company: 92%, +4
- I recommend Danone as a great place to work: 88%, +4
- My team is able to meet effectively the work challenges that we face: 89%, +5
- Morale in my team is generally high: 74%, +7

Delta vs FMCG norm [900,000 employees]
Danone People Survey 2015

My CBU has established a positive climate where people can challenge our traditional ways of working.

Delta vs FMCG norm [900,000 employees]

**ENGAGEMENT**
- 88%
- +4

**EMPOWERMENT**
- 82%
- +4

**ENERGY**
- 74%
- +4

- 77%
- +10

High performing companies

towerswatson.com
Workplace: a unique collaborative platform to connect 50,000 Danoners to lead the transformation

- 1st FMCG to launch Workplace by Facebook
- 50,000 Danoners
- 7,000 users online at least once a day
- 600 to 700 active groups/day
Danone People Survey 2015
Execs: the winds of change

What will be the **negative** consequences of the changes?

- operating efficiency
- management
- proximity
- structural organization
- transformation
- corporate culture
- loss
- workload
- change
- complexity
- organization
- speed
- focus
- difficult
- decision process
- structure
- level
- clear
- high
- new
- costs
- teams
- stress and pressure
- risk
- talent management
- empowerment
- international aspects
- atmosphere
- strategy
- leadership

What will be the **positive** consequences of the changes?

- operating efficiency
- decision process
- evaluation
- voice
- leadership
- alignment
- focus
- long term
- respect and ethics
- clear
- opportunities
- new
- organization
- external
- future
- higher
- level
- change
- team
- relations between departments
- risk
- strategy
- compliance
- international aspects
- skills
- talent management
- career and mobility
2015-2020: shaping the unique Danone organization

An adolescent organization as a tribe for purpose-driven and business-focused entrepreneurs

2015
2015-2020: shaping the unique Danone organization

An adolescent organization as a tribe for purpose-driven and business-focused entrepreneurs

Centralized, overweighted pyramids are shaping their own obsolescence
2015-2020: shaping the unique Danone organization

An adolescent organization as a tribe for purpose-driven and business-focused entrepreneurs

Centralized, overweighted pyramids are shaping their own obsolescence

Design a collaborative, lean organization, fit for the future of food revolution
The start of the Danone 2020 transformation

Revolution Accelerators for Danone

Delivering on a recrafted preparation agenda

2014–2016

2015–2017

2017–2020

FIT TODAY AND TOMORROW
2017-2020: an agenda fit for today and tomorrow

Consistent EPS growth
2017 guidance: double-digit recurring EPS growth

- Double-digit recurring EPS growth at constant exchange rate
- Moderate Sales Growth*
- Sustained Recurring Operating Margin Improvement*

* “LFL New Danone” basis
2017-2020: key enablers are in place

PROGRAM PROTEIN
1 bn €

BEYOND BUDGET
2017-2020: Stronger local empowerment to enable speed, relevance and consistency

A TIGHTER EXCOM

A NEW TEAM
MADE OF OUR 15 REGIONAL LEADERS

ONE DANONE / 30 clusters live

Increased focus and speed
Team work and integration
Delegation

Closer to markets, faster decisions
Empowered on global decisions
Regional alignment and collaboration

Backbone for key functions
Localised relevance
Mutualization of expertise
2017-2020: Step up our ability to seize consumer shifting opportunities and work more efficiently

2 NEW ROLES

EVP Growth & Innovation

- Drive seamless cooperation process among all topline and innovation functions
- Provide framework and platforms for category growth and innovation
- Identify and drive transversal/cross category opportunities

EVP Resources Efficiency

- Drive transversal spend efficiency
- Balance short/mid/long-term efficiency/sustainability
- Integrate operations into «Strategic Resources Cycles»
- Provide resources and sourcing for «Manifesto Brands»
Danone: a unique category portfolio fit for growth

Category size & growth
Value MSP | $bn | Current Prices | Year-on-Year Exchange Rates

Bubble size = 2016 category size
- $ 25 bn
- Danone categories
- Other NAB categories
- Other packaged food categories

Forecasted growth (CAGR ’17-19 in value)
Historical growth (CAGR ’06-16 in value)**

Source: Source: Euromonitor (packaged food), Canadean (NABs), except for AMN: internal data (AMN category size only in Danone relevant scope). (*) Excl. China; (**) AMN: historical growth CAGR ’14-16
Evian 2017 - Investor Seminar
7 reasons why Danone is uniquely placed to embrace the Food Revolution opportunity

1. Passion for Alimentation, concrete business impact and growth
2. Leading brands in 100% healthy diet categories, broad, well-balanced geographical footprint
3. Self-disrupted and reinvented DNA, agile and adaptive organization
4. Commitment for collective efficiency
5. Pioneer, innovative sustainability platform & expertise
6. People-centric culture, fitting new ways to work, live and engage with brands & companies
7. Managing time horizons: execute & deliver today, prepare and build tomorrow
7 challenges by 2020 to unlock addressable growth

1. Execute current competitive plans to regain growth leadership
2. Accelerated play on small / local brands & competitive game
3. Accelerated shift towards new channels / impulse / moments of consumption
4. Engage with consumers in a totally new way for brands (Manifesto)
5. Be ready for emerging countries recovery to new normal
6. Execute efficiencies to fuel growth
7. Self-disrupt the organization to fit the full addressable growth opportunity
More details and evidence on our agenda for the 2 days

**Wednesday, May 17th**

- **Arrival**
- **Introduction - Emmanuel Faber** 2.00pm - 3.00pm
- **Fit for Growth today & tomorrow - Paco Camacho** 3.15pm - 4.15pm
- **Protein - Gustavo Valle & Susanne Luick-Nijboer** 4.45pm - 5.30pm
- **Q&A** 5.30pm - 6.15pm
- **Dinner & Drinks from 8.00pm**

**Thursday, May 18th**

- **DanoneWave**
  - Introduction - Lorna Davis: 8.30am - 8.50am
  - Operations – Blaine McPeak: 8.50am - 9.30am
  - Zoom on synergies & Conclusion – Lorna Davis: 9.30am - 9.50am
- **Q&A** 9.50am - 10.15am
- **Tasting WW Stands** 10.30am - 11.45am
- **Workshops** (US pledge + Bcorp + Healthier nutrition) 11.45am - 1.00pm
- **Finger Lunch** 1.00pm - 2.30pm
- **Q&A** 4.45pm - 5.15pm
- **Strengthening the Economic Model - Cécile Cabanis** 5.30pm - 6.15pm
- **Q&A** 6.15pm - 7.00pm
- **Conclusion - Emmanuel Faber** 7.00pm - 7.30pm
- **Dinner from 8.00pm**
Evian 2017 - Investor Seminar

Fit today and tomorrow

Emmanuel FABER
Chief Executive Officer

Evian 2017 - Investor Seminar
Financial indicators not defined in IFRS

Financial indicators not defined in IFRS, used by Danone and presented in this document

These indicators are calculated as follows:

**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;
- changes in applicable accounting principles;
- changes in exchange rates, (i) 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 year), and (ii) correcting differences caused by the exceptional volatility of inflation in countries that are structurally subject to hyperinflation, which would otherwise distort any interpretation of Danone’s organic performance.

“Like-for-like New Danone” changes (or “Like-for-like including WhiteWave starting April 2017” changes) in sales, recurring operating income and recurring operating margin reflect the organic performance of Danone and WhiteWave combined. This indicator corresponds to like-for-like changes for Danone and WhiteWave combined, considering the activity of WhiteWave as a whole by integrating its companies during the fiscal years prior and following their acquisition in April 2017:
- from April 1 to December 31 for periods compared until 2017 included;
- from January 1 to December 31 for periods compared in 2018.

Financial data related to periods prior to the closing date and used to calculate “like-for-like New Danone” changes are extracted from the historical income statements of, respectively, Danone (prepared in euros under IFRS) and WhiteWave (prepared in US dollars under US-GAAP). However, to ensure that these can be compared with the income statement of Danone and WhiteWave combined, they are adjusted as follows:
- WhiteWave’s income statements for periods prior to the closing date have been restated to reconcile them with Danone’s accounting principles;
- the effect on the income statement of the purchase price allocation of WhiteWave is also reflected in periods prior to the acquisition.

**Recurring operating income** is defined as Danone’s operating income excluding Other operating income and expenses. Other operating income and expenses is defined under Recommendation 2013-03 of the French CNC (format of consolidated financial statements for companies reporting under international reporting standards), and comprises significant items that, because of their exceptional nature, cannot be viewed as inherent to its recurring activities. These mainly include capital gains and losses on disposals of fully consolidated companies, impairment charges on goodwill, significant costs related to strategic restructuring and major external growth transactions, and costs related to major crisis and major litigations. Furthermore, in connection with IFRS 3 (Revised) and IAS 27 (Revised) relating to business combinations, the Company also classifies in Other operating income and expenses (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 the Recurring operating income over Net sales ratio.

**Recurring EPS** (or Recurring net income – Group Share, per share after dilution) is defined as the Recurring net income over Diluted number of shares ratio.