



**DANONE**  
ONE PLANET. ONE HEALTH

## On track and accelerating towards 2020 objectives and 2030 goals

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Cécile Cabanis  
CFO



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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”, “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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- *Q3, Q4 and FY2018 reported figures take into account application of IAS29 (Financial reporting in hyperinflationary economies) to Argentina from July 1, 2018, with effect on January 1, 2018. All references in this presentation to “like-for-like” changes, recurring operating margin, Recurring EPS and free cash flow correspond to financial indicators not defined in IFRS. Please refer to the FY2018 results press release issued on February 19, 2019 and to the Q1 2019 sales press release issued on April 17, 2019 for further details on IAS29, 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 half-year interim financial report and annual registration document.*
- *Due to rounding, the sum of values presented in this presentation may differ from totals as reported. Such differences are not material.*



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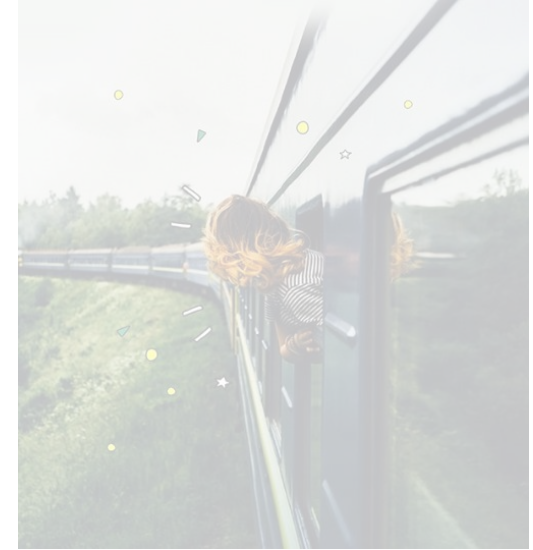
Driving portfolio transformation

2



Balanced value creation delivery

3



Confidence towards 2020 acceleration

# Our long-term strategic roadmap

Leading the way to create and share sustainable value

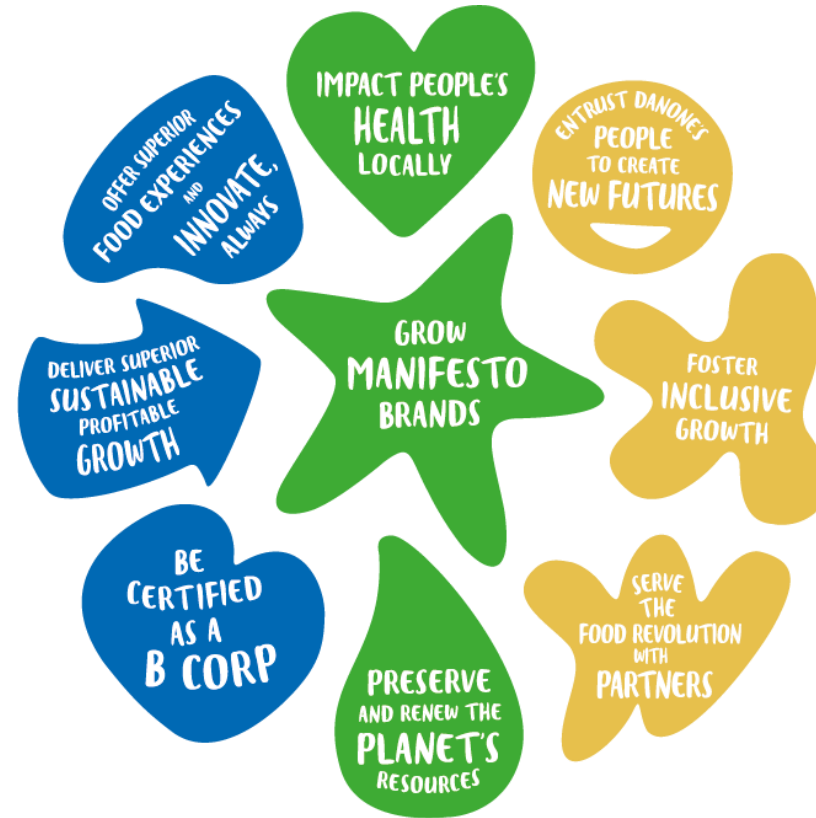


**DANONE**  
ONE PLANET. ONE HEALTH

2030  
GOALS

OUR  
BUSINESS  
MODEL

OUR BRAND MODEL



OUR  
TRUST  
MODEL

# What makes us a unique investment proposition in the Food & Beverage space

## Uniquely fit to address the Food Revolution

### Healthier



**89%<sup>(1)</sup>**  
of volumes sold  
recommended for  
daily consumption

### Local



**~56%**  
of sales from  
local brands

### Leades



**#1 or 2**  
position in  
all markets

### Responsible



**~30%**  
of sales covered by  
B corp™ certification

### Agile



**~25%**  
of sales from  
innovation

Note: data as of 2018

(1) Refers to water, yogurt and other daily dairy products, baby milks & foods, milks and milk powders, beverages with 0% sugar and medical nutrition. Based on official public health recommendation, these categories are generally suitable for daily consumption.



# Driving transformation through accelerated innovation

## Targeted innovation at speed and scale to enhance value



### MORE INNOVATIONS

~1/4 of net sales in 2018<sup>(1)</sup>  
 +50% vs 2016



### FASTER TIME TO MARKET

40% faster on recent innovations



### DRIVING VALUE

+50% higher net sales/liter in Waters<sup>(2)</sup>  
 +25% higher net sales/kg in EDP<sup>(2)</sup>

(1) Innovations over the last 24 months (2) compared to core range

# Building purpose-led lifestyle brands

## A new world of purpose-driven consumers

~2 out of 3

people choose,  
switch, avoid  
a brand based  
on its stand on  
social issues

gender equality



transparency



circular economy



support to farmers

### FASTER GROWTH

Purpose-led Manifesto brands  
growing **3x more**  
than average

### A POWERFUL JOURNEY

Activated brands to date  
**25% of sales**



Source: 2018 EDELMAN Earned brand



# Transforming consumer reach and engagement

## Optimized brand models for digital era



**DIGITAL MEDIA SPENDING**

> **40%** of total media in 2020 vs. 30% today

**PROVEN IMPACT ON EFFICIENCY & EFFECTIVENESS**

**-30%** cost per contact

**Superior** sales uplift



# Transforming portfolio offerings to target fast-growing channels as consumers increasingly seek immediacy

Convenience    Discounters    E-commerce

growing 3x faster  
than hypermarkets



single-serve    on-the-go

Adapting offerings



Upscaling sales capabilities



byDanone

Source: Planet retail 2016

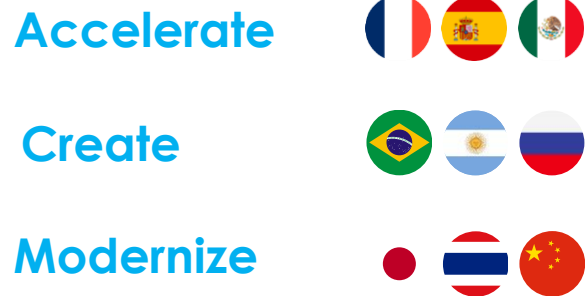
# Taking the plant-based opportunity to the max

## Triple our plant-based business by 2025

### MORE INGREDIENTS



### MORE COUNTRIES



Reaching

~€5bn sales in 2025

### MORE CATEGORIES



### MORE BRANDS

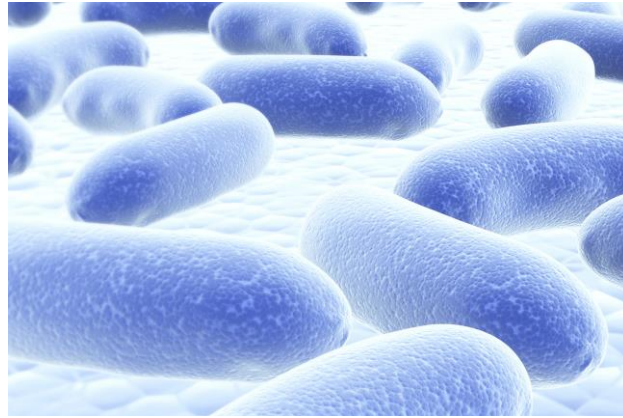




# Disciplined capital allocation to support portfolio transformation

## Research & Innovation

exploring the next frontiers  
> € 300 m / year



## Sustained capex

Investing for organic growth and efficiencies  
~4-5% of sales

## Start up portfolio

investing in future growth businesses  
~€ 250 m investment envelop



## Portfolio management

exiting non-core and optimizing business models

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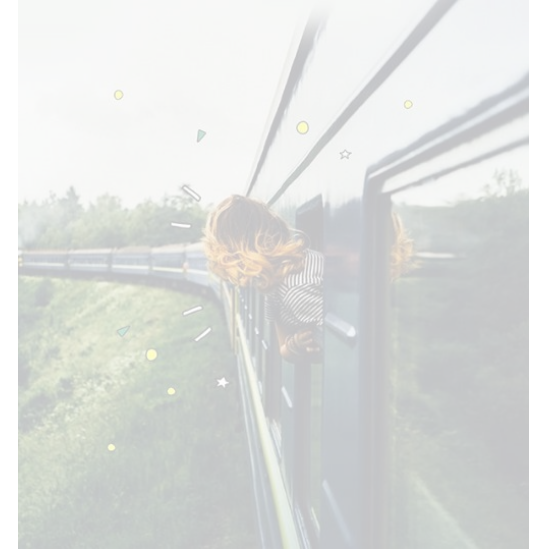
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Confidence towards 2020 acceleration



# We went through step changes in our operating model since 2014

## Balanced value creation model, outperforming industry average

### Agile organization

- Growth and Innovation redesigned
- Mutualized business services
- Global procurement
- Rightsizing and delayering

### Efficiency-focus

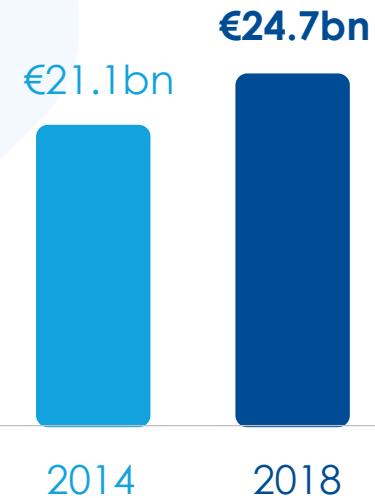
- Protein transformational efficiency program
- Smart spending from indirect cost base
- Aligned incentives

### Resource allocation discipline

- Dynamic quarterly process
- Prioritization of investments
- Monitoring promotion returns

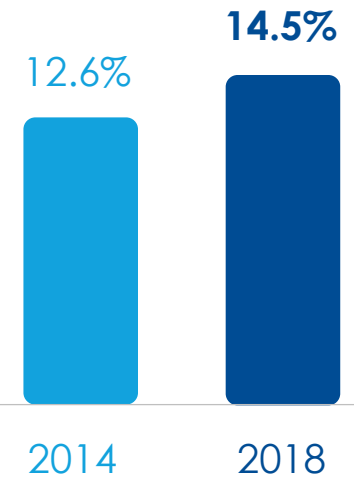
Like-for-like  
sales growth

▼  
**+3.5%**  
2014-18 average

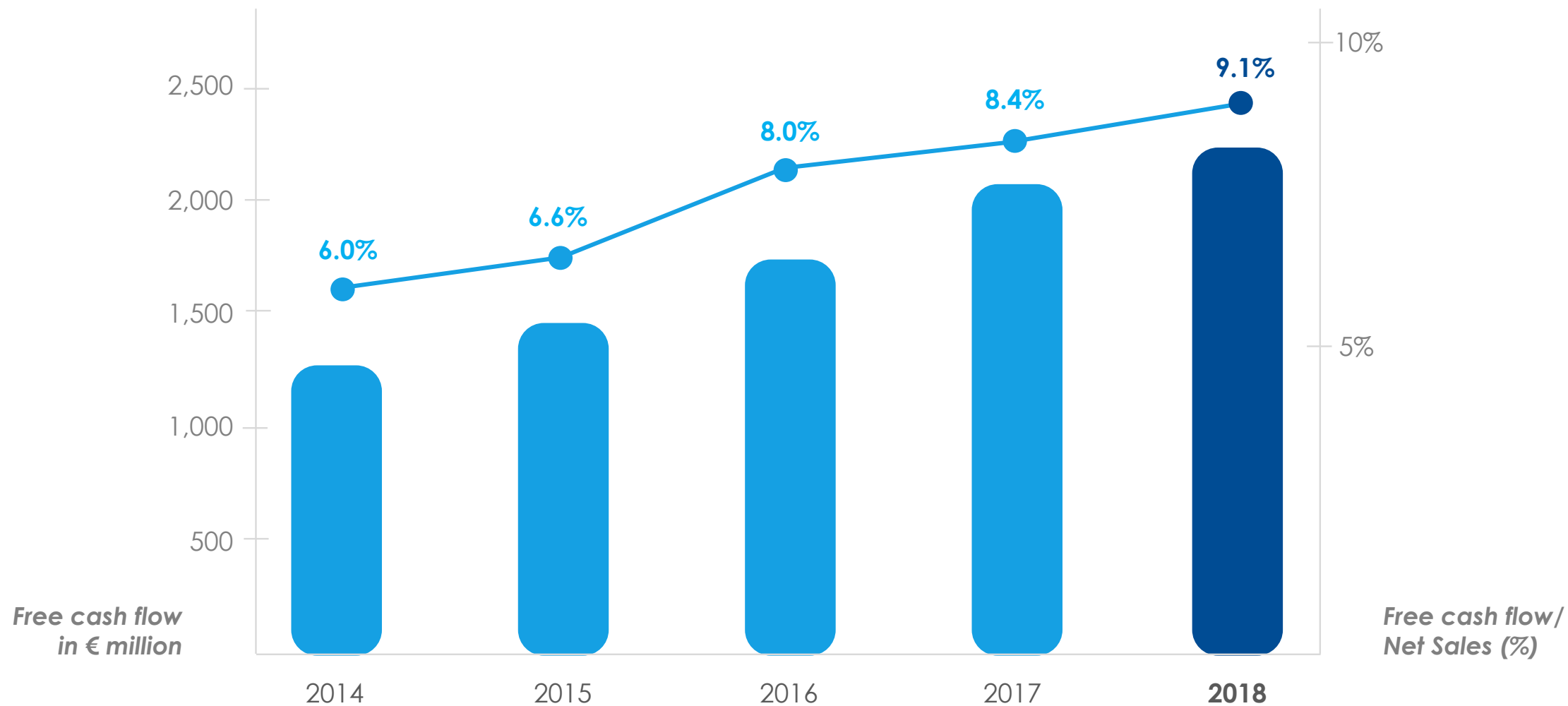


Recurring operating  
margin

▼  
**+190 bps**  
2014-18



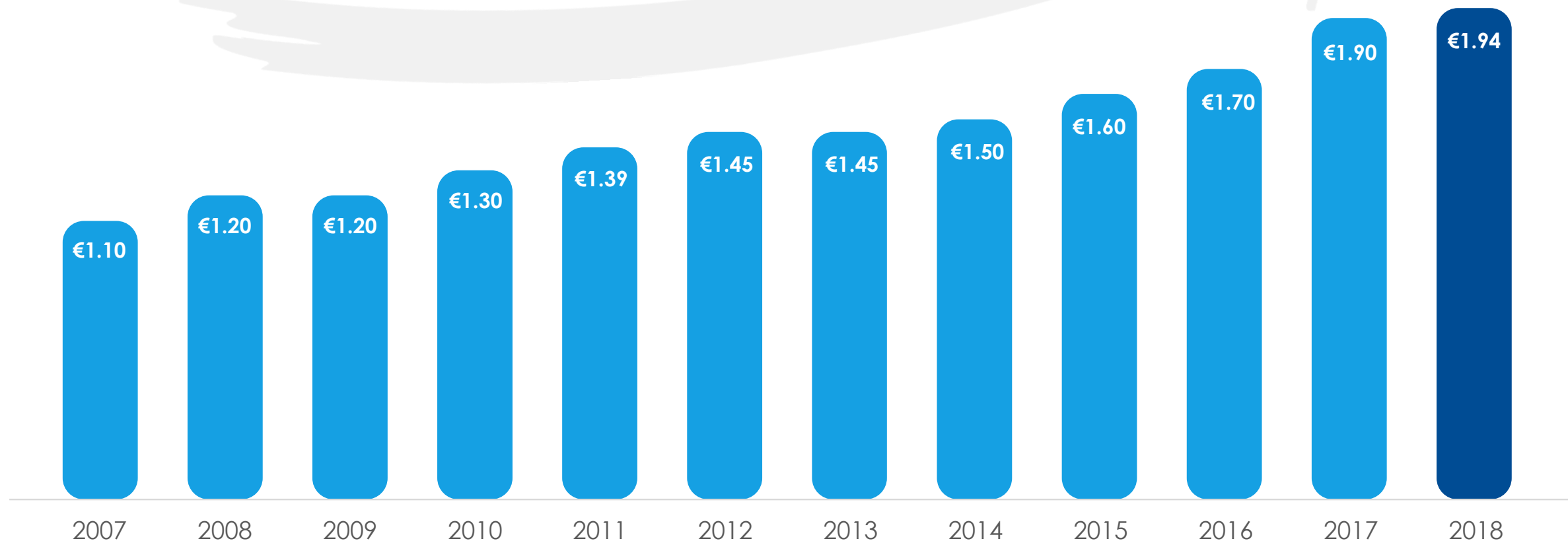
## Accelerated cash conversion Doubled free cash flow over 4 years





# Committed to long term return to shareholders Delivering consistent dividend increase

> 5% CAGR



1



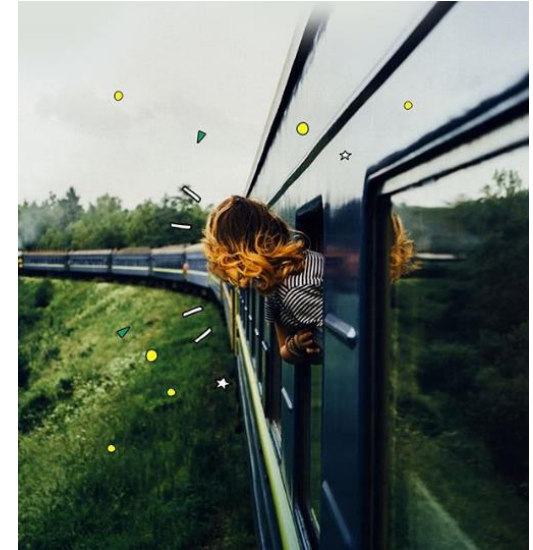
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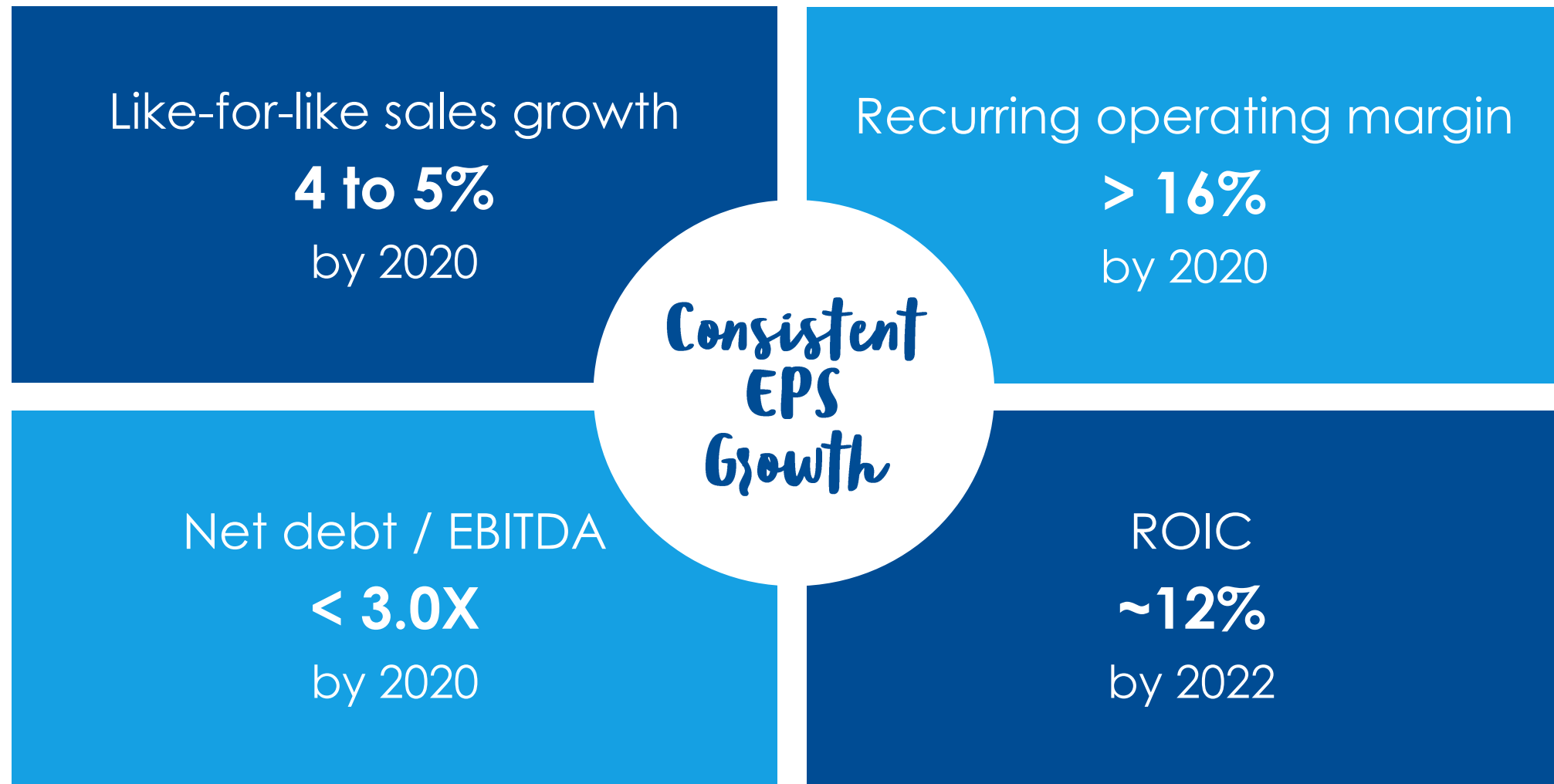


Confidence towards 2020 acceleration



## 2020 objectives reaffirmed

### Driving superior sustainable profitable growth



# Sales growth acceleration towards 2020

## Multiple profitable growth engines

FY 2020

**4-5%**

Like-for-like sales growth

FY 2019

**~3%**

Like-for-like sales growth

Q1 2019

**0.8%**

Like-for-like sales growth



- Portfolio issues tackled: Europe stabilized, Brazil regaining momentum, Morocco back to growth from Q2
- Dairy strategic transformation, triple Plant-based by 2025



- Unique innovative, benefit-focused, global portfolio to grow tailored nutrition opportunity
- ELN China: expansion into lower tier cities and regulation clarified



- Value-added innovations for healthier hydration
- Embed packaging circularity into our brands

# Maximizing efficiencies

Targeting recurring operating margin > 16% by 2020

2020

> 16%

Recurring operating margin

2019

> 15%

Recurring operating margin

2018

14.5%

Recurring operating margin

## Profitable growth



- Value-added innovations
- Targeted price increases
- Improved mix and trading up
- Promotions and trade-terms optimization

## Cost savings and efficiencies



- Protein efficiency program
- Synergies from Whitewave integration
- Organization adaptation
- New and modernized Cycle and Procurement

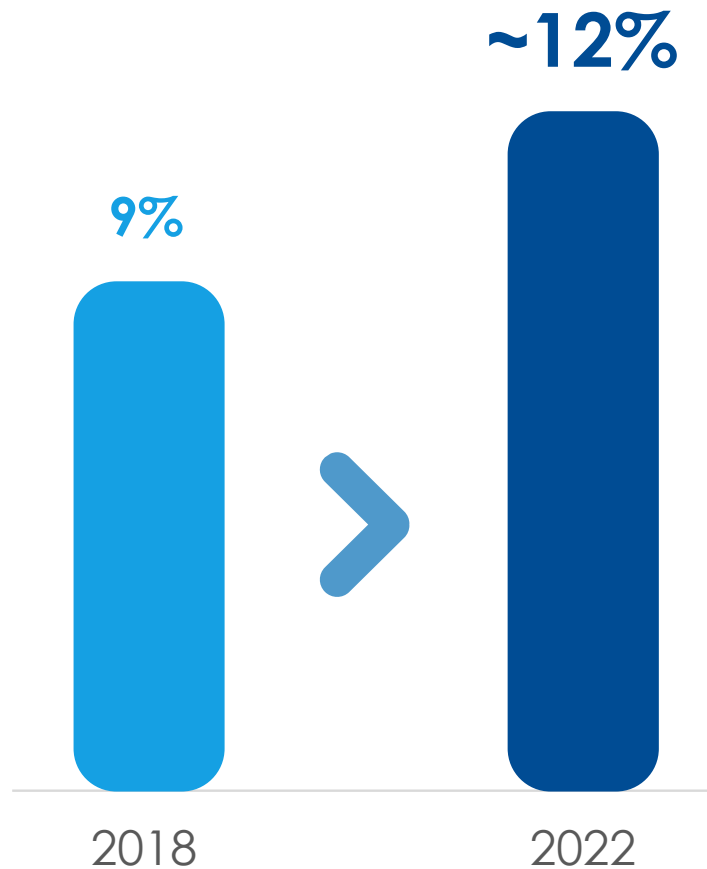
## Active portfolio management



- Disposal of Earthbound Farm organic salad business in the US in Apr-2019
- SKUs rationalization



## Improving return on capital Targeting ~12% ROIC by 2022



### Improve all operating levers to increase NOPAT

- Accelerate growth
- Maximize efficiencies
- Favorable tax rate trend

### Disciplined capital allocation

- Focus on capital management
- Disciplined portfolio organic business development
- Working capital management
- Strict M&A criteria, focused on bolt-on acquisitions and DMV investment

# Danone on the move

## On track and accelerating towards 2020 objectives and 2030 goals

