



DANONE
ONE PLANET . ONE HEALTH

CAPITAL MARKET EVENT

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SHAPING A RESILIENT DANONE READY TO CAPTURE GROWTH OPPORTUNITIES IN CHINA

Bruno Chevot

President Greater China, North Asia and Oceania



CHINA IS A KEY FMCG MARKET AND A KEY MARKET FOR DANONE

MUST-WIN MARKET FOR ANY GLOBAL FMCG

c.20%
of world population
and world GDP

URBANISATION
Up to 65% , +1 pt / year

INNOVATION
35% of T-Mall sales from New Products

PREMIUMISATION
82% Chinese ready to pay more for healthier Food & Beverage

LARGE CONTRIBUTOR TO REVENUE AND EARNINGS FOR DANONE

Large Contributor to Danone's Net Sales



Strongest Contributor to Danone's recurring operating margin

DANONE ALREADY OPERATING IN HIGH POTENTIAL CATEGORIES



INFANT MILK FORMULA (IMF)

2021 Retail Value
€24 bn

18-21 CAGR
+5%

Mid-term CAGR estimate
LOW
Single digit



NON ALCOHOLIC RTD BEVERAGE

€27 bn

+2%

MID
Single digit



MEDICAL NUTRITION

€3 bn

+11%










HIGH
Single digit

Data Source: IMF, World Bank, China Bureau of Statistics, T-Mall, Danone internal data. Note Urbanisation growth since 2018. Premiumisation, 82% Chinese ready to pay more for Food & Beverage without unhealthy ingredients (vs. 68% globally) Data Source: Danone internal. 2021

Data source: Nielsen, Kantar, Smart-path, IQVIA, Danone Estimate Note Medical Nutrition is Paediatric allergy prevention and treatment, IMF challenged growth, Enteral Tube feeding, Parenteral Nutrition, a-FSMP

3 SUCCESSFUL COMPLEMENTARY PLATFORMS IN CHINA

WITH UNIQUE ASSETS

<p>DANONE EARLY LIFE NUTRITION</p> 	<p>2021 Value Ranking</p> <p>#1 Multinational Company</p>	<p>Used by</p> <p>~10% Urban Chinese babies</p>	<p>Platform Winning Assets</p> <ul style="list-style-type: none">  Global science, Local evidence  e-commerce & Digital Innovation
<p>DANONE BEVERAGES CHINA</p> 	<p>2021 Value Ranking</p> <p>#5 Brand RTD Non Alcoholic Beverage*</p>	<p>Used by</p> <p>~350 m Chinese adults 15yo+</p>	<p>Platform Winning Assets</p> <ul style="list-style-type: none">  Strong presence in convenience stores & traditional trade  Local manufac. network, industry-leading productivity
<p>DANONE MEDICAL NUTRITION CHINA</p> 	<p>2021 Value Ranking</p> <p>#1 Paediatric allergy & Adult tube feeding</p>	<p>Used by</p> <p>90% of top tier hospitals covering 55% of patients**</p>	<p>Platform Winning Assets</p> <ul style="list-style-type: none">  Leading in Children Allergy & Senior enteral tube feeding  Strong presence in hospitals

Data source: Nielsen, KWP, Smart-path, IQVIA, Danone Internal data.
 Note * incl CSD, juice, RTD tea, functional drinks (energy, isotonic, vitamins)
 Note ** with enteral tube feeding

DANONE BEVERAGES CHINA: READY TO COME BACK TO GROWTH

MIZONE STABILIZED, WITH INFRASTRUCTURE IN PLACE TO EXECUTE WITH EXCELLENCE

STRONG BRAND

A SIZEABLE BEVERAGE PLAYER



2021 Value Market share

3.4%

#5 Brand in RTD Non Alcoholic Beverage*

A BRAND THAT IS HIGHLY RELEVANT TO CHINESE CONSUMERS

2021 Penetration**

41% All Urban Chinese



Data source: Nielsen, Kantar, Smart-path
 Note * incl CSD, juice, RTD tea, functional drinks (energy, isotonic, vitamins)
 Note ** Danone estimate based on 2022 Kantar expanded panel.

UNIQUE ASSETS

COST EFFECTIVE, LARGE SCALE RTM

#1 Co-leader Convenience Stores presence*

3,000 Highly engaged Distributors

1-layer Highly efficient Value Chain

Strong Traditional Trade coverage



6 CARBON NEUTRAL SUPPLY POINTS



Industry leading productivity

Efficient regional spread

Carbon Neutral transformation on-going

Data source: Nielsen, Danone Internal Data
 Note * Numeric Distribution 2021

CLEAR BUSINESS FOCUS

INVEST TO BRING MIZONE CORE BACK TO GROWTH



Mind availability
 Brand Top of mind awareness 2021 > 2019



Physical availability
 Hero SKUs distribution 2021 > 2019

EXTEND MIZONE BRAND FRANCHISE AND ENLARGE USER BASE



2021 Zero sugar



March 2022 Sparkling Zero sugar

Data source: Nielsen, Kantar

DANONE MEDICAL NUTRITION CHINA, MASTERING PATIENT/HEALTHCARE PROFESSIONAL ENGAGEMENT

STRONG BRANDS

LEADER IN ADULT ENTERAL TUBE FEEDING

NUTRICIA
Nutrison

Drug license,
mainly produced locally



52% 2021 Value Market share
Adult tube feeding

LEADER IN PAEDIATRIC ALLERGY MANAGEMENT

NUTRICIA
Neocate

Food for Special Medical Purpose,
Produced in Europe



46% 2021 Value Market share
Paediatric allergy

UNIQUE ASSETS

MASTERING HOSPITAL PRESCRIPTION BUSINESS MODEL



95% Used in hospitals



Healthcare practitioners prescribed, fully reimbursed

PROVEN HEALTHCARE PROFESSIONAL' RECOMMENDATION AND CONSUMER PULL MODEL



Purchased following Hospital Paediatrician recommendation



100% Self pay

CLEAR BUSINESS FOCUS

DRIVING PATIENT REACH IN AND OUT OF HOSPITAL



Hospital reach



Patient consumption



Self pay, post discharge category

RENOVATING AND EXTENDING NEOCATE PAEDIATRIC ALLERGY PORTFOLIO



DANONE EARLY LIFE NUTRITION: #1 MULTINATIONAL PLAYER

READY TO DEFEND LEADERSHIP IN THE WORLD LARGEST IMF MARKET

STRONG BRAND

MEGA-BRAND APTAMIL

9% Aptamil Value MS% Total IMF

#1 IMF MNC Brand, overall 2nd largest



GAINING SHARE IN CHINA LABELS

6.6% Value Market share
+3 bps vs 2020

DOMINATING AND GROWING SHARE IN INTERNATIONAL LABELS

48.9% Value Market share
+157 bps vs 2020

UNIQUE EXECUTION CAPABILITIES

MASTERING E-COM AND SOCIAL COMMERCE

25% Value MS%

#1 11.11 T-Mall every year since 2014



CONTROLLED EXPANSION INTO OFFLINE



Proprietary B2B platform
Order to cash
Full trade visibility
Control fo execution

MOST EFFICIENT CONSUMER DEMAND GENERATION

80% of investments in hyper targeted digital and social media

CLEAR BUSINESS FOCUS

PREMIUMISE APTAMIL

72% Aptamil Premium contribution to total Retail Value
vs 34% in 2018



VERTICAL GROWTH IN LOWER TIER CITIES

60% Presence in Lower Tier Cities
+21% Increase in Store Productivity

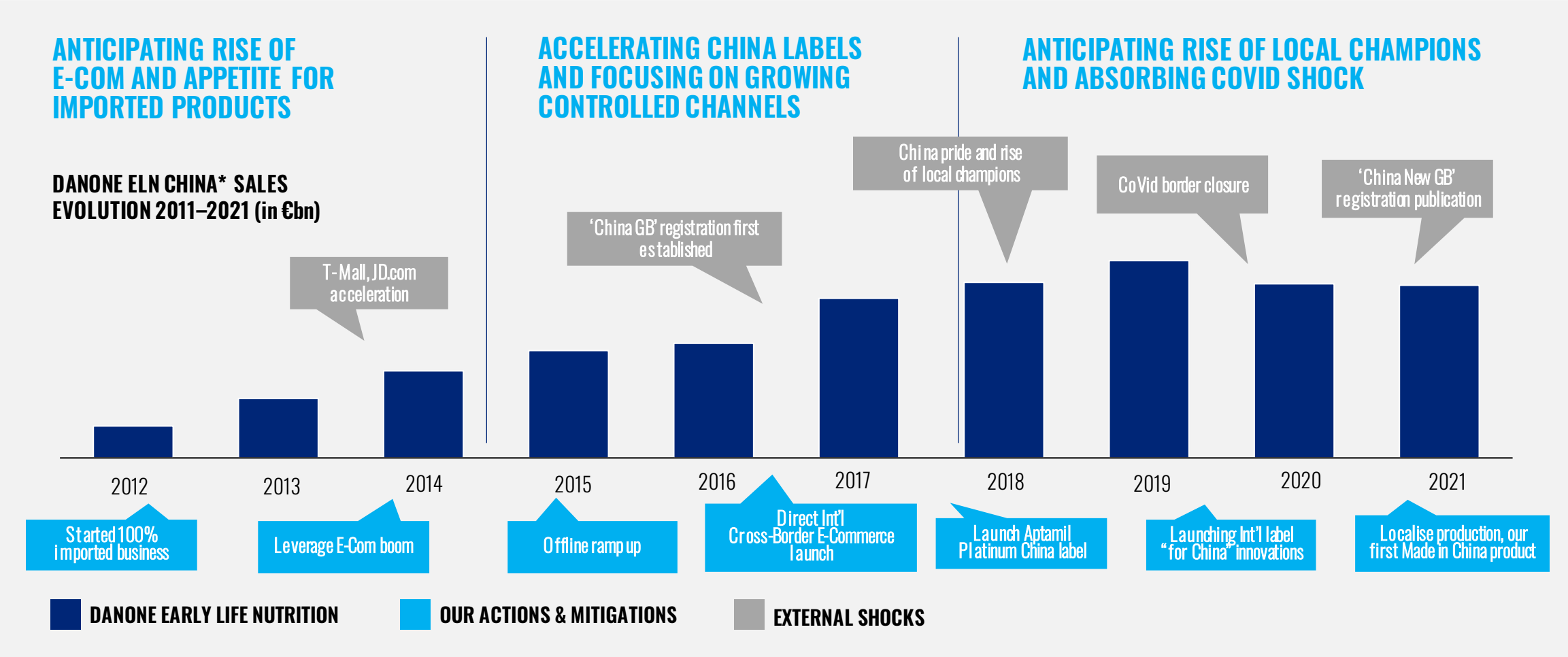
WELL-BALANCED GROWTH, ALL CHANNELS

Omnichannel customer management

Share gain 2021 vs 2020
Offline Upper Tier
Offline Lower Tier
Ecomm & Social (China Label)
EComm Cross-Border E-Commerce

WE HAVE DEVELOPED AN AGILE AND RESILIENT ORGANIZATION

CAPABLE TO ANTICIPATE AND NAVIGATE MARKET VOLATILITY



Data source: Danone Internal Financial data
 Note *Danone Early Life Nutrition in its existing form

FORECASTING IMF CATEGORY TRENDS IS KEY

WE INVESTED IN AI MODELLING, PROVEN ACCURATE, ALLOWING TO OPTIMISE RESOURCE ALLOCATION



BUILDING BLOCK AND DATA INPUTS

01. NEWBORN

- Births & Pregnancies from hospital panel

x

02. CONSUMPTION PER CAPITA

- *Behavioural*: breastfeeding rate, penetration by stage
- *Macro*: urbanization, woman joining workforce

=

Volume

x

03. PRICE

- Retail data, E-com & social data, Baby shopper Panel
- Retail and wholesale pricing tracker

=

Value

∨

04. LABEL VAL MIX%

China Labels Value

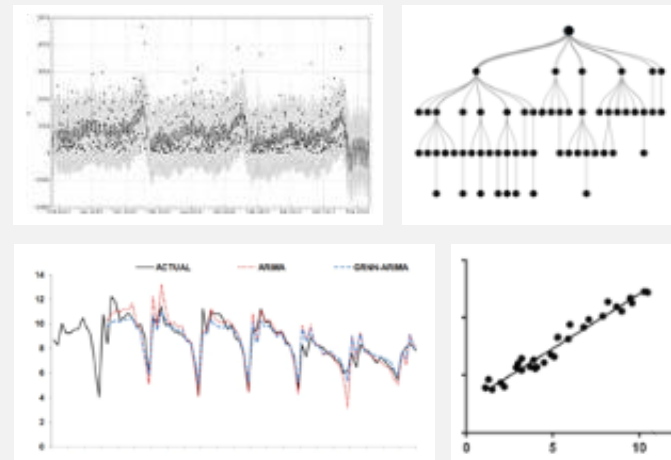
- Social listening
- Baidu, T-mall Search index

International Labels Value



MODELLING

Modelling using **40+ variables** in the data lake and AI / machine learning to run *advanced statistical algorithms*



OUTPUT

>99% accuracy

Newborn forecast

~96-98% accuracy

Category forecast including label mix

Allowing better trade flow and production planning

CATEGORY STABILIZATION EXPECTED UP FROM 2024 ONWARDS

AFTER TWO SOFT YEARS IN VOLUME AND VALUE

CATEGORY MODELIZATION ASSUMPTIONS ¹

	2020	2021	2022	2023	2024	2025	
01. NEWBORN (M) x 02. CONSUMPTION PER CAPITA (KG) = IMF VOLUME (k tons) x 03. PRICE (RMB/KG) = IMF VALUE (b RMB) v	-18%	-12%	Low-to-mid-single digit negative		Low-single-digit negative		RECOVERING
	+9%	+12%	Mid-to-high-single digit positive		Solid growth		SLOWING DOWN
	+0%	+0%	Low-single negative to flattish		Flattish		<u>RECOVERING</u>
	+5%	+2%	Low-single-digit positive		Slightly positive		SLOWING DOWN
	+5%	+2%	Flattish		Low-single-digit positive		<u>RECOVERING</u>
04. INT'L LABEL VALUE Mix% of IMF Category Vaue	13% of total IMF	10% of total IMF	<10% of total IMF				

¹Growth per annum
 Data source: Nielsen as of Jan 2022, Kantar Smart-path, Proprietary Newborn algorithm, Danone Advanced Forecasting

TWO DISTINCT TIME HORIZONS FOR THE IMF CATEGORY

SHORT TERM MUST-WIN BATTLES TO EMERGE STRONGER POST NEW CHINA REGULATION

2022 AND 2023 IMF CATEGORY TREND

Short-term challenges (Volume & Value)



Invest in local science & innovation to strengthen **Aptamil superiority**



Invest in **Excellence in Execution** in Route to Market and Consumer engagement



Invest to turn **International Labels** into a unique innovation asset



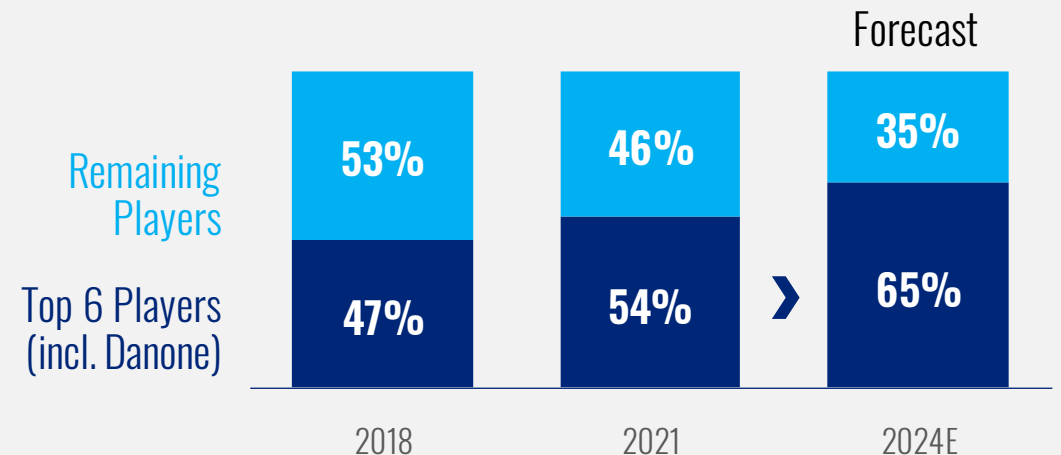
Invest to prepare for **new China regulation** and secure future **China label innovation**

IMF CATEGORY TREND FOR 2024 ONWARDS

Modest Value growth & Market consolidation post new China regulation

CATEGORY CONSOLIDATION WILL INTENSIFY POST NEW CHINA REGULATION

Entering second time horizon stronger, ready to **accelerate market share gain** in an IMF category back to Value growth



Data source: Nielsen, Kantar Smart-path.

2022-2023 IS OUR INVESTMENT WINDOW

LEVERAGING OUR DIGITAL & DATA CAPABILITIES TO EMERGE STRONGER POST NEW CHINA REGULATION

INVEST IN APTAMIL MEGA BRAND SUPERIORITY



Drive **Aptamil superiority**, with local science & innovation to **defend and gain share** vs local players

- Health Tech
- Machine learning
- Proprietary algorithm

INVEST IN SUPERIOR APTAMIL PORTFOLIO



Turn **International Labels** into a unique **innovation asset**. Invest to prepare for **New China regulation** and secure future **China label innovation**

- E-Commerce
- Social commerce
- Real World Evidence

INVEST IN MIND SHARE & PHYSICAL AVAILABILITY



Fuel **Excellence in Execution** in Route to Market and precise, highly-efficient **Consumer engagement**, specially in **Lower Tier Cities**

- Content factory
- Precision marketing
- Route to market automation

INVEST IN APTAMIL SUPERIORITY

TO DEFEND AND GAIN SHARE VS LOCAL PLAYERS

INVEST IN LOCAL EVIDENCE IN OPEN SCIENCE & RESEARCH CENTRE

Since Opening in Shanghai on 16 July 2020:

15
Publications

6
Evidence Studies

2
Patent Filed

3
Clinical Trials



INVEST IN SCALING INNOVATION BEYOND PRODUCTS

Already **1.1m digital health services** users in 2021



Immunity made visible by AI



Breastfeeding enabled through technology from Social & gaming leader



DNA-powered maternal nutrition coaching with machine learning, with leader in DNA testing

INVEST TO REINFORCE APTAMIL SUPERIORITY ALL OVER CHINA



MOST advanced science, with local evidence
PROVEN health impact on
MILLIONS of Chinese Babies

INVEST IN NEW SUPPLY POINTS AND PRODUCT DEVELOPMENT

TURN NEW REGULATION INTO AN OPPORTUNITY, SECURE FUTURE CHINA LABEL INNOVATION

NEW REGULATION REQUIRES TO BE READY BY FEB 2023, WE HAVE ANTICIPATED THE RIGHT “SHOTS”

- Dossier early submission within 1 year of New GB publication
- Prepared next generation of innovation to strengthen portfolio



- Authorities are aiming at further reducing numbers of IMF sub-brands
- Innovation and differentiation critical to registration success



WE ARE TAKING EARLY STEPS TO MAKE OUR MANUFACTURING FOOTPRINT FIT FOR CHINA



Overseas supply points

Fully upgraded to China GMP standard



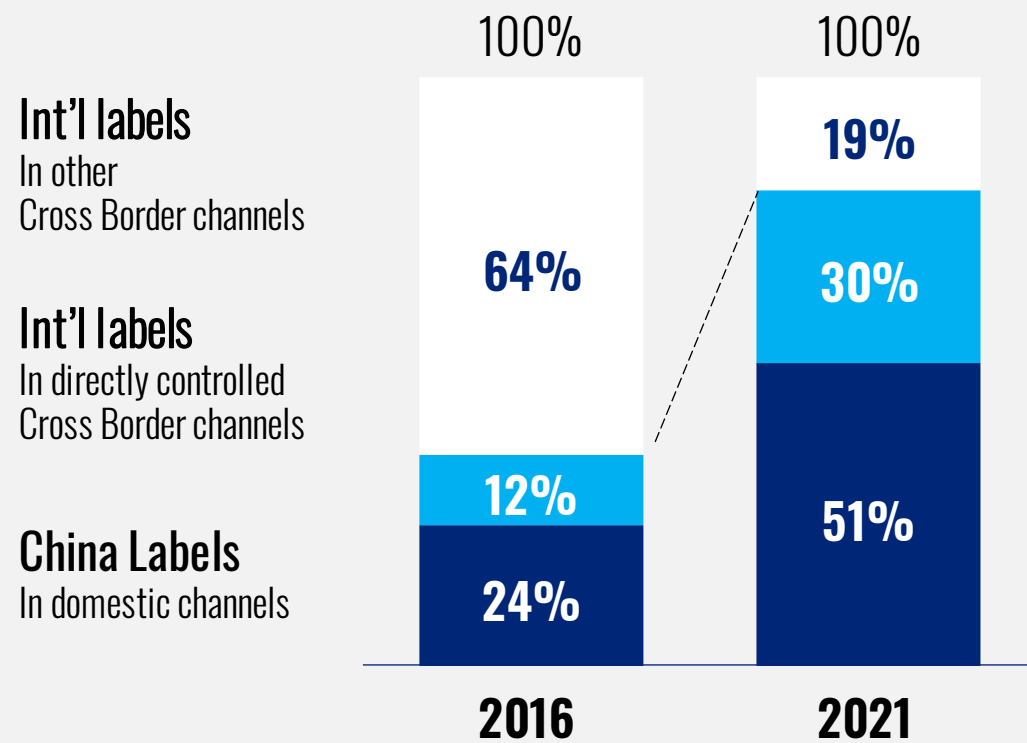
Local supply points

Recent Acquisition of 2 China supply points to increase speed to market

Note
Grace period <1 year of New GB publication, SAMR (State Agency for Market Supervision), MOU (Memorandum of Understanding), GMP (Good Manufacturing Practice)

INVEST TO TURN INTERNATIONAL LABELS INTO A UNIQUE INNOVATION ASSET

HARVESTING OUR ENHANCED INTERNATIONAL LABEL CONTROL



INVESTING IN GENERATING CONSUMER DEMAND FOR OUR BREAKTHROUGH INNOVATIONS



Fully renovated Aptamil ProFutura



& Newly launched Essensis International labels

Data source: Danone internal data

WE HAVE UNIQUE BRANDS, ASSETS AND TEAMS WORKING TOGETHER

UNLOCK THE NEXT CHAPTER OF GROWTH IN 'HEALTHY CHINA 2030' AGENDA

LEVERAGING OUR THREE PLATFORMS TO ENTER NEW GROWTH SPACES



2020 CHINA RETAIL SALES

LARGE

20-25F CAGR

MID SINGLE digit



2020 CHINA RETAIL SALES

SIZEABLE

20-25F CAGR

HIGH SINGLE digit

WITH "MONEY CAN'T BUY" STABLE, RESILIENT, COMMITTED LOCAL TEAMS, ALIGNED TO DANONE MISSION



FIRST MNC CERTIFIED B-CORP IN CHINA & LARGEST ASIAPAC B-CORP

HEALTHY CHINA 2030

Data source: Nielsen, Kantar Smart-path, Euromonitor
Notre *Incl plant-based, and ambient yoghurt and milk
Note **Incl senior milk powder, protein powder and adult supplements



THANK YOU