



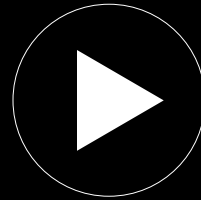
DANONE
ONE PLANET. ONE HEALTH

Investor Seminar
October 22, 2018

Taking Plant-based to the Max

Francisco Camacho
EVP - Essential Dairy and Plant-Based

Video



Francisco Camacho

18 years at Danone



Since
Oct 2017

• Executive Vice President
Essential Dairy and Plant-based

2011

• Executive Vice President **Waters**
Member of Executive Committee
Growth and Innovation Officer (Mar-2017)

2009

• Regional Vice President **Fresh Dairy Latam**

2004

• General Manager **Fresh Dairy Argentina**

Prior to 2000

• Senior positions at Revlon and P&G

Essential Dairy and Plant-based business at a glance

A unique, strong and profitable brand portfolio with €13bn in global sales



#1

in the world
top-4 countries



53%

of Danone
global sales

1/4

of global sales
from former
WhiteWave



56%

of sales from
local brands

Source: Euromonitor. In relevant Danone scope (only in sub-categories and countries we play in)

The world is changing, as the food revolution continues

A new generation of consumers with a new set of values are the driving force

Eating healthier



Seeking immediacy



Trend setters



47%

of young generation eating healthier⁽¹⁾

30%

willing to pay a premium for healthier food⁽¹⁾

3X

faster growth than hypermarkets⁽²⁾

77%

of family food spending influenced by generation z⁽³⁾

(1) Source : Nielsen Global health and wellness survey 2015 and Nielsen's online pool 30,000 in 60 countries

(2) Source: Data relates to retailers within the planet retail 2016 database only: e – estimate / f – forecast. Small stores includes: Neighborhoods stores, Drugstores & Pharmacies, Convenience stores

(3) IBM Institute for business value (January 2017)

Generating different consumer preferences Creating new category fundamentals

Probiotics



>6%

probiotic beverages
and yogurts growing

Plant-based



>8%

plant-based beverages
and yogurts growing

Protein



>10%

high protein
yogurts growing

Fat is back



X4

google search trends for « keto »
diet in the us since last year

Source : Euromonitor value CAGR 2015-2017 total world. Plant-based excluding China

Traditional lines between categories are blurring Creating new market opportunities for Danone

from linear ...

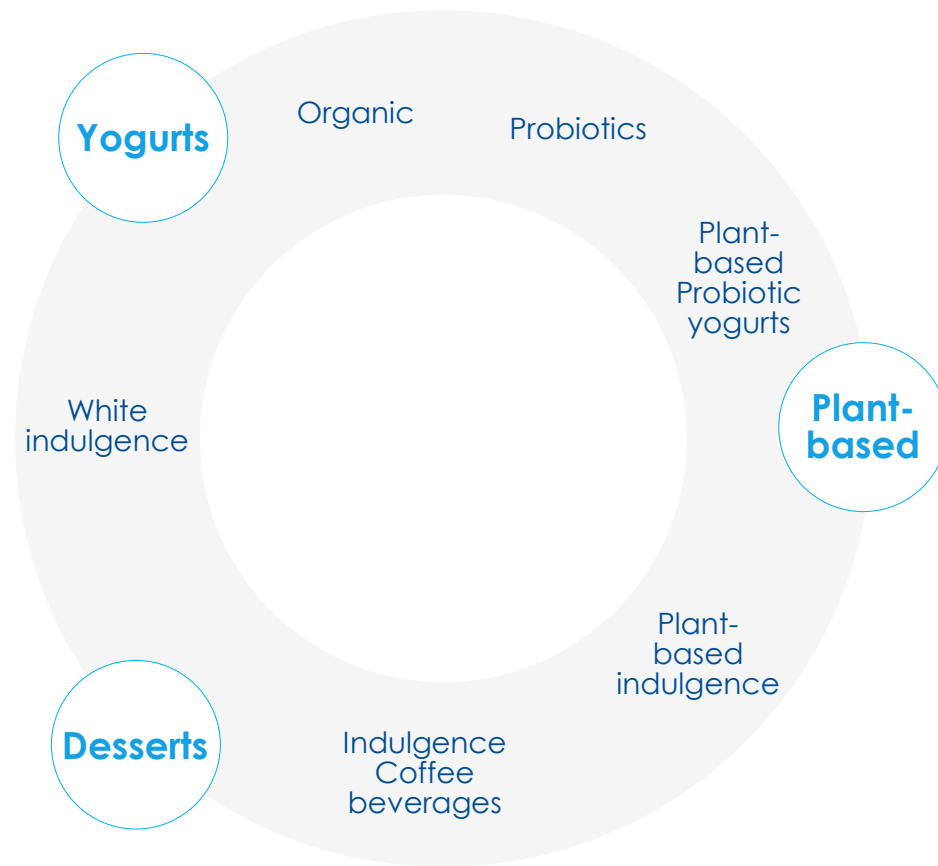
... to fluid categories



Yogurts

Desserts

Plant-based



Traditional lines between categories are blurring and we are well equipped to create and capture this growth

from linear ...

... to fluid categories



Yogurts



Desserts



Plant-based



EDP fully contributing to Danone's objectives

Embedding collective strategic priorities



our strategic priorities

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



our 2020 objectives



>5%



3 to 4%

Company objectives

4 to 5%

sales growth (1)

>16%

operating margin (2)

(1) Like-For-Like sales growth
(2) Recurring operating margin

Redefined strategic platform

Well positioned to embrace consumer trends through enhanced agility

Win
millennials



Own probiotics
& soft functionals



Accelerate
plant-based



Drive
indulgence



Relentless
innovation



Impulse
on-the-go



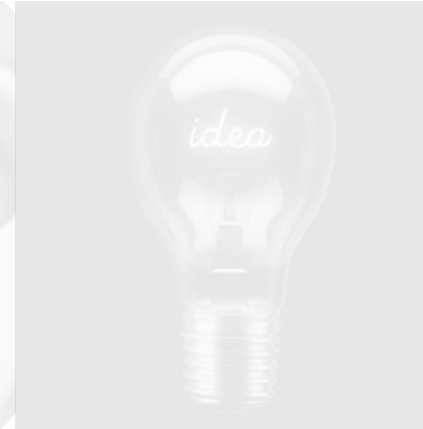
Redefined strategic platform

Two of them are particularly unique Danone propositions

**Own probiotics
& soft functionals**



**Accelerate
plant-based**



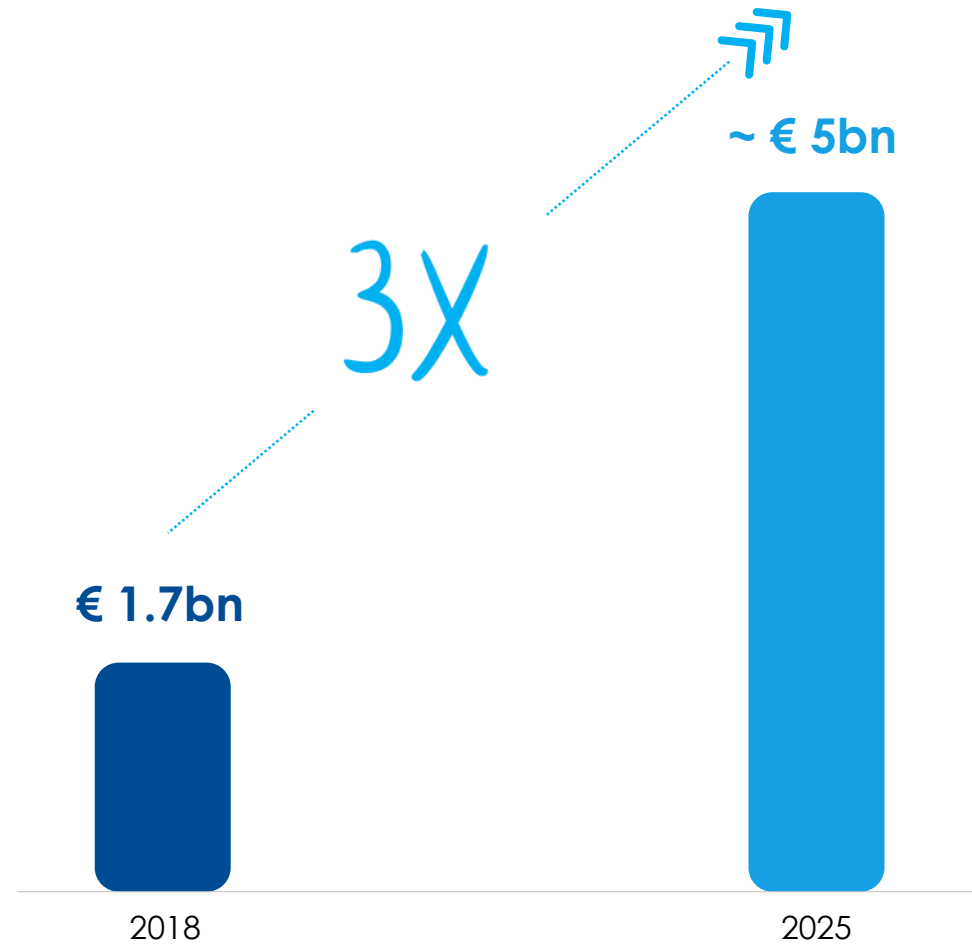
Today we are going to deep dive into Plant-based acceleration

Accelerate Plant-based



Ambition

Tripling the Plant-based business by 2025



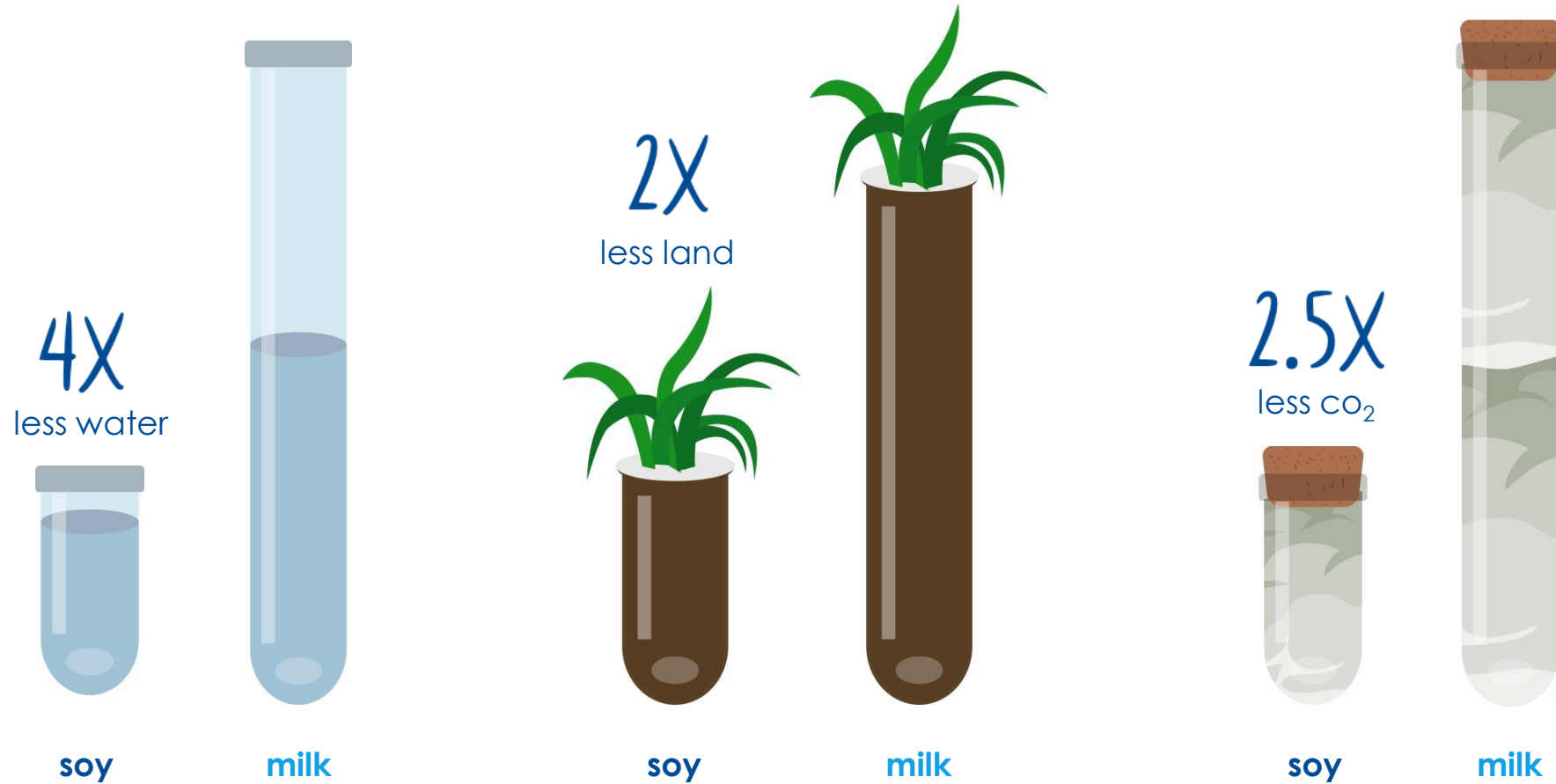
Plant-based represents key part of a sustainable long-term solution to feed the world

Today, we need 1.5 planets



**Today, we need
more resources than our
planet can supply**

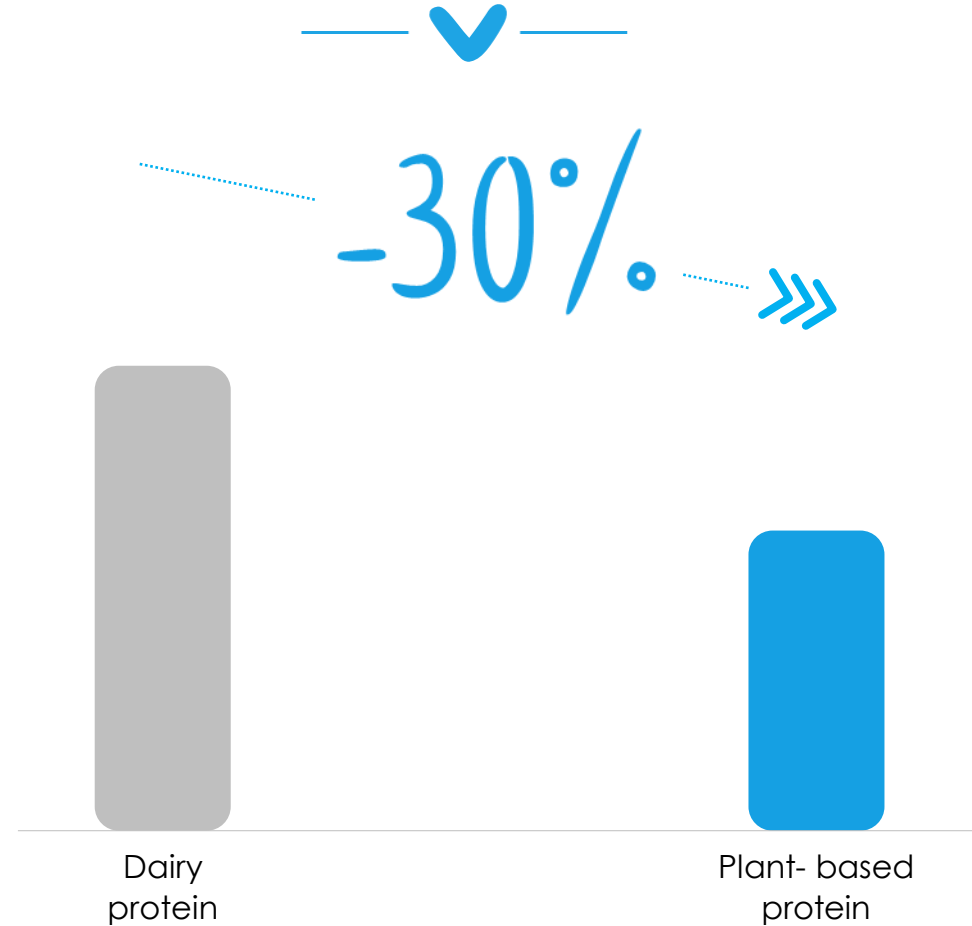
Plant-based has significant health and environmental advantages



Plant-based protein is cheaper than Dairy protein

Attractive raw material cost

Dairy vs Plant-based protein cost - (€/ Kg)



Source : Internal Cycle & procurement best estimate 2018

Aligned with consumer trends

Plant-Based consumers have transitioned from niche dieters to flexitarians

From niche dieters



To plant-based as part of healthy flexitarian lifestyle

1/3

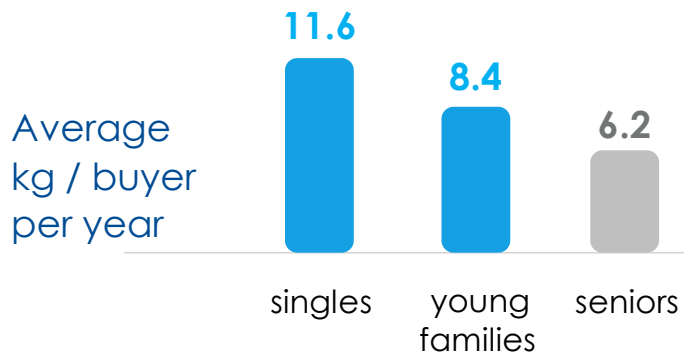
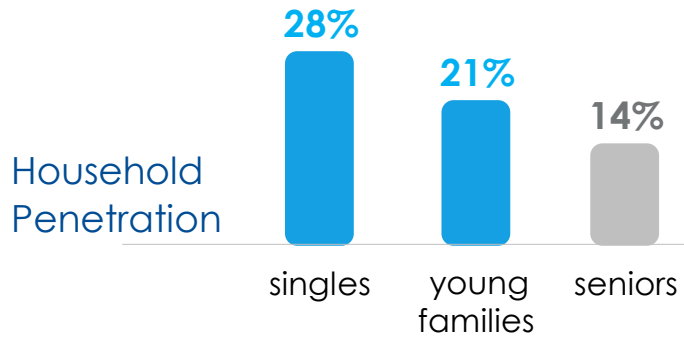
of total population in the US is flexitarian

Source : Mattson survey – US Market. Flexitarians = consumers cutting down on meat + vegetarian diet followers eating meat occasionally

Multiple incremental growth opportunities

Flexitarian consumers are younger and fluid in their consumption behavior

Alpro in Germany



dairy milk to drink everyday



Plant-based beverage with coffee



dairy ice cream out-of-home



animal based food during the weekend



plant-based diet during the week



plant-based ice cream at home



Source : Nielsen 2017

Complementary Dairy and Plant-based growth around the world

% of households purchasing plant-based milk also buy dairy milk

% of households that purchase plant-based milk also buy dairy milk.



88%



95%



89%



88%



93%



96%



82%

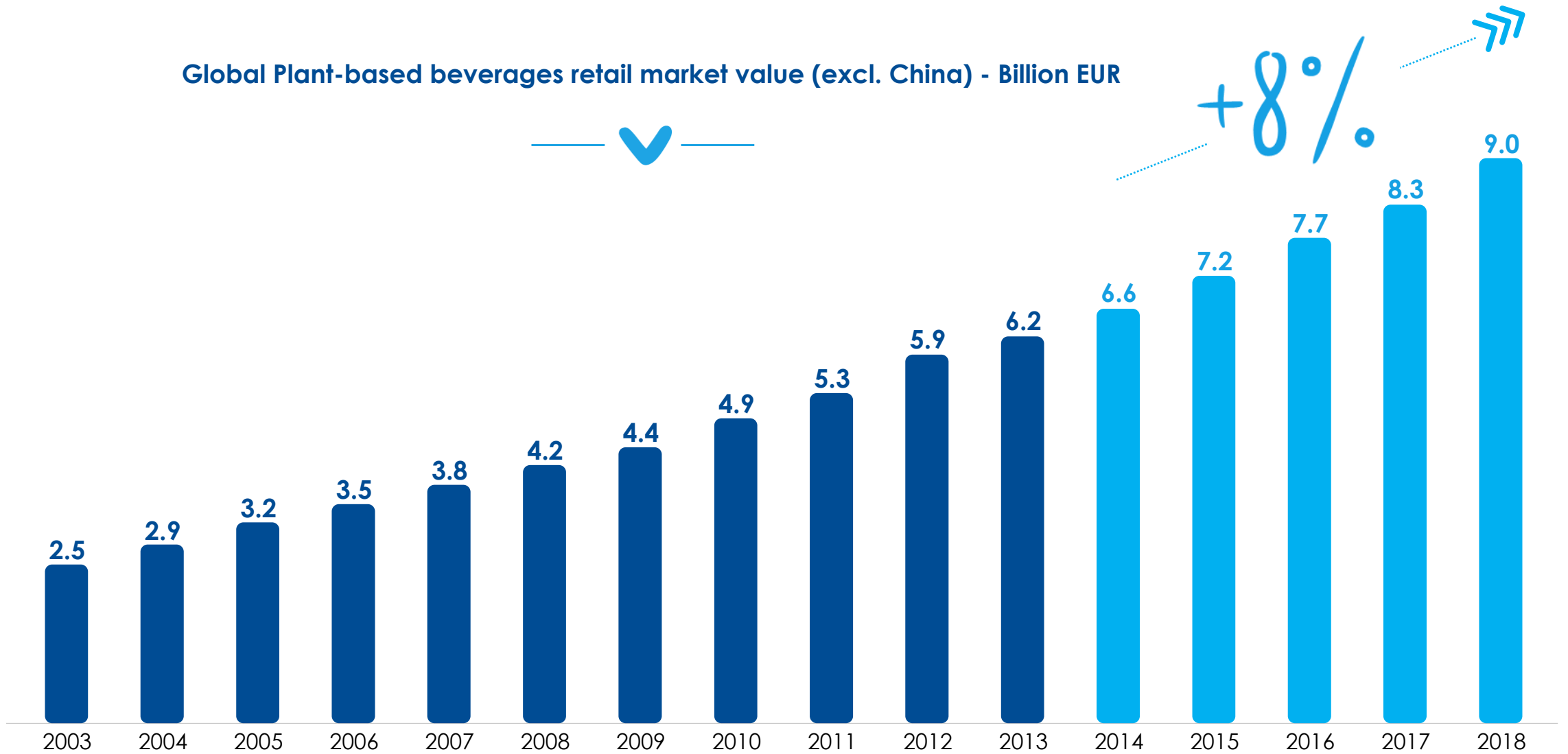


93%

Source EU: Consumer panel – Average Top 9 markets.
Source US: IRI Panel – Household penetration L52

Strong 8% CAGR in Plant-based category

Global Plant-based beverages retail market value (excl. China) - Billion EUR



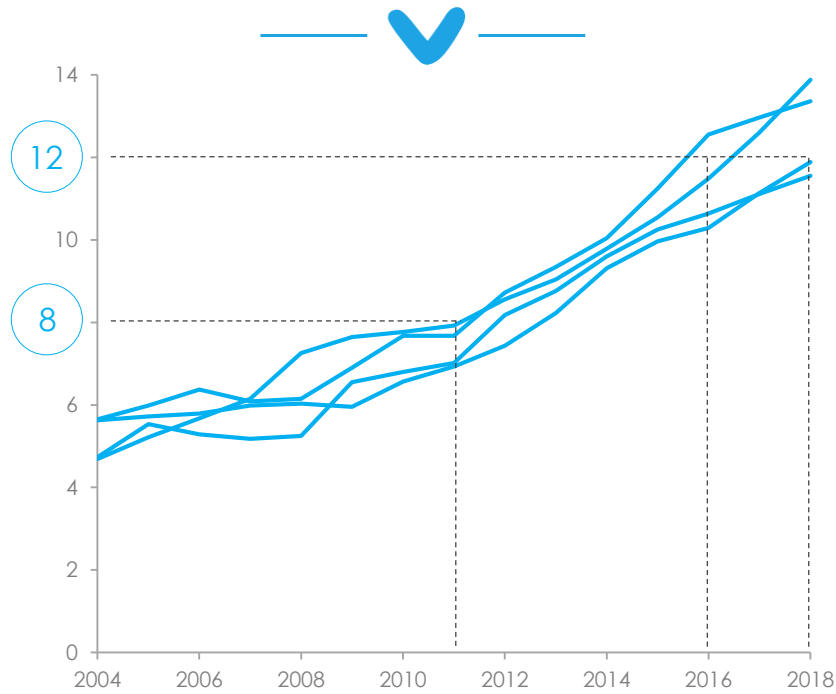
Source: Euromonitor

Strong growth in all key markets

Accelerated demand as recent adopters catch-up

5-7 years 

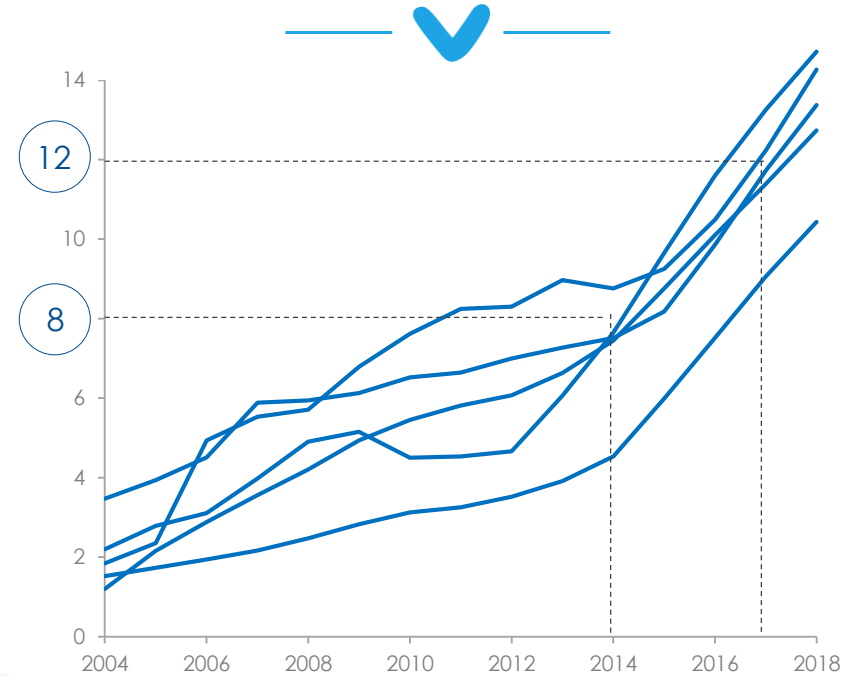
Time taken for early adopters to grow from 8% to 12%



Plant-based beverages as % of total milks (dairy + plant-based)

only 3 years 

Time taken for recent adopters to grow from 8% to 12%



Plant-based beverages as % of total milks (dairy + plant-based)



Source: Euromonitor

Significant opportunity to increase penetration

Trends in yogurts following path set by beverages

Dairy Milk

> 90%



Plant-based beverages penetration



Belgium



France



UK



Germany



US



Mexico*

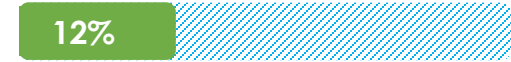


Russia



Japan

Plant-based yogurts penetration



Dairy Yogurts

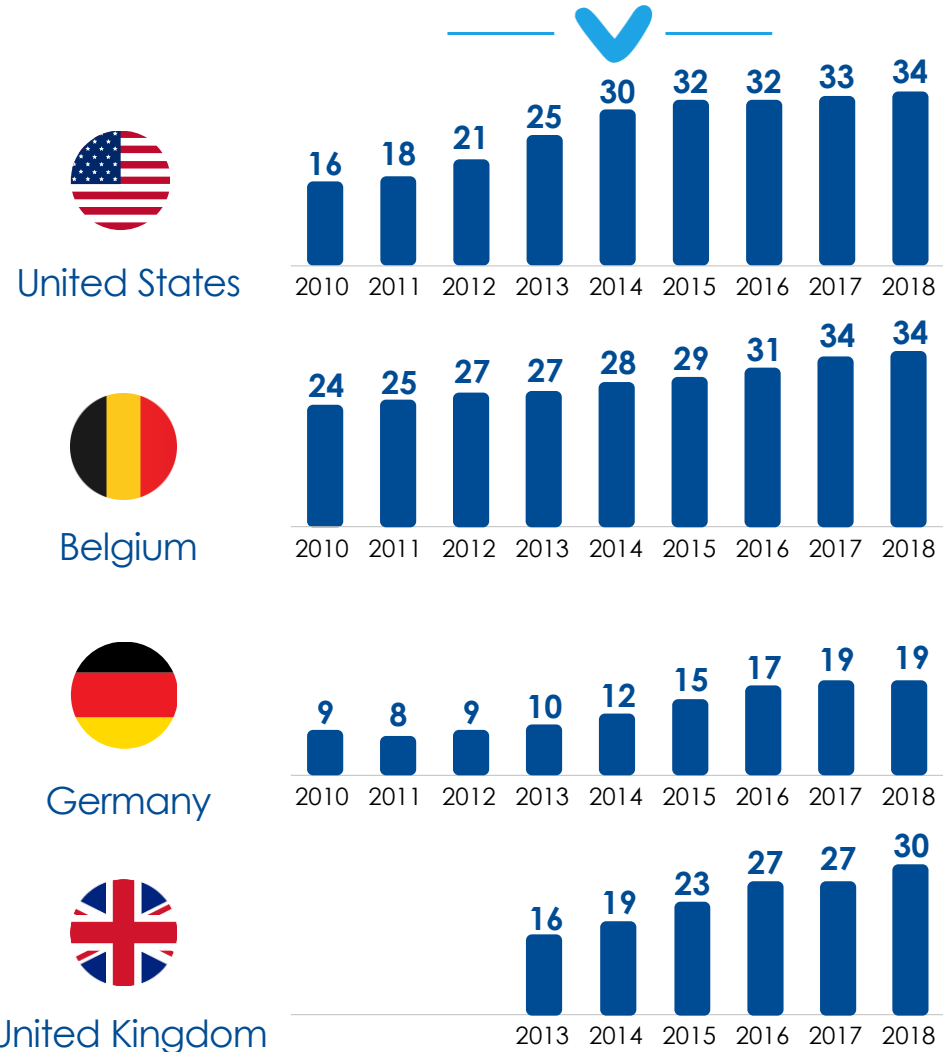
> 85%



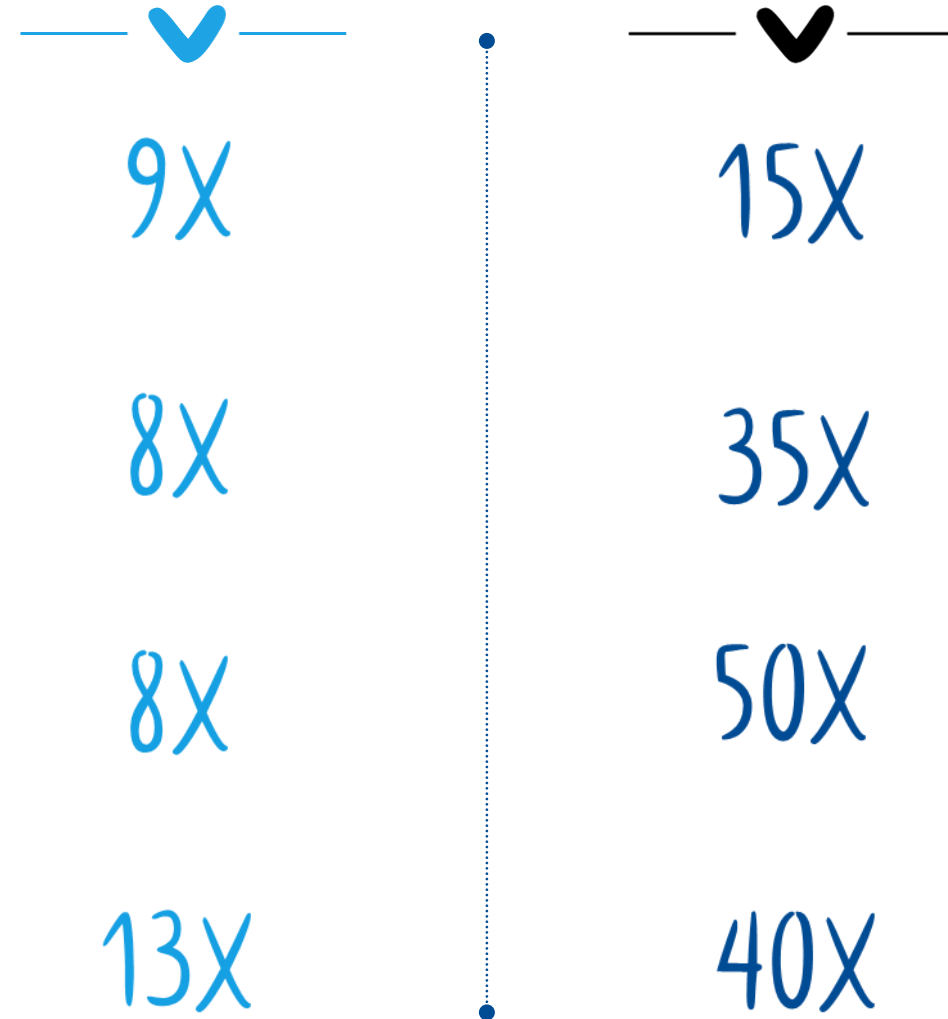
Source: HH Panel Kantar / Nielsen / GFK & IRI 2017 - Note PBB HHP in Mexico includes PB Fruit juices

Purchase frequency creating additional opportunity in mature markets

household penetration
% per year for plant-based beverages



purchase frequency
trips per year for **plant-based beverages** | trips per year for **dairy yogurts**



Source: Penetration - Nielsen (UK), IRI (US), GFK (BE & DE). Frequency - IRI MAT Jun-18 (US), GFK FY-17 (BE), Kantar MAT P7'18 (UK), GFK MAT-Jun'18 (GER)

Danone well placed to capture attractive growing demand opportunities

Serving Plant-based core and adjacent product categories

Expected plant-based category growth 2017-2020



Source: Danone estimation based on trends and regional performance in existing markets (Nielsen, IRI & Euromonitor)

Danone Plant-based business today

€1.7bn
net sales



represents
15%
of EDP
net sales

market leader
NorAm & Europe

€1bn
Plant based
beverages sales

Source: Total plant based business – Internal sales 2018 fcast.

Portfolio of market leading brands, playing across distinctive territories

Silk and Alpro are our largest brands, with € 500+ million sales each

Health



#1
in Noram

Health



#1
in Europe

Indulgence



#1
in Noram

Performance/Nutrition



#1
globally

Natural/Organic

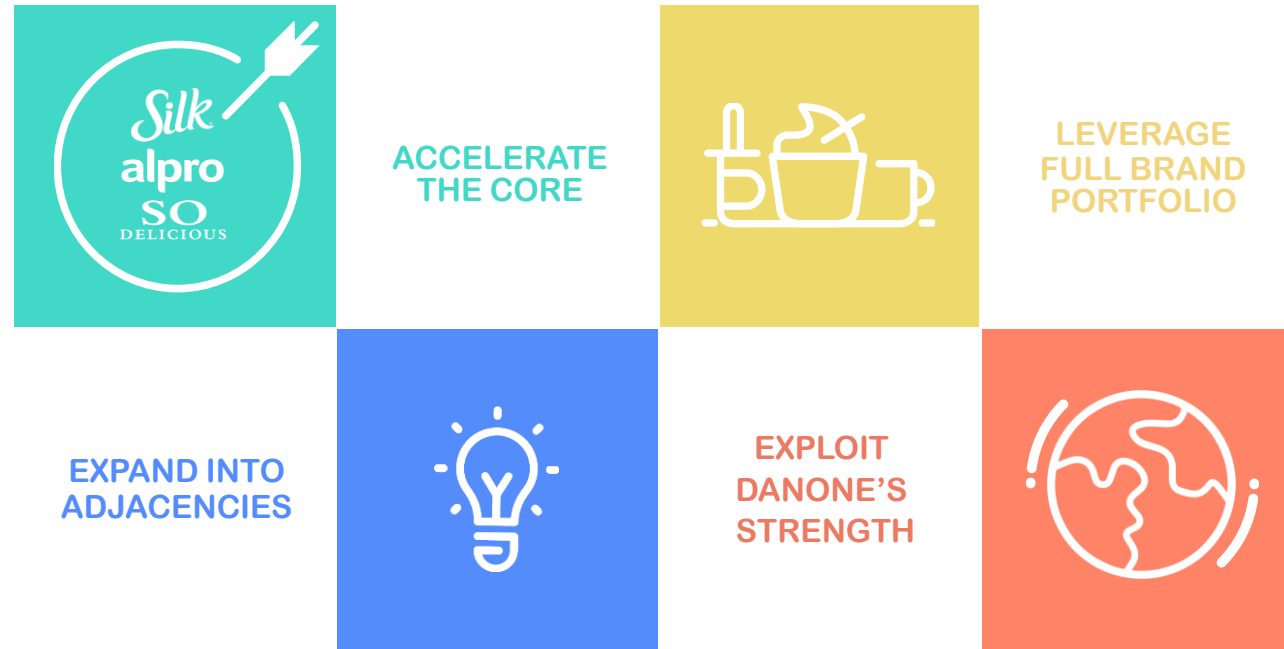


#1
in natural channels in EU

**Taking
Plant-based
to the max**



Plant-based growth strategy





ACCELERATE
THE CORE



LEVERAGE
FULL BRAND
PORTFOLIO

EXPAND INTO
ADJACENCIES



EXPLOIT
DANONE'S
STRENGTH



Clear action plan for core growth

Beverages and yogurts, Plant-based core, is 3/4 of our business today



78%

of total Plant-based
business today



beverages



yogurt

Product distinctiveness through technical superiority

—
Strong innovation

—
Distinctive communication

—
Impactful activation to recruit younger consumers

—
Winning in impulse channels and on the go

Driving product distinctiveness through technical superiority

Leveraging our superior end-to-end process



Return on investment across the value chain

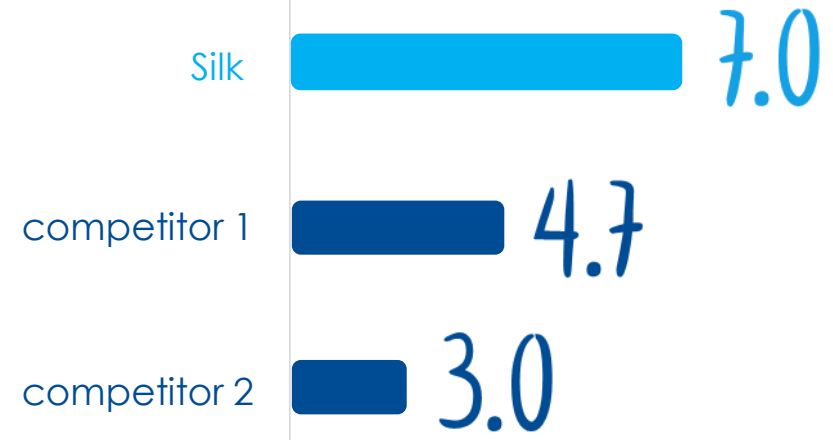


Product distinctiveness through technical superiority

With a final product the consumer prefers



Most recent overall preference score (organoleptic liking)



Source: Internal consumer blind test – Alpro EU 4 (Haystack), Silk US 2018

Driving growth through strong innovation

Leveraging three areas of expertise



Plant-based



Probiotics



Proteins



Driving growth through strong innovation

Meeting strong demand for Plant-based yogurt products



Probiotics



No added sugar



High protein

plant based
yogurts
ytd-2018



+55%. +19%

Driving growth with strong innovation

Meeting strong demand for Plant-based beverage products



Oat beverages

Premium



Roasted Italian almonds pressed Sri-lankan coconuts

- 100% organic
-
- 100% recyclable
-
- 30% recycled PET
-
- Unsweetened with zero sugars

Expected launch



Q4-18

Expected launch



Q4-18

Driving growth with strong innovation

Meeting strong demand for Plant-based beverage products



Organic



Launched in



Q1-18

For professionals - Barista



Launched in



Q2-18

Driving growth with strong innovation

Maximizing potential of broad range of new ingredients



new ingredient based launches ytd 2018

+22%

Cashew

Oats

Rice & Coconut

Blends

Distinctive communication, advertising and marketing

New Silk positioning brings the brand back to growth in the US



Michael Phelps  [@MichaelPhelps](#) [Follow](#)

Check out the [@lovemysilk](#) commercial I did with this guy Greg! Guess you don't need a gold medal to be perfect. [#ProgressIsPerfection](#)



8:13 AM - 20 Jan 2018

52 Retweets 629 Likes

10 52 629



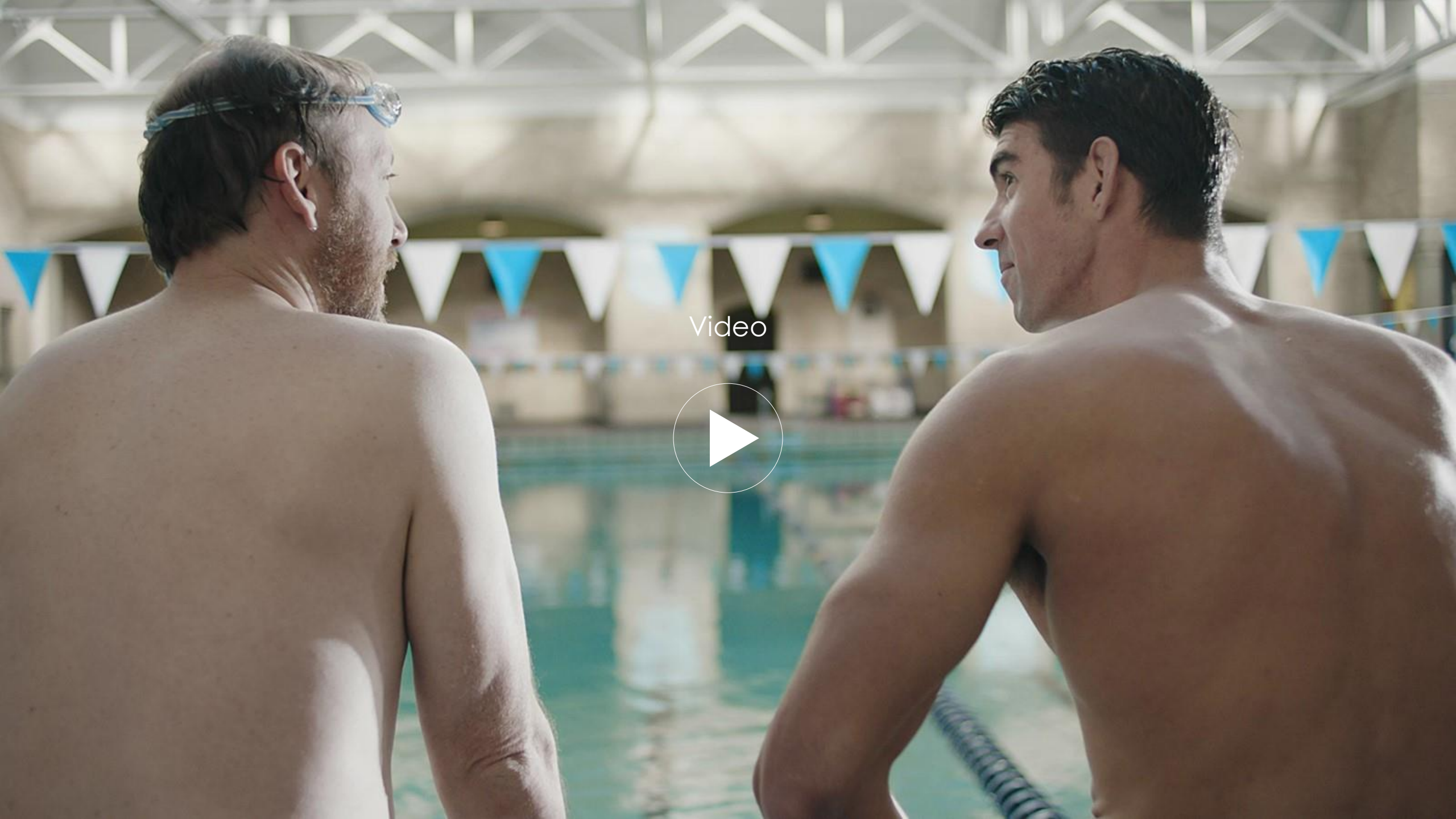
Silk brand growth in ytd 2018

High Single Digit



Video





Video



Impactful activation to recruit younger consumers



Impactful activation to recruit younger consumers



Winning in impulse and on-the-go channels



Right portfolio and offerings



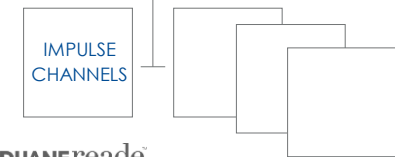
single serves, drinkables
& on-the-go formats

Dedicated route to market



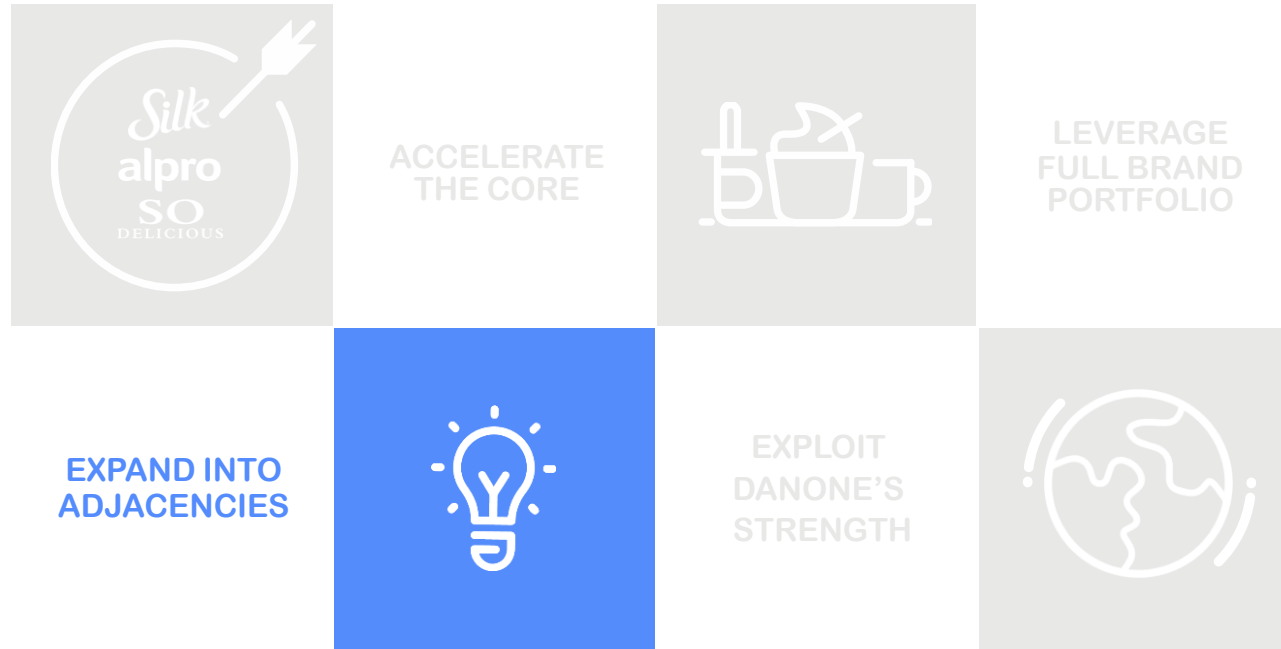
Native impulse team

VP SALES



DUANEreade
by Walgreens





Capture new growth opportunities by expanding into adjacencies



78%
of the
Plant-based
business today



beverages



yogurt



Plant-based ice cream

Strong growth from blurred lines between indulgence and better-for-you

Addressable market	
€62B	dairy ice cream category size globally
Plant-based % of total	
<2%	in key markets
Yearly growth rates	
+32%	+20-50%
2017 (US only)	2018-2023 PB Ice-cream in key markets (expected)



Q1-18



Q1-18



Q2-18



+189%
Plant-based ice cream ytd-2018



+15%
Plant-based ice cream ytd-2018

Source: Nielsen, Euromonitor, internal estimate

Plant-based performance nutrition

Already a sizable business ready to travel



Addressable market	
€4.5B	Performance nutrition category size globally
Plant-based % of total	
24%	in Noram
Yearly growth rates	
+11%	+15%
2017 (Noram only)	2018-2023 plant-based performance nutrition (expected)



+52%
Vega ready-to-drink shake ytd-2018

Source: Nielsen, Euromonitor, internal estimate

Plant-based ready-to-drink coffee

Tapping into the growing coffee trend with Plant-based



Addressable market	
€21B	dairy ready-to-drink coffee category size globally
Plant-based % of total	
<0.1%	in key markets
Yearly growth rates	
new	>100%
2017-18 plant-based ready-to-drink coffee	2018-2023 plant-based Ready-to-drink coffee (expected)



Q1-18

Attracting new consumers to the category



Q4-18



Source: Nielsen, Euromonitor, internal estimate

Plant-based coffee creamers

Targeting an existing growth category with Plant-based



Addressable market	
€2B	dairy coffee creamers category size in Noram
Plant-based % of total	
5%	in Noram
Yearly growth rates	
+85%	+20-40%
2017 (US only)	2018-2023 Plant-based coffee creamers (expected)



Q1-18



+40%
plant based creamers growth ytd-2018



Source: Nielsen, Euromonitor, internal estimate



ACCELERATE
THE CORE



LEVERAGE
FULL BRAND
PORTFOLIO

EXPAND INTO
ADJACENCIES



EXPLOIT
DANONE'S
STRENGTH



Strong Plant-based brand portfolio



Health



#1

in Noram

Health



#1

in Europe

Indulgence



#1

in Noram

Performance/Nutrition



#1

globally

Natural/Organic



#1

in natural channels in EU

World leading Dairy brand portfolio



Probiotic Health



ACTIVA Actimel

#1
globally

Essentials



DANONE Yogurissimo 

#1
globally

Smart Calories



DANONE Light & FIT DANONE Light & Free OIKOS TRIPLE ZERO

#1
globally

Kids



DANONE Danonino DANONE Danimals

#1
globally

Indulgent



DANONE OIKOS DANONE Danette

#1
globally

Offering a Plant-based alternative in key Dairy brands over the next 12 months



world-class
fermentation
expertise

world-class
plant-based
expertise

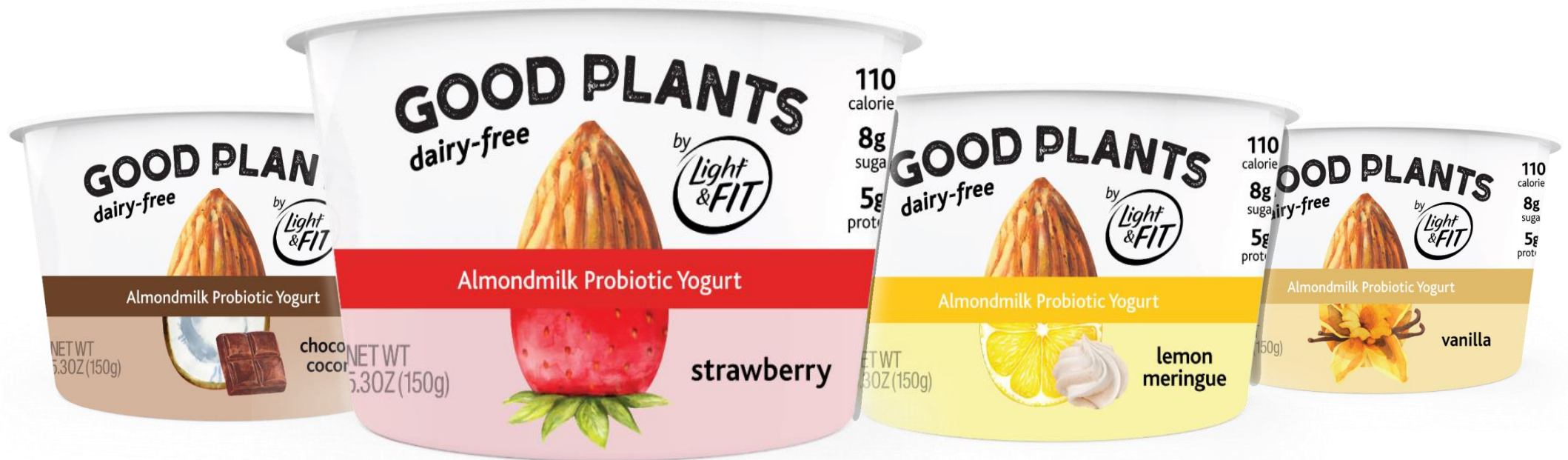
Light & Fit being the brand leading the way with a plant-based alternative



Low sugar

Light & Fit Almond probiotic yogurt

High protein



Q4-18



ACCELERATE
THE CORE



LEVERAGE
FULL BRAND
PORTFOLIO

EXPAND INTO
ADJACENCIES



EXPLOIT
DANONE'S
STRENGTH



Combining scientific strength and know-how to create new brands, products and flavors



+



=

world-class
fermentation
expertise

world-class
plant-based
expertise



plain



turmeric
& ginger



Pomegranate
& sichuan



Q4-18

Strengthening customer relationship Spain and France showing promising results



Strengthening customer relationship

Spain and France showing promising results

after
10 months



Innovation

X2

number
of alpro skus

Awareness

+60%

brand
awareness in France

Distribution

+82%

weighted
distribution(1)

Position

#2

position⁽¹⁾
after 5 months

(1) In Plant based alternatives to yogurt

Leveraging route to market strength Large opportunity in LatAm



 **DANONE**
ESSENTIAL DAIRY
& PLANT-BASED

100%

 numeric
distribution



market leader

#1



Q3-18



Q4-18 Q1-19



Deploying scale and expertise to minimize production costs



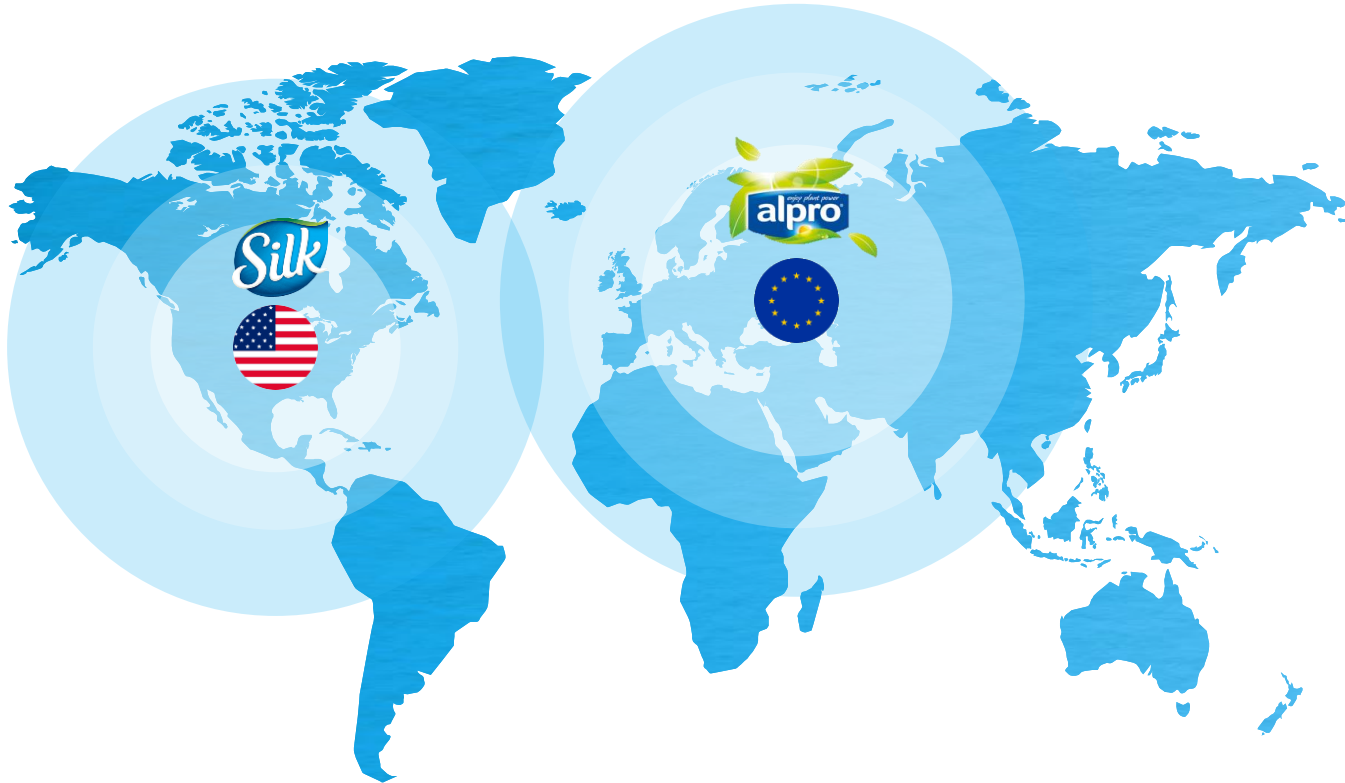
Raw materials & packaging (€/Kg)



Source: Internal Cycle & procurement best estimate 2018 – Alpro EU 4 countries

Market presence strength

Customized approach to geographical expansion



1- Accelerate through Danone route-to-market started



'18

2- Create the category



'19

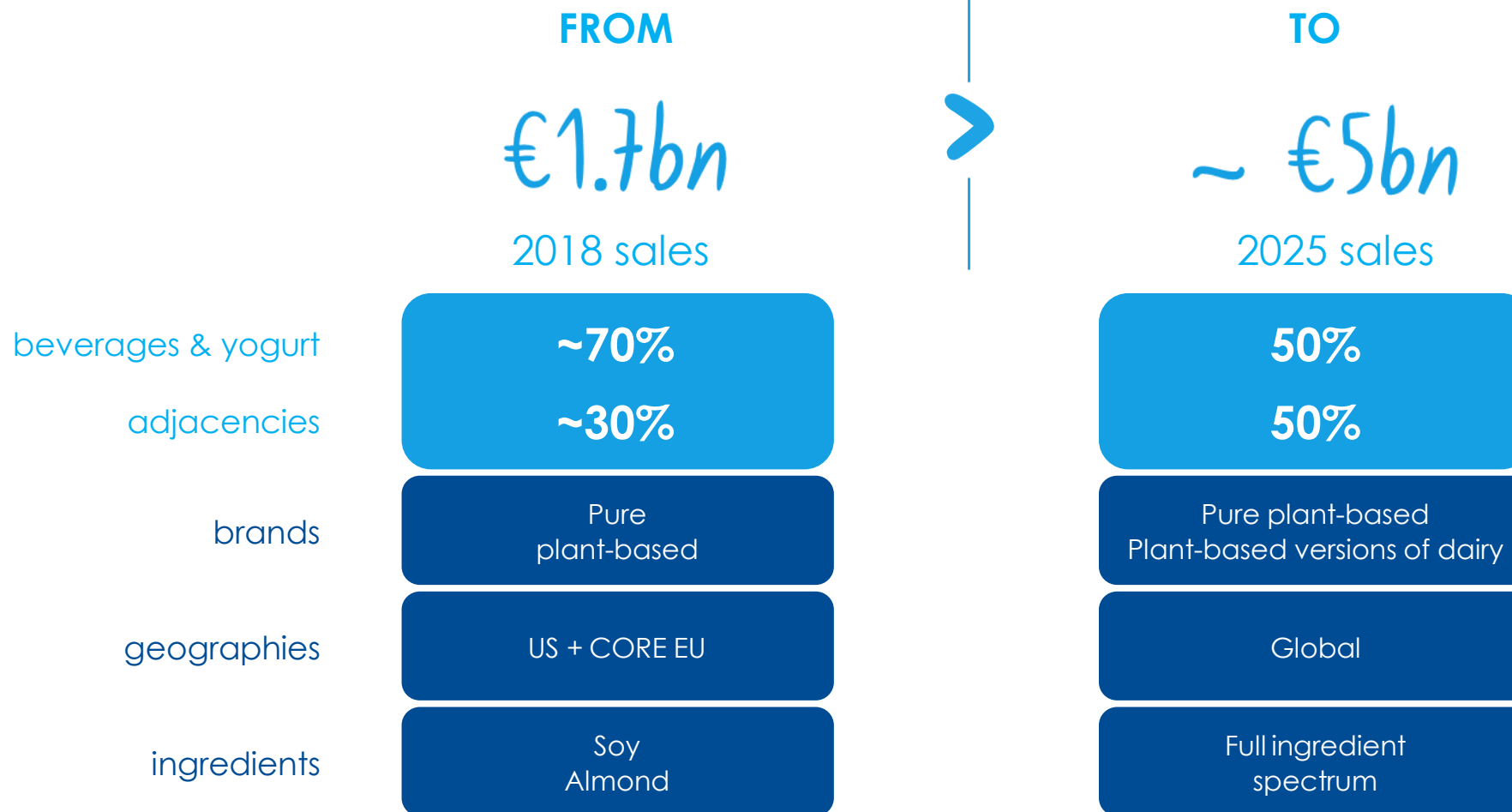
3- Modernize a commoditized category



'19

Key take-aways

Taking Plant-based to the max



Conclusion

Well-positioned to deliver strong value creation

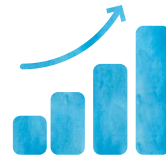


Danone strategic priorities

1 **accelerate growth**

2 **maximize efficiencies**

3 **allocate capital with discipline**



Taking plant-based to the max

superior value growth: triple size by 2025

accelerate the core

— expand into adjacencies

— leverage full brand portfolio

— exploit Danone's strength

maximizing efficiencies from synergies, scale and premiumization

lower production cost

— resource sustainability

— cost and revenue synergies



Disclaimer

- *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,” “believe,” “forecast,” “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, statements regarding Danone’s operation of its business, the expected benefits of the transaction, and the future operation, direction and success of Danone’s business.*
- *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 “Risk Factor” section of Danone’s Registration Document (the current version of which is available on www.danone.com).*
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- *All references in this presentation to “Like-for-like (LFL) New Danone” changes, recurring operating income, recurring operating margin, recurring net income, recurring income tax rate, Recurring EPS, Yakult Transaction Impact, free cash flow and net financial debt correspond to financial indicators not defined in IFRS. Their definitions, their reconciliation with financial statements and IAS29 accounting treatment for Argentina are included in the Q3 sales press release issued on October 17th, 2018. Q1, Q2 and H1 2017 reported figures have been restated for IFRS 15. Indicators ROIC and Net Debt / EBITDA are defined on page 64 of Danone’s 2017 registration document*
- *Due to rounding, the sum of values presented in this document may differ from totals as reported. Such differences are not material.*