



DANONE
ONE PLANET . ONE HEALTH

CAPITAL MARKET EVENT

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- 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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Logistics
and agenda

02

Chairman introduction –
Gilles Schnepf

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Strategic framework –
Antoine de Saint-Affrique

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Value creation model –
Juergen Esser

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Danoners in action –
Executive Committee
members

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CEO Conclusion –
Antoine de Saint-
Affrique



Profitable growth
algorithm

Returns, cash
generation and
financial policy

Financial
disclosure

Profitable growth
algorithm

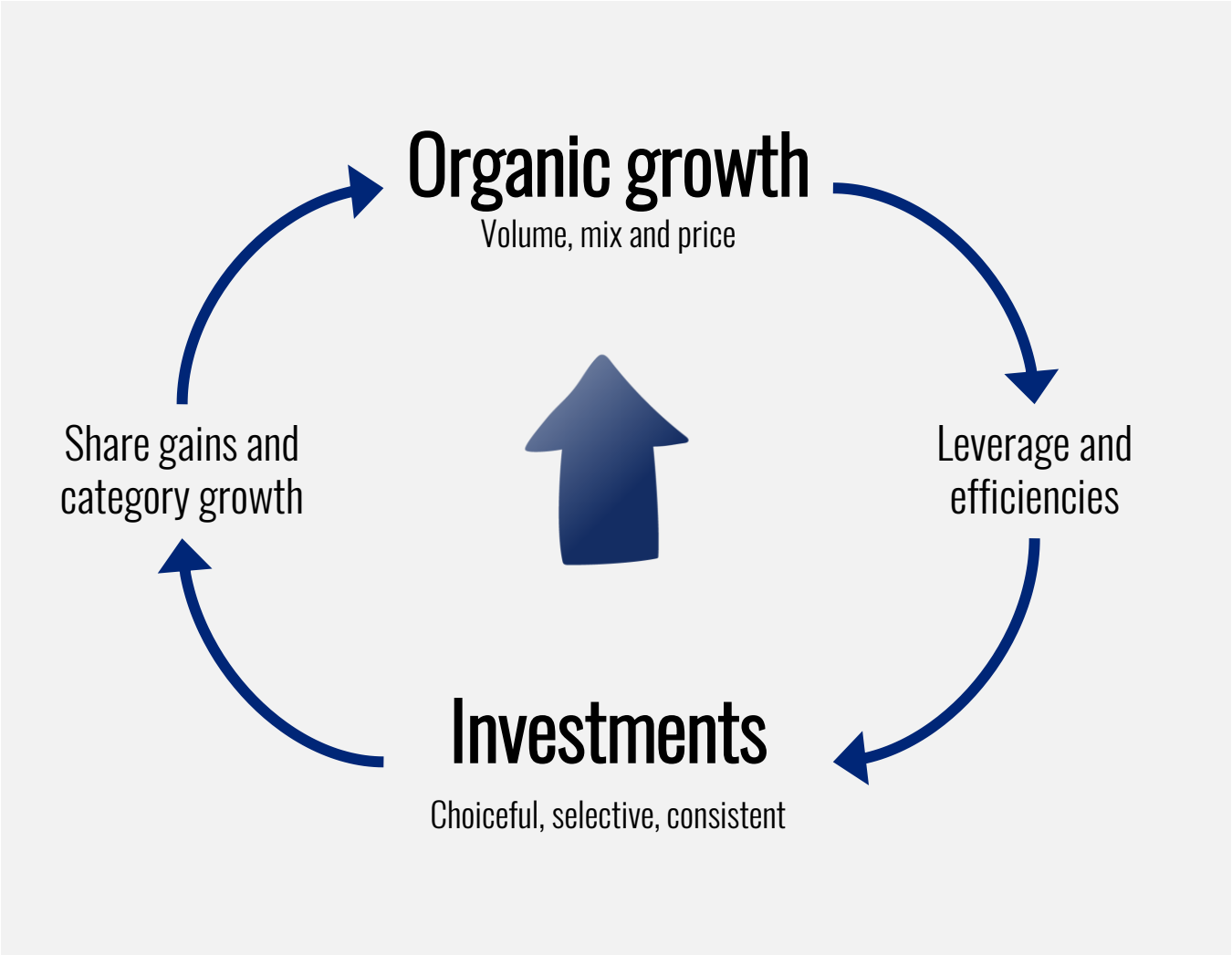
Returns, cash
generation and
financial policy

Financial
disclosure



SUSTAINABLE VALUE CREATION STARTS WITH GROWTH

KICKSTARTING REINVESTMENT IN 2022



2022, A FOUNDATIONAL YEAR

USING LOCAL FIRST SAVINGS TO FUEL REINVESTMENT & CATCH UP

2022 REINVESTMENT

100% OF
LOCAL FIRST SAVINGS



Competitiveness
&
Consumer value

Growth drivers
(ROI based
allocation)

Core capabilities
& enablers



2022 MOVING PARTS AND GUIDANCE

2022 MOVING PARTS

Inflation on COGS Low to mid-teens

Productivity on COGS > 5%

Pricing > Q4 2021

Reinvestment of **Local First** savings 100%
in Product, Execution, A&P and Capabilities

2022 GUIDANCE

LFL sales growth
Between +3 and +5%,
price-led

**Recurring operating
margin**
> 12%

RENEW DANONE

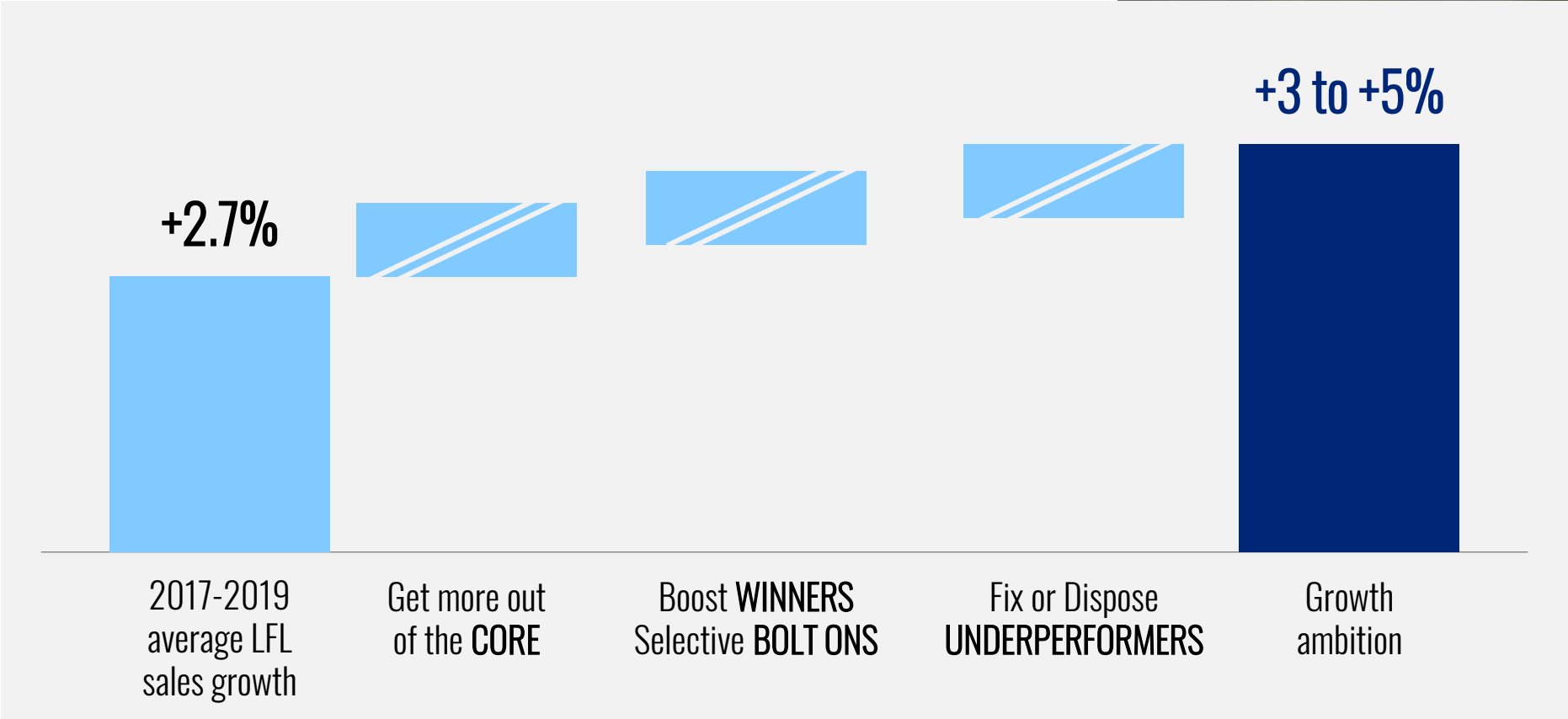
TRANSITIONING TOWARDS A SUSTAINABLE PROFITABLE GROWTH MODEL

	OUR PREVIOUS VICIOUS CIRCLE		OUR NEW SUSTAINABLE PROFITABLE GROWTH MODEL
LFL SALES GROWTH	< 3% mostly price with volumes down	➤	+3 to +5% Balanced vol/price/mix
GROSS MARGIN	Eroding with low asset utilization	➤	Growing with fixed costs leverage
INVESTMENTS	Decreasing	➤	Increasing
FIXED COSTS	Increasing	➤	Adjusted down, maintained after
RECURRING OPERATING INCOME	Volatile, protected by investment cuts	➤	Growing faster than topline



ACCELERATING GROWTH

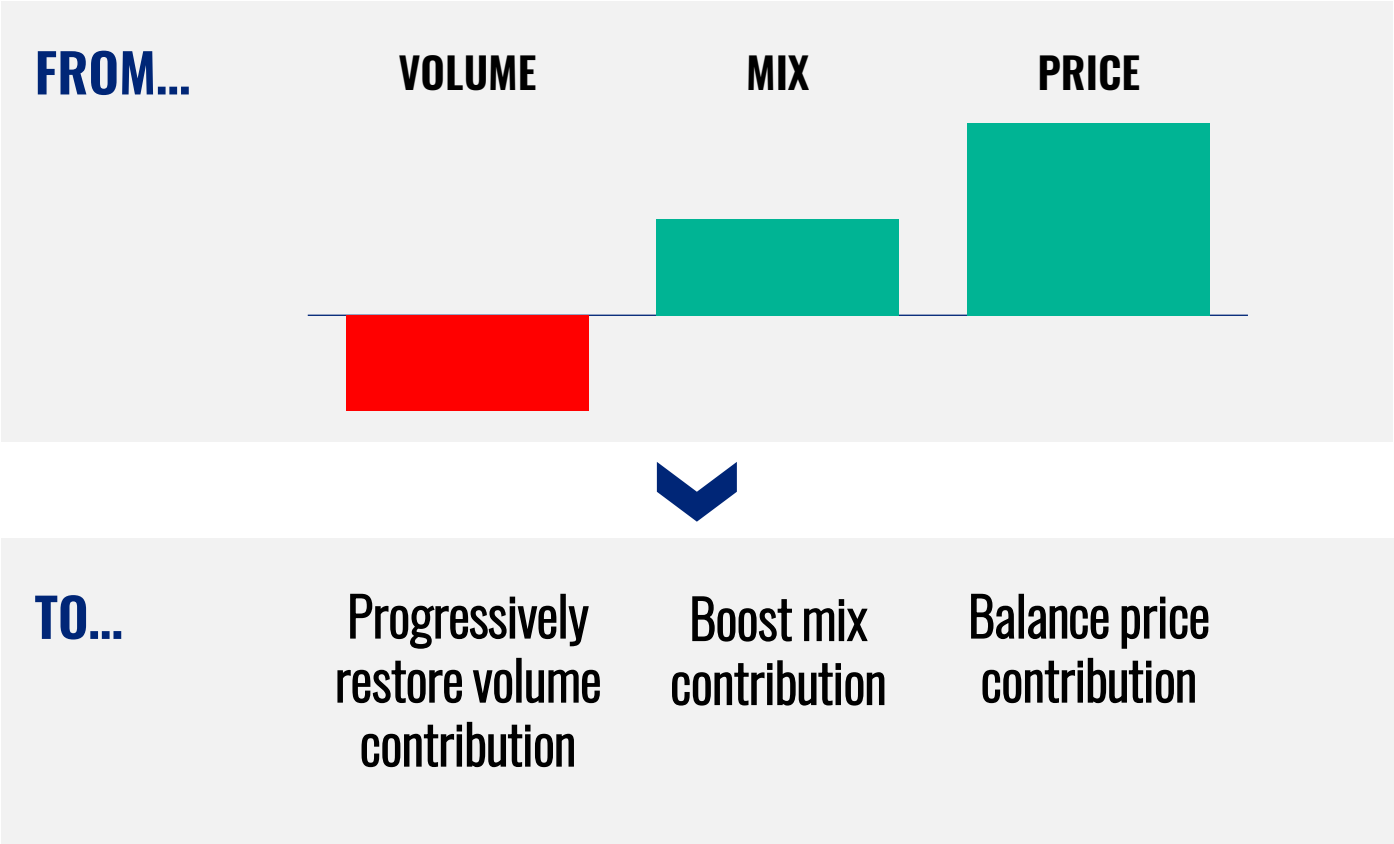
GETTING MORE OUT OF OUR PORTFOLIO, AND ROTATING IT MORE ACTIVELY



Note: size of the boxes is purely illustrative

ACCELERATING GROWTH WITH A MORE BALANCED GROWTH MODEL

DANONE LFL SALES GROWTH DRIVERS



AMBITION TO GROW GROSS MARGIN

OPERATING LEVERAGE OBSESSION, EFFICIENCY STEP-UP

FROM...

**DECLINING
VOLUMES**

**UNDERUTILIZED
ASSET BASE**



TO...

OPERATING LEVERAGE OBSESSION, EFFICIENCY STEP-UP

SWEATING OUR ASSETS

Restore volume growth in Core
Short-term driven by Waters

STEPPING-UP EFFICIENCY

Deliver current efficiency program
Build future of Operations



FIXED COSTS – MANAGED WITH DISCIPLINE

CAPTURING LOCAL FIRST SAVINGS, AND KEEPING DISCIPLINE THEREAFTER

Realigned with peers

€700m gross savings by 2023
Majority captured in 2022

Strengthened capabilities

Closing gap in Operations & R&I, data & IT, global marketing

Embedding a culture of frugality



INVESTMENTS – FOR COMPETITIVENESS, CAPABILITIES AND A&P

LOCAL FIRST SAVINGS OF €700M FULLY REINVESTED

COMPETITIVENESS AND CONSUMER VALUE



Product superiority and sustainability, formulation, design, pack

~ €200m

GROWTH ENABLERS, CORE CAPABILITIES



Operations & R&I
Data & IT
Global marketing

~ €200m

GROWTH DRIVERS: A&P, GO TO MARKET



Brand support
Commercial investments
Channel expansion

~ €300m

RECONNECTING WITH SUSTAINABLE VALUE CREATION

OUR MID-TERM FINANCIAL AMBITION ¹

FIX & SEED

ACCELERATE

2022

2023-2024

MID-TERM

NET SALES

+3 to +5%

Price led

+3 to +5%

Balanced between volume, mix and price

Outperform

RECURRING OPERATING INCOME

> 12%

Net inflation
Reinvestment

Growing faster than topline

Moderate improvement
driven by profitable growth

Acceleration towards
mid-teens

¹Based on main assumptions described in the press release

RECONNECTING WITH SUSTAINABLE VALUE CREATION

OUR 2023-2024 GUIDANCE

2023-2024 GUIDANCE ¹

LFL SALES GROWTH +3 to +5%

RECURRING OPERATING INCOME Growing faster than topline

ROIC Sequential improvement over the period

DIVIDEND Stable or growing year on year

¹ Assuming no major unforeseeable event



AGENDA

Profitable growth
algorithm

Returns, cash
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CLEAR CAPITAL ALLOCATION PRIORITIES

TO DRIVE SUSTAINABLE SHAREHOLDER RETURNS

INVEST IN PROFITABLE GROWTH

Product superiority, A&P, Capabilities
Opex & Capex with strict financial criteria

MANAGE THE PORTFOLIO

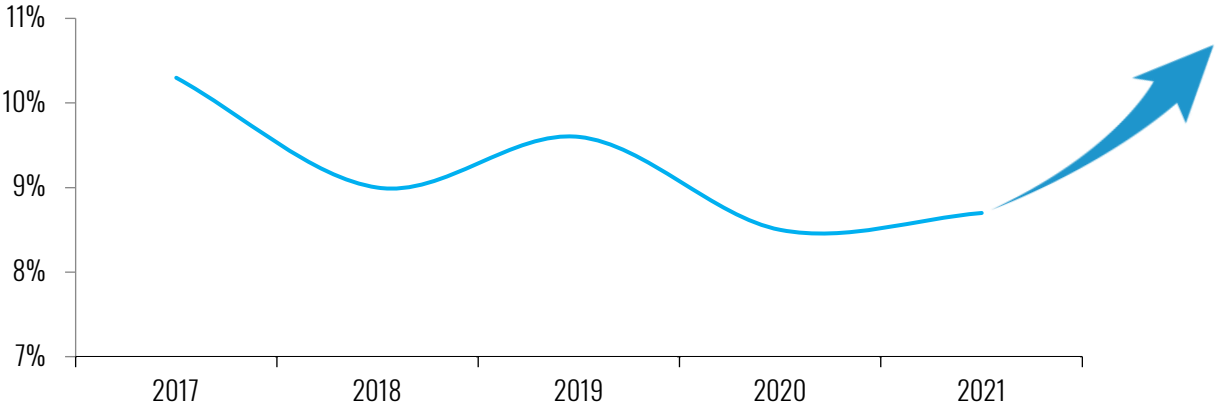
Active pruning and selected bolt-on acquisitions

DRIVE CASH GENERATION

Capex discipline, working capital optimization



HISTORIC ROIC PERFORMANCE



DELIVER ATTRACTIVE SHAREHOLDER RETURNS

Consistent dividend policy – Stable or growing



KEEP A HEALTHY BALANCE SHEET

Financial discipline & flexibility

INVESTING IN PROFITABLE GROWTH FOR SHORT AND MID TERM

FOCUS ON GROWTH ACCELERATION AND RETURNS

INVESTMENTS

	TYPE	SIZE	PAYBACK
 <p>GROWTH DRIVERS: A&P, GO TO MARKET</p>  <p>GROWTH ENABLERS, CORE CAPABILITIES</p>  <p>COMPETITIVENESS AND CONSUMER VALUE</p>	<p>P&L INVESTMENT</p>	<p>100% OF LOCAL FIRST SAVINGS</p>	<p>FAST</p> <p>MULTI-YEAR</p> <p>FAST</p>
 <p>TRANSFORMATION</p>  <p>CAPITAL EXPENDITURE</p>	<p>ONE-OFFS COSTS</p> <p>CAPEX</p>	<p>Local First as planned</p> <p><4.5% OF SALES</p>	<p>MULTI-YEAR</p>

INVESTING IN PROFITABLE GROWTH FOR SHORT AND MID TERM

FOCUS ON GROWTH ACCELERATION AND RETURNS

CAPITAL AND RESOURCES ALLOCATION

Over-allocation to **Winners**

Fair support to the **Core**

Strict need basis for **Underperformers**

Selective to **Seed the future**

FINANCIAL CRITERIA

ROI-based assessment and
delivery tracking

More rigorous financial monitoring
of decision-making process

Focus on **sustainable value creation**



MANAGING OUR PORTFOLIO MORE ACTIVELY

WITH CLEAR CRITERIA FOR DISPOSALS AND ACQUISITIONS

PORTFOLIO ROTATION ~10% OF NET SALES

ACTIVE PRUNING OF THE PORTFOLIO

Selected disposals building on a holistic review of the portfolio

Key criteria: fit with strategy, growth and margin prospects, value creation

BOLT-ON ACQUISITIONS AND SEED INVESTMENTS

Value creative, contributing to mid-term guidance

Key criteria: strengthen market positions, bring market access, add new capabilities, technologies or brand assets



DRIVE CASH GENERATION

STRONG CASH FLOW CONVERSION FROM PROFITABLE GROWTH

CAPITAL EXPENDITURE

< **4.5%** of net sales

Improvement of returns while maintaining existing magnitude of spend

Focus on growth, productivity and asset optimization

Packaging transformation supporting growth

Supply chain and backbone digitalization

WORKING CAPITAL

**Further
improvement**

compared to -4.8% of net sales in 2021

Operating cycles optimization through strengthened demand, manufacturing and supply planning

Improved inventory management

Payments and receivables animation

Process automation



DRIVING SUSTAINABLE VALUE CREATION

FOR LONG-TERM SHAREHOLDER RETURNS

**STRICTER
CAPITAL ALLOCATION**

**HIGHER RETURNS
ON INVESTMENTS**

**PORTFOLIO
MANAGEMENT**

STRONG CASH FOCUS

**SUSTAINABLE
ATTRACTIVE RETURNS**

**DIVIDEND FLAT OR
GROWING YOY**

**FINANCIAL
FLEXIBILITY**

**NET DEBT / EBITDA
BELOW 3x**

8.7%
ROIC in 2021

**SEQUENTIAL
IMPROVEMENT**

**CONSISTENT AND HEALTHY
FINANCIAL POLICY**

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ADAPTING FINANCIAL DISCLOSURE

IMPROVED TRANSPARENCY AND CLARITY ON PERFORMANCE

Geographic
granularity

4 Zones

Maintaining
Category Reporting

EDP / SN / Waters

LFL growth components

**Mix with volume /
Price standalone**

Inspirée par Badoit

ADAPTING FINANCIAL DISCLOSURE

IMPROVED TRANSPARENCY AND CLARITY ON PERFORMANCE

	EUROPE	NORTH AMERICA	GREATER CHINA, NORTH ASIA & OCEANIA	REST OF THE WORLD
2021 NET SALES ¹	€8.3 bn	€5.6 bn	€3.0 bn	€7.4 bn
2021 RECURRING OPERATING INCOME ¹	€1.3 bn	€0.6 bn	€0.9 bn	€0.5 bn

¹ Unaudited figures