



**DANONE**  
ONE PLANET . ONE HEALTH

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**CAPITAL MARKET EVENT**

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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”, “outlook”, “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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- Due to rounding, the sum of values presented in this presentation may differ from totals as reported. Such differences are not material.

**01**

Logistics  
and agenda

**02**

Chairman introduction –  
Gilles Schnepf

**03**

Strategic framework –  
Antoine de Saint-Affrique

**04**

Value creation model –  
Juergen Esser

**05**

Danoners in action –  
Executive Committee  
members

**06**

CEO Conclusion –  
Antoine de Saint-  
Affrique

# OUR STARTING POINT



2006: MAKING HEALTH OUR MISSION



# MY STARTING POINT

FACING THE REALITY

**WE OPERATE IN HEALTHY, ON-TREND  
AND GROWING CATEGORIES**

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**WE HAVE A STRONG PORTFOLIO  
OF BRANDS AND ASSETS**

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**WE HAVE A UNIQUE HERITAGE**

**BUT...**

**WE HAVE UNDERPERFORMED OUR  
CATEGORIES AND PEERS**

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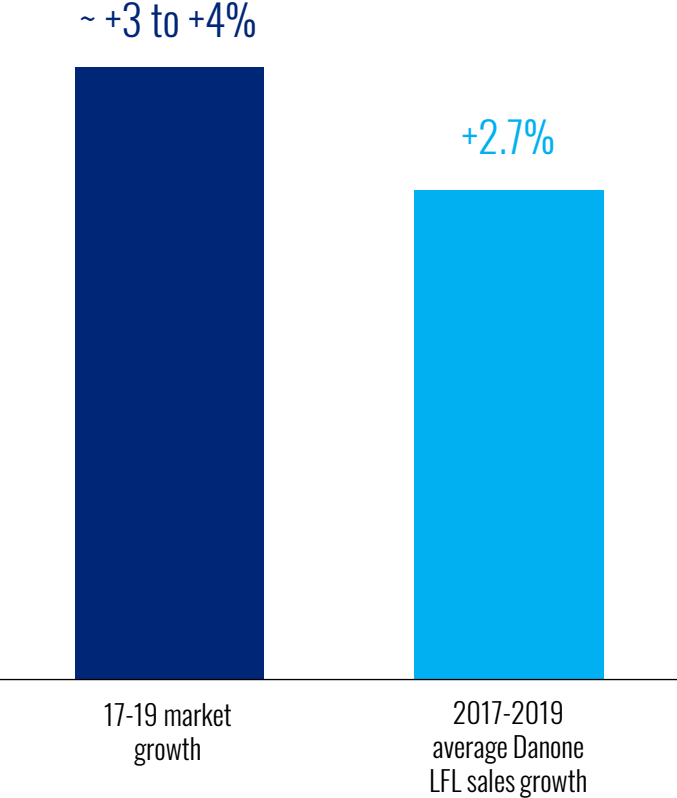
**WE LACKED CONSISTENCY IN GUIDANCE  
AND DELIVERY**

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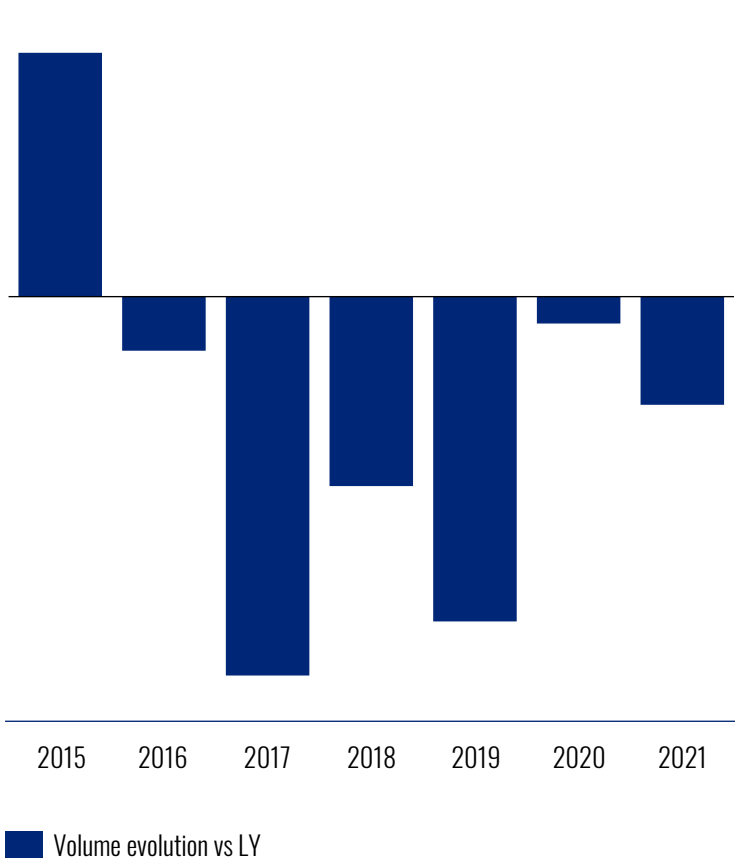
**OUR ORGANIZATION AND DISCLOSURE  
HAVE BEEN UNSTABLE**

# WE HAVE UNDERPERFORMED OUR CATEGORIES AND PEERS

## UNDERPERFORMING OUR CATEGORIES



## BALANCE BETWEEN VOLUME, MIX AND PRICE



## RELIANCE ON FEW CATEGORIES AND GEOS



Sources: Euromonitor, Retail audits, Company data



# OUR UNDERPERFORMANCE STEMS FROM SEVERAL FACTORS

## CORE PORTFOLIO

Lack of focus on the Core

Inconsistent category ownership

## INNOVATION

Late and sub-scale

SKU proliferation

## EXECUTION

Inconsistent execution

Sub-optimal service levels

## INVESTMENTS

A&P spend (2017-2021)

**-20%**

Danone SoV<sup>1</sup> – Dairy (2015-2019)

**-40%**

**-50%**



<sup>1</sup> Share Of Voice

# OUR UNDERPERFORMANCE STEMS FROM SEVERAL FACTORS

## CAPABILITIES GAPS



Operations & R&I  
Data & IT  
Global marketing

## PERFORMANCE CULTURE



Playing not to lose  
Incentive not aligned to performance

## DISCONNECTED PURPOSE



Insufficient contribution from purpose  
to value creation



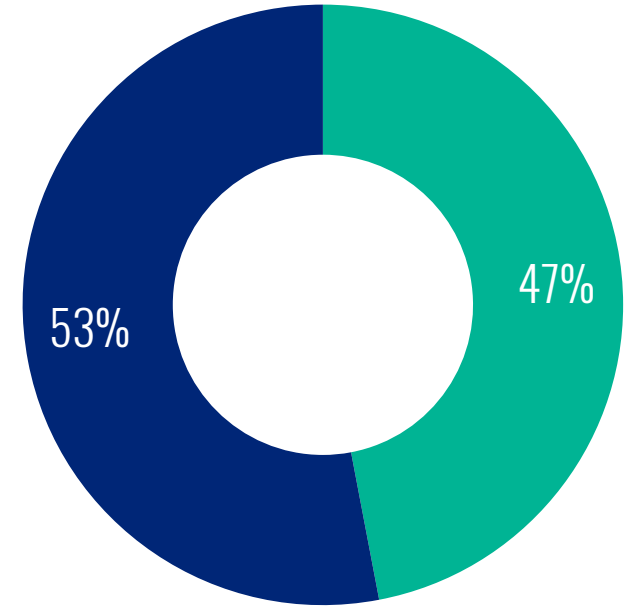
# WE START FROM A UNIQUE BASE OF ASSETS

BRANDS, GEOGRAPHICAL MIX AND MARKET POSITIONS

## A UNIQUE SET OF GLOBAL AND LOCAL BRANDS



## A BALANCED GEOGRAPHICAL FOOTPRINT



■ Developed markets    ■ Emerging markets

## LEADING MARKET POSITIONS<sup>1</sup>

- #1 in Dairy

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- #1 in Plant-based

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- #2 in Infant Nutrition

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- #4 in Adult Nutrition

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- #2 in Waters

<sup>1</sup> in terms of value, in the relevant categories and markets

# WE PLAY AT THE HEART OF THE HEALTHY FOODS MOVEMENT

DANONE IS UNIQUELY GEARED TO KEY CONSUMER TRENDS

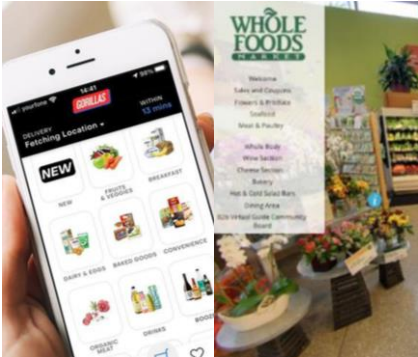
## STRUCTURAL CONSUMER MEGA-TRENDS



**HEALTH**



**SUSTAINABILITY**



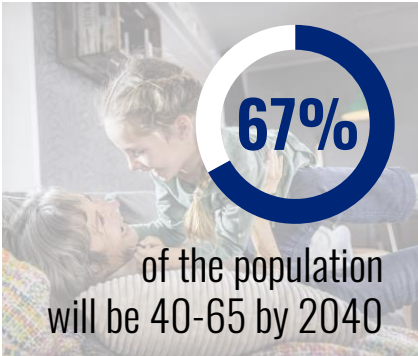
**DIGITAL**



**LOCALIZATION**



**URBANIZATION**



**AGEING POPULATION**

## TRENDS AMPLIFIED & ACCELERATED BY COVID



**HEALTH, IMMUNITY AND INDULGENCE**



**RENEWED FOCUS ON SUSTAINABILITY**



**ECOM & DIGITALIZATION**



**FLEXIBLE LIVES, AT HOME AND AT WORK**

# DAIRY PLAYS A UNIQUE ROLE IN PEOPLE'S LIFE

## KEY CONSUMER TRENDS



IMMUNITY



GUT HEALTH



INDULGENCE



PROTEIN FOR PLEASURE,  
HEALTH & PERFORMANCE

> **60%** OF DAIRY REVENUES  
ADDRESS HIGH GROWTH SEGMENTS

**Actimel**

**OIKOS**

**ACTIVIA**

**TWO GOOD**

**YoPRO**



**Danette**

## OUR PRIORITIES

Lead the renewed momentum of Dairy in Immunity, Gut Health and Indulgence

Make the most of our Essential and Traditional portfolios in Developed and Emerging markets



# WE LEAD THE DAIRY ALTERNATIVE PROTEIN MOVEMENT

## KEY CONSUMER TRENDS



PLANT-BASED BEVERAGES



ALTERNATIVES TO DAIRY



INGREDIENT-LED VERTICALS



BENEFIT-LED RECIPES

## # 1 PLAYER GLOBALLY

~60% of revenues in Beverages

~40% of revenues in Yogurt, Ice Cream, Cheese



## OUR PRIORITIES

Profitably grow the category, leveraging our scale

Take advantage of our versatile portfolio and our multi-category / multi-ingredient expertise to lead the category

# WE MAKE A MATERIAL DIFFERENCE TO PEOPLES' HEALTH

## KEY CONSUMER TRENDS



CONDITIONS  
PREVALENCE



ADULT NUTRITION



NATURALITY



DIGITALIZATION AND  
CONVENIENCE

**~40% OF SN REVENUES IN SPECIAL  
PEDIATRICS & ADULT NUTRITION**

**UNIQUE ASSETS IN CORE  
INFANT NUTRITION**

Science leadership & trusted brands

Market access and journey management



**Fortimel    Nutrison**  
**neocate®    Fortini**

## OUR PRIORITIES

Drive added value  
mixes

In China, play a leading  
role in current market  
consolidation

Offer the best  
medicalized solutions  
during life cycle, from  
Infant to Adult



# WE LEAD HEALTHY HYDRATION WITH A UNIQUE MIX OF PREMIUM BRANDS AND DEEP REACH IN EMERGING MARKETS

## KEY CONSUMER TRENDS



ACCESS TO HEALTHY HYDRATION, EVERYWHERE



HEALTHY/HEALTHIER REFRESHMENT

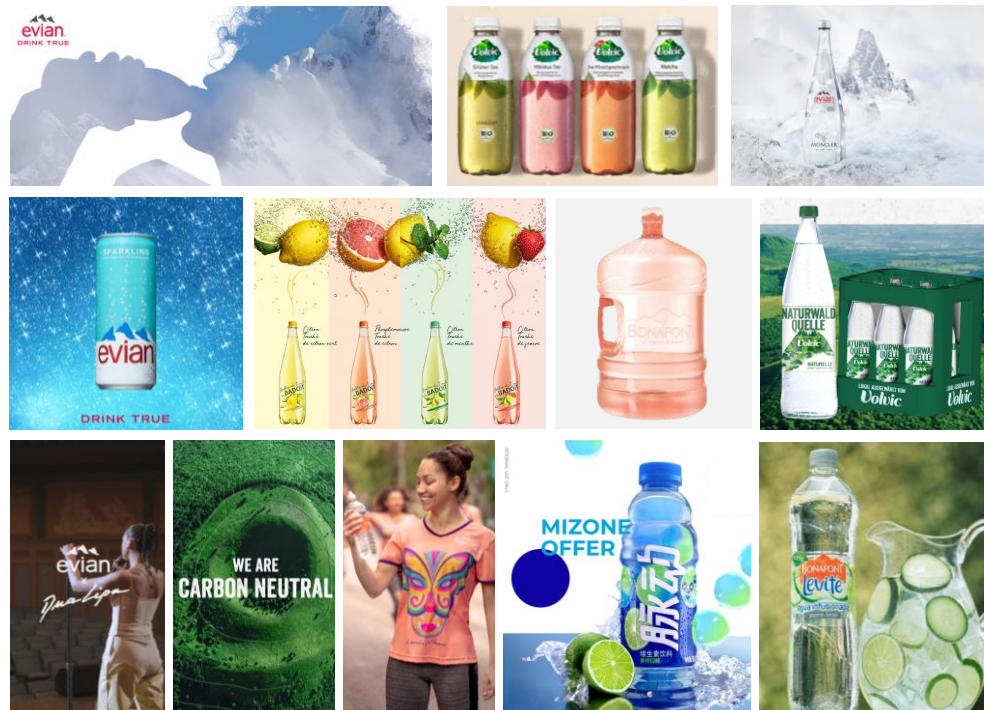


FUNCTIONALITY



SUSTAINABILITY

UNIQUE PREMIUM BRANDS IN DMs<sup>1</sup>  
 PROFITABLE & LEADING REACH IN EMs<sup>2</sup>  
 96% OF REUSABLE, RECYCLABLE PACKAGING



## OUR PRIORITIES

Provide access to safe drinking water, everywhere and for each occasion

In Developed markets and China, expand our Premium brands across segments, occasions and channels

In Emerging markets, leverage our unique access to consumers

<sup>1</sup> Developed Markets <sup>2</sup> Emerging Markets

## IN SUMMARY

WE HAVE WHAT IT TAKES, WE NEED TO FOCUS ON IT

Our categories are on trend and offer growth and added value potential

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We have solid assets to build on, we can do a better job at leveraging them

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We can significantly step up our innovation and quality of execution

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We need to reinvest, in brand support and capabilities



## ➤ A RESET IS NEEDED

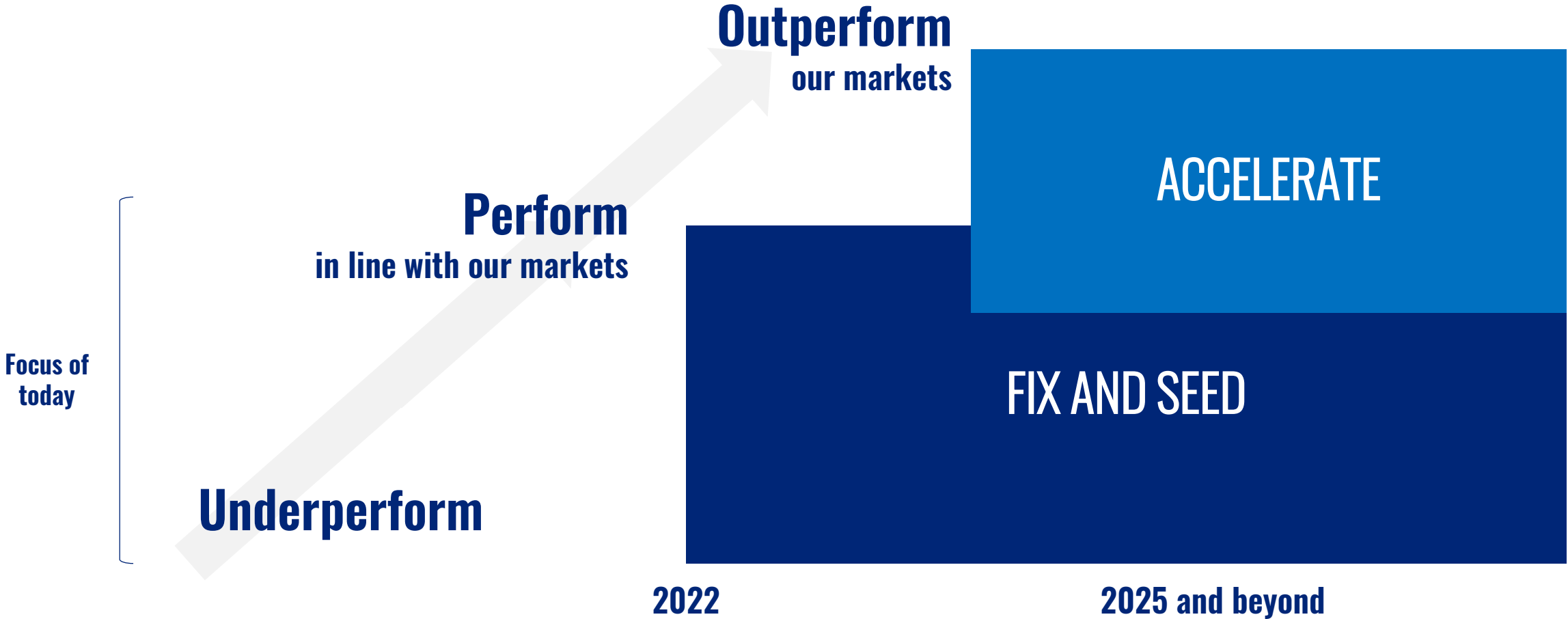
Cultural

Executional

Financial

# MOVING TO THE FRONT FOOT

IT ALL STARTS WITH HIGHER ORGANIC GROWTH



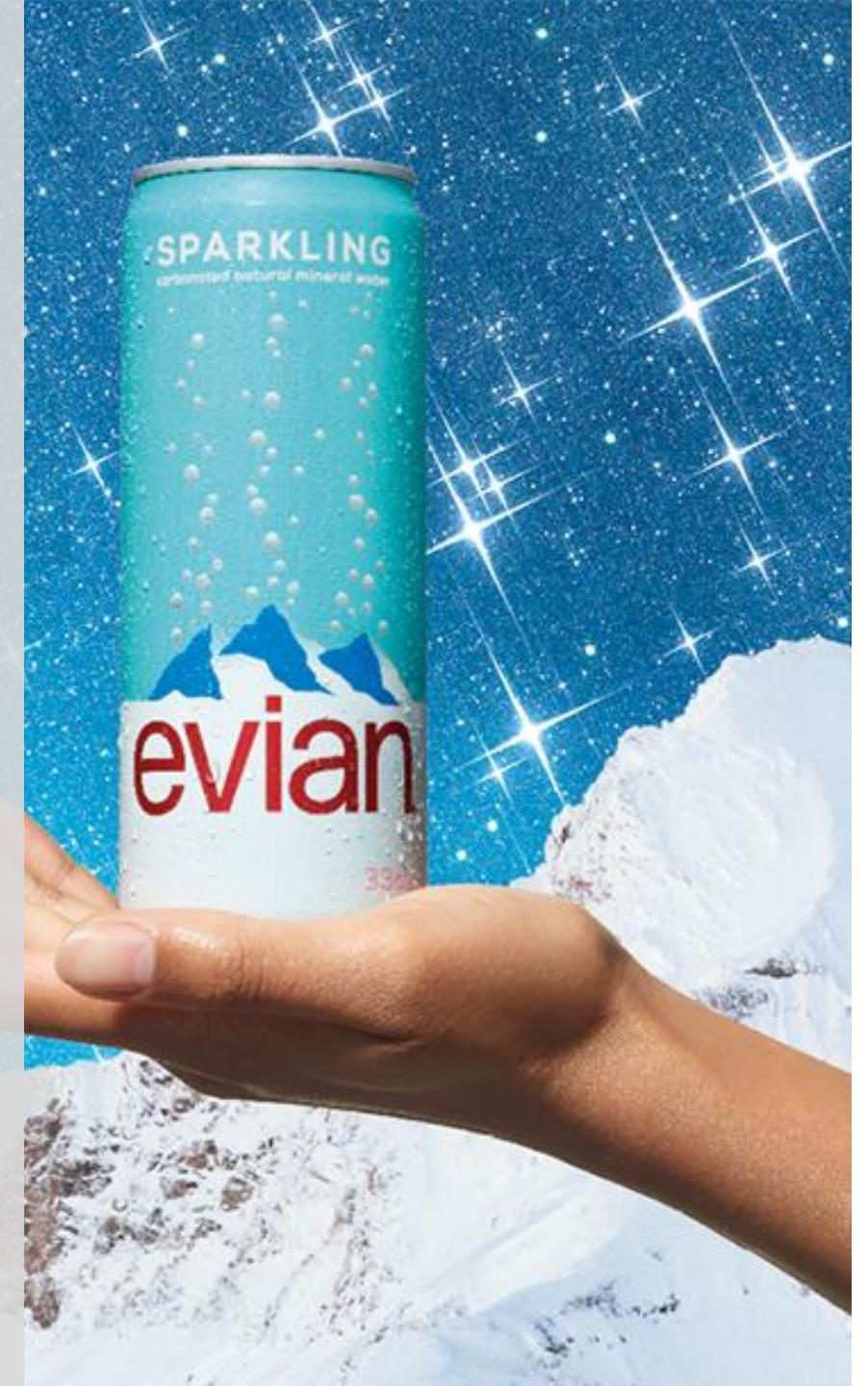


— RENEW —

# DANONE

**SUSTAINABLE VALUE CREATION, FOR ALL**

**PERFORMANCE – PEOPLE – PURPOSE**



# RECONNECTING WITH SUSTAINABLE VALUE CREATION

## OUR 2023-2024 GUIDANCE

### 2023-2024 GUIDANCE <sup>1</sup>

**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

<sup>1</sup> Assuming no major unforeseeable event





# RENEW DANONE

## FOUR STRATEGIC PILLARS

**01**

Win where we are

**02**

Expand where we should be

**03**

Seed the future

**04**

Manage our portfolio

## FOUR KEY ENABLERS

**CULTURE**

**CAPABILITIES**

**SUSTAINABILITY**

**COST COMPETITIVENESS**

## DO IT THE DANONE WAY



Certified



ENTREPRISE À MISSION,

# RENEW DANONE

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**ENTREPRISE À MISSION,**

# MAKE CLEAR PORTFOLIO CHOICES

## DRIVE THE CORE

~ 55%  
of revenues

Activate the full playbook to  
accelerate growth and  
improve competitiveness

## FIX THE UNDERPERFORMERS

~ 25%  
of revenues

Address and fix  
Sense of emergency  
No taboo / sacred cows

## BOOST THE WINNERS

~ 20%  
of revenues

Over-allocate investments  
Roll-out and scale

# DRIVE THE CORE

GREATER FOCUS, BETTER INNOVATION, EXECUTION AND SUPPORT

Actimel worldwide

~ **+20%**  
since 2019

## RENOVATION AND INNOVATION

### STEP-UP IN EXECUTION

Revenue growth management  
Channel strategies, shelf execution

### TARGETED REINVESTMENTS



# FIX THE UNDERPERFORMERS

## WITH URGENCY AND DETERMINATION

### CHALLENGED AREAS

Selection



TRADITIONAL  
DAIRY  
PORTFOLIO

Portfolio renovation / innovation

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Revenue growth management playbook

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Sourcing model, manufacturing and supply chain set up

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Channel mix management, distribution partnerships

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Execution step up, from sourcing to shelf

**PRIORITY TO FIXING THE ASSETS;  
DISPOSALS CONSIDERED AS AN ALTERNATIVE**





# BOOST THE WINNERS

## LEVERAGING POCKETS OF EXCELLENCE

### LEADING THE HIGH PROTEIN TREND

~ €400m

net sales in less than 4 years



### GETTING TO CRITICAL MASS IN ECOMMERCE

+16%

in 2021 vs LY<sup>1</sup>

>10%

of 2021 revenues<sup>1</sup>



### LEVERAGING D2C CAPABILITIES

~ €500m

revenues in 2021<sup>2</sup>

Unique access to consumers' data and insights through household delivery

1. Excludes Indirect sales

2. Includes revenues from Home Delivery services in Waters and cross-category D2C online platforms

# MAKING CLEAR INVESTMENT CHOICES

## COMPETITIVENESS AND CONSUMER VALUE

Ingredients  
Formulation  
Packaging

Product superiority  
and differentiation

## GROWTH DRIVERS (ROI-BASED ALLOCATION)

Brand support  
Commercial investments  
Winning Channels

Product & brand  
visibility, numerical /  
weighted distribution

## CORE CAPABILITIES AND ENABLERS

Operations & R&I  
Data & IT  
Global marketing

Step up on core  
capabilities enabling  
profitable growth



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Corporation

ENTREPRISE À MISSION,

# STRENGTHEN RESILIENCE

## EXPANDING OUR COVERAGE

### BROADEN SEGMENT COVERAGE

Expand segment coverage from Plain to Sparkling



Expand format coverage



### DIVERSIFY REVENUE BASE

Expanding existing category footprint

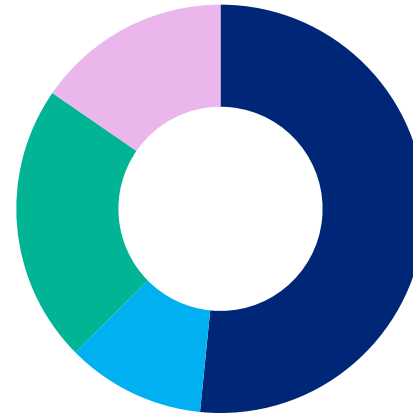
seeding Healthy Ageing in China



accelerating Adult nutrition in the US



### BUILD CHANNEL AGNOSTICITY



- RETAIL
- ECOMMERCE
- IMPULSE AND PROXIMITY
- OTHERS

### ACCELERATE & EXPAND DIGITAL

Built on e commerce momentum

Expansion with partners

Strategic partnerships | JBPs



Leverage pockets of excellence ELN China

Upgrade & embed in Operations



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# DO IT THE DANONE WAY



ENTREPRISE À MISSION,

# PREPARING NEW GROWTH AVENUES

## SELECTIVE AND FOCUSED APPROACH

### CREATING VALUE WITH OUR PARTNERS

With a special focus on Asia, Middle East & Africa

### REFOCUSING OUR FUNDS



### BETTER LEVERAGING OUR ECOSYSTEM



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## DO IT THE DANONE WAY



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ENTREPRISE À MISSION,

# MANAGE OUR PORTFOLIO

ACTIVELY PRUNING AND STRENGTHENING OUR PORTFOLIO

## RECENT DISPOSALS



Committed to all our categories

Value creation imperative in everything we do (keep, buy or sell)

We will keep pruning - No sacred cows

## RECENT ACQUISITIONS



**SCOPE FOR PORTFOLIO ROTATION EQUIVALENT TO ~10% OF NET SALES**



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ENTREPRISE À MISSION,

# RELOAD CAPABILITIES AND PERFORMANCE CULTURE

## STRENGTHENING THE LEADERSHIP TEAM

Internationally recognized newcomers



**VIKRAM  
AGARWAL**

30+ YEARS OF  
EXPERIENCE

**OPERATIONS**



**ISABELLE  
ESSER**

25+ YEARS OF  
EXPERIENCE

**R&I, QUALITY AND  
FOOD SAFETY**



**ROBERTO DI  
BERNARDINI**

30+ YEARS OF  
EXPERIENCE

**HUMAN  
RESOURCES**

Seasoned Danone leaders



**HENRI  
BRUXELLES**

35+ YEARS OF  
EXPERIENCE

**SUSTAINABILITY &  
STRATEGIC BUSINESS  
DEVELOPMENT**



**LAURENT  
SACCHI**

30+ YEARS OF  
EXPERIENCE

**GENERAL  
SECRETARY**

## ALIGNING INCENTIVES WITH PERFORMANCE

### STIs ADJUSTMENT

More “metricated”  
More stretch  
More upside

### LTIs: FROM “PLAYING NOT TO LOSE” TO “PLAYING TO WIN”

More performance-focused metrics:  
TSR, EPS, Sustainability

Upside as well as downside

More stretch

# REUNITING SUSTAINABILITY AND PERFORMANCE

## SUSTAINABILITY AS A DRIVER OF ECONOMIC PERFORMANCE

**STRONG  
ROOTS**



50 years  
of the  
Marseille  
speech  
(1972)



**TRANSLATING DANONE'S  
SUSTAINABILITY LEADERSHIP  
INTO A COMPETITIVE ADVANTAGE**

**STRONG  
CREDENTIALS**



CLIMATE FORESTS WATER

**MSCI**  
ESG RATINGS



More focus & more impact

**STRONG  
ASSETS**

**90%**

of volumes sold  
in healthy  
categories



Healthiest Portfolio  
#1 of product  
profile ranking



Tangibly contributing to Danone's  
performance and resilience

Driving market norms upward