



**DANONE**  
ONE PLANET. ONE HEALTH

Investor Seminar  
October 22, 2018

## **Fit for growth and Innovation**

Véronique PENCHIENATI  
EVP – Growth and Innovation

# Véronique Penchienati

## 19 years at Danone



- 2017** ● EVP Growth & Innovation (Comex since Feb 2018)
- 2014** ● President Evian Volvic World
- 2009** ● GM Danone Eaux France
- 2002** ● VP Marketing Dairy Worldwide Business Unit
- 1999** ● VP Marketing LU France

# Growth and innovation to drive value

## Bringing together all growth functions in one seamless team

### Growth strategic functions



Marketing



R&I



Digital



Quality



Sales



Alimentation science

### Growth accelerator programs



MiA  
MANIFESTO INNOVATION  
ACCELERATOR



DANONE  
ONE PLANET. ONE HEALTH

MANIFESTO  
VENTURES

### Business chief growth officers



## Growth and innovation Fostering a unique mindset

4

Seamless  
cooperation

Make it  
scalable fast

Global  
center of expertise  
Local  
empowerment

Performance  
culture

# Contributing to our collective ambition

## Embedding digital and innovation to deliver our business goals



### our strategic priorities

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



### our 2020 objectives

4 to 5%  
sales growth <sup>(1)</sup>

>16%  
operating margin <sup>(2)</sup>

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

# #FoodRevolution and Digital The Perfect Fit

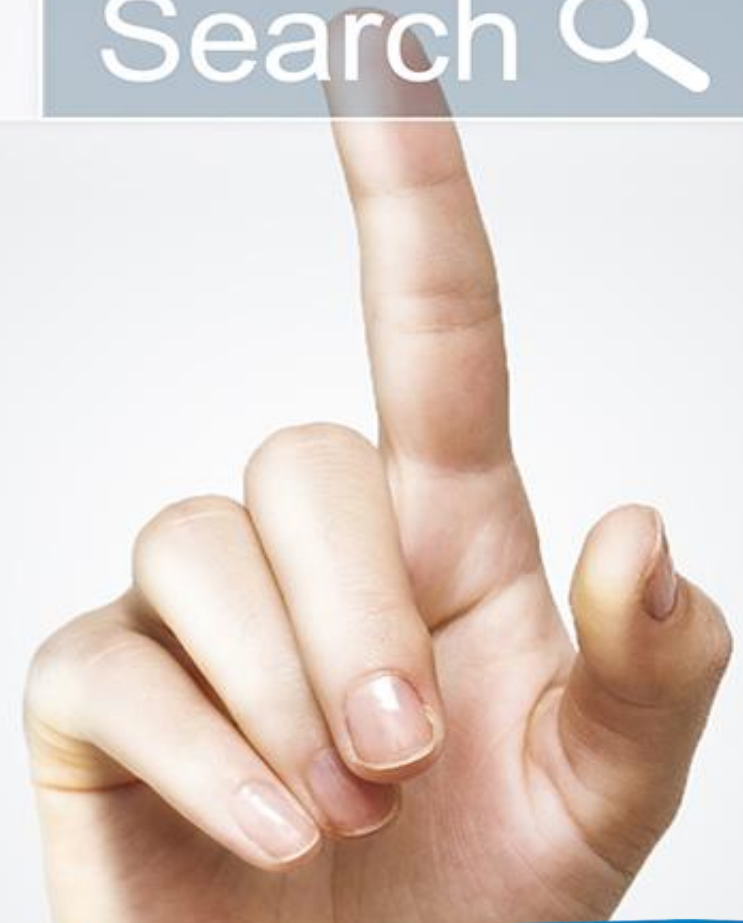
Search 

40%

*of worldwide searches  
focus on food  
& beverages  
(Google and Amazon)*

60%

*of purchases  
in our categories  
are triggered by  
an online touch point*



Source : Google search report- Garner digital index report

# Four strategic priorities To succeed in the digital era



1

Reimagine  
brands

2

Transforming  
consumer reach  
& engagement

3

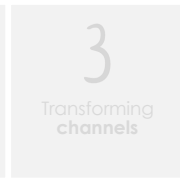
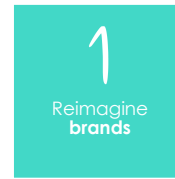
Transforming  
channels

4

Disruptive  
innovation

## Reimagine brands

*When they eat & drink, people vote for the world they want to live*



As the power is shifting to people...

... Reinventing our brand model



... who engage and adopt brands according to the **purpose and values they share**



Shifting to **Manifesto brand model**



# Manifesto brands: building loyalty through brands with a purpose

## Bonafont case study



**We fight for**

**Women Empowerment**

**We do**



Fundraise



Campaign



Race

**We impact**

- Raise awareness (>100 Mio reach) on Gender Equality issue
- 100% Limited Editions profit donated to women projects
- \$1MX / km run donated

**for 25 years**

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# Impact and results

## Manifesto Brands deliver incremental value and growth

- 1 Reimagine brands
- 2 Transforming consumer reach & engagement
- 3 Transforming channels
- 4 Disruptive innovation

### the Bonafont case



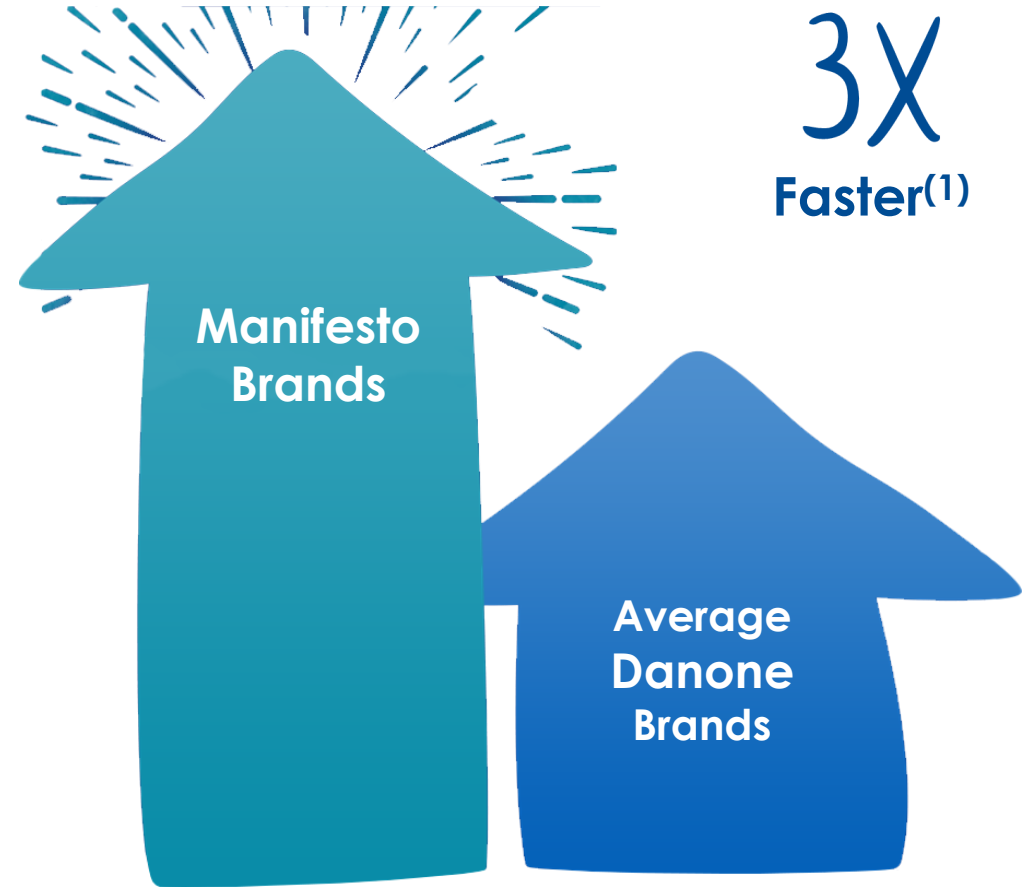
**Growth**  
+5-10% vs. last year

**Most Loved**  
FMCG brand in Mexico

**Leadership**

1 2 3

BONAFONT. ciel. e.pura®



(1) 2017 vs 2016

# Some other great examples of our Manifesto brands in action

gender equality



+5 to 10%  
growth vs PY

circular economy



+5 to 10%  
growth vs PY

transparency



>10%  
growth vs PY

support to farmers



>15%  
growth vs PY

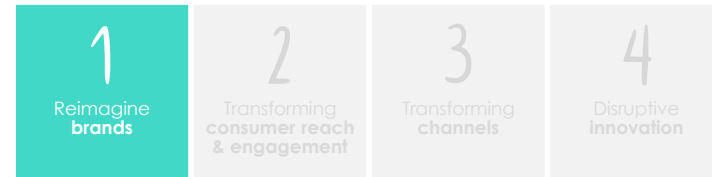
nourishing happiness



>10%  
growth vs PY

# Danone One Planet. One Health

## The journey has started in France with 3 important commitments



### Transparency



**Danone France** @DanoneFR · 21 févr.  
Premier acte : donner les moyens à chacun.e de mieux choisir son alimentation.  
#OnePlanetOneHealth



### Organic



**Danone France** @DanoneFR [Suivre](#)

Deuxième acte : renforcer notre offre bio. #OnePlanetOneHealth



### Regenerative agriculture



**Danone France** @DanoneFR · 21 févr.  
Troisième acte : accompagner nos agriculteurs partenaires pour développer l'agriculture régénératrice. #OnePlanetOneHealth



# Danone One Planet. One Health

## With a full engagement plan with consumers in Sept



Le vendredi 21 septembre,  
Danone et ses marques reverseront l'intégralité des ventes de la journée\*  
à des projets d'agriculture plus respectueuse de la planète et de la santé.  
Nos autres engagements sur Danone.fr



evian Danonino L'yléle alpro ACTIVIA Bédina

Danone. Une seule planète. Une seule santé. Danone s'engage pour la planète et la santé. Voir Danone.fr  
\*Chiffre d'affaires reconstitué des ventes en grandes surfaces de DPF, SAEME, Les Prés Rien Bio & Bédina réalisées en France Métropolitaine.



Social media conversations

1.9M reach

(86% neutral, 13% positive, 1% negative)

Turnover 5.4M (+8% vs average Friday)

1 500 Danoners in stores

# Reimagine brands

## Our ambition for 2020

- 1 Reimagine brands
- 2 Transforming consumer reach & engagement
- 3 Transforming channels
- 4 Disruptive innovation

from 10

### Manifesto brands

accounting for **20%** of Danone sales in 2018



to 100%

**of our brands** participating in the manifesto brand journey by 2020

## Four strategic priorities To succeed in the digital era



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# Transforming consumer engagement

## Optimizing marketing spend and reaching new audiences

|                       |   |                            |                            |
|-----------------------|---|----------------------------|----------------------------|
| 1<br>Reimagine brands | 2<br>Transforming consumer reach & engagement | 3<br>Transforming channels | 4<br>Disruptive innovation |
|-----------------------|---|----------------------------|----------------------------|

### from Traditional advertising

Buy reserved ad space at negotiated price, and same creative to all



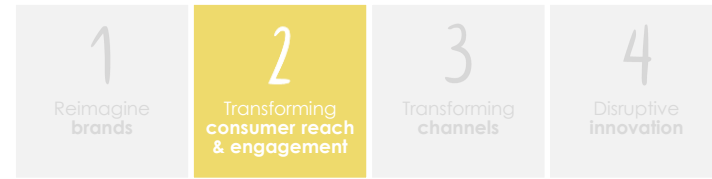
### to Precision marketing

Bid on real-time for audiences, based on data and tech with differentiated creatives per consumer segment



# The digital shift is underway

## Proven impact on growth and efficiency



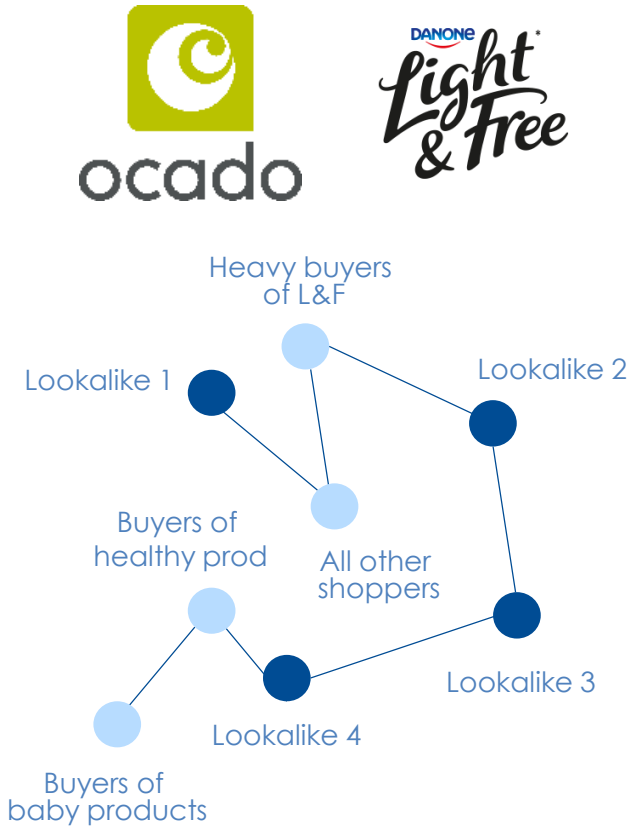
*\*average on first party data campaign measured*

# Precision marketing

## Successful tribes activation in partnership with customer

- 1 Reimagine brands
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8 tribes identified...



...targeted content...

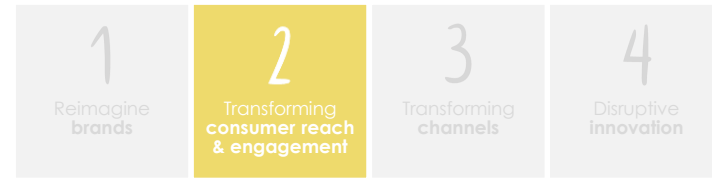


... positive impact on results

sales lift  
index **137**  
cost per contact  
**-86%**

# Transforming consumer reach and engagement

## The digital shift is underway



### Media spent on digital

>30%

(Highest in China and UK)



### Audience-driven activation

100%

of our digital activations will be data-driven by end 2018

55%

of our media investment generate proprietary data

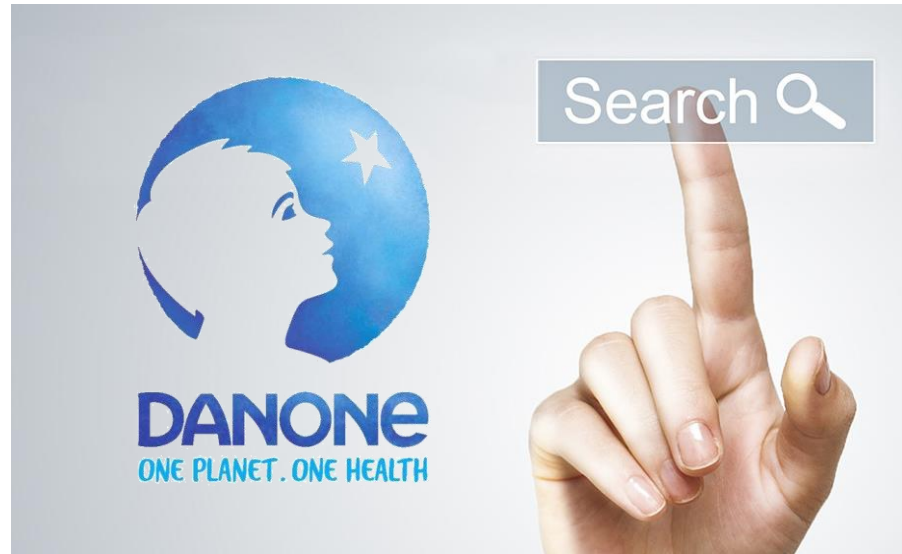


### Search optimization

+14%

rise of search performance (incl. ebusiness search with Amazon)

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**E-business**

Alibaba Group    amazon

**C-Store**

ELEVEN    OXXO

**Discounters**

SCHWARZ GRUPPE    ALDI SUPERMERCADOS    Kaufland

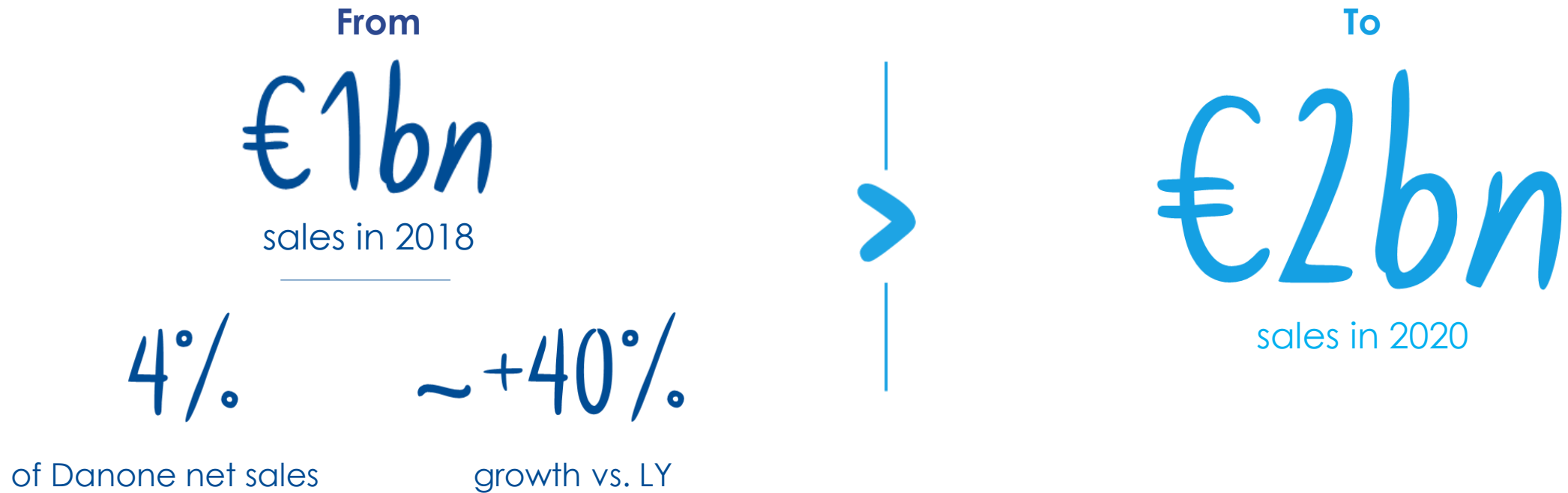
**CASH & CARRY**

CVS pharmacy    COSTCO WHOLESALE

# A growth engine for Danone today... and tomorrow

## Objective to double e-commerce size by 2020

- 1 Reimagine brands
- 2 Transforming consumer reach & engagement
- 3 Transforming channels
- 4 Disruptive innovation



# Delivering €2bn e-commerce target

## Key levers already deployed in countries

|                       |   |                            |                            |
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|-----------------------|---|----------------------------|----------------------------|

### right organization

ELN China cross functional e-commerce acceleration team



### right execution

waters France on line store



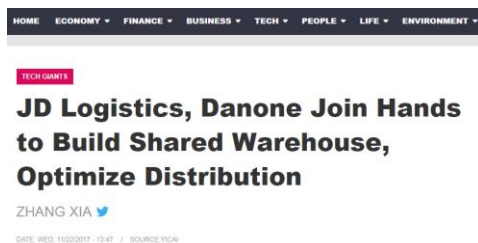
### data sharing

EDP Precision marketing with Ocado



### right supply chain

strategic partnership



### dedicated assortment

DWC exclusive pack for JD.com



### JBP with pure players

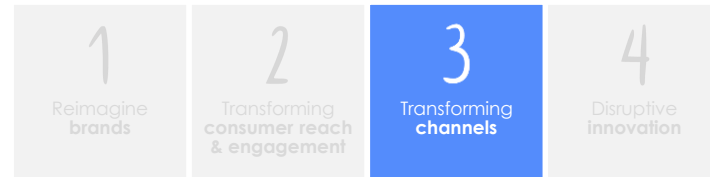
ASPAME Lazada strategic partnership





# Happy Family success story

## Rapid sales growth demonstrates benefits of omnichannel strategy



### E-commerce net sales

e-business sales is now  
>10% of HF total net sales

Growing **X2** faster than  
total net sales growth

Launching a very innovative  
**Happy Bundle**  
DTC subscription program



### Key success factors

- Prioritizing eCommerce within the company**, both with resource and investment
- Forming a dedicated and fully-integrated eCommerce cross-functional team**
- Marketing team** with digital-first/e-commerce-experienced talent
- A consumer-first standpoint approach** when deciding on assortment, offering and communication

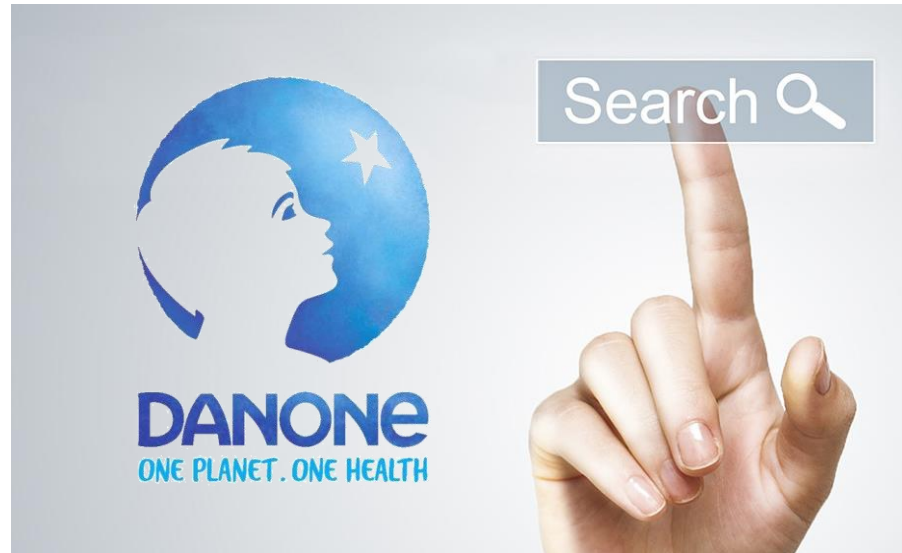
# Enhancing team capabilities across categories

## Embedding digital skills in all sales functions

|                       |   |                            |                            |
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# Create value through disruptive innovation

## Anticipating and monetizing consumer trends

- 1 Reimagine brands
- 2 Transforming consumer reach & engagement
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- 4 Disruptive innovation

### Accelerate...



• Plant-based



• Organic and beyond



• Probiotics

### ... And lead the way



• Clean Label



• Beyond Plastic



• Sugar and Sweetness

# Innovations: more, better, faster

## Now around 20% of our net sales<sup>(1)</sup>

- 1  
Reimagine  
brands
- 2  
Transforming  
consumer reach  
& engagement
- 3  
Transforming  
channels
- 4  
Disruptive  
innovation



Activia in the US  
**+4% YTD sales growth**

Net sales/ liter vs. core range  
**50% higher**

Organic baby food market  
**10% market share**

**Recyclable**  
packaging for AMN

(1) Innovations and renovations

# Innovations: more, better, faster

## More agile and open innovation process

|                          |   |                               |                               |
|--------------------------|---|-------------------------------|-------------------------------|
| 1<br>Reimagine<br>brands | 2<br>Transforming<br>consumer reach<br>& engagement | 3<br>Transforming<br>channels | 4<br>Disruptive<br>innovation |
|--------------------------|---|-------------------------------|-------------------------------|



100

**Fast Prototypes**  
in the pipeline



20

**Design Thinking Concepts**  
in the pipeline



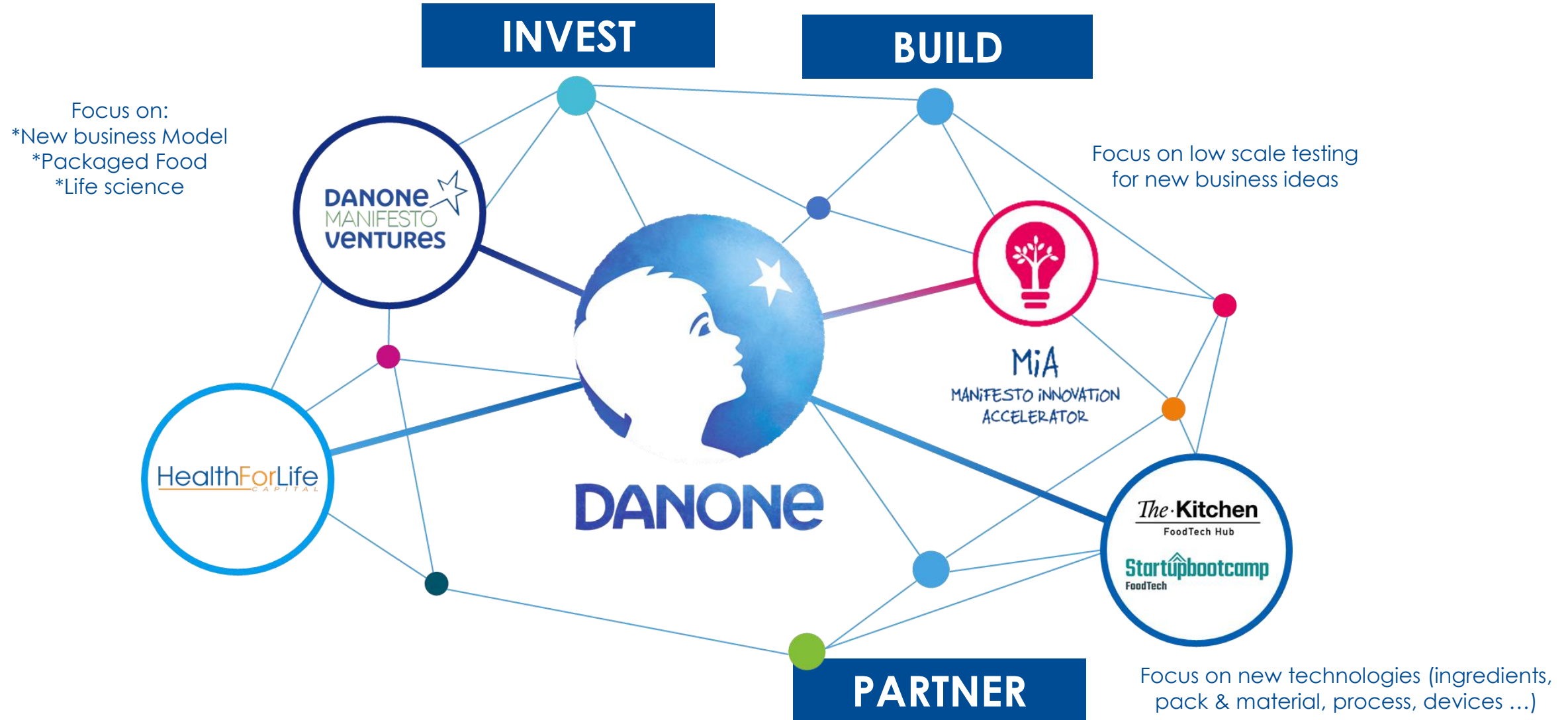
40%

**faster to market**  
on latest innovations

# Innovations: more, better, faster

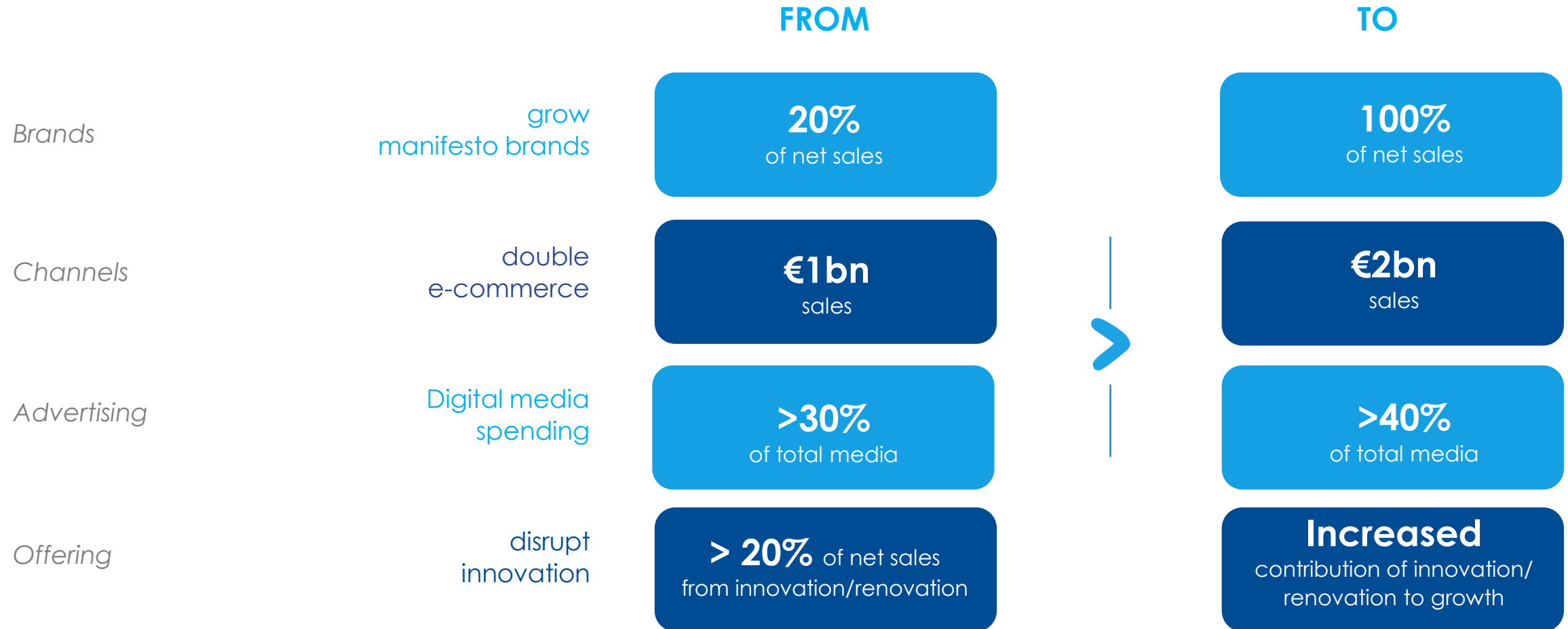
## Identifying partners and technologies to drive future value

|                       |   |                            |                            |
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|-----------------------|---|----------------------------|----------------------------|



# Conclusion: Fit for growth and innovation

## Our 2020 ambition





## Conclusion

Well-positioned to deliver strong value creation

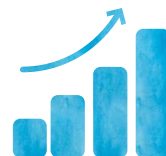


### Danone strategic priorities

1 accelerate growth

2 maximize efficiencies

3 allocate capital with discipline



### Growth & Innovation at the heart of value creation

Enhancing brand relevance to engage with next generation consumers

—

Driving incremental sales through digital channels

—

Data-driven activation to optimize media spending

—

Innovating for the next frontiers

—

Using digitization to deliver savings and efficiency

# 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](http://www.danone.com)).*
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- *Due to rounding, the sum of values presented in this document may differ from totals as reported. Such differences are not material.*