



# SUSTAINABLE PROFITABLE GROWTH AGENDA OF DAIRY

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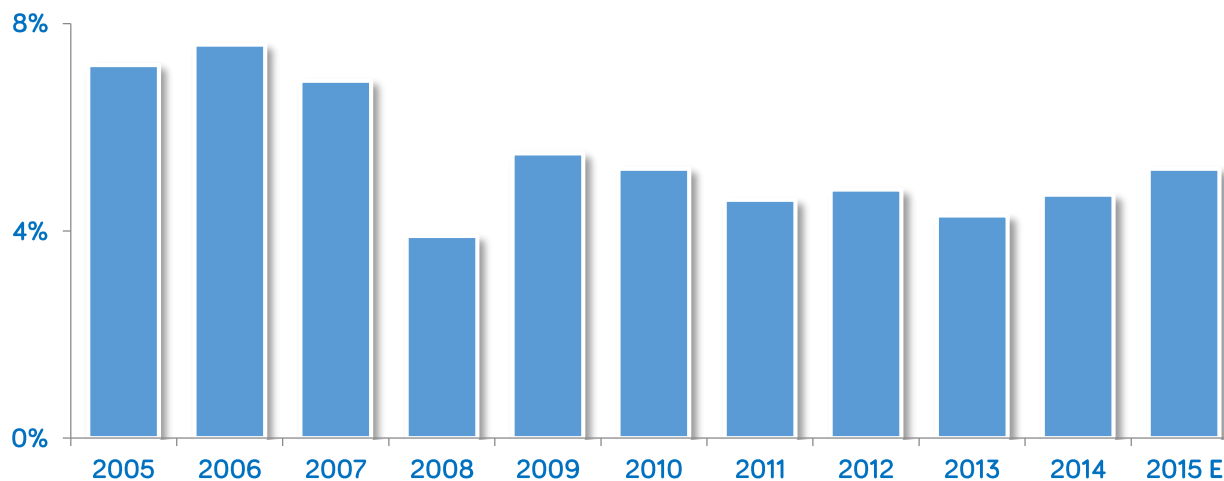
Gustavo VALLE  
Mariano LOZANO  
Martin RENAUD

# FRESH DAIRY PRODUCTS: POTENTIAL FOR FUTURE GROWTH



AVERAGE GROWTH LAST 10 YEARS > +5%

Yogurt retail volume worldwide growth (tonnes)

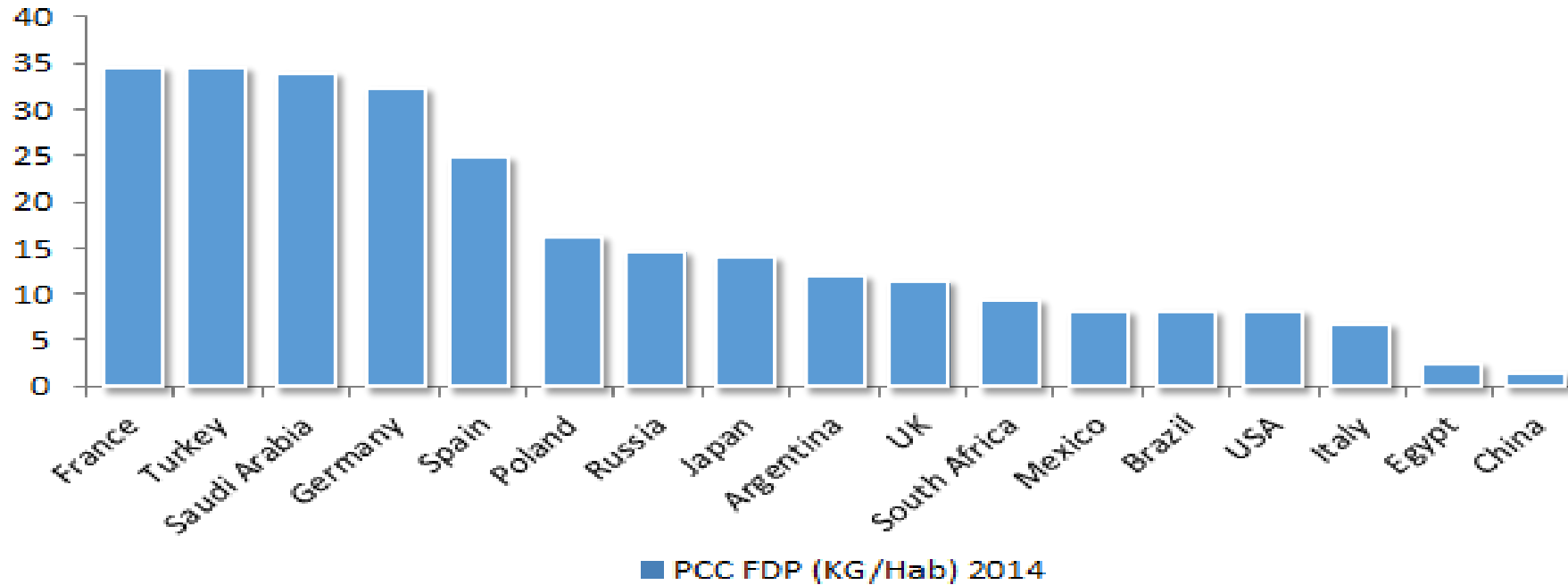


Source: Euromonitor

# FRESH DAIRY PRODUCTS: POTENTIAL FOR FUTURE GROWTH



## LOW PER CAPITA CONSUMPTION IN MAJORITY OF THE GEOGRAPHIES

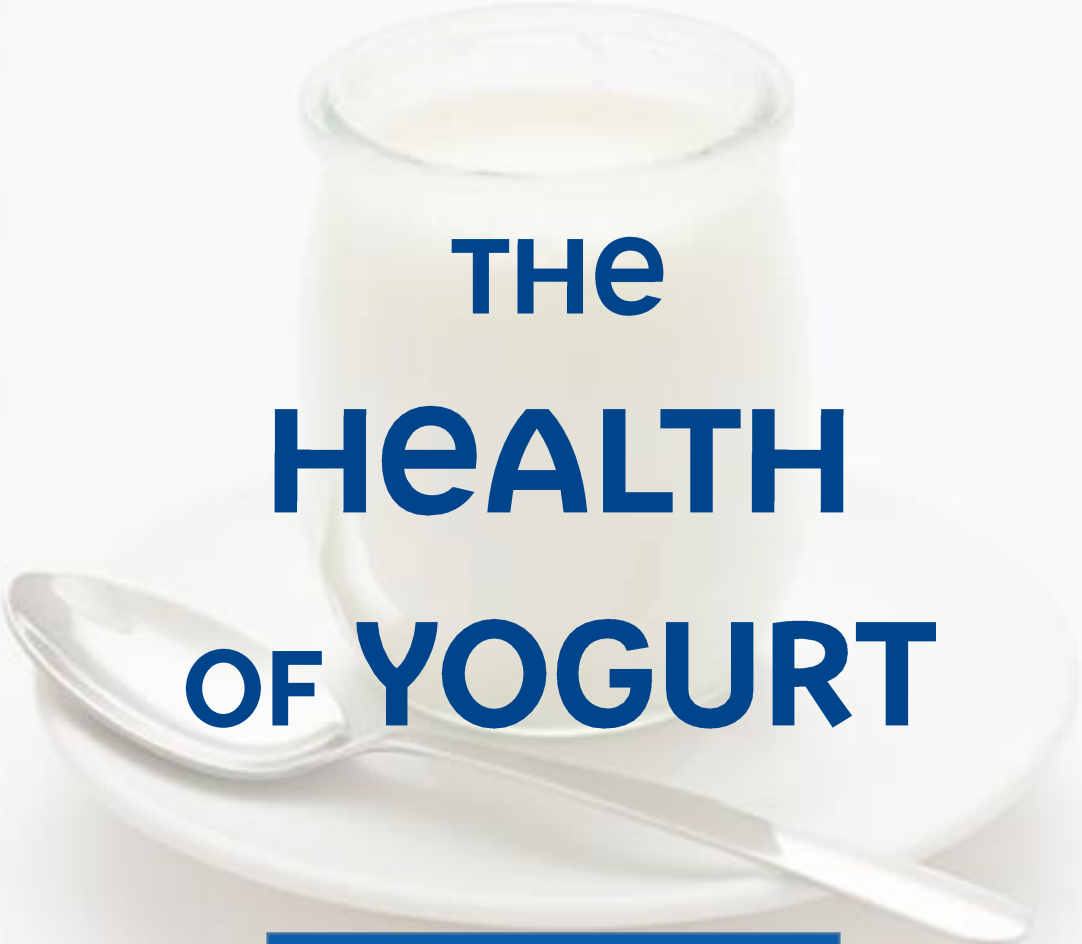


# OUR MISSION

A glass of white yogurt on a white saucer with a silver spoon, set against a light background.

BRING THE  
**HEALTH OF YOGURT**  
TO AS MANY PEOPLE AS POSSIBLE



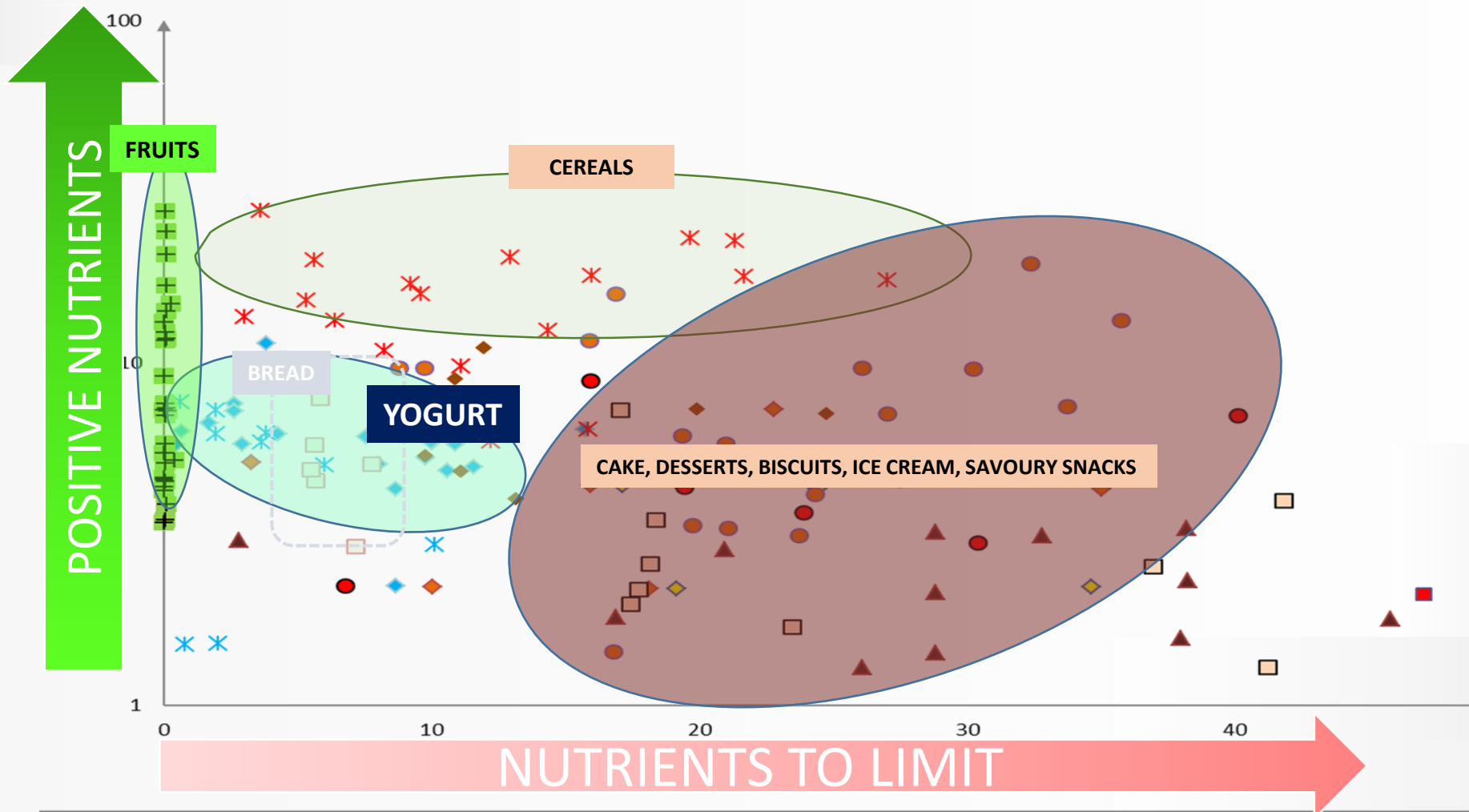
A glass of white yogurt on a white saucer with a silver spoon. The background is a light gray gradient with some white and orange squares in the top left corner.

# THE HEALTH OF YOGURT

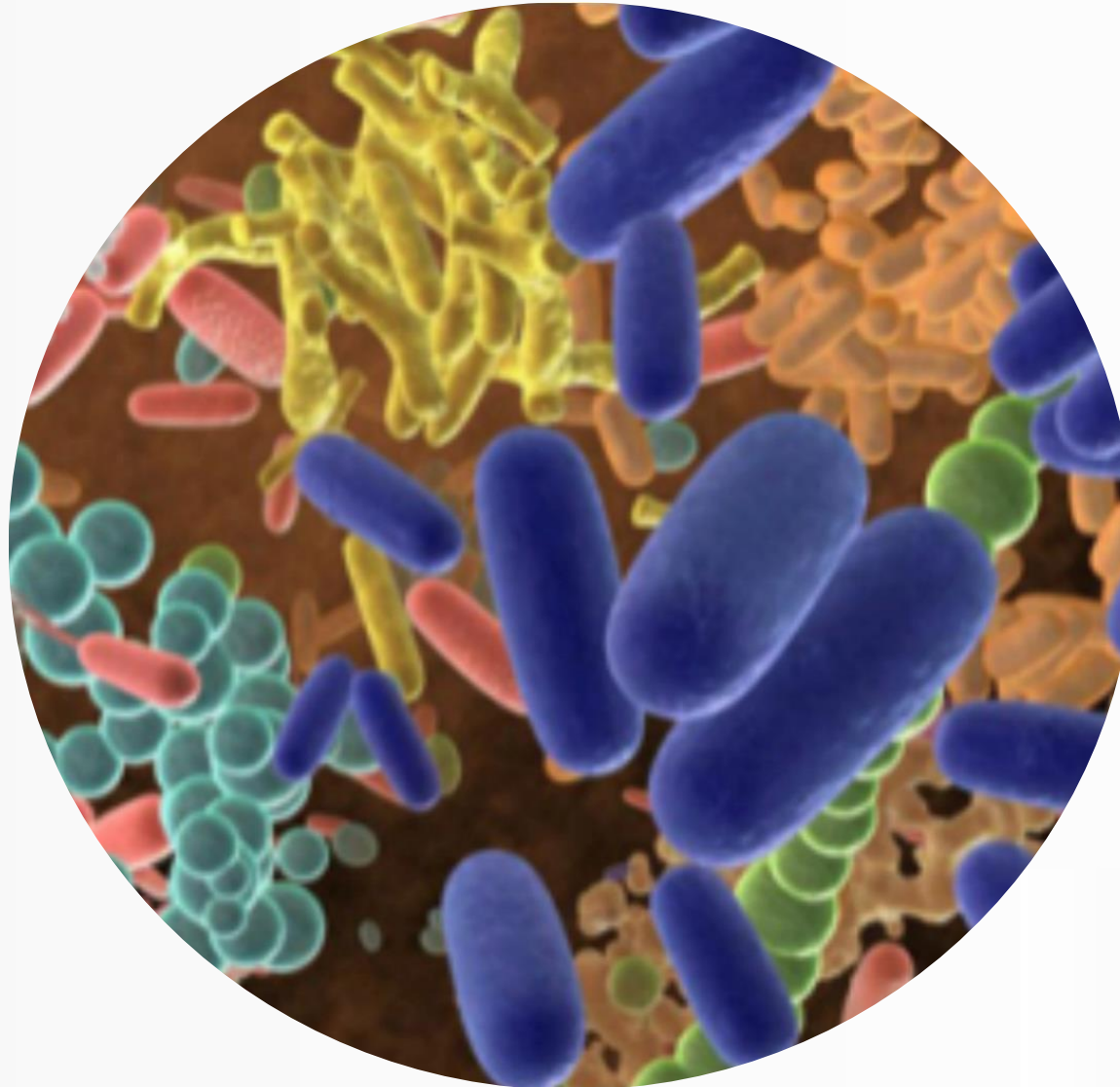
**NUTRITIOUS**



# BETTER NUTRIENT DENSITY THAN OTHER SNACK FOODS



# FERMENTS & FERMENTATION



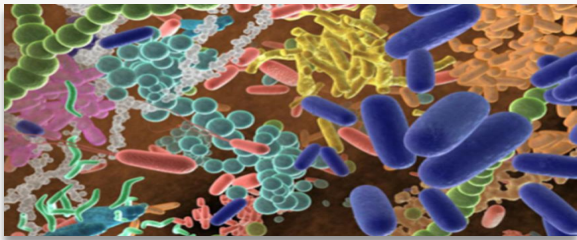
DIGESTION

GUT FLORA

TASTY  
ENJOYMENT

CULTURES <sup>2</sup>

DAILY



THE  
HEALTH  
OF YOGURT

NATURAL

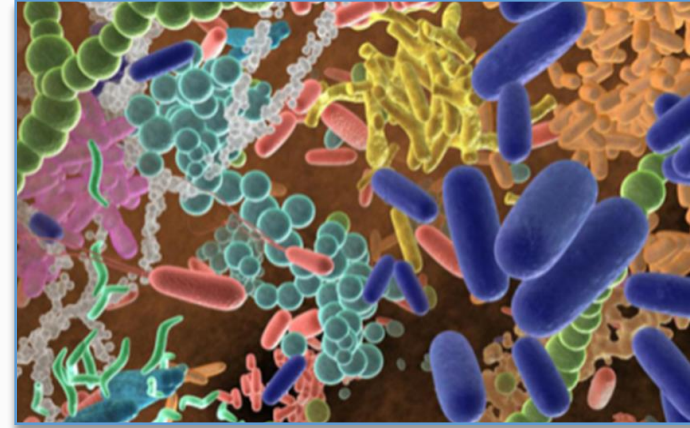
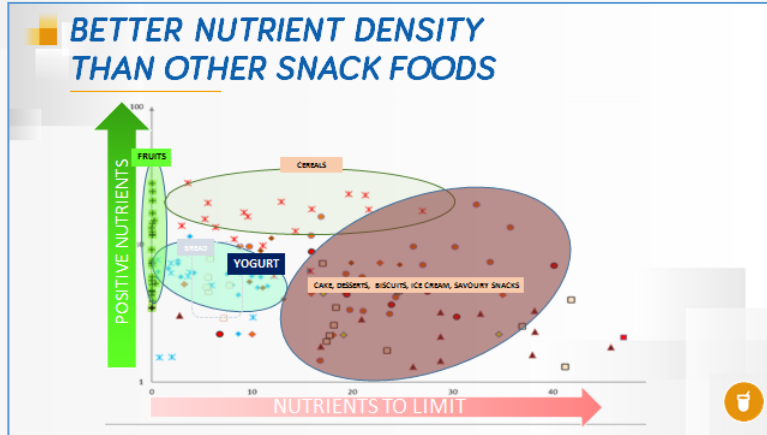
HEALTHY DIET

NUTRITIOUS



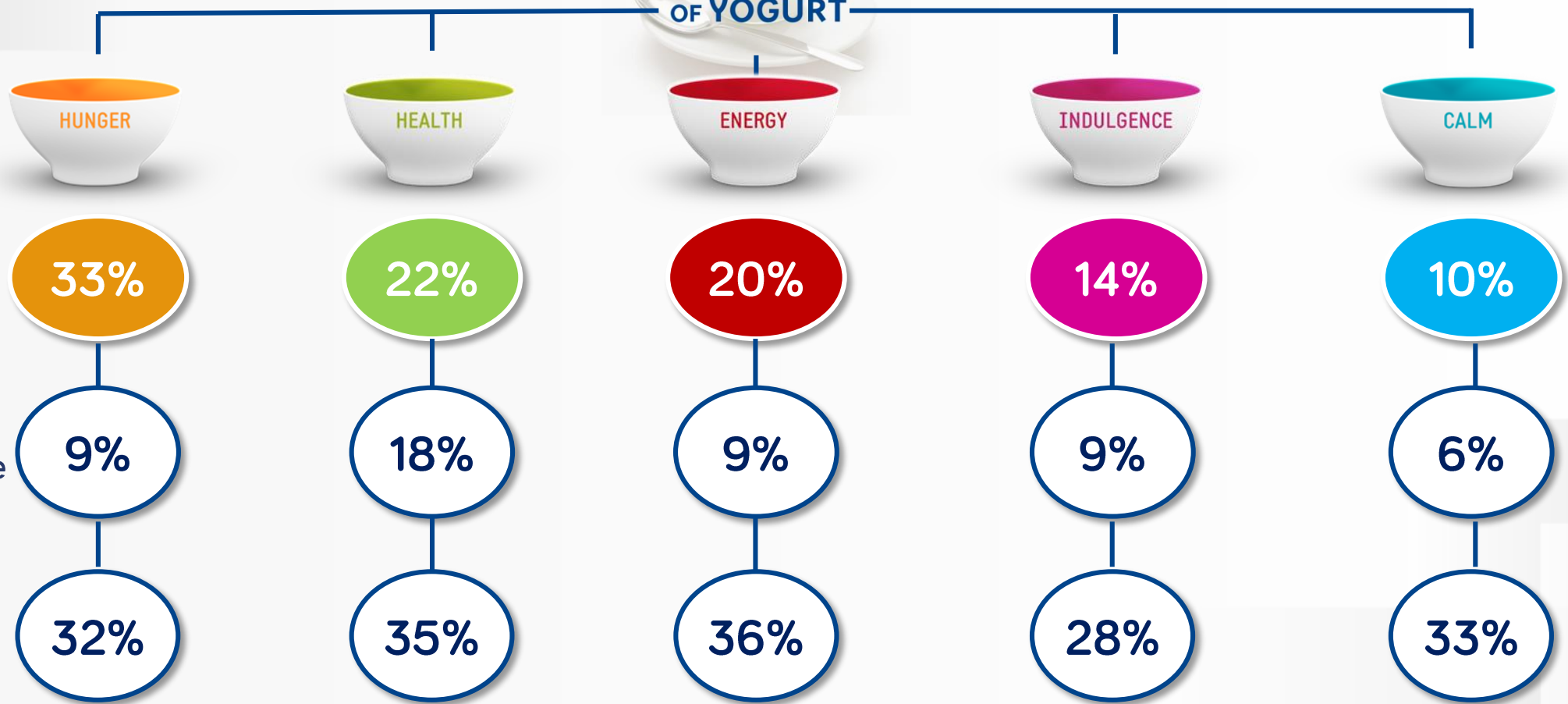


# THE MAGIC OF YOGURT = GROWTH OPPORTUNITIES



# THE GROWTH OPPORTUNITIES

Per Capita Consumption (kg/hab)

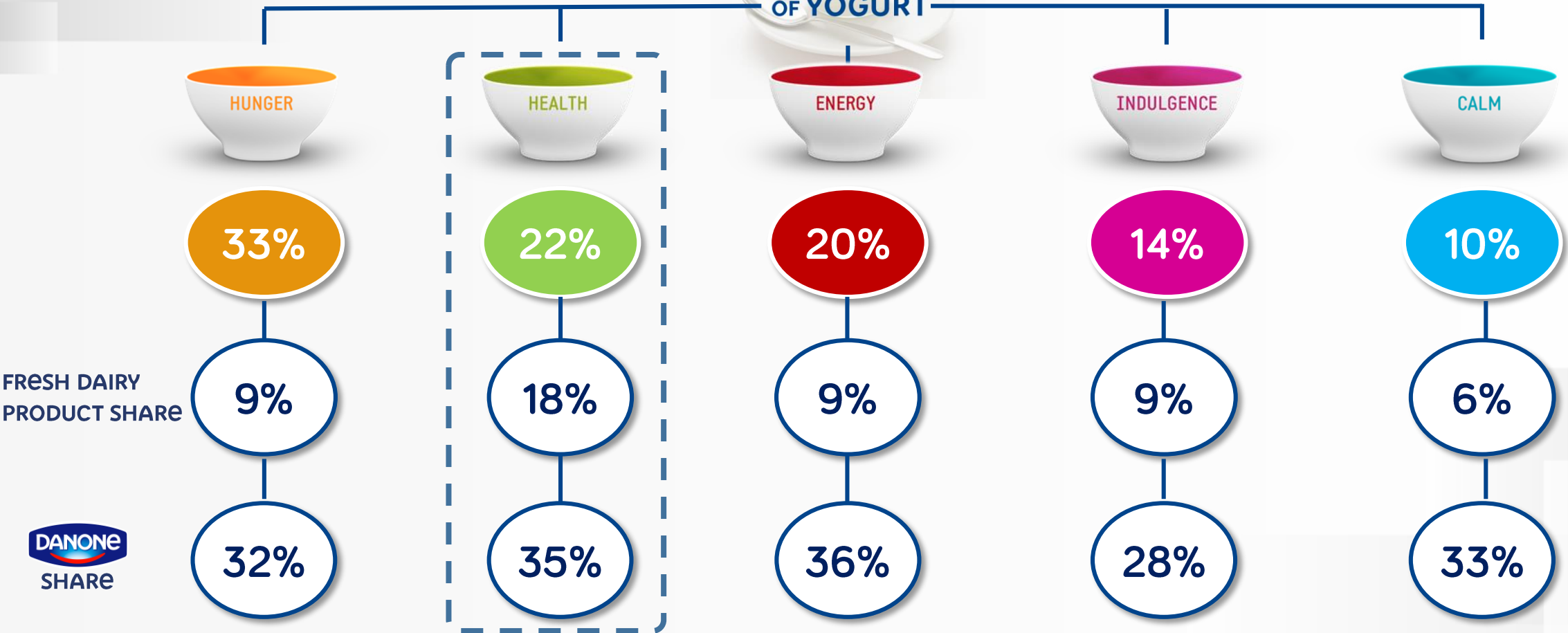


Source : Category U&A in 15 countries (Argentina, Brazil, France, Japan, Mexico, Russia, Spain, Uk, Australia, Belgium, Canada, Italy, Morocco, Portugal, Ukraine)  
 Analysis in Adult database (not kids analysis). Food and drink database, excluding main dishes.



# THE GROWTH OPPORTUNITIES

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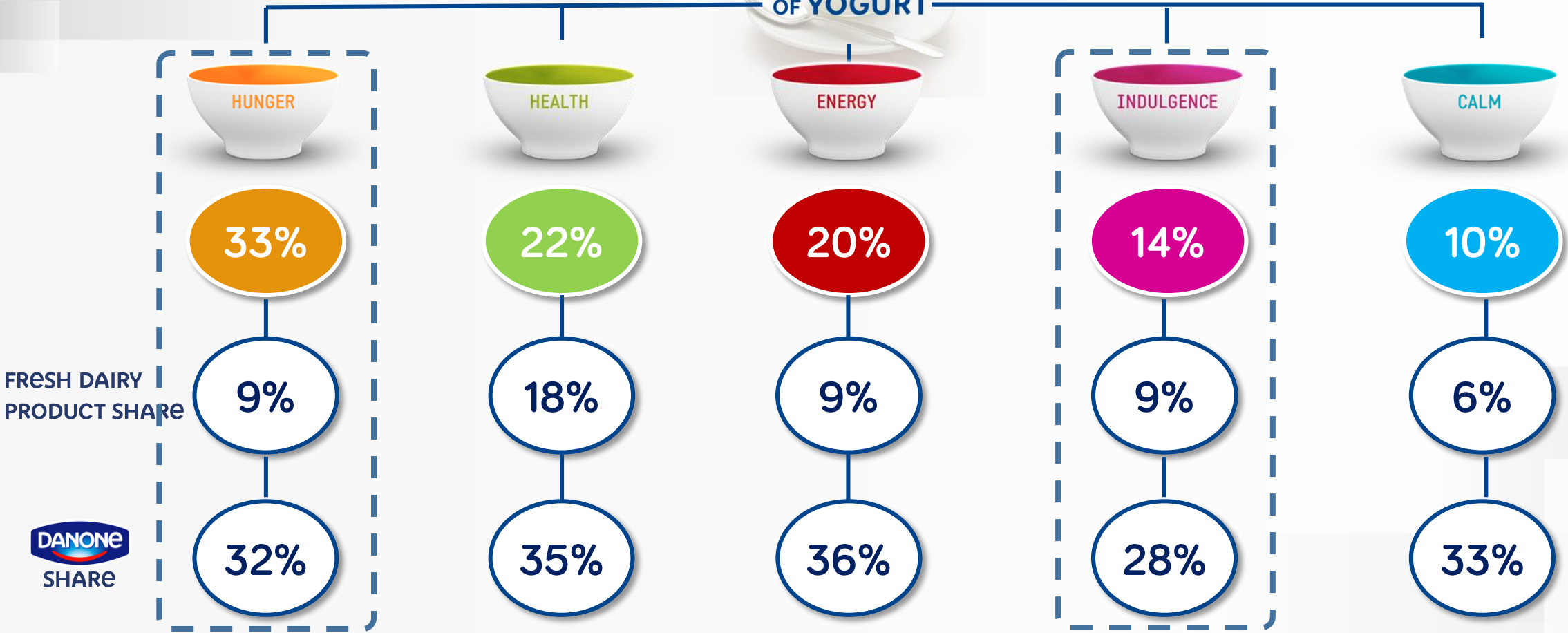


# THE GROWTH OPPORTUNITIES

Per Capita Consumption (kg/hab)



THE  
HEALTH  
OF YOGURT



Source : Category U&A in 15 countries (Argentina, Brazil, France, Japan, Mexico, Russia, Spain, Uk, Australia, Belgium, Canada, Italy, Morocco, Portugal, Ukraine)  
Analysis in Adult database (not kids analysis). Food and drink database, excluding main dishes.



# THE GROWTH OPPORTUNITIES

Europe

America

Asia



BREAKFAST

22

16

21

13

10

3  
2

30

20

37

53

SNACKING

20

44

48

12

27

44

56

50

3  
5

20

MEAL

58

40

31

75

63

24

14

30

2  
8

27

Main Occasion

END OF MEAL

SNACKING

SNACKING

END OF MEAL

END OF MEAL

SNACKING

SNACKING

SNACKING

breakfast

breakfast

SNACKING

Source : Category U&A  
\*usa → npd Database





# OUR ROADMAP TO TACKLE THESE OPPORTUNITIES

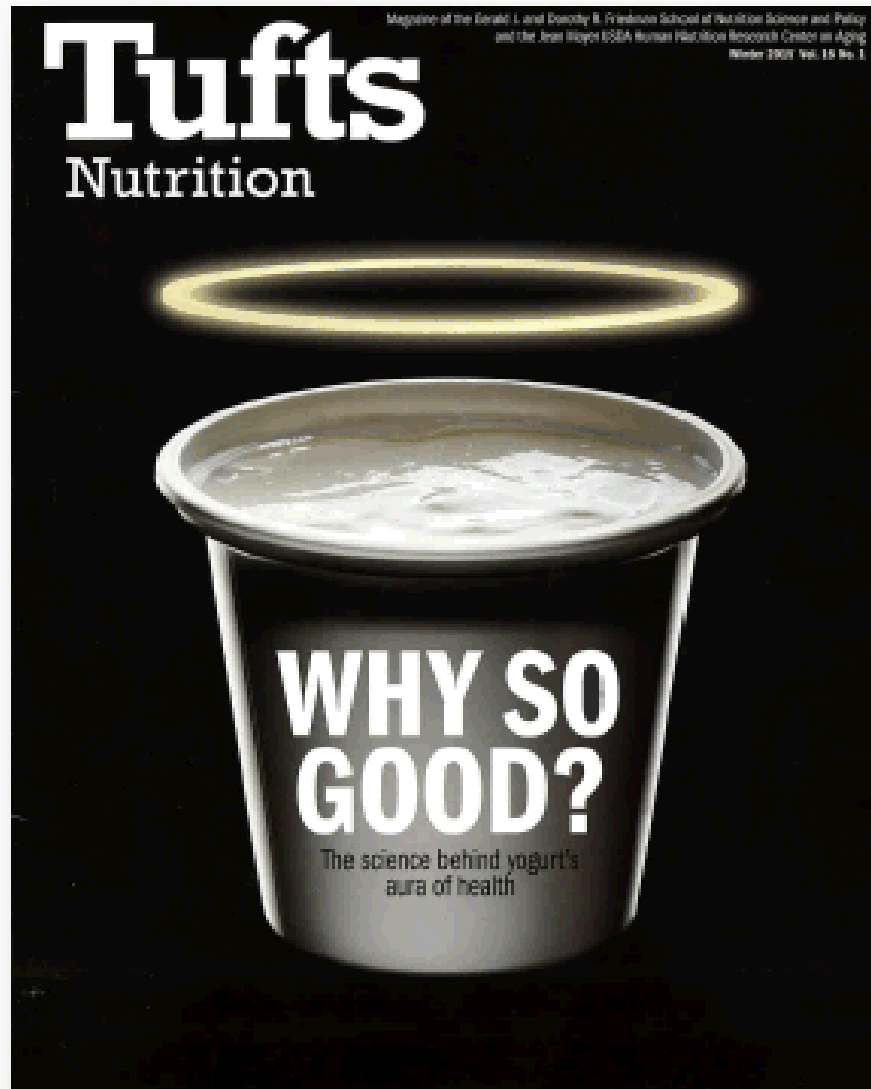
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# OUR PRINCIPLE FOR SUSTAINABLE PROFITABLE GROWTH

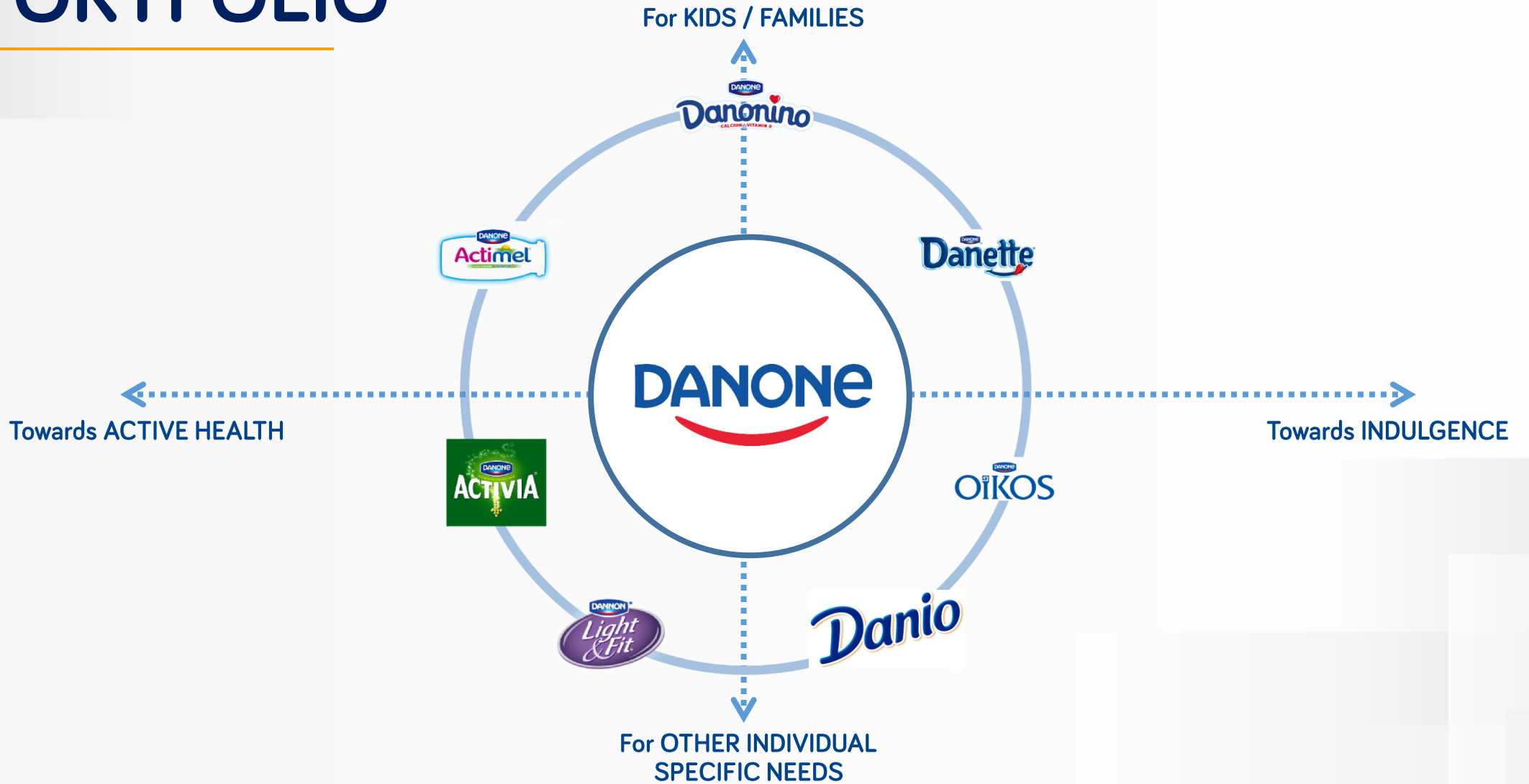


# CATEGORY LEADERSHIP

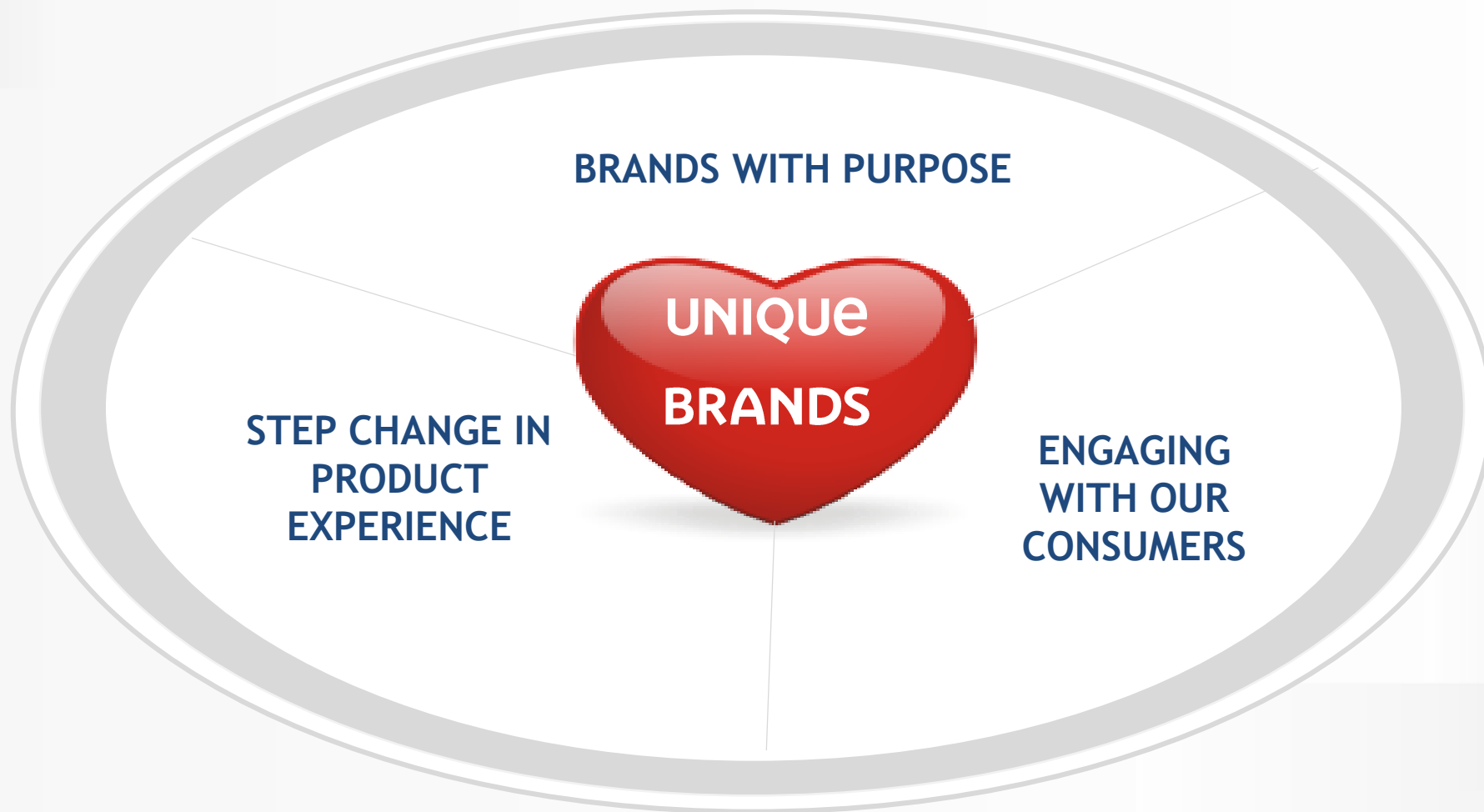




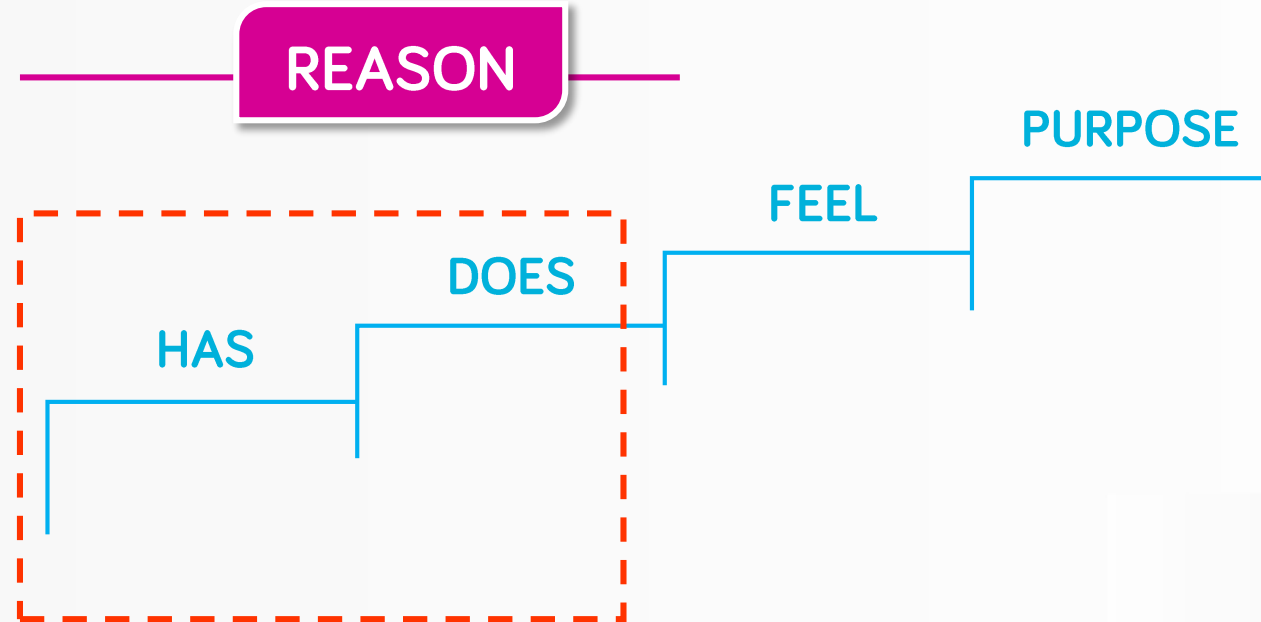
# LEVERAGING A UNIQUE AND RICH BRAND PORTFOLIO



# STRENGTHENING BRAND VALUE



# FROM PRODUCT-CENTRIC APPROACH TO PURPOSE DRIVEN BRANDS

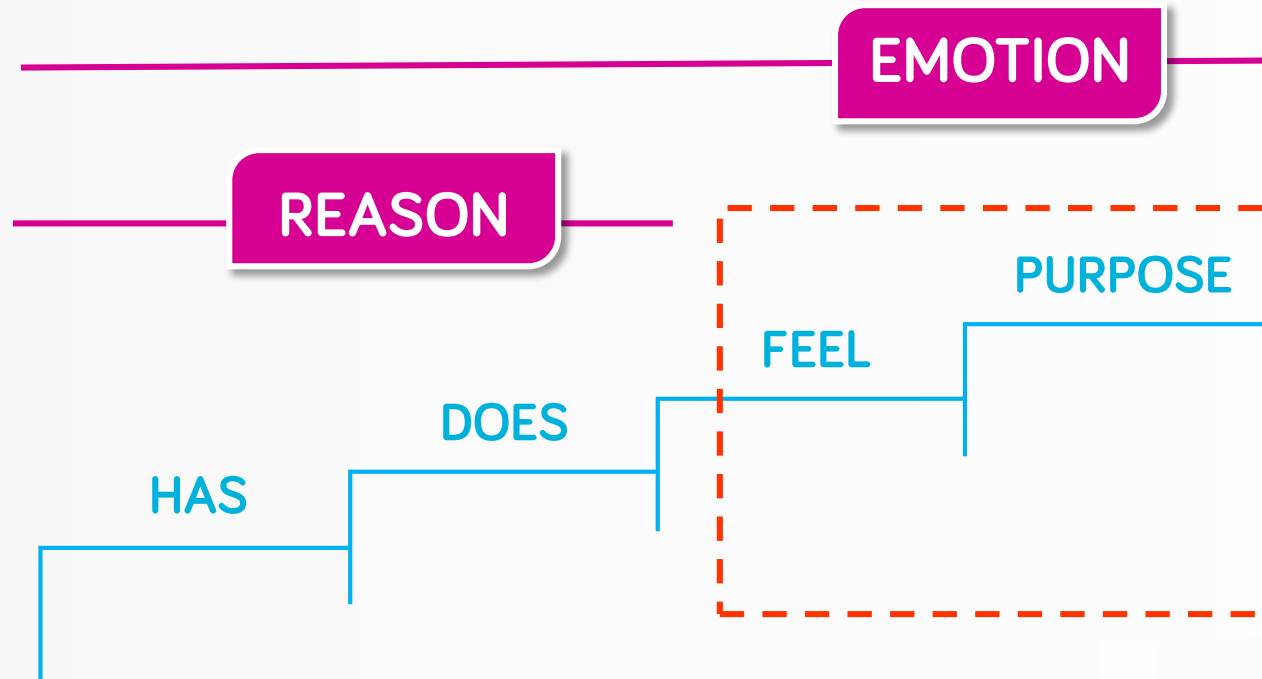


Brand  
Dynamic  
Independent

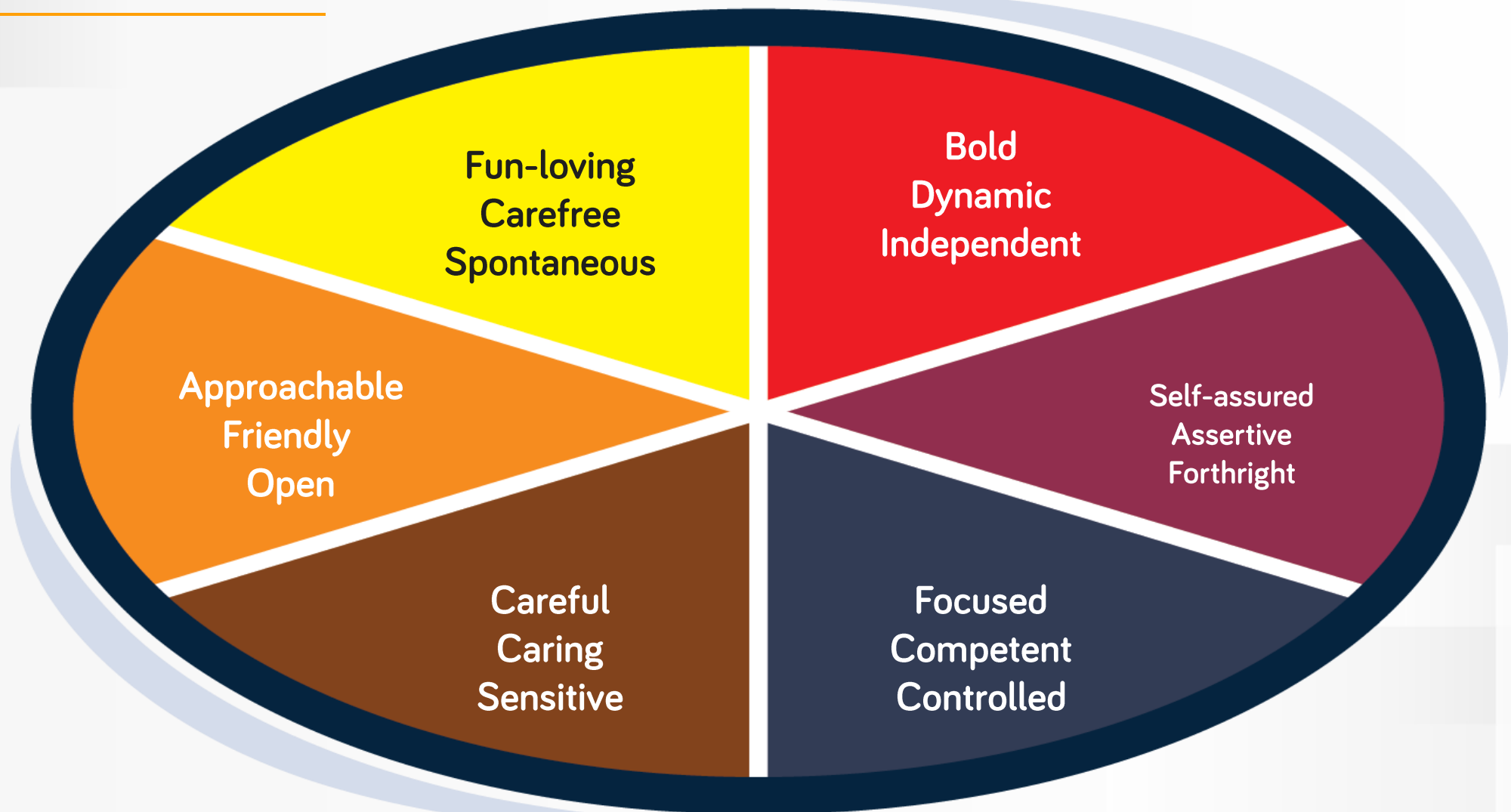
Fortnight



# MOVING FROM PRODUCT-CENTRIC APPROACH TO BUILD UNIQUE BRANDS

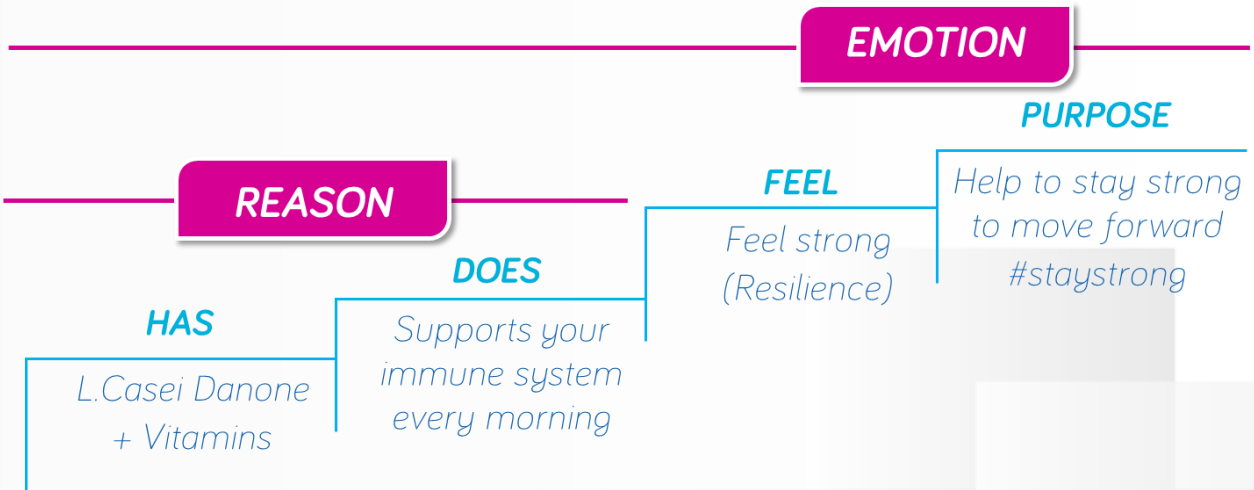
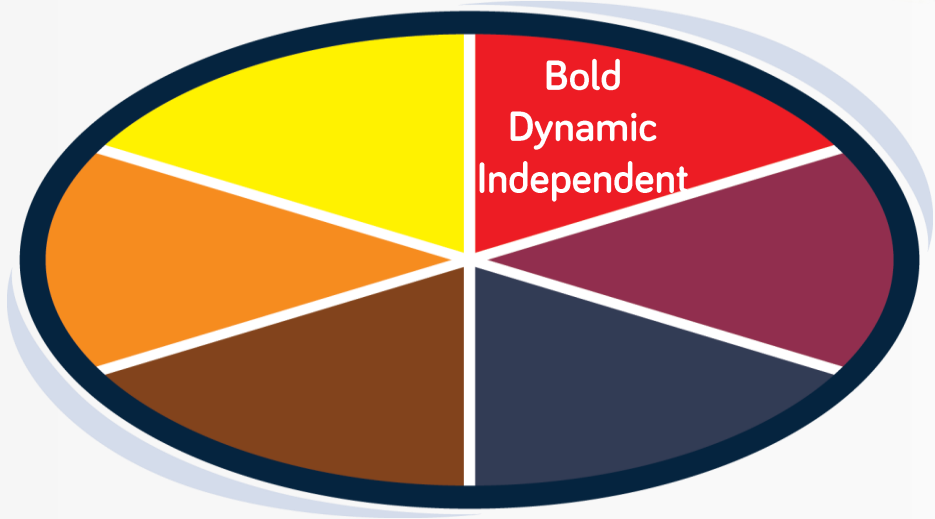


# IDENTIFYING THE EMOTIONAL SPACE OF OUR BRANDS



# ACTIMEL

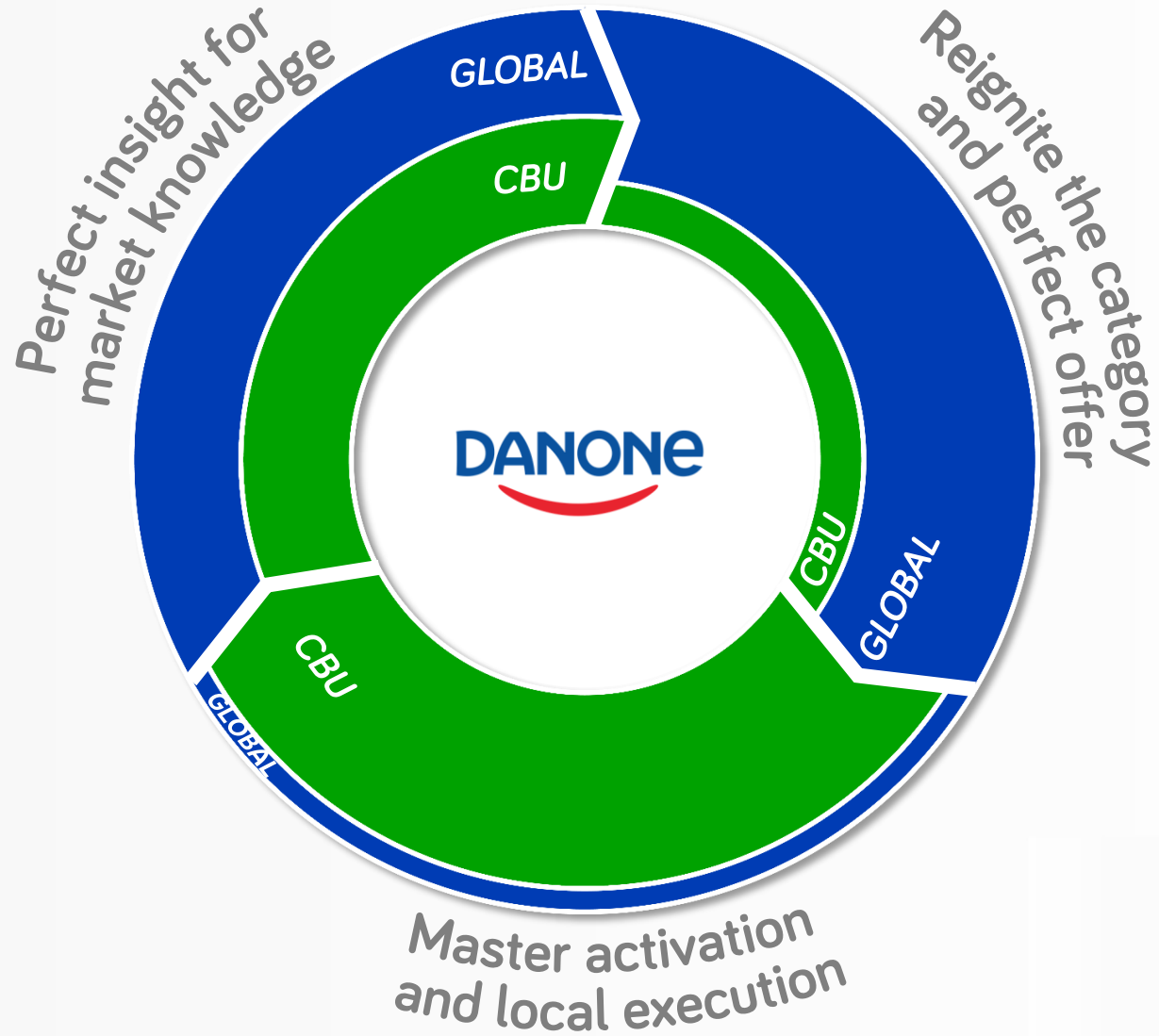
## NEW EMOTIONAL SPACE AND POSITIONING



# LEVERAGING OUR LOCAL EXPERTISE TO WIN IN MARKET



# SIMPLIFYING THE WAY WE OPERATE





# CLEAR ROLES PER MARKETS



Source: Internal Finance , Total Dairy

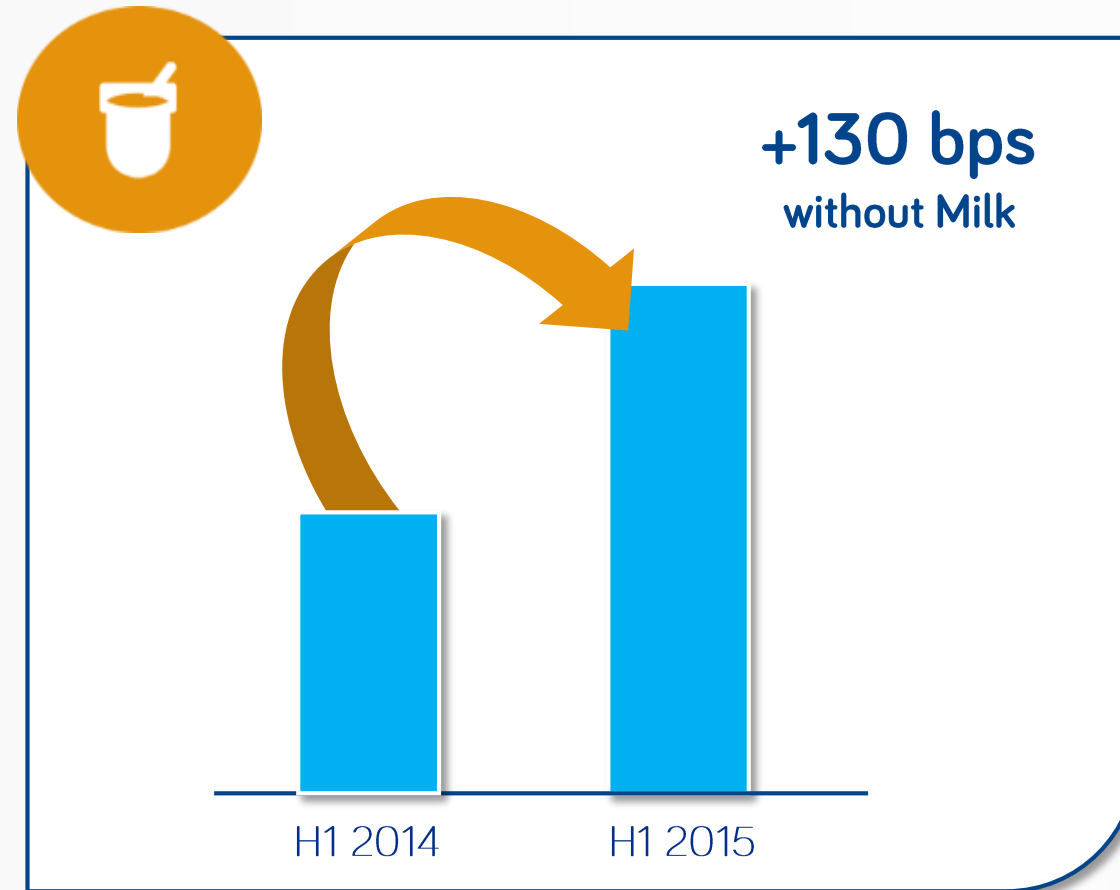


# WE ARE PROGRESSING IN OUR AGENDA

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# LAST 18 MONTHS, GROSS MARGIN IMPROVEMENT



Source: Internal Finance , Total Dairy

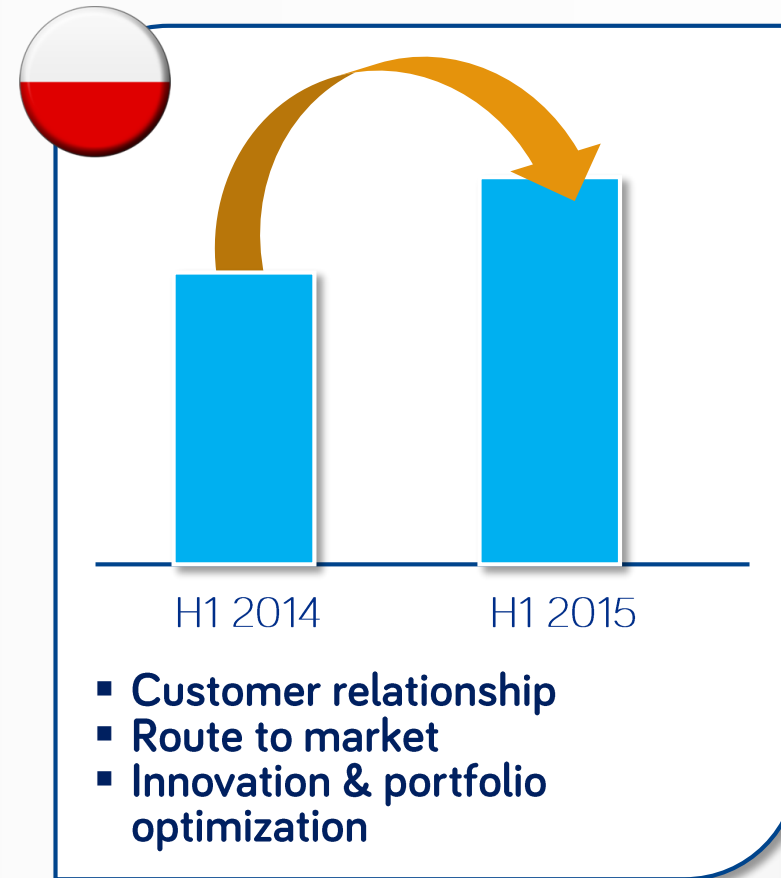
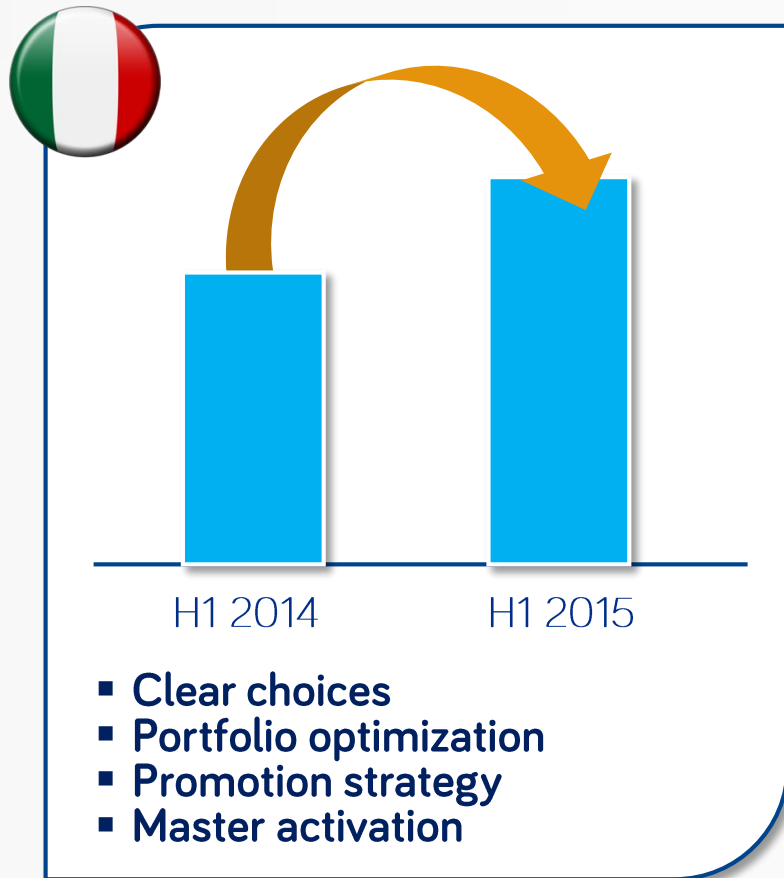
INVESTOR SEMINAR 2015 - EVIAN



DANONE

# CLEAR ROADMAP PER GEOGRAPHY

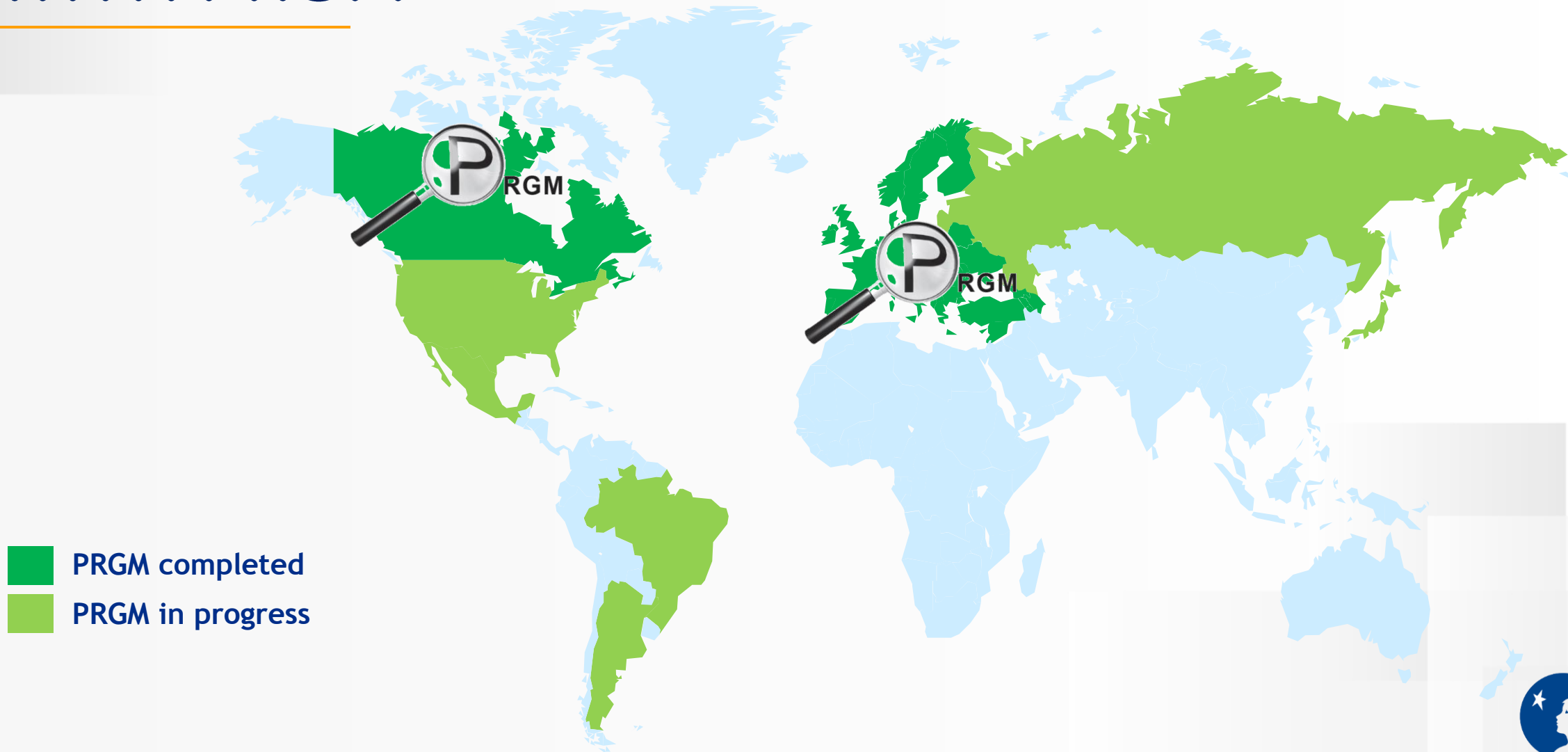
## 2 EXAMPLES



Source: Internal Finance, Gross Margin without milk improvement in H1 2015



# DRIVING PORTFOLIO EFFICIENCY WITH PRGM



- PRGM completed
- PRGM in progress

# OPTIMIZING OUR OPERATIONS NETWORK



2013 – 2015: from 24 to 15 sites



2015: closing of 4 factories and 6 distribution sites





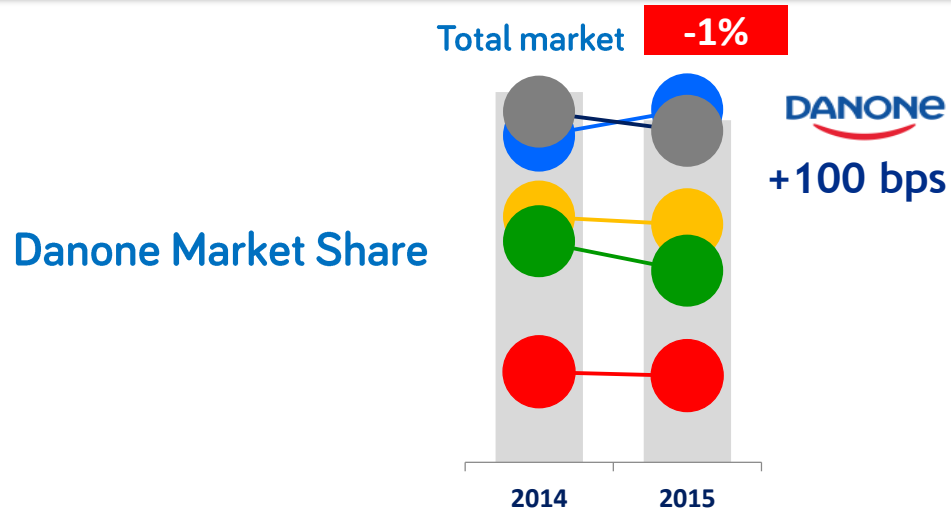
**AND EACH REGION  
IS CONTRIBUTING**

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# LATAM - CONTRASTED DYNAMICS

## Strong results in Mexico



Source: RIE T. México / Ventas Volume ('000)

### 2015 key successes



## Managing Brazil & Argentina specific context

### Topline initiatives

- Price management
- Portfolio optimization
- Inno/Reno

### Cost

- Distributors
- Sales re-organization
- Factories optimization

### Topline initiatives

- Price management
- Inno/Reno
- Leverage channel dominance

### Cost

- Distribution re-organization
- Factories optimization
- Local negotiation with suppliers





# CIS - PROTECTING THE MODEL IN AN UNSTABLE ENVIRONMENT



## Operations Restructuration

4 plants closed in 2014



## Managing our Portfolio

Modern Dairy



High Margin Traditional Dairy



Traditional Dairy



# ASIA - GROWING OUR DAIRY BUSINESS THRU PARTNERSHIPS



## Mengniu Dairy Joint Venture



- Growth Sales > +20% in H1 2015
- Gain of Market Share



# **NORAM: CONSOLIDATING OUR LEADERSHIP TO PREPARE FUTURE GROWTH**

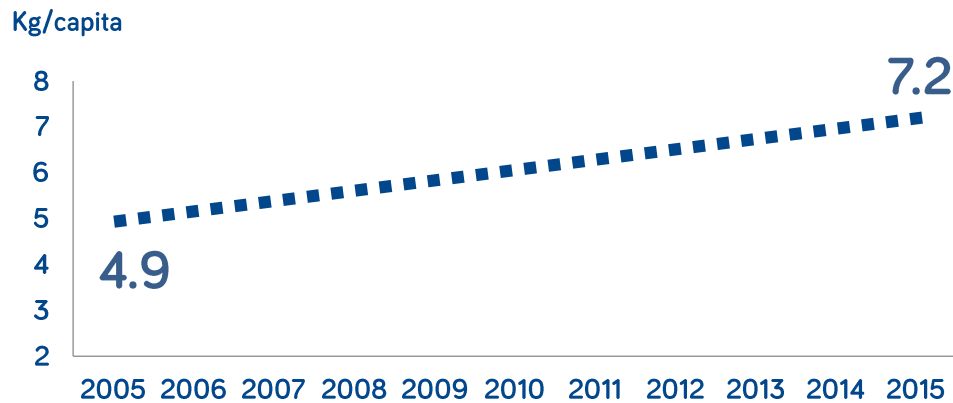
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# YOGURT: A PROMISING CATEGORY

## The food trend of the decade

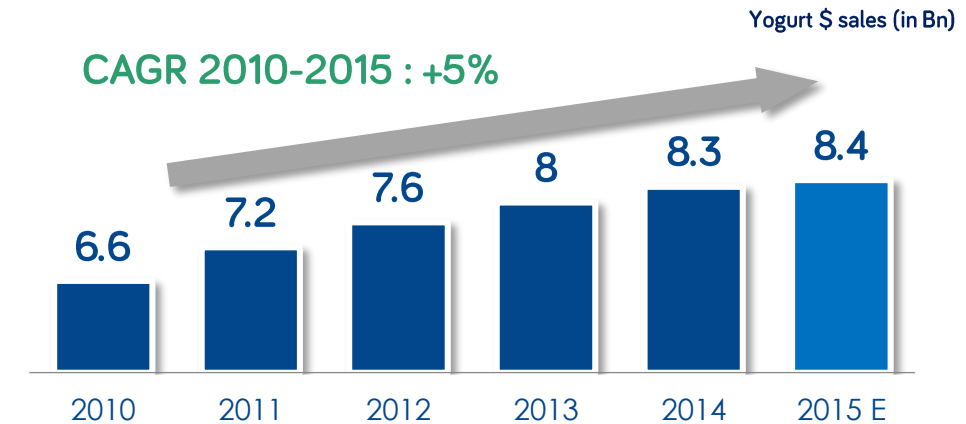


## Per Capita Consumption evolution



Source: Euromonitor

## A continued growing category



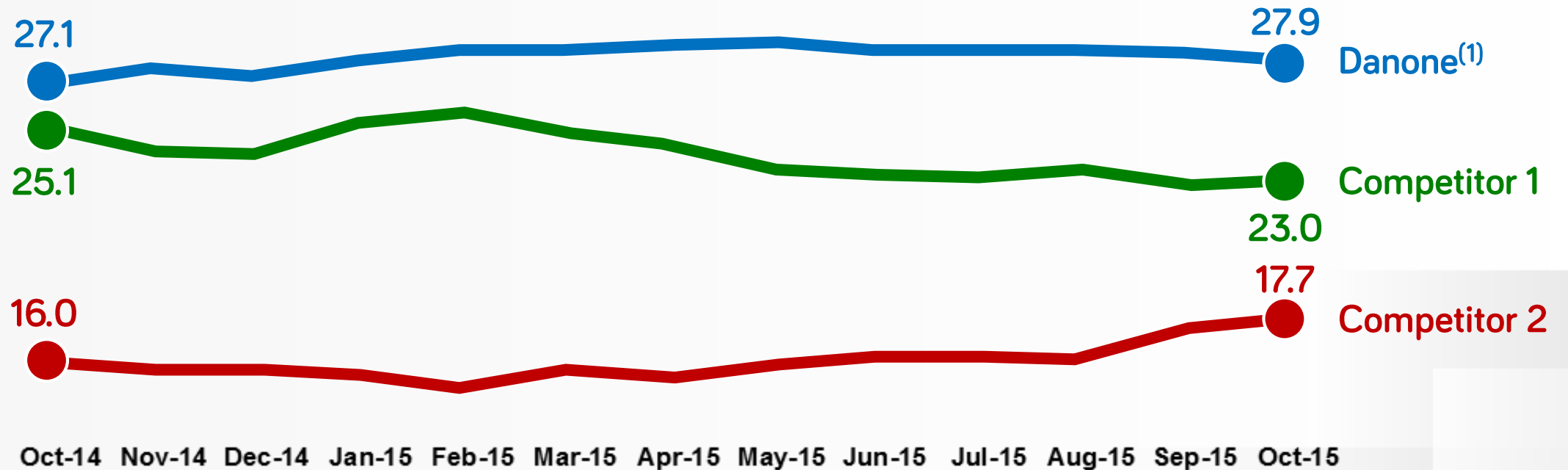
Source: Euromonitor



# USA - CONSOLIDATING OUR POSITION IN A GROWING MARKET



Dollar Share of Category Total U.S MULO



Source: IRI InfoScan; Total US - MULO, October 2015 includes three weeks of data through 10/25/15

INVESTOR SEMINAR 2015 - EVIAN

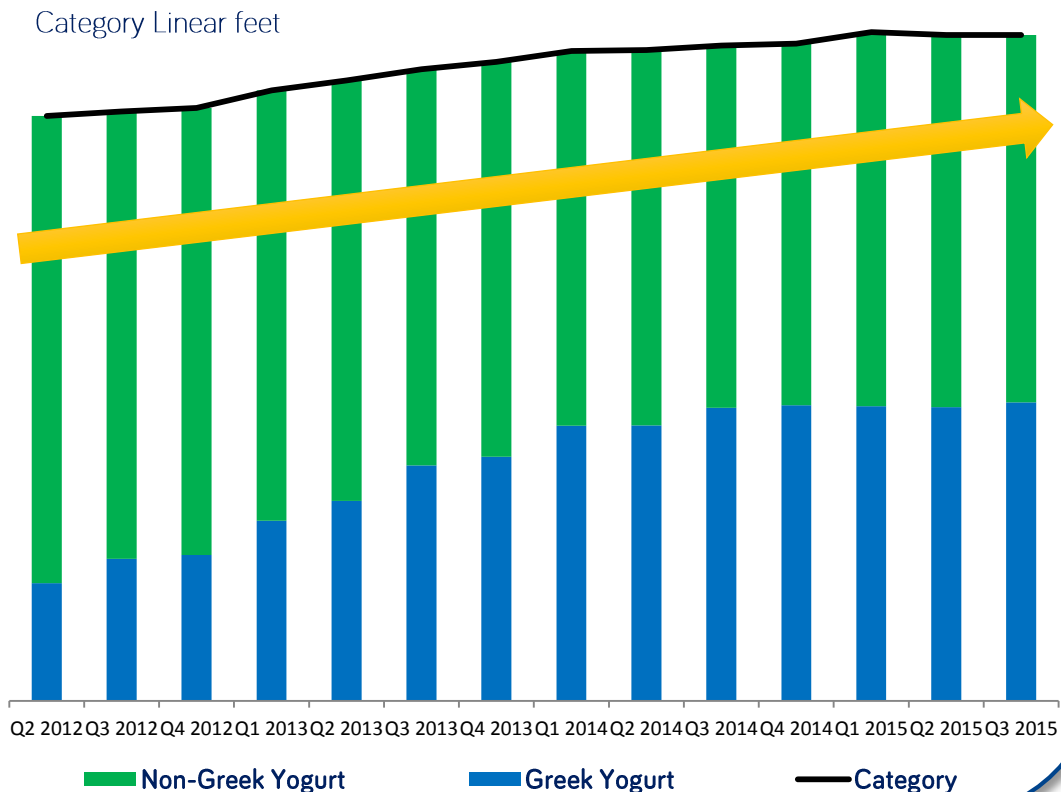


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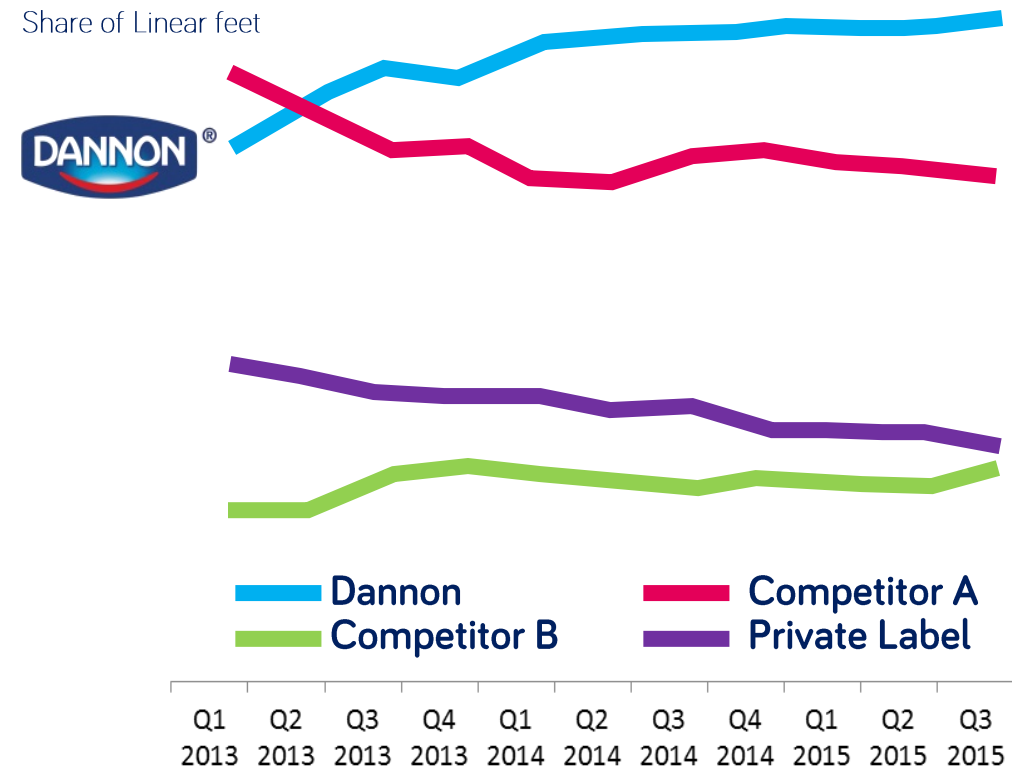
# USA-CONSOLIDATING OUR POSITION IN A GROWING MARKET



## Total Yogurt space continues to grow



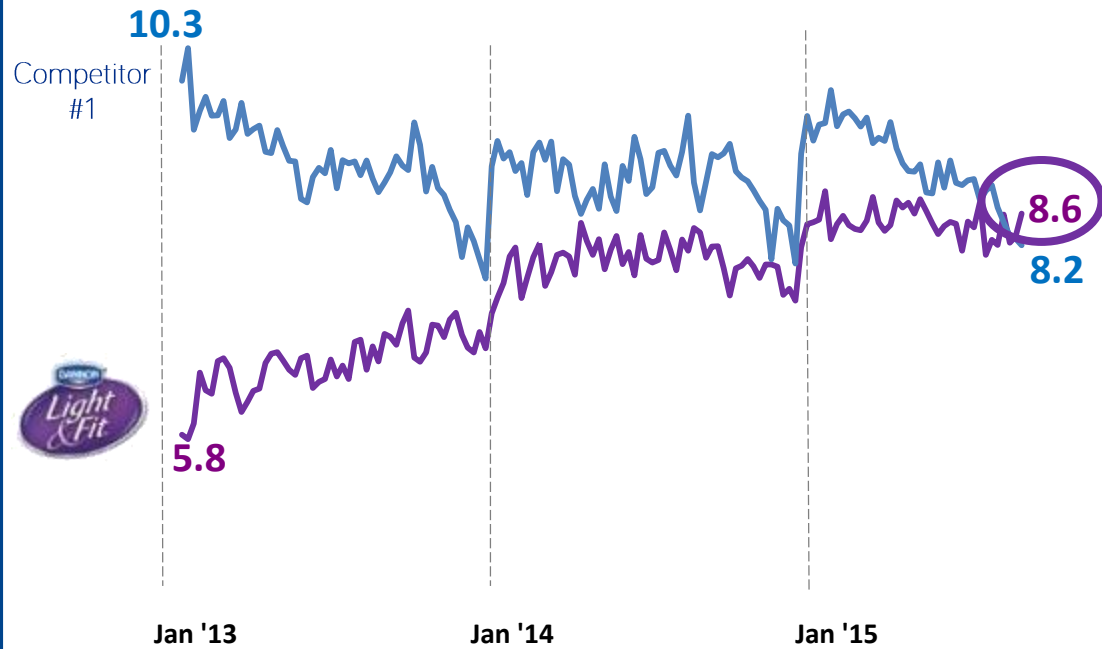
## Dannon hits its highest Share of Space ever in Q3 2015



# WITH GREAT SUCCESS FOR LIGHT & FIT

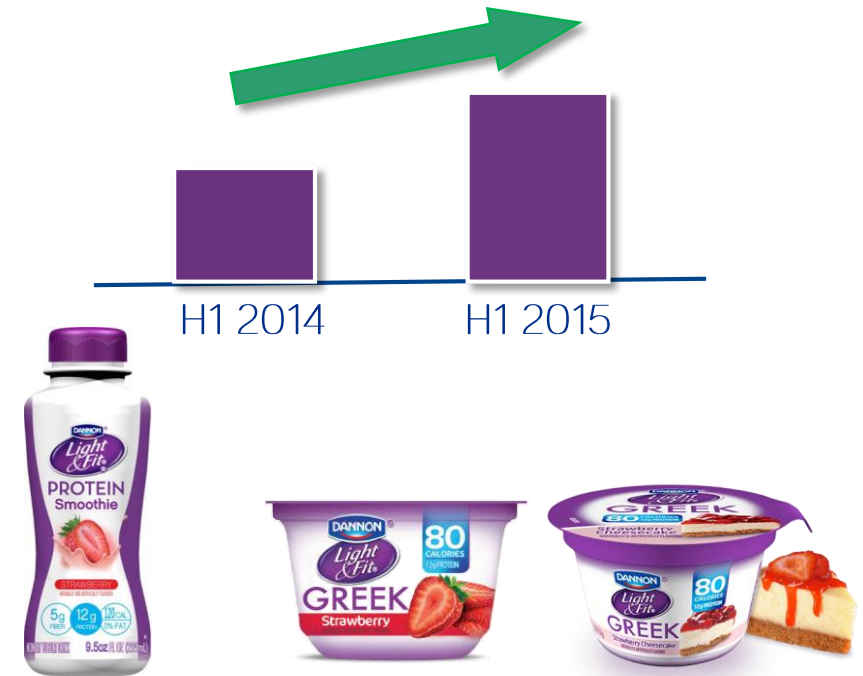


## Light & Fit taking market leadership



Source: Iri, Total Mulo, weekly ending 9/20/15, Light Market

## Light & Fit gross margin improvement



Source: Internal Finance, Light & Fit, Gross Margin

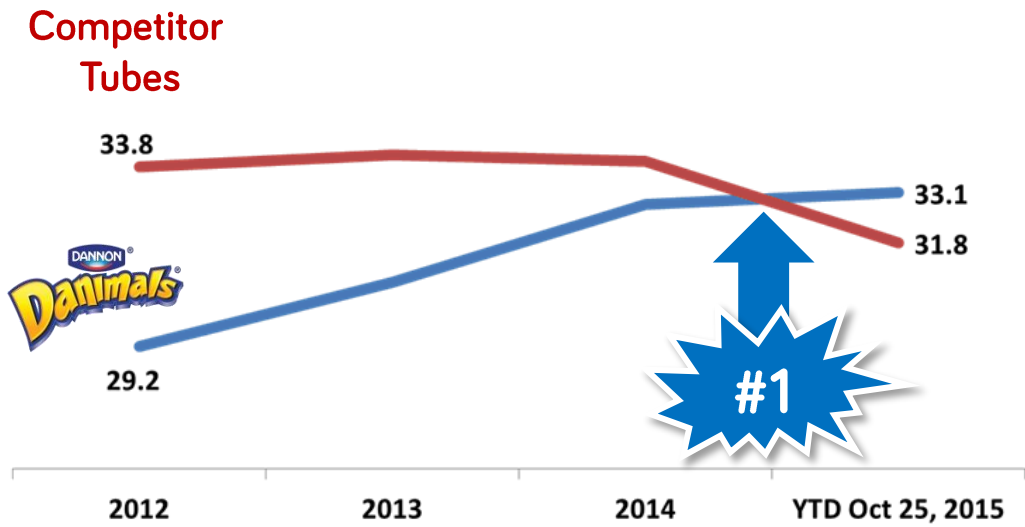


# WITH STRONG PERFORMANCE OF DANIMALS



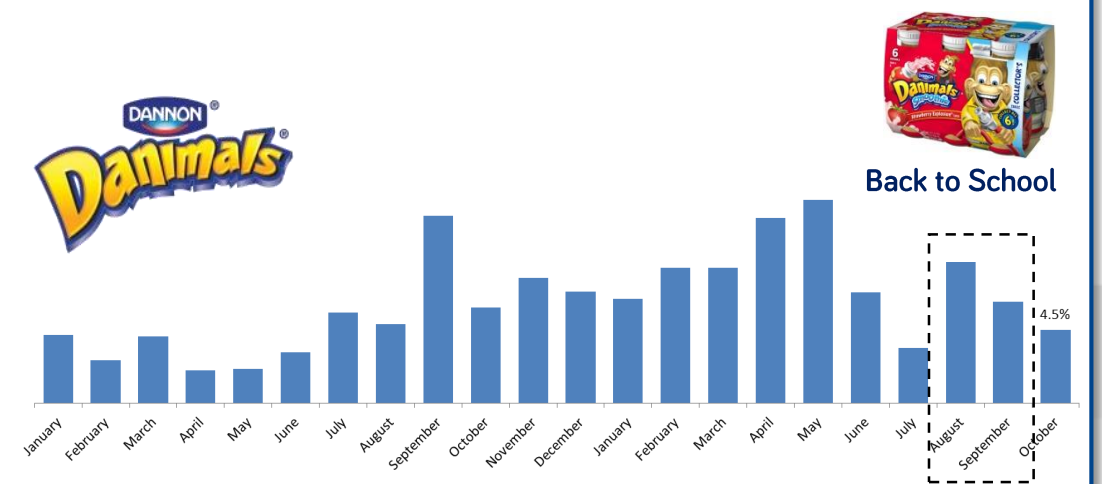
## Taking share leadership in Q1 2015

Dollar Share of Kids Segment



## Maintaining strong growth month after month

Dollar Growth % chg vs YAGO

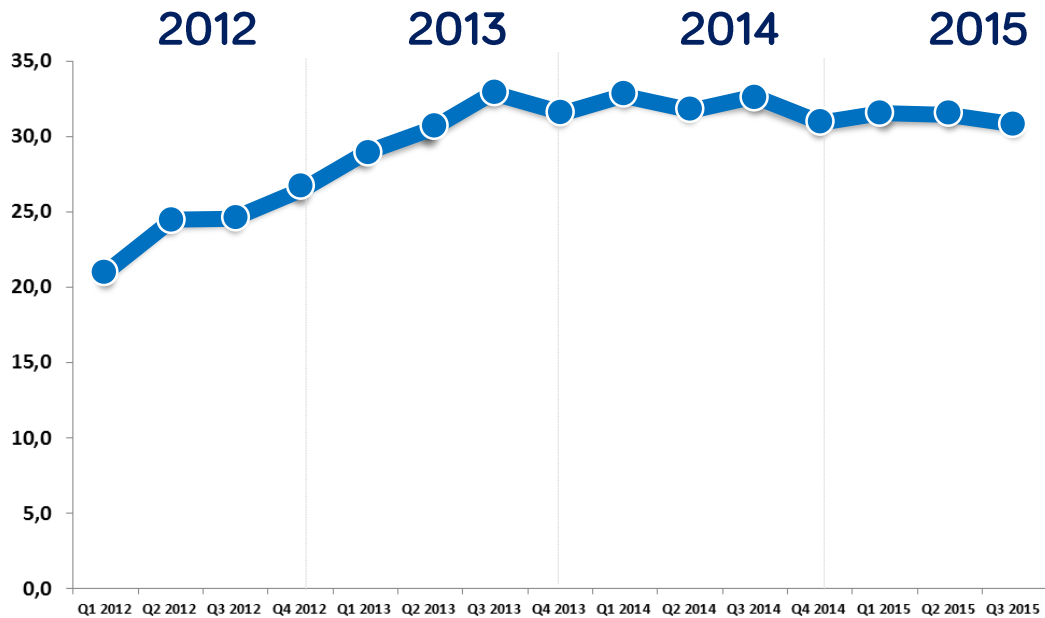




# WITH A SUSTAINED SOLID BUSINESS IN GREEK



## Dannon Greek Market Share



Source: Iri, Total Mulo, weekly ending 9/20/15, Greek Market

## Triple Zero contribution of Total Greek segment growth



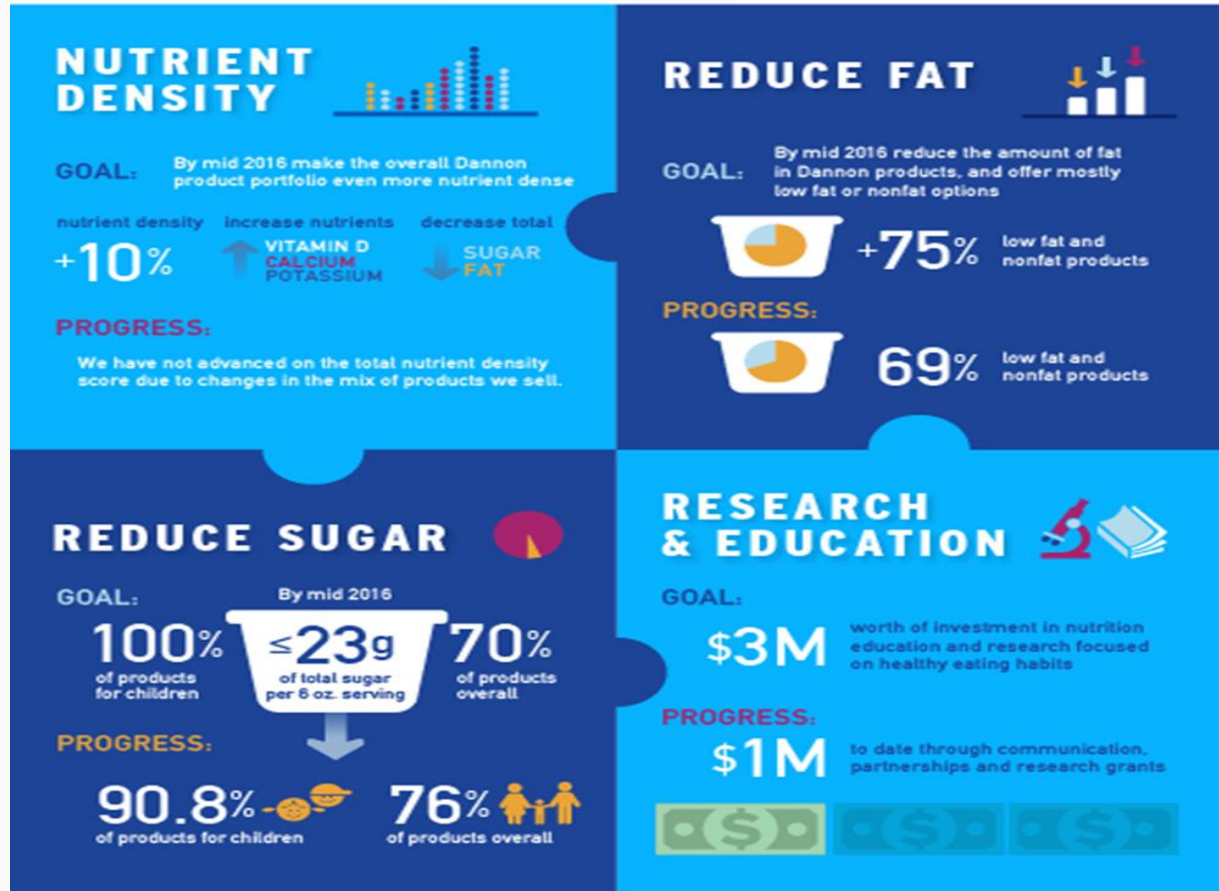
76 %

Source: Iri, Total Mulo, weekly ending 9/20/15, Greek Market



# DEVELOP THE YOGURT CATEGORY TO IMPROVE AMERICANS' NUTRITIONAL DIET

Encourage Americans to eat yogurt every day





# EUROPE: ON TRACK WITH OUR TRANSFORMATION ROADMAP

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# IN JUNE 2014, IN NEW-YORK, WE GAVE 3 KEY MESSAGES FOR EUROPE

Focus on  
value creation



Generate value added growth



Re-Build our margins

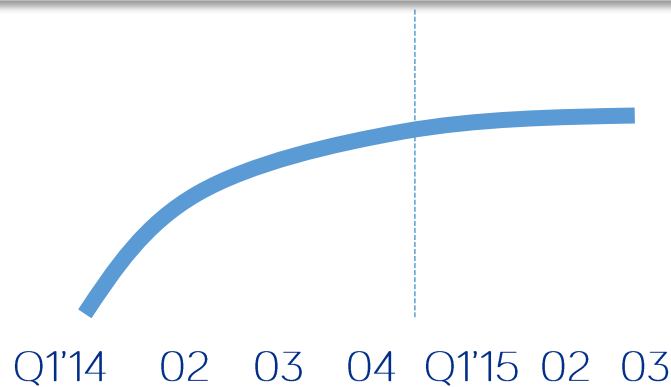


Boost the efficiency of our  
organizations



# 18 MONTHS LATER, WE HAVE PROGRESSED IN OUR TRANSFORMATION JOURNEY

## Stable price/kg

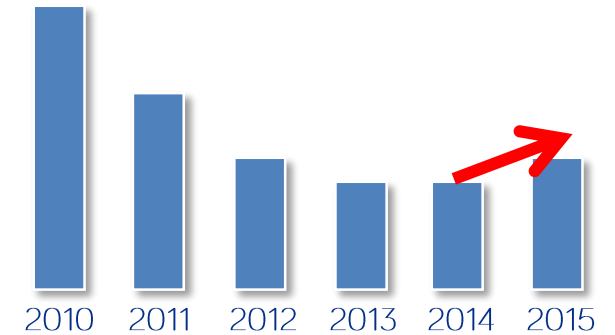


## An optimized operation network

From 24 to 15 sites



Operations utilization %



Strong improvement of our profitability

# SOME FIRST TANGIBLE RESULTS IN TOPLINE

Actimel 

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Danone Danette 

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Danone OIKOS 

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Danone ACTIVIA 








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Danone Danonino 

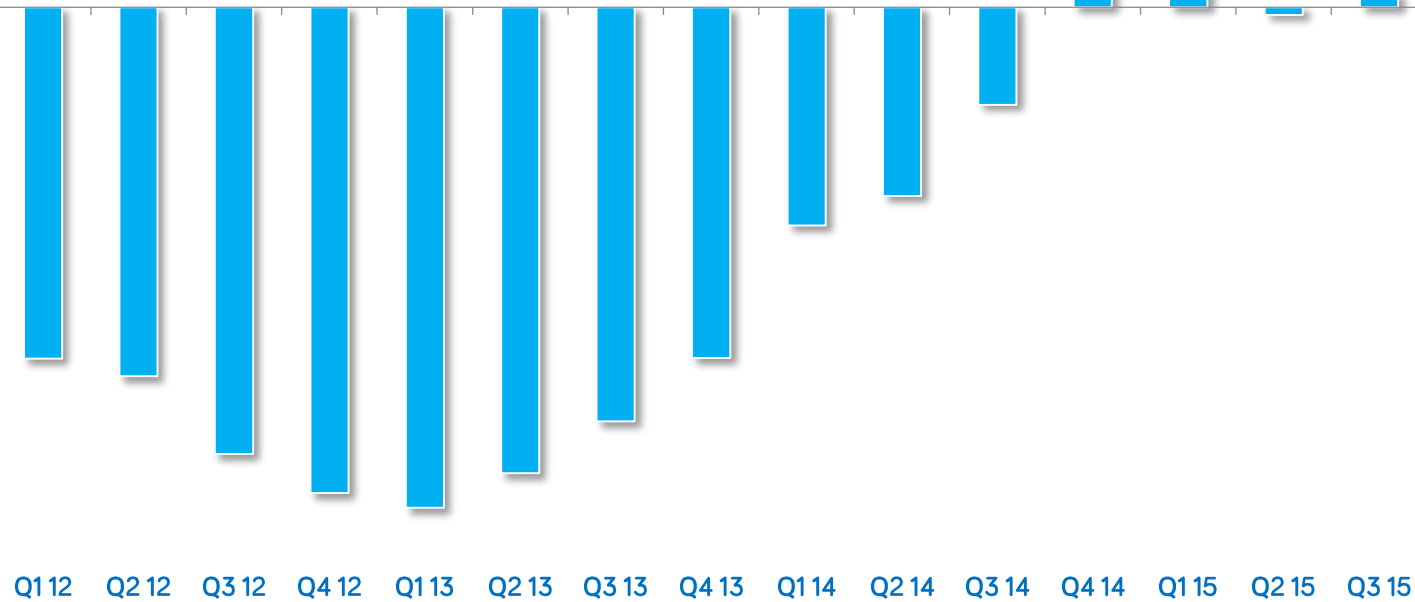


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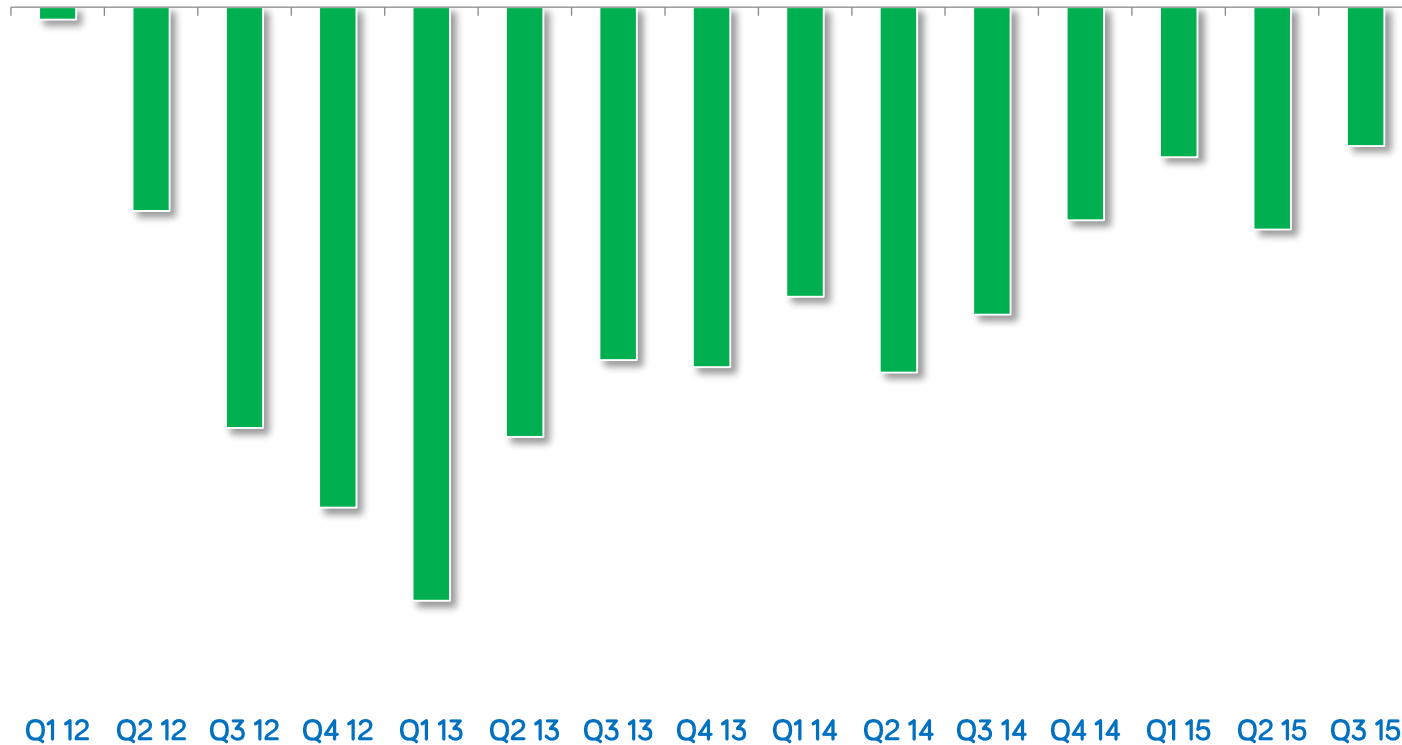
# ACTIMEL, CLEAR SIGNS OF RECOVERY



Source: Internal Finance, Total Actimel Sales



# ACTIVIA STABILIZING TREND



Source: Internal Finance, Total Activia, Sales





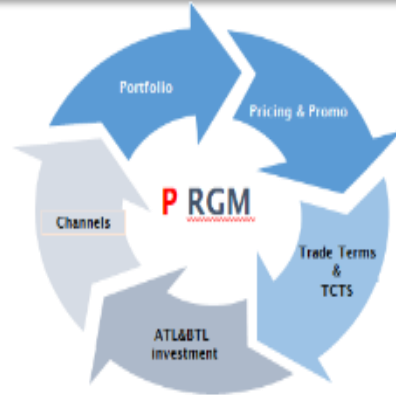
# MOVING FORWARD ...

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# CONTINUING TO SOLIDIFY OUR MODEL

## Profitable Revenue Growth Management



Adapt dilutive pockets



## Towards 1 powerful Team



FROM 22 CBUs

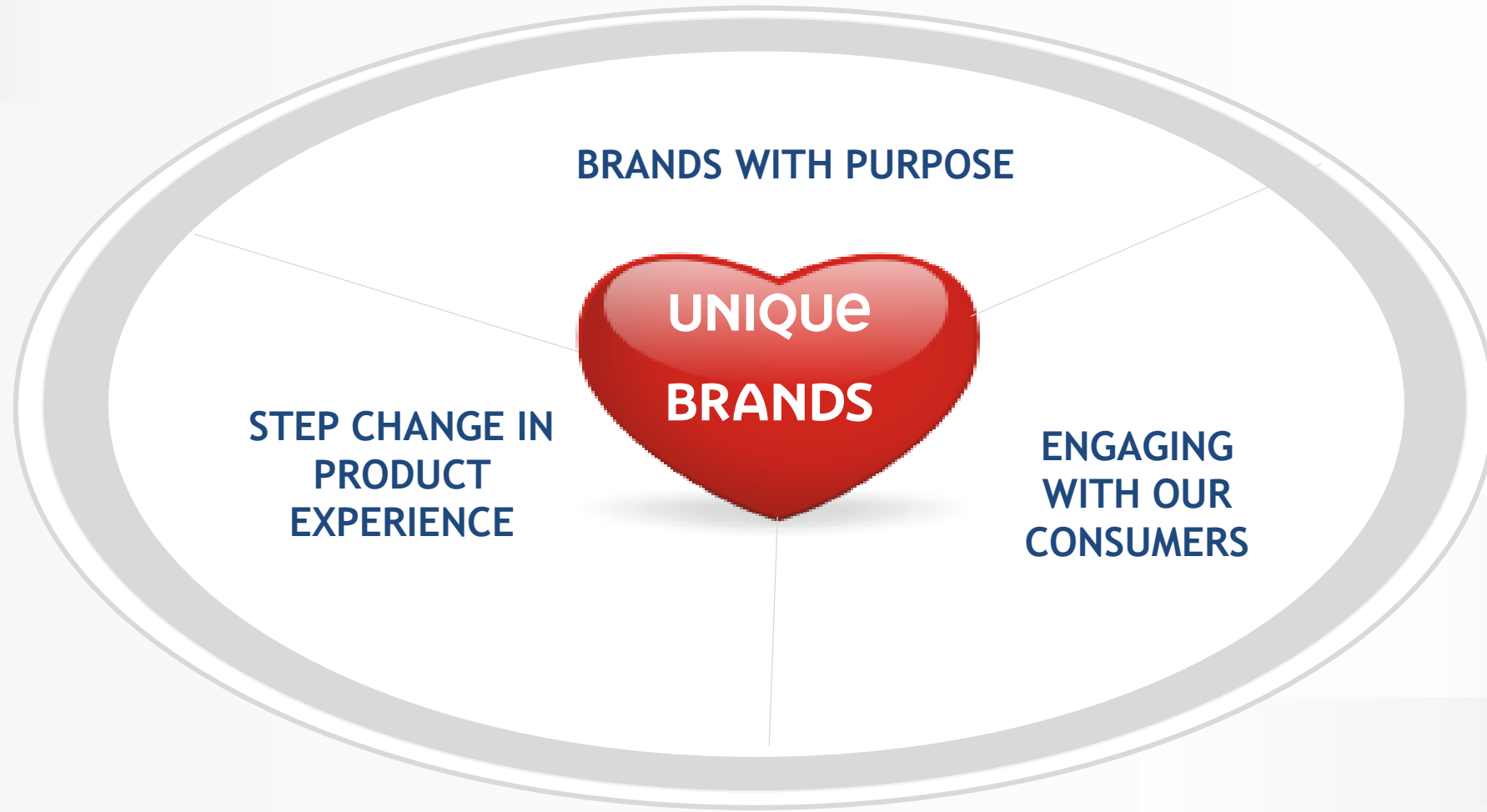


TO ONE EU TEAM

## Accelerate the Milk cycle initiatives and CPM



# ACCELERATING OUR PORTFOLIO RENOVATION



# FROM A COMPLEX PORTFOLIO TO...

DRINKS

SPECIFIC CARE

PUDDINGS

KIDS

STRAINED

LIGHT

WHITE INDULGENCE

GREEK

TWEENS

CORE BUSINESS & OTHERS

OTHER INDULGENCE

# FOCUSING OUR RESOURCES BEHIND OUR 8 BEST ASSETS

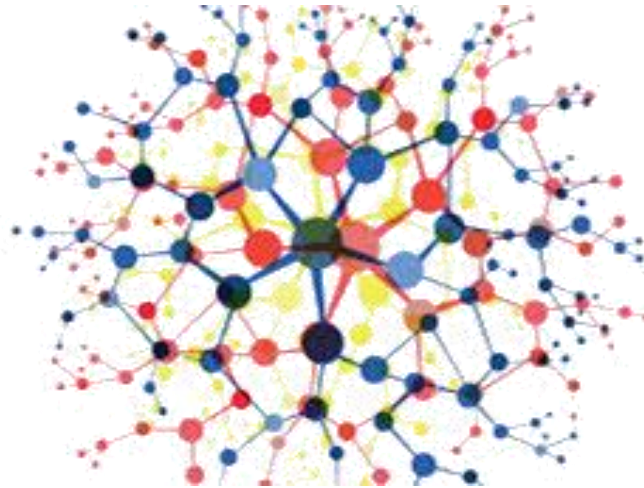


# SERVING A NEW CONSUMER

## A new Vision of Health



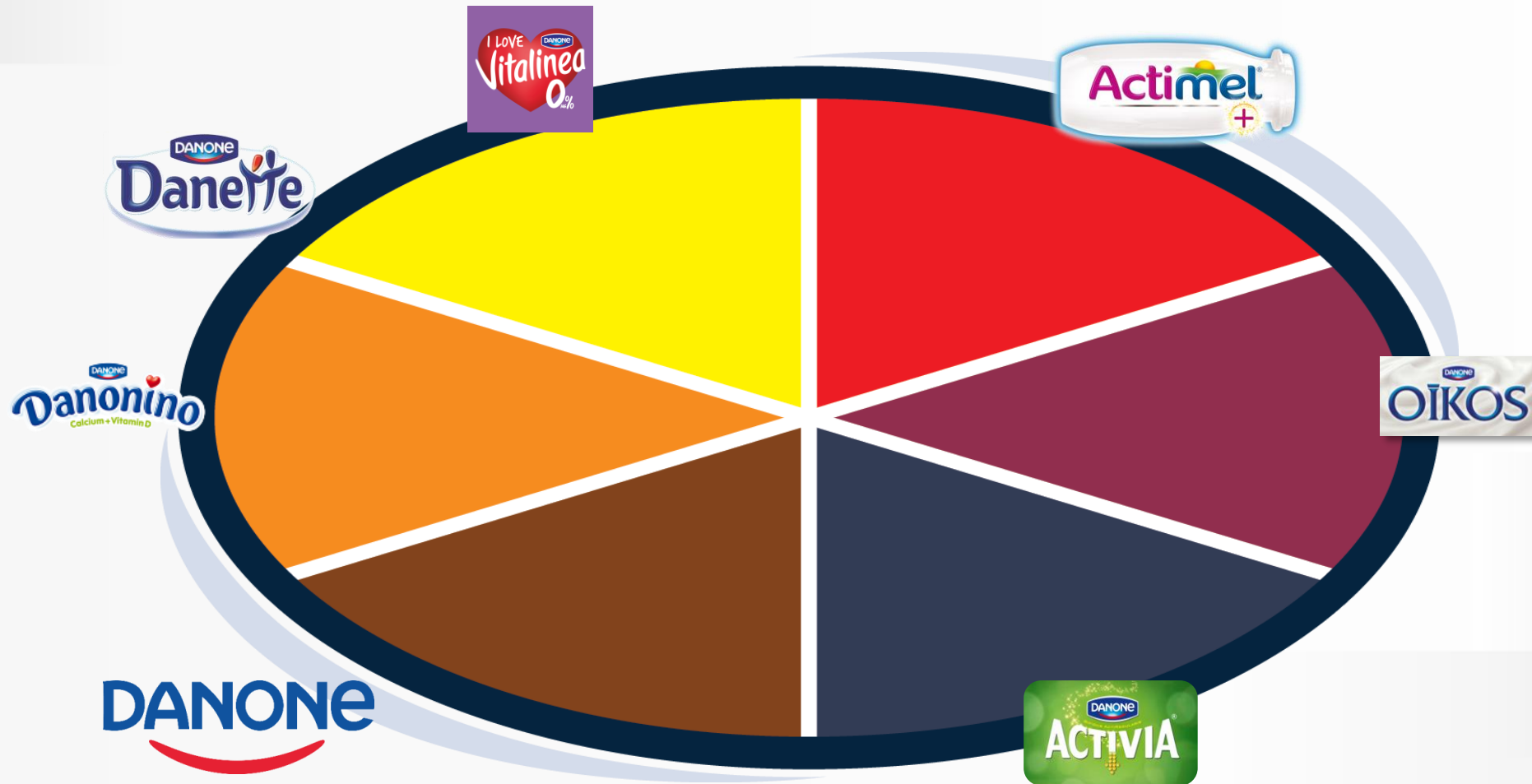
## Ultra-Connected



## Evolution of Food Habits



# REINFORCING DIFFERENTIATION FOR OUR KEY BRANDS



# STEP CHANGE IN PRODUCT EXPERIENCE

## ROLL OUT...



## RENOVATION...



From:



To:



## NEW OCCASIONS





# STEP CHANGE IN CONSUMER CONNECTION

## EXCELLENCE IN POS EXECUTION



## INCREASED NUMBER OF TOUCHPOINTS



## CRM

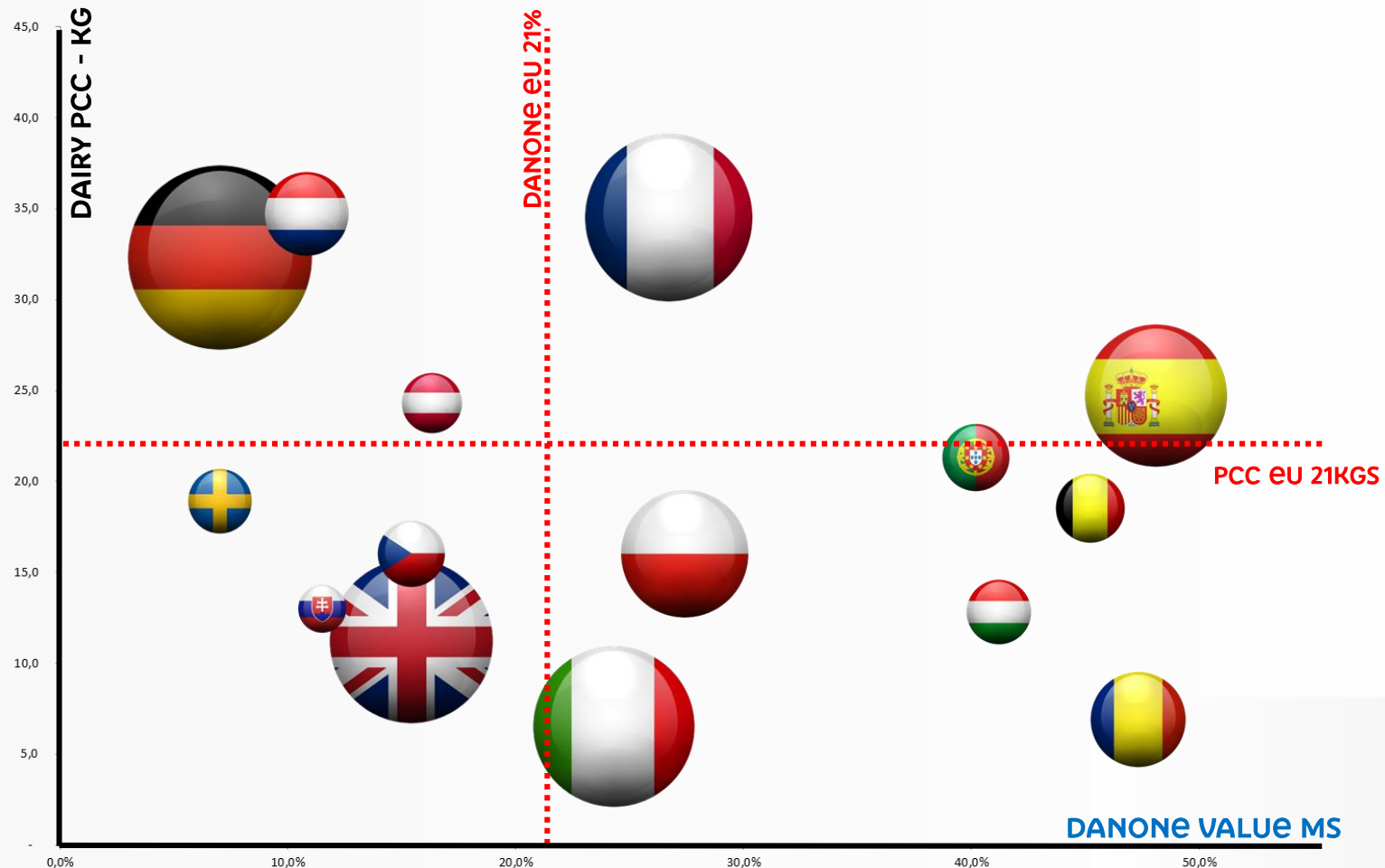


# EUROPE TURNAROUND IN PROGRESS

- Some first tangible results
- Creating the conditions for sustainable profitable growth
- Accelerating our structural transformation
- Strengthening a unique portfolio to create value



# THE CATEGORY STILL HAS A LOT OF POTENTIAL FOR DANONE



# TO SUM UP

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# DAIRY SUSTAINABLE PROFITABLE GROWTH

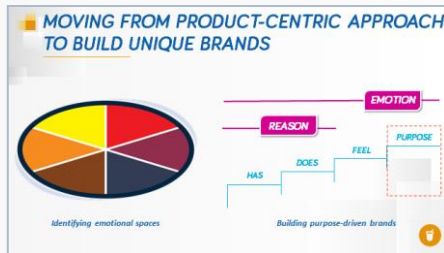
## GREAT CATEGORY GROWTH OPPORTUNITY



## CLEAR GROWTH PRINCIPLES



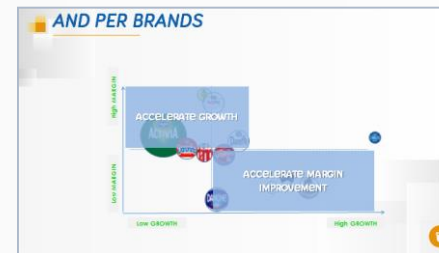
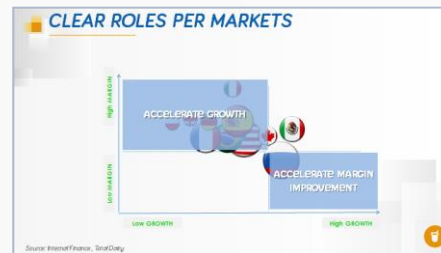
## NEW MARKETING MODEL



## NEW ROLES & ACCOUNTABILITIES



## Clear roles for our BRANDS and GEOGRAPHIES



# OUR 2020 DAIRY AMBITION

**2020 SALES GROWTH:**

**3%-5%**

**CUMULATIVE TRADING  
OPERATING MARGIN**

**IMPROVEMENT\* (2015 - 2020):**

**> +200 bps**

\*Excluding forex impacts



