



**DANONE**  
ONE PLANET. ONE HEALTH

Investor Seminar  
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## Profitable growth and circularity

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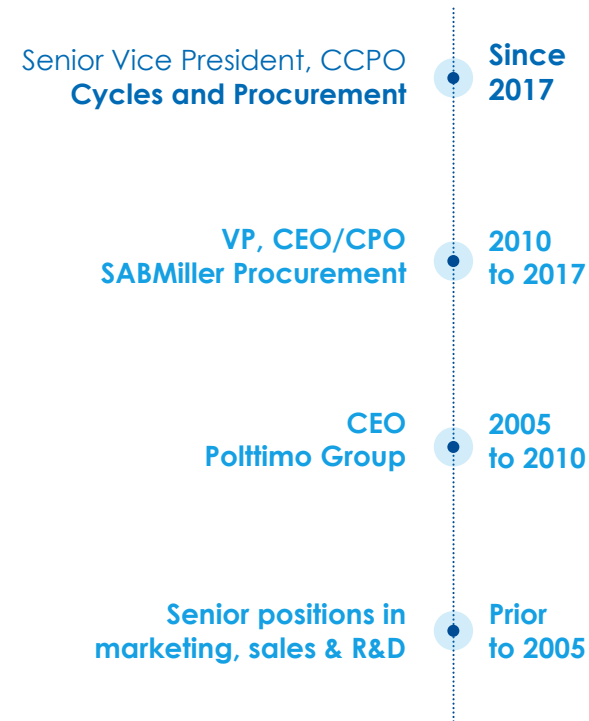
# HENRI BRUXELLES

## 31 years at Danone



# KATHARINA STENHOLM

## 1 year at Danone



# Waters 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%



#### Company 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

# Danone Waters at a glance

## A unique portfolio of leading iconic brands

€4.6bn  
net sales

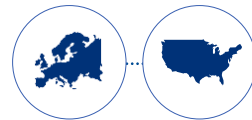


  
plain Waters  
2/3

  
aquadrinks  
1/3



19%  
of Danone  
revenues



EU + US  
~40%



Asia & Middle East  
~40%



Latin America  
~20%

TOP countries



TOP brands



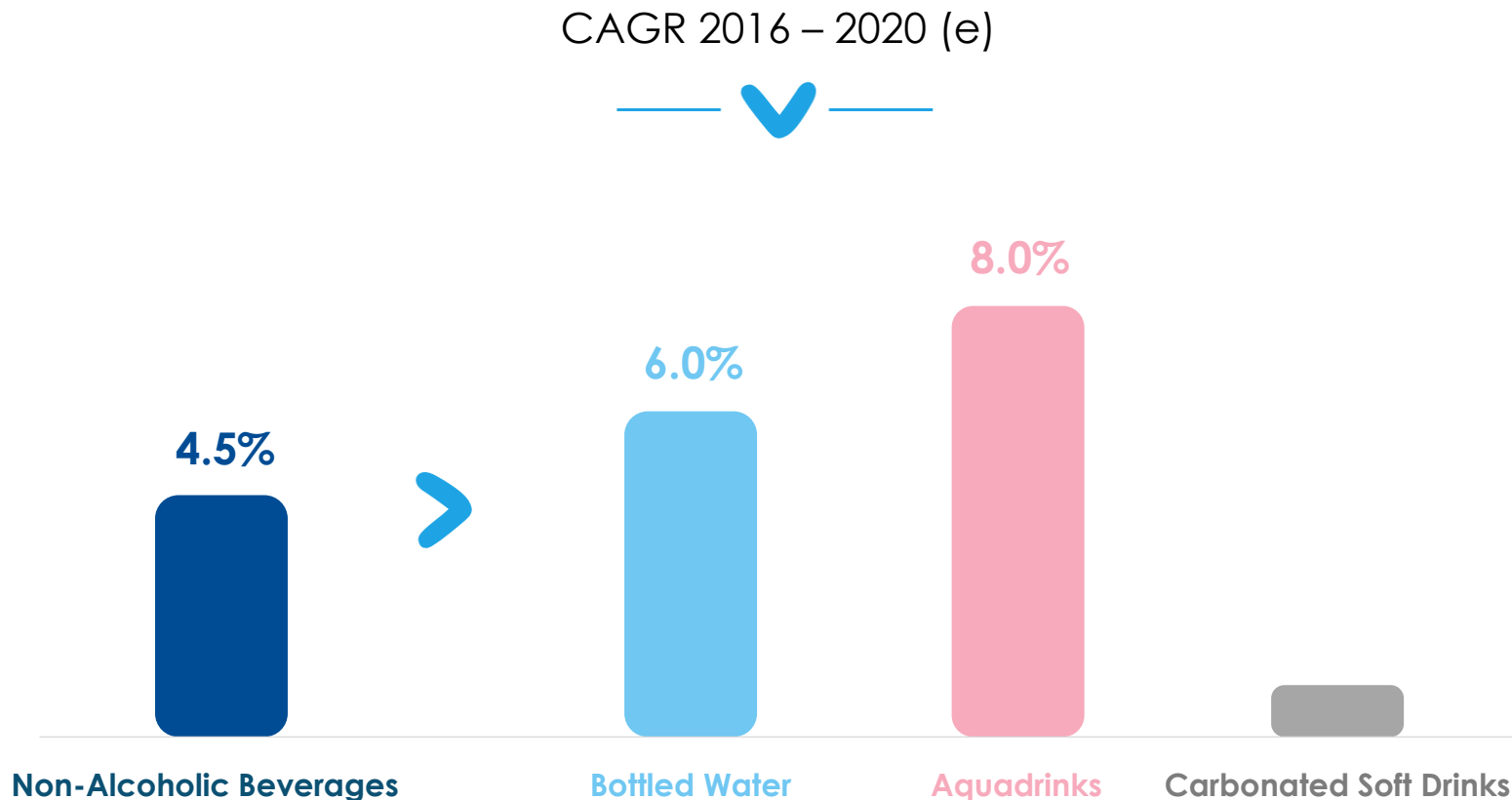
leadership  
positions in key  
countries

75%  
of sales from  
local-rooted brands

2017 full-year figures

# Our market place : well-positioned in fastest-growing segments

## Waters and aquadrinks leading the Non-Alcoholic Beverages category growth



Source: Global Data 2018 Danone Waters 16 Markets

# At the forefront of Non-Alcoholic Beverages category growth

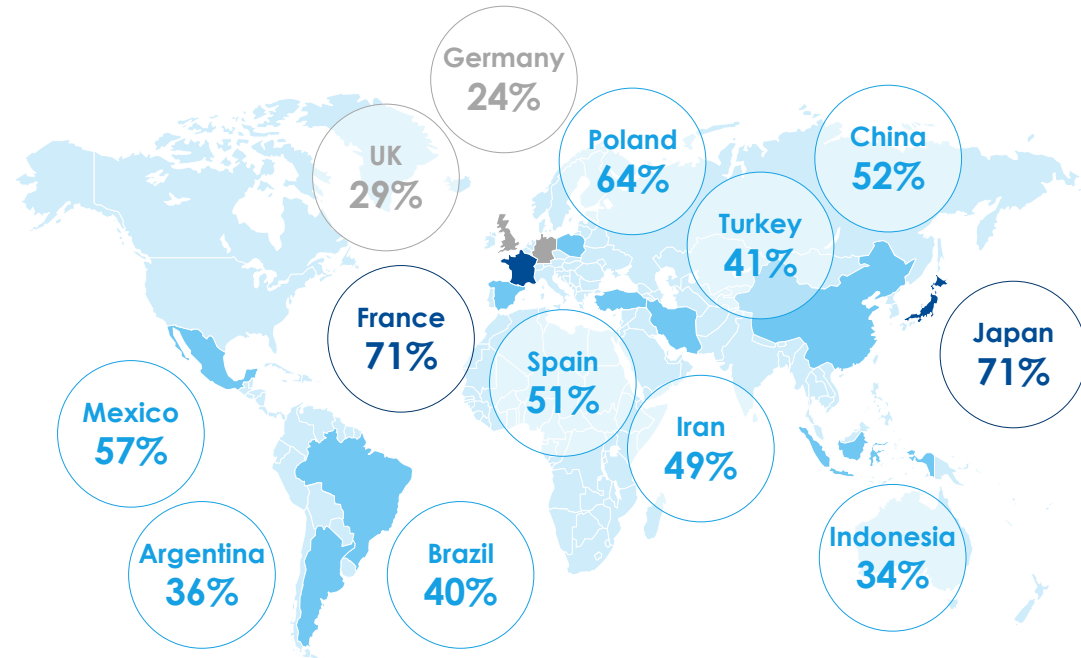
## With a worldwide potential to drink more and better

Significant potential for liquid intake, as well as a large switching opportunity ahead



52% of adults  
57% of kids

don't drink enough



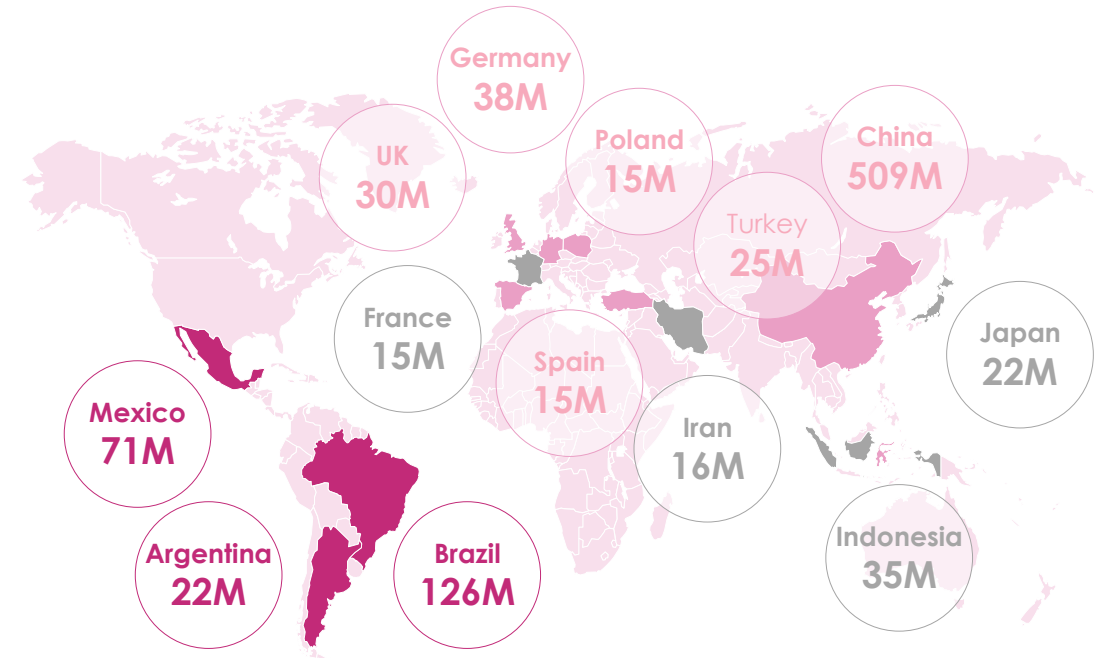
% of population with liquid intake below EFSA recommendation 2L/day

- 0-33%
- 33-66%
- >66%



46% of adults  
39% of kids

high sugar drinkers

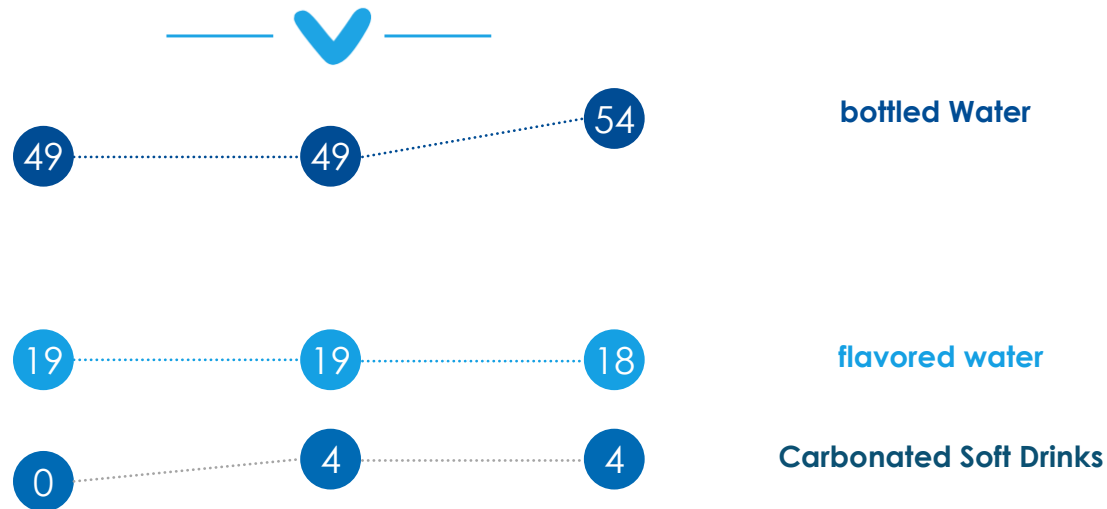


number of adults population drinking ≥ 1 serving SSB/d (1 serving = 250mL)

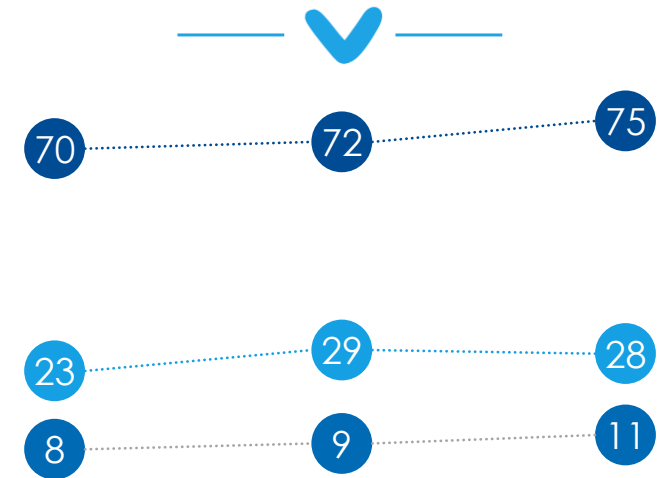
- 0-33%
- 33-66%
- >66%

# Meeting consumers' demand towards health and natural Consistently across generations

*"I consider this beverage good for my health"*



*"I consider this a natural beverage"*



gen Z (1996-...)



gen Y (1977-1995)



gen X (1965-1976)



gen Z (1996-...)



gen Y (1977-1995)



gen X (1965-1976)

Source: Quant/qual survey 2018, Perceptual mind mapping & Meaning of health, ARG/FR/INDO

# Unique waters portfolio with compelling attributes

## Connecting strongly to some emerging consumer desires

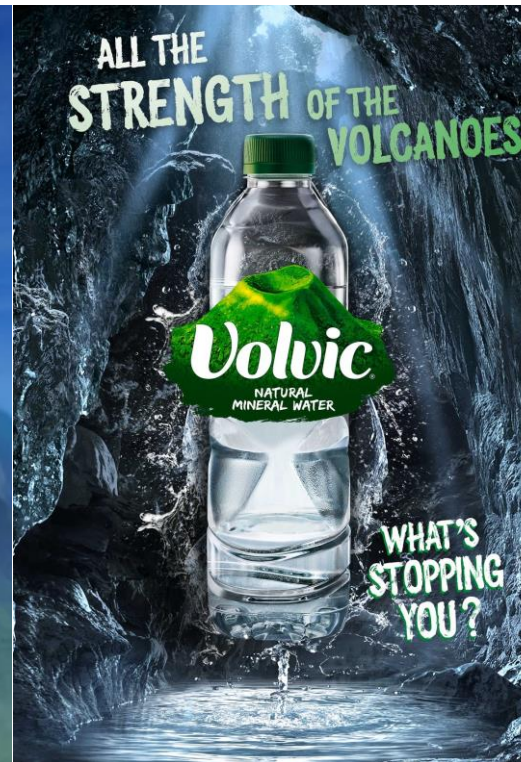
Unique attributes vs other beverages



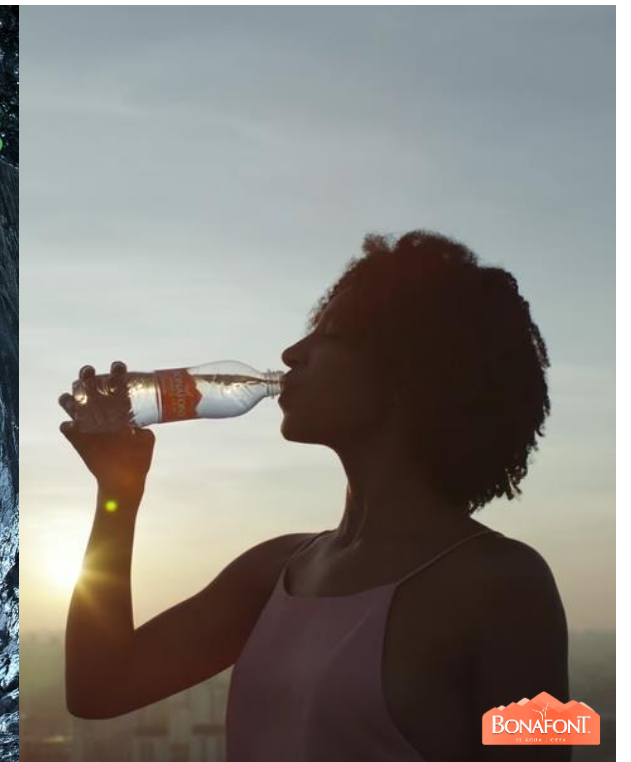
unique content of minerals



protected origin



natural and untouched



unique drinking experience



# A clear mission and roadmap

## Objective for 2020 to deliver > 5% profitable growth

### our mission

Inspire people  
towards healthier  
drinking habits

### our ambition for 2020

>5%  
profitable growth

### our growth pillars



LEAD ESSENTIAL  
SHADES OF PLAIN  
WATER



ACCELERATE  
INNOVATION



NEXT LEVEL  
AQUADRINKS



MANIFESTO  
BRANDS



MASTER IMPULSE &  
IMMEDIACY MOMENTS

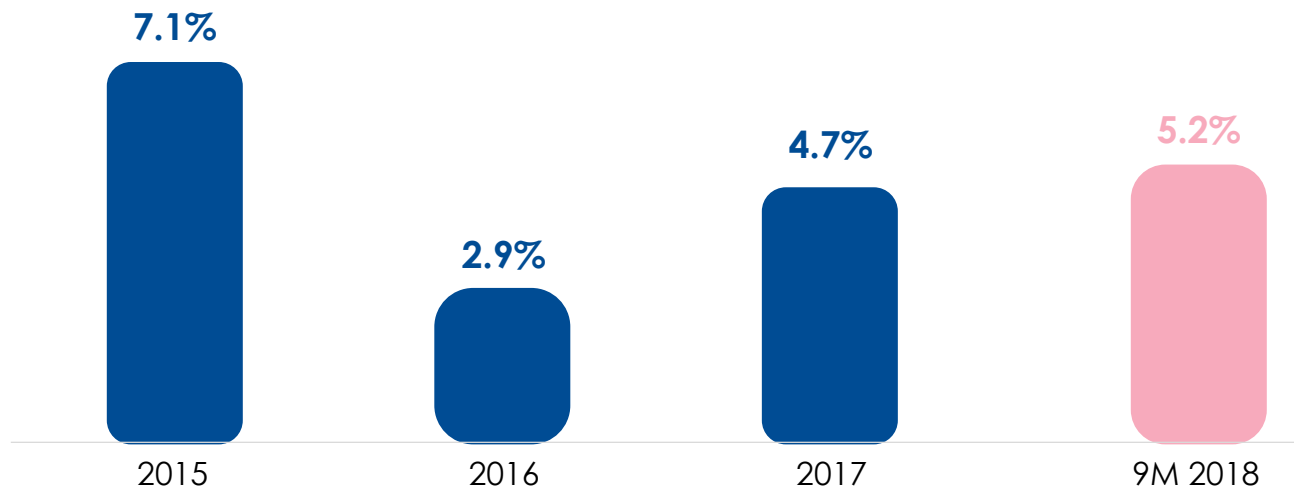


ONE (↑ CIRCULAR ↓)  
PLANET

# Accelerating towards our 2020 ambition

## Through strengthening and leveraging our growth levers

Danone Waters  
Like-For-Like sales growth evolution vs prior year



Europe: strong momentum



Noram: steep double-digit growth



Asia: strong growth



Latam: positive growth

# Leading Growth in Plain Waters

## Building Manifesto brands, with purpose and consumer connection



live young



gender equality



national pride



 TOP 2

campaign awareness  
in the US during air time

 65,000

women joining the run in 2018  
supported by UN women

 >50M

consumers  
impacted

Source: Internal data 2018; USA tracking comprises metropolitan areas of NY, LA and Miami.

# Leading Growth in Plain Waters

## Product activation to connect our brands everyday



### Hyper-personalization



 >3M  
unique designs

### Full blast collaborations



 +2.5%  
net pricing

### Content versioning



 +3.5%  
net pricing

Source: Internal data

# Leading growth in plain waters

## Innovating to unlock highly valorized growth opportunities



Innovating to unlock more targets, more uses, more benefits, more moments

Formats < 1L  
net sales growth  
H1 2018

**+7.5%**



### Small impulse



avg price index vs core **+60%**



### On premise experience



avg price index vs core **+80%**



### Kids hydrated to the max



avg price index vs core **+150%**



### Enhanced water



avg price index vs core **+175%**

# Accelerating Aquadrinks

## Capitalizing on high-value segments



incubation: pioneering emerging needs



Natural energy



Soft functionals



innovation: extending to valorized spaces



Sparkling



Plant-based



Organic Teas



Local ingredients



renovation: evolving fundamentals



Less sugar



Trendy flavors



Organics

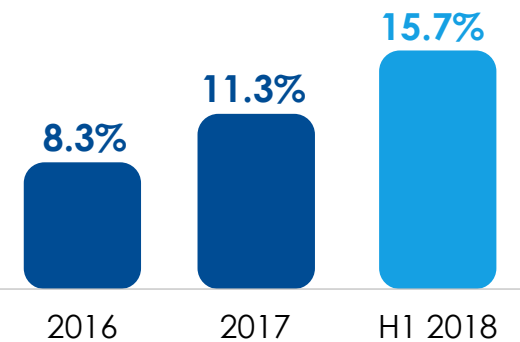
valorized innovation  
as a key growth driver



innos  
vs core  
Net sales/L **+50%**

innovation/net sales

**2X**  
contribution  
in 3 years



Source: Internal data

# Accelerating Aquadrinks

## Reducing added sugar content while preserving flavor experience



portfolio

< 5g/100ml

2010

65%



2018

98%



2020

100%

maintaining **right sweetness perception**  
without added sugar



new products  
**zero added sugar**



Bonafont kids

Volvic essence

Aqua d'or tea

Bonafont touch

Source: Internal data

# Accelerating in fastest growing channels

## Broader distribution and better execution



+120,000

new stores reached

+30,000

new fridges in place



distribution and cold availability in **general trade**



coverage and execution in **convenience stores**

+72,000

new controlled stores in key cities



tailormade portfolio and activation in **eBusiness**



tailormade portfolio and activation in **discounters**

+34%

eBusiness net sales 9M 2018

+18%

Discounters net sales 9M 2018

Source: Internal data

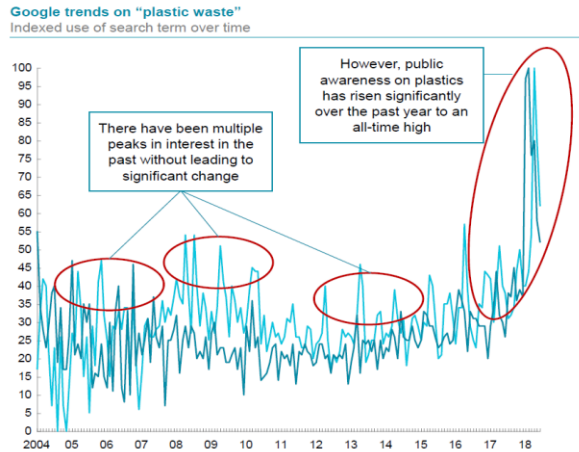


# Driving sustainable growth by embracing plastic circularity

## Growing consumer awareness supports “One Circular Planet” vision



### Increasing awareness on plastic waste <sup>1</sup>



### social network mentions<sup>2</sup>



plastic bottles   cups   bags   straws

78% of consumers ask for **more sustainable plastic packaging** rather than plan to abandon plastic completely<sup>3</sup>

33% are willing to pay a **premium price** for environment-friendly products<sup>4</sup>



- 1 LEVERAGING THE ACTIVIST ROLE OF OUR BRANDS
- 2 PURSUING 100% CIRCULAR BRANDS
- 3 OFFERING ALTERNATIVES BEYOND PLASTIC & SINGLE USE
- 4 CO-DESIGNING COLLECTION SYSTEMS

Sources: (1) Google Trends; (2) Image recognition & machine learning 2018. Worldwide Instagram & twitter; (3) Quant survey 2018, UK, CHI, INDO, FR, GER, SP, MEX (4) Quant survey 2018, UK, FR, GER, SP

# Differentiation through plastic circularity is delivering good results

## evian's pioneering commitment from 2018



### live young



### sport & lifestyle

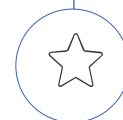


### brand growth

**evian.** **+6%**  
growth on net sales



**+8.7%**  
growth on premium formats



### planet & plastic proactiveness campaign

### planet



**+35%** uplift on differentiation

**+15%** uplift on purchase intention

**+10%** uplift on recommendation

Source: Google Trends; Internal data; Brand campaign tracking;

# We continue to embed plastic circularity into our water brands

## Making concrete commitments to tackle plastic impact



### 1 Leveraging the activist role of our brands



**100% circular**  
by 2025

Redesigning packaging to be  
100% rPET by 2025

Accelerating recycling initiatives  
at global and local level

Seeking zero plastic bottle waste  
in nature



**Collecting more  
than it uses**  
by 2025

Increasing plastic waste collection

Supporting plastic waste education

Accelerating plastic bottle innovation

**commitments to  
come in 2019**



# We continue to embed plastic circularity into our water brands

## Actively educating and encouraging consumers to take part

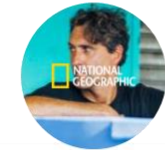
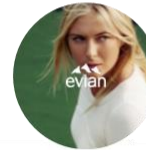


### 1 Leveraging the activist role of our brands



Flip It For Good  
apr/2019

Launched with key brand ambassadors & partners



UNION SQUARE PARTNERSHIP



us open



Aqua – Goodness is circular



nov/2018



S2/2019

# Concrete actions to increase use of recycled material

## Offering consumer sustainable plastic choices that will drive sales



### 2 Pursuing 100% circular brands



 100% rPET  
aug/2018



 100% rPET  
oct/2018



MADE FROM  
**100%  
RECYCLED  
PLASTIC**



 50% rPET  
nov/2018



 100% rPET  
apr/2019



 100% rPET  
oct/2019

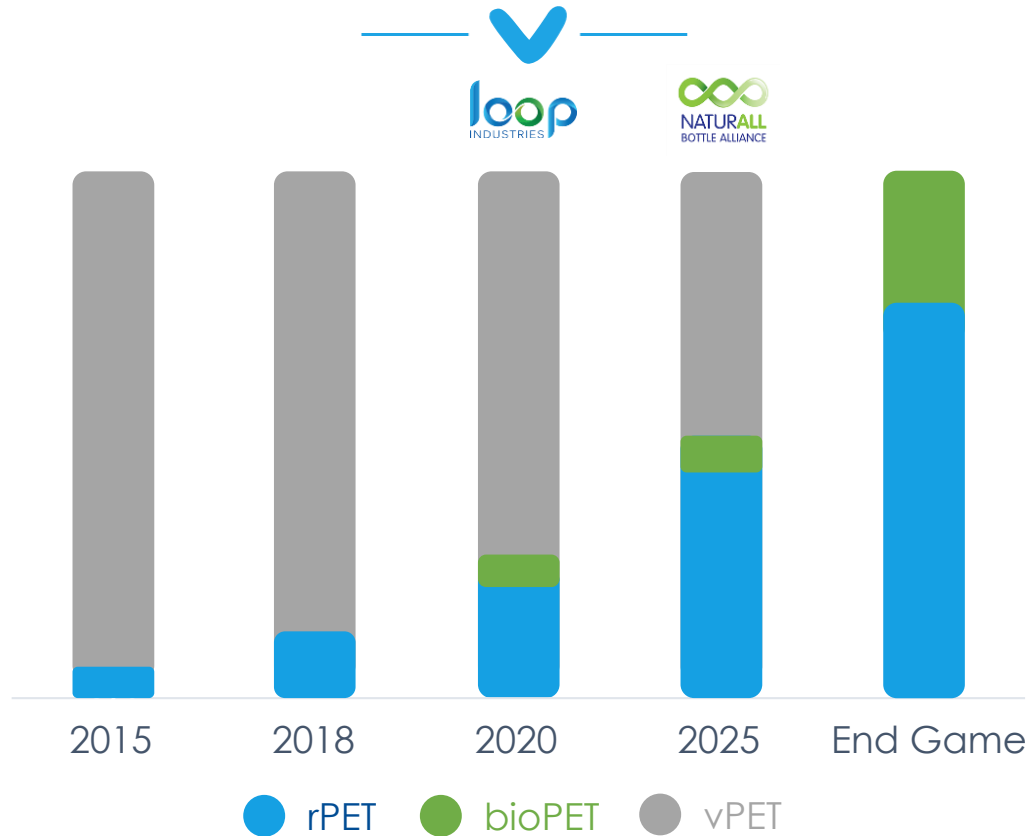
# Increasing use of recycled materials

## Sourcing strategies to secure supply at competitive rates



### 2 Pursuing 100% circular brands

Danone's Waters total plastic usage



rPET demand increases faster than availability

sourcing strategy to secure supply while mitigating cost:

- 1 Increase feedstock availability: inclusive collection programs and collaboration with waste management companies
- 2 Commit to long term contracts to build recycling capacities
- 3 Develop new technologies to use different feedstocks and reduce costs

# Innovating beyond plastic and single-use

## New solutions for home & impulse consumption



### 3 Offering alternatives beyond plastic & single use

#### beyond plastic

Can, carton  
and glass



Modernization of jugs  
business



50% of total  
volumes



#### beyond single use

Reinvent home  
consumption & refillable



Breakthrough  
water sourcing



Mitte joint  
venture



# Supporting plastic collection

## Ensuring Danone is part of the solution across the whole circularity value chain



### 4 Co-designing collection systems

#### Informal waste management



**Step up our responsibility**  
by co-building inclusive locally relevant systems



**Innovating to address**  
leakage in nature



THE OCEAN  
CLEANUP

#### Mature countries with legal producer responsibility



**Support EU to reach 90%**  
beverage plastic bottles collected for recycling by 2025

**Learning from best-in-class**  
countries and systems



**Fostering collective systems**  
design thinking, leveraging new behavior and technology



# Forming partnerships for greater speed, impact and scale

## Using networks to achieve economies of scale and competitive advantage



Alliance with food industry,  
retailers and  
disruptive innovators



**Innovation for our consumers**  
in both product and channel

Investments with the existing  
and next generation industry  
of sustainable recycling



**Infrastructure for society**  
to scale and sustain the  
circularity of plastic

Partnership with NGOs  
at global  
and in country levels



ELLEN  
MACARTHUR  
FOUNDATION  
Rethink the future



**Standard-setting as part  
of a common purpose**  
to make the change for a healthier planet

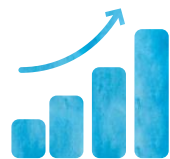
## Conclusion

Well-positioned to deliver strong value creation



### Danone strategic priorities

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



### Waters – Profitable Growth & Circularity

#### Delivering profitable growth, consistently above 5%

- Winning in fastest-growing segments of plain waters and aquadrinks
- Building Manifesto Brands with true consumer connection
- Driving value growth through activation, renovation and innovation
- Expanding presence in impulse and high growth channels

#### Driving sustainable growth by embracing plastic circularity

- Leveraging circular brands to deliver differentiation and enhanced value
- Innovating in circular plastic, beyond plastic and beyond single use
- Supporting effective collection systems
- Fostering partnerships for better scale and impact

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