Danone

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Warren Ackerman: Hi, Tony, and thank you again. It's great to have Danone to kick off the conference today. We have Antoine de Saint-Affrique, the CEO, and Juergen Esser, CFO. Thank you, gentlemen, for joining today. I'm already under time pressure. I can see the clock's ticking down, so we need to get cracking.

So opening question, just for you, Antoine. You've obviously had a very good momentum in the first half. You said there's more that you can do. Can you just elaborate what you were specifically thinking?

Antoine de Saint-Affrique: Yes, well, there is more that we can do at two levels, obviously we see plenty of opportunities, and we discussed about Medical Nutrition, and the fact that the market is coming our way. We look at the categories and the dynamic of our categories - we think that we can do more to keep shooting that momentum. But at the same time, we are not also at the end of the journey of fixing our business. So we have been, in a number of categories, in decline for a long time. We have been not supporting properly both our brands and our categories. We have been starting to redo it for the last three years. It is obviously paying dividends in the forms of quality growth, but it's not the end of the journey. The name of the game is one of consistency, the name of the game is one of doing the same thing again and again and again, to make sure that we are feeding our brands, also feeding our categories.

Warren Ackerman: And in terms of the category itself, I was reading that the Google searches of protein are at five-year highs. It seems like the interest level in health is all time high. How much of that is just the category rising, and how much is it Danone really acting as a category captain? And I guess related to that, what kind of medium-term category growth should we expect from EDP? So is it category, or is it Danone, or both?

Antoine de Saint-Affrique: It's a mix of both. I mean, you heard me say at the last Capital Market Day, I believe that the market is at a tipping point. So where non-communicable diseases become a real issue, where food is seen as a key driver of that, and where food – some foods, and this is the thesis of Danone can make a real difference. I mean, you see that with healthy hydration, you see that with everything we do with EDP, which is about gut health, which is about protein. You see that obviously with everything we do in the field of Specialized Nutrition.

On EDP, it is a mix of both. It is a mix of both. You look at the growth of the category in the US, which is extremely dynamic, while 70%, give or take, is driven by innovations with foods on the market. And it goes back to something we've discussed in the past, which is when you're a consumer goods company and when you have been the creator and you are the leader of some categories, you have two jobs. And you need to make sure that your brands are faring so that they are properly supported, that you have a right segmentation, and that you do a proper job at execution. But you're also in charge of developing the category through investments, through innovation, and through reminding the consumer of the essentiality of the categories. I was mentioning the US, but – I mean, you see good category growth in Europe as well, and jobs we've done in countries like Spain, for instance, where we have reclaimed the essentiality of dairy - we explained why Danone is a Danone, not a yogurt, because of the ferments, because what it does to your health, changes the trajectory of the category.

Juergen Esser: And maybe just to complement one element on this one. I think we showed very clearly that our categories have been growing over the last periods faster than the average of the food and beverage categories, which I think is a very strong statement, because for many years, you know, investors have questioned if our categories are growth categories, actually our categories are today growing faster than the average because they are centered on health. And this is why we need to invest into those categories in order to sustain this accelerated pace. Very important to us.

Warren Ackerman: One of the things I want to drill into is innovation. I saw that the US FDA has got a diabetes claim for yogurt, which I'd love to know how you might be able to take advantage of that. That's interesting in terms of the US. But also in terms of, you know, like Activia, on the digestion claim, how can you push that? In the UK, Kefir is booming. You're the market leader. So the whole kind of area, seems to be like the gut health, the immunity, probiotics – it all seems to be coming together. Can you maybe talk a little bit about the R&D and things like the FDA claim on diabetes? Can you actually start making that claim on pack, for example?

Antoine de Saint-Affrique: Yes. So listen, a couple of things. If you step back, the place where science is going is very interestingly putting the microbiome and putting gut at the heart of everything. You see that obviously in the latest developments of science with what's happening in the gut, being the precursor to healthy aging, being the precursor to inflammation, and therefore to all kinds of disease, including mental disease.

This is what we do for a living. I mean, Danone is born as a company that basically takes care of gut, gut science and gut health. With Renew three years ago, one of the things that we did is put science back at the center of what we do. And go back in some ways to what were the roots of Danone. The roots of Danone were science based, consumer and patient centric.

So reinvesting in science. Reinvesting in science for the category. And the FDA indication on the link between yogurt and what it could do in diabetes prevention is a work that is done in favor of the category, which is, by the way, what you need to do when you're the category leader.

And then next to that, we do things that are extraordinarily specific, and I took an Oikos with me obviously for good reasons, so finding ways to deliver protein in a way that is both healthy and pleasurable. It's something that is exactly at the convergence of how do you create consumer experience through science. So that's what we do for a living.

Then, you need to claim it, and you need to claim it in a way that is consumer relevant. And once again, it's science and it's consumer understanding. You were mentioning Kefir. Well, you'll be happy to know that we are launching Activia Kefir in the UK. It's already in France. It's a great example of what we do.

So it's real Kefir, so it's actually real science of guts, expressed in an extraordinarily consumer relevant way, and in a way that's totally aligned to the Activia brand, which is about gut health. So it's the convergence of the three, and it's at some point catching the consumer trends, so being absolutely consumer obsessed, underpin it with a science that is differentiating and express it in the brand positioning that is crisp. And that's what we have, in some ways, rediscovered. That's why Activia is back to being the gut health brand. This is why Actimel is back to being the immunity brand. That's why Danone is healthy hydration.

Juergen Esser: Gut health is today a EUR 120 billion market, growing very fast. I mean, you look at which part we think the EUR 120 billion are growing the fastest: those parts are very natural foods, very natural diet. The consumer wants to take care of his gut but without making compromise on taste, on texture, on the experience every single day. And this is what we are trying to address with our products.

Warren Ackerman: This is quite interesting. When you look at the scanner data, I mean, yogurt in the US is pretty much the only food category, really, that's showing volume growth. What do you put that down to? Is it what you're saying? Is it GLP-1? I'm not saying it's coming from nowhere, but it's really a change.

Antoine de Saint-Affrique: It's a convergence of things. It's back to the fact that the industry is at a tipping point. It is health delivered in an extraordinarily pleasant and very natural way. And then you have things that can be accelerators, of which is a really deep trend, which is coming to bears. Obviously, GLP-1 is good news for us. If you look at the by-effects of some GLP-1 treatments are, obviously, it has an impact on gut, and it has an impact on muscles. Guess what? We are about gut health and protein. So there is an obvious overlap, but GLP-1 and what's happening on GLP-1 or yogurt, and what's happening around the yogurt category is also the translation of people step by step going to things that are healthier, perceived as more natural and pleasant.

Warren Ackerman: Not everything is good in the garden. Can we talk about plant based dairy?

Antoine de Saint-Affrique: Of course.

Warren Ackerman: I'm thinking particularly Silk in the US has been a problem for a while. You've talked about some of the reasons, but I'd like to get an update on where we are at – particularly with regards to the price points, but also a little bit on Alpro in Europe, because we can see it's doing very well out of home, out of home channels, but less good in home. What's your expectation for plant-based growth in H2 this year and into next year? Can you see a trajectory where it does actually get back? And maybe if you can help us, tell us how big it is in aggregate, how to try and keep track. I used to think EUR 2 billion?

Antoine de Saint-Affrique: It's about EUR 2.5 billion. In some ways, it's back to your first question, which is there's still plenty that we should do, in the large portfolio there are things that are going well, things that are not going so well, and they vary over time. Silk in the US, we said it, we made a couple of mistakes. We underestimated the price elasticity, and we were probably too slow in moving from what was the initial positioning of Silk, which was very much ingredient-based, to move to what we have started in Europe earlier, which is moved from ingredients to benefits. And benefits is back to science, back to the knowledge of Danone, back to differentiation.

So we restarted the journey, we restarted the journey by correcting the price to a level that is more competitive, and we see encouraging results. We see encouraging results with stabilization and start of a rebound of penetration, we see some early encouraging signs in the shares, which is good news. This being said, the journey is not over. And we need to do a deep, deep work, and in some ways, mimic in the US market relevant way what we have been doing in Europe, which is fundamentally go back to two things: moving from ingredients to benefits, and the second thing is capturing moments. I mean, Silk Almond is the best possible partner for breakfast. That's why we have a partnership with Kellogg's. That's why we animate it in the stores and outside the stores.

Silk Oat is a formidable partner with coffee. Hence us doing in the US what we have been doing for a long time in Europe. In the UK, as you well know, we are in all the coffee chains. Not only because it's out of home, and out of home is obviously very important for us, but it's a fantastic trial mechanism to get people back into the category, and to the product.

So long story short on Silk, the penetration has stabilized and is starting to go in the right direction. The shares are starting to move in the right direction. It is going to be a step-by-step evolution towards something that is much more benefit-driven, rather than ingredient-driven. So we are on the journey, but the journey is not over.

Alpro in Europe is very encouraging. We've done on Alpro as we did, by the way, on the rest of EDP portfolio, which is cleaning the portfolio - we had a flurry of SKUs that were occupying the shelves, having poor rotation, and making the shelf extraordinarily difficult to read for the consumers. We have cleaned the portfolio. We've restructured by formats, by price points. We had on the way, by the way, a couple of muscular discussions with some of our trade partners. But we are all together, I think on the good momentum. In Europe, and Alpro, in some ways, is showing the way to Silk.

Juergen Esser: Maybe to give you one or two numbers which demonstrated we made progress. Eighteen months ago, we would have said our plant-based platform is an underperformer - €2.5 billion of sales. Today, when you look at it, 40% of our plant-based sales are outside of milk, so it's yogurt and others, growing faster than the average of the company with a profitability which is accretive to the company. We have Alpro as a brand in Europe, as Antoine was saying, which has been growing mid-single digit in the first half of the year, so it's back to clear growth in a category, by the way, which is dynamic, and now we need to solve Silk in the US as a beverage, and we're going to solve it. So we are narrowing down and focusing more and more on where our things do not yet work, but we are confident.

Antoine de Saint-Affrique: One thing that Juergen said that is very important. We have a large chunk of our portfolio that is outside plant-based beverage today. What you see we can do in our plant-based yogurt is really exciting. And there it's back to being an exciting yogurt, which happens to be made of plants. Strongly encourage you if you haven't tried – I mean, we have a coconut-based yogurt which is absolutely stunning. So it is playing by the rules of the categories, offering something that is relevant and different.

Warren Ackerman: Maybe changing gear to talk about Aptamil. People might not know that Aptamil is actually your biggest brand in your portfolio, in infant formula. They might not know also that it's a brand that's grown 20% over three years despite declining birthrates. There's a few questions I want to ask about Aptamil. First of all, looks like Chinese birthrates are now stabilizing. We've heard comments from a2 and Feihe recently. Is your expectation for some stabilization, and do you still expect to be able to enter the ultra-premium part of the markets with Nuturis, your next-gen brand, given the state of the Chinese economy? And can that technology on Nuturis be rolled out onto the Aptamil brand globally? I'd just like to get your perspective on the biggest brand.

Antoine de Saint-Affrique: If you look at the Chinese market for infant formula, it's a market, first, that is not consolidated at all. You have hundreds of players, it takes four to five players to get to 50% of the market - in most of the markets of the world, it takes two players. So it's a market where there is quite a bit to do in terms of consolidation.

The birthrate, and you said it, in China, was declining. It was declining double digit. We see a slowdown of that decline. There is no major trend reversal. I mean, we do projections that we share with the markets, a bit better how much is on the Year of the Dragon, or not, I don't know, but there is no fundamental change of trend when it comes to birthrate. But in some ways, that's not the driver. There is a big opportunity of market consolidation in a market where science makes all the difference. I mean, the Chinese consumer is extraordinarily savvy, knows and digs extraordinarily deep into the science, and obviously, wants the very best for their one or sometimes two children.

In that market, we play as Danone in almost all segments. We weren't playing in the ultra-premium segment. When there was the renewal of licenses, we were given licenses that allow us to play there, so we are indeed in the process of launching Nuturis, as we speak, in Hong Kong.

The science behind Nuturis – and if you have the time to spend, you should really look at it, the science is really interesting. It is the closest we have been so far to breast milk. And the closest to breast milk not only in the composition of the milk, but in the way the milk has been designed. So I won't give you a long teaching on breast milk, but the shape of the molecules, the shape of the fat molecules, the way it's been made, which is a miracle of nature, is extraordinarily unique. And as a number of consequences, in the way it conveys some of the goodies – I mean, the HMOs and all the rest of it, in the way those interact with the microbiome and the guts of the baby, and therefore, in the way it's impacting the growth of the baby.

We've never been so close to breast milk with Nuturis, which quite a bit of science behind it. And by the way, this is where the science of microbiome gets back into what we are doing.

Juergen Esser: What is interesting, and to your point, Warren, is that the category is doing better, and which part of the category is doing the best is the ultra-premium one. So the consumer continues to uptrade vis a vis the best recipes, which gives us a lot of confidence that we can launch those kinds of propositions with success in the market.

Warren Ackerman: I want to move to M&A, and Antoine, you've said you're open to acquisitions. You've obviously done a lot on the disposal side. Are you able to maybe give us a bit of clarity on what you're looking at, what kind of size would be optimal? There has been some concerns out there about Danone's past track record on capital allocation – obviously, a different management team, different times. But there's been different names bandied around – Mead, BellRing. Are you able to give clarity and close some of that speculation and reassure on capital allocation? Because clearly ROIC is still not where you want it to be.

Antoine de Saint-Affrique: Obviously, I will not comment on this or that name. But on acquisition, things are very clear for us. Well, first, as you said, we rotated out a significant part of our portfolio, we've eliminated over EUR 1 billion of milk from our portfolio. We've also deleveraged the company, getting much disciplined at ROIC and cash management, so we're in a much better position to become more acquisitive.

The way we look at acquisition: the prime filter is not size. Fundamentally, we have two filters when we look at acquisition. And the first one is a strategic filter. Does it complement our portfolio either because it's bringing capabilities that we don't have, or it's helping our position in our geography or in a channel where we lack critical mass.

The second filter is a financial filter. I mean, what is the ROIC, what are the returns, how do you make sure that whatever acquisition is contributing on a relative short-time span to the company, so that we don't get back to things that happened in the past, where for years or years you are back to mid-single digit ROIC.

So those are really the two filters we apply, and we then apply them regardless of the size. So you've seen us in the last couple of months or years going for relatively small size, but extraordinarily interesting acquisitions. We've expanded quite silently into enteral nutrition home care related activities, bought a company in Poland, we are in Germany, we are in the UK. We've invested two years ago through one of our firms into cell cultivation and into precision fermentation. We just announced the joint venture with Michelin on precision fermentation.

So are uncovering grounds that go from EDP to Medical Nutrition with different forms, different size, but always with those two filters: strategy and finance.

Juergen Esser: And we have been, I think, crystal clear at the Capital Market event, that the ROIC will go into double digit territory, and will stay structurally in double digit territory. Just to be very clear that we're not going for adventures when we talk M&A.

Warren Ackerman: Right. Juergen, another topic: Europe. Vol/mix +0.7% in Q2, you talked about difficulties with some retailers' negotiations, weather being bad. So the fact that volumes are still +3% in group, with Europe less than +1%, given some of these one-offs, quite encouraging. Can you maybe give us an understanding, what's happening to Europe underlying, because these negotiations have now been concluded. Weather's still not great at but going into the back half, should we be looking forward to quite a decent step up in vol/mix performance, and market share performance?

Juergen Esser: Warren you will remember that probably one year ago we said that we are very confident on our European agenda, and that we would go into positive volume/mix and positive net sales from the last quarter of 2023 onwards, based on some fundamental reworking on the portfolio. And this is what we did. You saw Q4 for us being really the tipping point of going to positive volume/mix, tipping point, to your point, on market shares, going into the green after some ten years of volume decline and market share erosion. And we followed the same trend in Q1 and Q2.

In Q2, despite what you were just saying, because we had some more intense discussions with some of our retail partners for the price increases, which were closed in the second quarter. And so what we are pursuing now in the second half and beyond is exactly the same agenda: investing for sustainable growth. And sustainable growth means for us, driving the category, and the category today is dynamic in dairy and beyond, and driving our shares. And I think that's the ambition we have towards the team, towards the second half of the year, and towards 2025. And we know this is a long-term agenda. You do not fix a problem of ten years in one quarter or two quarters, but I think all the key indicators we see are giving us confidence that we are on the right path, and this is a question of people. This is why you have seen us, first and foremost, with Pablo joining us, I think it was last year, if I remember well. With the right people, with the right agenda, and with the right focus and consistency, investing, and this, we are very confident, will change totally the name of the game for us in Europe, and also the contribution of Europe on the long term.

Antoine de Saint-Affrique: The logic for Europe is the same as for the rest of the company, and Mizone was a good example of that, which is, we will do it step by step in the right way. So it will take the time that it will take. Obviously, things are not perfect, nor linear. But we're committed to fix the issue at its root and do it in a proper way, and that's what you see with Europe. And that's why we had some muscular exchanges.

I think the other thing that is important is, you've seen that despite horrible weather - and you've seen that with the opening of the Olympics, despite bumps here and there, the quality of the results we have, and the quantum of the results that we have delivered is consistent.

What we are trying to do, step by step by step, is build a resilience that puts us in a position we are more than better, we can absorb the bumps on the road. And Danone was not known for absorbing the bumps from the road. There will be bumps on the road because that's the reality of business, but we will keep doing things properly there.

Warren Ackerman: I want to touch on Medical Nutrition. It was a big feature at the CMD. You came out with the quite big number that the market's going to increase by 50% to EUR 30 billion, and China's going to double for Medical Nutrition by 2030. I've asked you this before, but I'm still probing to get more details, and I want to ask it again. Can you give us some color as to those underlying assumptions in the market, what are you assuming, in terms of your market share? Because it seems like China's growing double digit, but Europe's growing double digit as well. It's not just a China story on regulation change. And how can Danone actually reinforce your leadership in this moving area?

Juergen Esser: I mean, for us, this is, as you say, the jewel, and it's one of our growth engines today, EUR 3 billion of net sales growing double digit quarter by quarter. And we happen to be the number one in Europe, and number one in China.

Why are we so bullish about the perspectives of this market? I mean, there's probably three dimensions. The first dimension is, people are getting older, and until 2030, we will have 200 million more people aged 65 and beyond – interestingly, almost of half of that in China. And this by itself would be a big driver.

The second driver would be that the way people are diagnosed, it's better and better and faster and faster. So there's more people treated in percentage on the total population being 65 and older. And thirdly, it's more and more understood that Medical Nutrition helps recovery, recover faster and with a higher likelihood. So we have these three drivers. And these three drivers make that the market is going extremely fast.

When you take a look at our China business, where we are saying the market will double even over the next several years, we are the number one in that market. We have an incredible access to hospitals in China, and we are the number one in enteral tube feeding. And this is very interesting, because while in 80% of cases, enteral tube feeding is the leading tube feeding method beyond parental, in all the rest of the country, it's more parental than enteral. But there's a big shift from parental to enteral, so we want to capture this opportunity. And beyond this big opportunity, we want to make sure that when people have left the hospital, they continue to use Medical Nutrition, and this is where we are also offering a vast number of solutions.

So we have the right assets today. We are investing for growth, and you see the results are coming.

Antoine de Saint-Affrique: And maybe one or two small additional points. As part of the reasons that Juergen said, obviously with more older people in a less good stage of health, there is immense pressure on health economics. We have a positive impact on health economics, because we favour a speedier recovery. So this is also something that is helping us.

The second point, and this is one of the unicity of Danone is: I told you we are science-based and consumer and patient centric. Very concretely, from Medical Nutrition, it means that we have the depth of science but we are capable of translating that into products that consumers take. And you know that when it comes to medication, or Medical Nutrition, compliance to the regime is a key factor to success. And this is something that is very unique to Danone, which is, we can combine deep science with consumer knowledge in delivering superior products.

Warren Ackerman: A couple of financial questions for you, Juergen. Pricing, +1% in Q2, obviously come down a long way. What is your expectation for pricing in the second half of the year? And can you say anything about Argentina? Because there seems to be some weird distortion on pricing.

Juergen Esser: Yes, look, on pricing, very short: pricing will stay positive for us as company. What is most important for us is quality growth also in the second semester and the years to come, in order to drive gross margin up. So in a way, the evolution of inflation will determine the level of pricing we do or the level of reinvestment we will do in price. But for us, the trigger point is really to make sure quality growth driving operating leverage, driving gross margin, but overall for the company a net positive.

Argentina has a bit a very mechanical point: on a 12-month rolling basis, 200% inflation, and no currency devaluation – I don't think we have seen it ever for any country in the world. So it drives a bit of distortion, at profitability level for Latin America, and therefore, for the company. This will correct over time. Is it in the second semester, is it next year, I don't know. But this will only be a tailwind.

Warren Ackerman: And in terms of cogs inflation, what do you expect for the second half and into next year, especially on your biggest inputs on dairy and plastics?

Juergen Esser: We have seen a bit of volatility, but I think overall, we had a low inflation in the first semester overall, many commodities having reached quite a low level. We see some of that rebounding. I don't see a dramatic change for the H2, and then of course for next year it's too early to say.

Warren Ackerman: Okay. On free cash flow, the other big news was that were you kind of saying that your free cash flow power is increasing by 50% from EUR 2 billion to EUR 3 billion. But obviously that's a big step up, and all of the associated benefits that would have in terms of deleveraging. Can you maybe give us a little bit of a feel for why your conviction is that your free cash flow power is 50% higher? Where is that extra coming from?

Juergen Esser: Yes, I think in a way, we had a tipping point in terms of value creation for the company. When you look at the last two years, what we have been doing is we have pruning the portfolio – Antoine was talking about it. We took out EUR 2.5 billion of net sales, almost 10% of net sales from our company. And despite taking this out, we have been growing EPS when we have been growing cash flow, because we are more focused on delivering actual value creation.

Moving forward, the focus will be not only on driving growth in relative terms, but also driving absolute growth. And this, enhanced with margin improvements and focus on an impact for capital allocation, working capital and capex, will really mechanically drive the cash flow up. So you saw we are already delivering quite nice cash flow in 2023 and for the first half of '24, and this is showing exactly these impacts of, I would say, compounding effects which we're going to see also in the future, so we're very confident that we can make our company a EUR 3 billion cash flow company in a structural manner.

Warren Ackerman: Also, another big thing that investors are focused on it, what about the bottom line? You know, the top line is clearly improving, market share is improving, gross margins improving, but you've been reinvesting, reinvesting as you've been catching up. But kind of going forward, you're sort of saying that the A&P spend doesn't need to keep legging up. So you're starting to get to a competitive level in terms of A&P.

And when I look at the EPS bridge, I saw in the first half you had +16% operational EPS. You had a -8% from scope effects, from disposals, which falls out – you know, because that's done now. So, if you're kind of saying that there's going to be the spend that was competitive, the scope falls out, the FX is unlikely to be -10% again on IAS 29. Why did we not see actually quite material uplift in the bottom line in terms of the EPS growth? Is that what you're sort of implying from the free cash flow comment?

Juergen Esser: Well, I think there's one conviction we have, Warren, which is the bottom line is a consequence of the top line.

Warren Ackerman: Okay.

Juergen Esser: And I think you saw that in the first semester, at the moment you drive quality top line and the moment volumes come back into the factories after ten years of volume decline, the operating leverage is significant, which allows us for reinvestment into category growth and share growth, and which allows us for growing margins. We really believe in this business model, which is a business model which Danone didn't follow for a number of years, but we see now the power of this business model.

So for us, it's not about margins per say, it is growing competitively, and having the margins growing as a natural result of our growth, and this will drive EPS, this will drive dividends, this will drive cash flow. And so, I come back to what I said a few minutes ago, which is this compounding effect obviously driving your earnings and driving your cash flow is easy in the moment that you grow your company, not only in the relative like for like, but also in absolute. And this is what is the agenda for years to come.

Warren Ackerman: And in terms of the ROIC, the other element is what is the margin, is the asset turn. If you've been having negative volume for ten years and suddenly the volume is improving, your factory's capacity utilization, which is low, is going up, you've talked about a 10 to 20 percentage point increase, which is off the charts big. So is that going to be the big driver of the returns, and where is it – I guess it's Europe we're talking about, and EDP primarily, if you can give any color on how you're improving your asset turn, in your factories.

Juergen Esser: And that's a key driver, you know, sometimes in discussion with investors, I have a lot of questions of, how much of your ROIC in the future development will be driven by goodwill depreciation, and how much will be coming from real value creation. And the reality is that we want to drive our ROIC up by driving the earnings up and staying very disciplined on our assets. And this is what we have proven to do over the last two years. This is why ROIC has reacted very nicely. We are not today where we want to be, but this is also the agenda for the future. And you are absolutely right, the biggest opportunity is in EDP, in dairy, and in Europe, where we used to have a very strong return on invested capital if you go a couple of years back. And I think that the benchmark and the reference we take.

Antoine de Saint-Affrique: I mean, the reality is return on assets is over 50%, so quality growth is having an immediate effect. It goes back to what Juergen was saying, which is quality growth, support behind our brands, also growing our category, so we're keeping investing behind our categories, and then the rest flows naturally.

Warren Ackerman: Okay, so thank you, gentlemen. Thanks for your time. And have a great conference.

Antoine de Saint-Affrique: Thank you.

Juergen Esser: Thank you.

Warren Ackerman: Thank you.