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PRESENTATION

Operator

Good day, and thank you for standing by. Welcome to Danone 2022 Annual Results Conference Call. (Operator Instructions) Please be advised that today's conference is being recorded.

I'd now like to hand the conference over to your first speaker, Ms. Mathilde Rodie, Head of Investor Relations. Please go ahead, ma'am.

Mathilde Rodie - *Danone S.A. - Head of IR & Financial Communication*

Good morning, everyone. Thank you for being with us this morning for Danone's 2022 results. I'm here with our CEO, Antoine de Saint-Affrique; and our CFO, Juergen Esser, who will first go through some prepared remarks before taking your questions in the second step.

But before we start, I draw your attention to the disclaimer on Page 2 related to forward-looking statements and the definition of financial indicators that we'll refer to during the presentation.

And with that, let me hand over to Antoine.

Antoine de Saint-Affrique - *Danone S.A. - Director & CEO*

Thank you, Mathilde, and good morning, everyone. Welcome to our full year '22 conference call. Together with Juergen, we are delighted to be with you today for our first annual results since we started the Renew Danone journey. In a period of unprecedented challenges and volatility, 2022 has been a year of deep transformation, encouraging progress and consistent delivery for Danone, and for that, I am grateful to all Danoners for their resilience and for their contribution.

Let me jump straight into the results starting with Page 4. We closed a year of solid growth at +7.8% on a like-for-like basis, with all regions and categories contributing. The composition of the growth, with pricing up +8.7% and resilient volume/mix, down -0.8%, but positive +0.2% when excluding EDP Russia, is encouraging. This performance was led by our North American and CNAO regions. Both delivered strong competitive growth with revenues up +8.9% and +6.7% respectively, and positive contributions from volume/mix next to pricing. Importantly, our overall market share improved in these 2 regions, a testimony to the strength of our brands, the consistency of our investments and the quality of our execution.

Europe grew +5.2% compared to last year, driven by the strong performance of Specialized Nutrition and Waters. Growth in Specialized Nutrition was once again led by Aptamil in Infant Milk Formula and by Neocate and Fortimel in Medical Nutrition. The performance was contrasted for EDP, with France, Italy and Poland delivering good and balanced growth. And as you know, we are actively transforming our portfolio, refocusing on our core and on benefit-driven mixes.

Finally, Rest of the World posted a strong price-led growth of +10.7% with all categories and geographies contributing. In particular, Indonesia delivered another year of solid competitive growth in both Specialized Nutrition and Waters.

From a category perspective, EDP delivered +5.8% growth compared to last year, with a balanced contribution from Dairy and Plant-based. Growth was led by our functional offering in Gut Health and Immunity, but also by High Protein and Coffee Creations. Specialized Nutrition delivered +10.0% growth versus last year with a broad-based contribution from Infant Milk Formula and Medical Nutrition, both Pediatric and Adult.

Finally, the Waters category grew +10.5% compared to last year with all platforms contributing to growth, except Mizone still impacted by COVID restrictions. So, in a nutshell, we closed a year of solid growth across categories and regions. But not only. Less than 12 months after unveiling our Renew Danone strategy, we also made strong progress on many fronts, as you can see on Page 5.

First, we transformed the governance and leadership of the company, starting with the Board of Directors. Ssubject to validation at the next AGM, our Board of Directors will have been renewed, reaching 90% independence rate. It will be composed of highly experienced members of which a majority of CEO and CFO experience and with a deep knowledge and expertise in FMCG, Nutrition and Sustainability. Our executive team has also been refreshed and strengthened. Our categories and regions are now better connected, allowing us to work more efficiently and with greater focus, with clearer roles and accountability. Last but not least, we have also made progress on aligning management incentives with shareholders' interests, both in the short and long term which, will be reflected in the propositions made at the next AGM.

From a strategy and execution perspective, we obviously started year '22 by welcoming investors and analysts in Evian to share Renew Danone, our strategic plan, before immediately putting this strategy into action. The first impact of Renew Danone is already visible, as you can see from the solid results we are sharing with you today.

As promised, we have started in the second half of the year significant reinvestments behind our capabilities, products and brands, while delivering on our margin commitments, in a year of unprecedented external challenges. The quality of our execution is also sequentially improving, from the design and development of superior products to their manufacturing, distribution and activation with consumers and customers although there, we are still left with lots to do.

Finally, on capital allocation, we rapidly put into action the value creation and returns-mindset that is at the heart of Renew Danone. Our capital allocation is more agile and more intentional, focused on the brands and assets generating better returns. We have made rapid progress on our portfolio rotation agenda, notably with the announcements on EDP Russia and our U.S. Organic Dairy Platform.

Before handing it to Juergen, let me now share some insights on how we execute Renew Danone. You will probably remember that our Renew Danone's first pillar is about Winning where we are. Page 6 gives some color on how we have been driving the core of EDP in North America.

Building on the successful turnaround of EDP, the U.S. and Canada teams have further strengthened their business, which showed significant acceleration in '22. They have done it by applying sharp revenue growth management, building on clear swim lanes for each brand and portfolio choices, and being obsessive about great execution. This resulted in a +8.9% like-for-like revenue in '22 with a positive contribution from volume/mix at +0.5% and market share gains, at +20 bps.

These results do not come by surprise. They build on the consistent work done by the team in strengthening the equity of key brands, in renovating core ranges with an obsession for superiority, and innovating for impact, with fewer but bigger innovations, such as Oikos Black and the Triple Zero ranges.

Our active and agile management of the P&L in North America is also worth mentioning. While H1 gross margin was impacted by supply challenges and phasing effects between inflation and the timing of price increases, we have been able to improve our gross margin in H2 with productivity and pricing ramp-up, but also a strong contribution from mix. And while we maintained a targeted approach to A&P spending in the first half of the year, we have been able to assertively support our top brands in the second half, which further supported volumes. This is exactly the virtuous profitable growth algorithm we strive for at Company level.

Moving to Page 7. IMF China provides another great illustration of how we successfully drove our core business in '22. Once again, our IMF range delivered a very resilient performance in China, growing mid-single digits and consistently gaining share across channels, at +60 bps versus last year. This performance, in a challenging category, is a source of pride, but also an inspiration for other parts of the business. It reflects our continuous and consistent efforts in strengthening the equity of Aptamil, making sure the brand is constantly relevant to parents' need through its products and services. It is also the demonstration of how relevant our science-based approach to IMF is to parents in China. '22 was certainly a year of competitive growth.

Looking ahead, we secured future business continuity with all our major recipes now registered under the new regulatory framework. Beyond business continuity, our ability to innovate with impact is also secured for the next couple of years, with a pipeline that further builds on our science capabilities, both global and China-centric. With that, we can say we exited '22 with strengthened positions, which bodes well for our ability to have another year of competitive growth in '23.

Winning where we are is also about taking better care of our core, and here, let me turn to Page 8. We are engaged in the transformation and the repositioning of our EDP portfolio in Europe. We started this journey in the backend of '22. This work is not about short-term and easy fixes, but about making sure EDP Europe gets back to where it belongs: becoming, again, a growing competitive and innovative business. I'm convinced this transformation will be successful, even more so we start having meaningful proof points across geographies.

When we started the work, back in October, we said that the transformation was, first and foremost, about reclaiming what our brands and products deliver, making sure their superiority, technology and functionality are understood and tangible to consumers. We started doing exactly that in the U.K. as pictured on the left-hand side of the slide. Activia recently collaborated with a well-known physician to launch the What the Gut Museum, a pop-up aimed at raising awareness on the importance of a healthy gut, with this message amplified further with coverage by national and regional press. In parallel, we developed a new consumer-centric dairy shelf, articulated around health and functionality. Piloted with one customer, trials have yielded strong results in consumer activation with encouraging incremental sales. We're currently extending the concept nationwide with more customers.

The transformation is also about putting greater focus on the benefits and functionality of our brands and products. And here, the work being done in France with Activia is just spot on. We are in the process of refocusing Activia from being a holistic yogurt brand to one that intentionally focuses on gut health. This is progressively reflected in the structure of our ranges. For the last few months, we have been renovating and innovating our ranges with that ambition, focusing on fibers and probiotics, notably. Since last summer, Activia's range with fibers have been more visible on shelves, they have received more support and the results are encouraging: they delivered strong growth and positive volumes over the last few months.

Finally, our transformation is about streamlined and more focused portfolios. And while this strategic alignment will continue impacting our volumes in the short term and take more time to be fully visible on shelves, we have already started making structural choices across countries. This is the case in Spain, for example, where we used to support more than 10 dairy brands. We have decided to refocus our efforts and investments on 5 key platforms and fewer innovations, allowing for greater impact in advertising and at the point of sale. So expect us to keep focusing on fixing what needs to be fixed and do it with courage and determination. As said, we see some encouraging early signs. We are confident that we will make good progress, but there is still quite some work to do, and we will do it properly.

Moving to Page 9. I wanted also to share with you some examples on how we are boosting our winning platforms, allocating to them disproportionate number of resources. In the U.S. we are investing almost $70 million to increase industrial capacity in support of winning mixes. This investment will unlock our ability to drive incremental growth in the Coffee Creamers and Ready-to-drink Coffee categories, where we see continued dynamic consumer demand, and where our brands International Delight, SToK and Silk holding leading positions. In Medical Nutrition, we are actively investing in research, in clinical studies, as well as in innovation, to boost our offering tailored for adults. We saw good progress there in '22: On Fortimel, we launched 2 new oncology offers to address nutritional deficits and taste alterations commonly experienced by patients. We are also the first in the industry to launch a plant-based version of our products.

These investments in research, in product development and in innovation, go hand in hand with capacity expansion to serve demand.

Moving now to Page 10. If Renew Danone is about winning where we are, it is as well about Expanding where we should be and Seeding the future. In Plant-based, we are broadening our yogurt offering to cover more segments and occasions, from Indulgent to Functional. Combining Danone's historical knowhow in fermentation and manufacturing with our plant-based expertise provides us with the unique capability to lead the plant-based yogurt market. We're also exploring actively ways to further increase the relevance and reach of our portfolio. Leveraging synergies between EDP and Specialized Nutrition, we launched Danacol, our anti-cholesterol range, in Italian pharmacy as a gel supplement.In parallel, we have been raising awareness on cholesterol through an activation co-led with doctors.

Finally, you can see seeding the future at work in China, where we explore opportunities to expand our Adult Nutrition franchise to adjacent categories and new occasions. We are leveraging our capabilities in R&I and in digital but also building on our route-to-market to address the consumerized ageing nutrition market, which is growing very quickly. It's small for now, it is an illustration of the numerous initiatives we are taking to build further resilience in China.

Finally, let me spend a minute on our Renew Danone's fourth pillar, portfolio management, where we have made progress, as you can see on Page 11. On the left-hand side of the chart, you would certainly remember the slide from our Capital Market Event last year, committing to more active portfolio management with focus on the parts of our portfolio, which either do not fit with our strategy or where we believe there is no credible path to sustainable value creation.

Post the Capital Market Day, we have moved rapidly into action. In August, we closed the disposal of our Fresh Dairy JV in China to Mengniu. In October, we announced our plan to transfer the control of our EDP Russia business. In December, we deconsolidated our Waters business in Argentina, while keeping a noncontrolling stake, thus allowing us extracting value from a strategic partnership with CCU. And last month, we put our U.S. Organic Dairy platform, Horizon Organic and Wallaby under review. And we will obviously not stop there,portfolio management is an ongoing exercise and a way of running a healthy business: we will thus continue to progress with portfolio pruning, but also look actively at bolt-on acquisitions that would either strengthen market positions, bring market access, or add new capabilities and technologies.

Let me conclude this introduction on Page 12 with this great picture of our brand-new Research Center in Saclay. While, as you heard, we are fully focused on transforming the company and delivering on Renew Danone, we're also reinvesting in the mid and long term with greater focus on research and innovation, putting health and science back at the heart of our products.

And with that, let me hand over to Juergen for the financial review. Juergen, over to you.

Juergen Esser - *Danone S.A. - Group Deputy CEO*

Thank you, Antoine, and good morning to all of you also from my side, and I suggest we go directly to Page #14, focusing on the performance of the fourth quarter of year '22. As Antoine said, we are reporting also for this fourth quarter of last year's solid results, posting like-for-like net sales growth of +7% with all geographies contributing to it. Important to highlight the continued stellar performance of our North American business, the acceleration of our Rest of the World platform as well as the strong competitive delivery of our China zone, with Europe posting solid results while very actively transforming its portfolio.

Before looking into more details of the performance by zone, let me share a few comments on our global categories, starting with EDP. Our EDP platform delivered +7.6% like-for-like sales growth in the quarter, driven by continued strong momentum in North America, in Mexico and in Japan, while the performance of Europe continued, as mentioned, to be contrasted but resilient. Within EDP, the growth was led by our High Protein ranges, a business which by now worth more than EUR 500 million of sales. On top of High Protein, we report also strong growth contributions from our Coffee Creamers business, a billion-dollar-plus segment, as well as from our Probiotic platforms.

Specialized Nutrition posted +7.1% like-for-like sales growth in the quarter with all our 3 main segments, Infant Milk Nutrition, Pediatric Specialties and Adult Nutrition contributing to it. It's worth noting that our largest brand, Aptamil, continued to deliver stellar growth in all our geographies, coupled with broad-based market share gains.

And finally, Waters. The Waters category registered +4.4% like-for-like sales growth in the quarter. In Europe, growth was moderated, notably due to temporary delivery suspensions, while our Mizone brandcontinued to operate in somewhat muted zero COVID conditions in China. On the other hand, our Bonafont brand posted double-digit growth in Mexico and our Aqua brand delivered strong competitive growth in Indonesia.

Moving on to the sales bridge on Page #15. We delivered in the Q4 +7% growth on a like-for-like basis. When excluding EDP Russia, like-for-like was up +7.4%. Growth continued to be led by price, up +11.1%, while volume/mix was down -3.7%, impacted by the portfolio rationalization, which we started in Q3 last year, especially in Europe.

Outside of like-for-like, we benefited from a positive ForEx impact of +3.7%, mainly thanks to the appreciation of the U.S. dollar against the euro, but also thanks to some other Asian and Latin American currencies. All in all, reported growth reached +12.3% this quarter bringing our quarterly net sales to EUR 7 billion, up from EUR 6.2 billion in Q4 last year.

Let's now have a look at the performance of each zone in more details, starting with Europe on Page #16. Europe posted a solid price-led quarter, reaching +4% in Q4 with different category dynamics.

Specialized Nutrition continued to benefit from a strong competitive performance of Aptamil in Infant Milk Nutrition but also from a strong growth momentum of our medicalized propositions led by the Fortini and Fortimel brands. The Waters category delivered low single-digit growth in this fourth quarter. While underlying growth dynamics remain solid, we had to manage, as mentioned earlier, temporary delivery suspensions in a few instances, which impacted especially at the beginning of the fourth quarter our sales performance. And finally, EDP. EDP has posted a like-for-like growth of plus +2.2% in Q4, a similar pace than in Q3. We are here making good progress on the transformation of our portfolio, which we started end of Q3, something I will comment more onin a minute.

But before doing so, just a last comment on Europe full year performance. Europe posted resilient +5.2% like-for-like growth with volume down -1.2% and price up +6.4%. Recurring operating margin stood at 12.4% in 2022, down around -300 bps, reflecting the delay between the immediate impact of cost inflation while pricing waves were supporting our P&L only later in the year.

Let's now deep dive on Page #17 on our EDP Europe volumes, which will be a key area of focus and progress for us in year 2023. Before giving more perspective about the work we are doing right now, let me spend a minute on the historical trends we are building from. As shared in detail during our Capital Market Event last year, EDP volumes have been for many years trending down, with COVID only providing a momentary pause to that dynamic. Our portfolio of brands was unfocused, with many of them overlapping and cannibalizing each other. Our ranges were not differentiated enough, and we stopped taking care of our core while proliferating dilutive innovations. And finally, our relationship with our trade partners were not as extensive and holistic as they should have been with a category leader like us.

As Antoine said it earlier, we started in the second half of last year the transformation and repositioning of our EDP portfolio, with an intent to grow and create value for the long term. As a consequence, you have seen our EDP volumes being impacted in the fourth quarter of 2022 as we accelerated the pace of transformation and notably the rationalization of our ranges across countries. Approximately half of the volume decline incurred in Q4 is linked to those actions we are consciously taking to transform our portfolio. This transformation is not just about cutting product ranges. Actually, SKU rationalization is only the output of a much more strategic work we are doing. On our brands, making sure they are addressing specific demand spaces, on core, on functional, as well as on the structure and balance of our portfolio, renovating our core ranges while doing less but more impactful innovations.

All of this is obviously work in progress and the pace of our transformation in the first semester of 2023 will mirror that of Q4 2022. Completing this transformation is critical as it will allow us, starting from the second half of this year to progressively transition into a more constructive momentum, with renewed portfolios and reinvestments into innovation, promotions, and brand support.

Let me conclude here by reiterating that 2023 will be a year of sequential improvement for EDP, and expect us to share success stories as we progress into the year.

Moving to North America on Page 18. North America closed the year with another very strong quarter with sales up +9.7%. This growth was driven by continued strong momentum across our categories and brands supported by market share gains. In EDP, sales were up double digits, led by Coffee Creations and Yogurt. All the key brands contributed, with International Delight, Activia, Oikos, and Silk, all of them growing double digits. While temporary supply constraints impacted the quarter for our Specialized Nutrition business, our Waters business, and namely the evian brand, posted strong double-digit growth on the back of improving supply conditions and winning activations.

And so overall, we are closing a year of strong growth in North America with revenues up +8.9% in full year 2022, with a positive contribution from both price as well as volume and mix.

Importantly, we are also closing a year of competitive growth with our North American platform gaining share versus last year. Recurring operating margin stood at 10.1% in 2022, after our first semester at 8.1%, illustrating the strong recovery of our gross margin in the second semester of the year, as Antoine mentioned already. This notably allowed us to increase investment in H2 and thus protect our volumes and our market shares.

Moving on to the next page, Page #19, commenting our China, North Asia and Oceania zone which delivered +3.4% like-for-like sales growth in the quarter with a balanced contribution from volume/mix, up +2.1% and price +1.3%.

Let me first focus on China. Infant Milk Formula delivered continued competitive growth on a high base, and within a category which remained soft, as we expected. Our performance was again led by our Aptamil brand, which is continuously winning market shares, both in Chinese and in international labels. Importantly, we are on track to successfully close the registration process of our IMF brand in China. It does not only protect our greatly performing existing platform of today, but it does also provide visibility on the pipeline of added value innovations, which we will be able to launch over the next quarters.

Besides Infant Milk Formula, the rest of our Specialized Nutrition portfolio in China pursued its very good momentum. In Adult Nutrition, the strong performance was driven by our Nutrison tube feeding brand, while in Pediatric Specialties, our Neocate brand continued to gain market shares within the Allergy segment.

Finally, our Waters brand Mizone was impacted in the fourth quarter by at that time still prevailing COVID related mobility restrictions. Having said that, in the few areas where we have been able to operate somewhat unconstrained over the last few months, we have seen Mizone performing well, which gives us increasing confidence for the coming quarters, especially with operating conditions now quickly improving in the country, thanks to the end of the zero COVID policy.

Beyond China, I also want to mention that our business in Japan posted another quarter of double-digit sales growth, led by very strong performance of our functional dairy propositions under the Activia and Oikos brands.

This last quarter led the zone to close with a strong like-for-like growth of +6.7% in full year. The recurring operating margin stood at 30.2%, down -99 bps, reflecting the resilience of our portfolio and the reinvestments we allocated supporting our Specialized Nutrition business.

Finally, let's have a look at the performance of the Rest of the World zone on the next page. In the fourth quarter, the zone registered strong net sales growth of +9.8% versus a year ago. Let me highlight Latin America where our sales were up double digits with all categories contributing. In

Mexico, our biggest country in the zone, the Bonafont water brand was up double digits, while our dairy brands, Danone, Danonino and Danette grew also at a very fast pace. Worth here also to mention Indonesia, where the growth was again strong and competitive led by both categories, Waters and Specialized Nutrition with our 2-star brands, Aqua and SGM, continuing to grow their product superiority and distribution reach.

Thanks to the good work from the teams, the Rest of the World zone closed the full year with a double-digit growth rate at +10.7% and importantly, with a pretty resilient volume despite a very strong price growth. Indeed, when excluding EDP Russia, volume/mix was close to flat with only -0.7% down in 2022.

Let's now move on to the margin bridge on Page 21. Recurring operating margin stood at 12.2% in 2022, down -154 bps compared to last year, well in line with our guidance, which was expressed as above 12%, announced back in March last year.

Looking at the building blocks, our margin from operations decreased by -159 bps. This decline was mainly due to the exceptional input cost inflation of this year. With 'COGS inflation net from efficiencies', having a negative impact of almost -730 bps. Our teams did indeed a very good job getting our productivity level to a new record of more than 5%, just not only a step-up versus the already high delivery of year 2021, but also well ahead of industry standards, a competitive edge especially in the moment inflationary pressure will go down in the future.

In front of the net inflationary impact, the revenue growth management contributed a combined positive effect of as much as +570 bps.

Importantly, and despite the challenging context, we stayed consistent with our announced strategy and accelerated significantly our reinvestment journey in the second half of the year: reinvestments in A&P, product superiority and capabilities had a negative effect of -105 bps in H2 2022 resulting in an overall impact of -58 bps in the full year '22. We have been allocating those additional investments with lots of rigor and discipline behind our strategic bets, for instance, behind our Aptamil brand across the different geographies, which made us win broad-based market shares. We also accelerated in the second semester our A&P investments in North America and especially behind our key brands like Activia, Oikos, International Delight, Silk, which all registered double-digit growth in this fourth quarter, as I mentioned.

Having the ability to reinvest in this challenging context was notably enabled by the savings achieved as part of Local First. As you can see on the bridge, Overhead before reinvestments had a positive effect of +83 bps in 2022.

Finally, in addition to like-for-like effects, reported margin also includes the negative impact from ForEx and others, changes in scope and an organic contribution from hyperinflation countries for a total combined effect of -20 bps.

Moving now on to the EPS bridge on Page 22. Recurring EPS reached EUR 3.43 in 2022, up +3.6% compared to last year. The building blocks include a -3.3% negative impact from the operational performance, which we just discussed, while Financing, Scope and Currency effects had a combined positive effect of +3.8%. We also registered a +3.1% positive effect resulting from a higher contribution from associates, as well as from the benefit of the share buyback we did in the second half of year 2021.

Reported EPS stood at EUR 1.48, impacted by nonrecurring costs of around EUR 1.2 billion, mainly driven by the implementation costs related to Local First and by around EUR 500 million of impairment, which we booked for our EDP Russian platform, while reported EPS last year benefited from a one-off linked to the sale of our shares in Mengniu China.

Let's now move on to the next page, Page 23. Free cash flow reached EUR 2.1 billion in 2022, thanks to disciplined capital allocation and a stronger focus of our teams on our underlying cash conversion cycle.

Hence, our net debt closed at EUR 10.1 billion. We are consistently deleveraging our balance sheet, with a reported net debt on EBITDA ratio now reaching 2.5x at the end of last year.

Back in '22, as you will remember, we stated that one of our key priorities was to sequentially improve our ROIC over the period of the guidance. We're obviously still far away from an acceptable level of ROIC, but have made another step by increasing it to +8.9% and will continue to drive it up.

And finally, as a result of the solid financial performance of year 2022, we are proposing to our shareholders a dividend of EUR 2 per share with a stable pay-out ratio compared to previous years.

Let's now move on to Page 24 to discuss about this year, year 2023. Our guidance for year '23, which we are issuing today is totally consistent with the midterm guidance we shared with you 1 year ago. It is articulated as delivering like-for-like net sales growth in the corridor of +3% to +5% and here likely in the upper half of it, as well as delivering a moderate profit margin increase versus previous year in line with our ambition of sustainable and sequential value creation.

A few comments on the moving parts of the margin guidance. First, we do expect inflation to continue into year 2023, yet with a lower rate than last year. Looking at the sequence of the year, we expect inflation to be sequentially decreasing with rates in the second semester below the ones of the first semester. Second, in front of this inflation, we'll apply the playbook, which we have optimized during early year 2022, including the ambition to deliver another record year of productivity, again above 5%. On top of that, we will further enhance our revenue growth management on one side, leveraging the carryover of pricing, which we executed in the second semester of last year, while performing additional pricing rounds if and where needed. And lastly, with inflation expected to slow down as we progress into the year, we should see also pricing coming down. In this context, our further reinvestment into our brands and commercial activities will be critical to support volume dynamics to sequentially improve.

Overall, after year 2022, which we qualified as a foundational year, we are now set for profitable growth. We remain committed to creating sustainable value and shareholder returns, with a sequential ROIC improvement over the period of our midterm guidance, supported by disciplined capital allocation and portfolio rotation.

And with that, let me hand it back to Antoine for the conclusion.

Antoine de Saint-Affrique - *Danone S.A. - Director & CEO*

Thank you, Juergen. By the way, I love the picture on Page 25. We are very proud to be with Volvic, an official supporter of the Rugby World Cup taking place in France later this year, and to partner with Antoine Dupont, who certainly is a good inspiration to many of us.

Moving to Page 26, let me go back to Renew Danone. We're almost 1 year into our Renew Danone journey. In '22, we've aligned our entire organization behind what is, in many ways, a transformational agenda, while delivering solid results. Building on the '22 momentum, we're entering '23 with renewed ambition and confidence in our strategy. I'm confident that '23 will be a year of profitable growth and acceleration for Danone. Acceleration in the pace of our transformation, but also in investment behind our brands, our products, and our capabilities. You can count on our clear commitment to continue raising the bar across the board.

As part of raising the bar, we will move to the next stage in Sustainability, as you can see on Page 27. While we have been pioneers in sustainability, and while we are leaders on many fronts, as it was recently shown with our fourth AAA CDP rating in a row, with our inclusion in the Bloomberg Gender Equality Index, or on our pioneering methane commitments, we felt now was the time to move to the next stage. The new Danone Impact Journey allows for greater focus on our impact and clearer link to our business performance. I will not go for now in the details of it, but this provides us with a clear, ambitious and metricated compass: with our mission of bringing health through food to as many people as possible at the heart, it focuses on 3 pillars - Health, Nature, and People, with clear commitments for each of them.

On the People's pillar, I have asked Muriel Pénicaud, the former French Minister of Labor and past Danone Chief HR Officer, to lead a mission to help us rethink and transform our Social Pact. My conviction is that if Sustainability without performance has no impact, performance without Sustainability has no future. And it is with that mindset, which is no different from what Antoine Riboud said fifty years ago, that we will keep driving performance and Sustainability together.

Let me now conclude on Page 28, by taking a step back. You remember I'm sure this chart from last year's Capital Market Event. Renew Danone is about, as a first step, taking Danone from a situation of structural underperformance to one of performance in line with its markets. While there is still quite some work to be done, and as we finished year one of the journey, we are right on track with our plan. Building on the solid delivery of '22, and while focusing clearly on executing our '23 plans, we can now start thinking about the future, something we will tell you more about probably in the beginning of next year. But rest assured, as I just said, our focus remains squarely on delivering Renew Danone to its fullest, moving up the gears on all fronts, further upping our game in execution, fixing what needs to be fixed, while accelerating what can be, pruning our ranges and portfolio, and reinvesting in our brands and in our capabilities.

And with that, let me hand it over back to Mathilde to start with the Q&A questions.

Mathilde Rodie - *Danone S.A. - Head of IR & Financial Communication*

Thank you very much. So now we are ready to open the Q&A.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Mathilde Rodie - *Danone S.A. - Head of IR & Financial Communication*

So first question from Jon Cox, Kepler.

Jon Cox - *Kepler Cheuvreux, Research Division - Head of Swiss Equities and Head of European Consumer Equities*

Jon Cox with Kepler Chevreux. Two questions for me. First one on the slide on Page 17. I'm guessing that volume mix for EDP in Europe was probably down somewhere around 10% and 5 points of that is the various initiatives. I wonder if you can give us a split in terms of how much is the phaseout of SKUs and how much is it from the temporary delistings, because obviously, that would give us some thoughts about what could happen in the first half of the year. Second question, just about all of the things you've announced for disposal with the SKU rationalization. I estimate that's around 20% of your dairy business or about 10% of group. Within dairy, I wonder if you can give us any sort of color in terms of the profitability of that overall and the growth? I presume it's pretty much a no growth and very little profitability. And would you agree that when you actually do get rid of the businesses, you've said that you want to exit or strategic review plus an SKU phase out that could actually add 0.5 point also to topline growth for dairy and 0.5 point also to margin.

Antoine de Saint-Affrique - *Danone S.A. - Director & CEO*

Jon, I'll take the second one, and Juergen will take the first one and probably complement on the second one. Very clearly, as we said, what we dispose of is really places where we think that, number one, it doesn't have necessarily a place in our portfolio. Number two, doesn't fit our strategic priorities, and it doesn't contribute sufficiently to our value creation. So to be straight on your question, yes, definitely, those parts are lower in margin and in growth than what we would expect - on the long run, I mean, there can be some short-term effects. But on the long run, they are lower in gross and profit than what we wish them to be. So disposal should have a positive impact on both.

Juergen Esser - *Danone S.A. - Group Deputy CEO*

Yes. And on the first question, Jon, you're absolutely right, around 50% of the volume decline included in Q4 was linked to choices we made. Now it's fair to say that SKU rationalization is something we have been applying across all the countries in Europe, while delivery suspensions have been very occasional and in very few countries. And as a result of that, the vast majority of what we are qualifying here as volume decline out of choice is linked to SKU rationalization. And this is what you will see also moving forward into the first semester. We will continue this transformation journey. Then as we say, from the second semester onwards, you will see a sequential improvement of the relative performance of our EDP and particularly dairy business moving forward, once this transformation is completed, which will also enable us to reinvest behind rejuvenated and refocused portfolio.

Mathilde Rodie - *Danone S.A. - Head of IR & Financial Communication*

Thank you, Jon. So next question from Guillaume Delmas, UBS.

Guillaume Delmas - *UBS Investment Bank, Research Division - Analyst*

Two questions for me, please. The first one is on your margin in China, North Asia and Oceania. It was up strongly in the first half last year, but down both on a year-on-year basis and on a sequential basis by nearly 400 basis points, I think, in the second half of 2022. So my question here is: is this second half decline temporary, so mostly down to higher reinvestment, or is it also reflective of the downsizing of the China IMF profit pool? And then my second question is on overheads in the margin bridge you showed, because the benefit from lower overhead as a part of sales was, I think, 56 basis points in H2. That's pretty much half the benefit you had in the first half of the year. So wondering here, if this is a sign that the local first savings are gradually fading away, and as a result, we should anticipate a more modest benefit here for 2023?

Antoine de Saint-Affrique - *Danone S.A. - Director & CEO*

Well, Guillaume, we will do also a duet there, so let me start with China and then Juergen will complement. I mean, China is very clear. We are reinvesting behind our brands. So it's a matter of investment. It's not anything else.

Juergen Esser - *Danone S.A. - Group Deputy CEO*

Yes, I totally agree with what Antoine was saying, the reality being that, yes, we are reinvesting into China. Yes, we are reinvesting into IMF. Yes, we are very resilient when it comes to the price positioning of our IMF portfolio in China, which also means that we are very confident in protecting our margins in China and where they are today. With, of course, the intention to invest as we progress into '23 and forward, especially now that Mizone is coming back and can work in more unconstrained environment.

When it comes to the overhead, you're absolutely right. I mean we are still getting the benefits of Local First into our P&L. That will be sequentially lower as we go through the next quarters and semesters. By the end of 2023, we will have basically completed and put in the P&L all the benefits of Local First, but at the same moment, what you will also see is that our reinvestment journey will continue to accelerate. So the 100% reinvestments of the Local First savings will also be in the P&L by end of year 2023.

Mathilde Rodie - *Danone S.A. - Head of IR & Financial Communication*

The next question from John Ennis from Goldman Sachs.

John Ennis - *Goldman Sachs Group, Inc., Research Division - Equity Analyst*

What are you expecting for your input cost inflation for 2023? Is it going to be up double digits again this year? Would be the first part of my question. And then related to that input cost environment and your topline expectations, that you've given today, can you give us a bit of a still on what you're expecting for the gross margin either by shape of the year or whether you can commit to gross margin being up for 2023?

Juergen Esser - *Danone S.A. - Group Deputy CEO*

On the inflation, as we said, we see inflation continuing in '23, a lower pace than in 2022. The drivers of the inflation in '23 will be mostly around the cost of labor but also around liquid milk, driven by feed and fertilizers, as well as some specific part of ingredients and packaging. At the same moment, we are all observing commodity indexes are plateauing or going down - gas in Europe is decreasing very fast over the last weeks, but the situation remains relatively volatile. So we are confident that, yes, inflation would be lower. We believe with what we see today that the inflation will sequentially decrease, what will be the magnitude of the inflation for the full year, it's probably too early to give a very clear guidance because volatility is remaining too high.

When it comes to the margin and our guidance of moderate improvement, this will be fueled indeed by gross margin enhancements and especially in the second semester of the year. Gross margin should sequentially improve, thanks to volume dynamics improvement especially in Europe, as we have been discussing earlier, thanks to a very disciplined application of our revenue growth management toolbox which we have been optimizing, but also thanks to productivity, which will remain high and above industry standards, which is really, I would say, a weapon in that context.

Let me also mention that we expect a positive mix effect on one side through a product mix within the categories, but also from a continued strong performance of our Specialized Nutrition business. And last but not least, coming back to what we just said, you will still get the benefits from the remainder of Local First in the P&L which we will use to reinvest and make the next step of reinvestment in order to go for profitable growth in year 2023 and again, driven by gross margin sequential improvement.

Mathilde Rodie - *Danone S.A. - Head of IR & Financial Communication*

The next question from Bruno Monteyne, Bernstein.

Bruno Monteyne - *Sanford C. Bernstein & Co., LLC., Research Division - Senior Analyst*

Exciting or interesting to sort of understand the turnaround of EDP in Europe. And the way I frame in my mind Antoine, let me know if I'm wrong, is that you're clearly moving your dairy brands in Europe from a mass market position to be more functionality benefit focus, but therefore, earning a price premium. And not all customers are going to follow you. Some people might have bought the mass market brand last year, we will not be willing or able to pay that premium. So the volume losses instead of calling them as SKU rationalization, they're probably also an adjustment to people not wanting to follow you in the journey for a slightly more premium product.

And so how do you estimate as a business, how much volume you will lose as part of that upward move, as part of that premiumization? How do you scope that? Because in some ways, I see like in the second half of 2023, you're already expecting an improvement. To what extent will your competitors or supermarkets simply follow those innovations with you. So how do you scope how much business you have to lose before you can be a more premium growing business, and where do you get that confidence with that rapid turnaround in performance in the second half?

And then a very different question on the longer term. I mean there's clearly people that worry that dairy in the future will more and more come from not just plant-based, but precision fermentation, all the ways of getting our proteins in there and that is going to be a very big impact for your business. I noticed that Nestle already has a precision fermentation milk on the market in the U.S. Unilever has a precision fermentation-based ice cream already on the market. Where is Danone in sort of having seeding that stage and be ready in case this becomes a next major change in the next 5 to 10 years?

Antoine de Saint-Affrique - *Danone S.A. - Director & CEO*

Thanks, Bruno, 2 very good questions. So let me take the last one first. We have been working and we are actually pretty deep on those types of topics for a long time, so we have our fingers into precision fermentation. We have actually capabilities in R&D, which are in the field of fermentation very, very good. We are also working pretty actively with a broad ecosystem of people. And one of the logics behind the new center we opened in Saclay is having actually that mix of our internal and external on topics that are a ground-breaking topics. So, I'm not too worried on precision fermentation. We are actually pretty well equipped. We may discuss by the way, whether this will totally replace milk. Milk is the most efficient animal protein you can find with a methane footprint which is about the equivalent of rice. So, it's actually still a pretty exciting category.

On EDP in Europe, you are right, and you're not. You're right in so far that it is about reloading I mean, competitiveness in our brands through differentiation with more, clearer and better benefits, by leveraging the technology and therefore, by building resilience into our brands and justifying the premium of our brands. And it applies to very functional benefits. You see that with high protein, working extremely well. You see that with Activia, when we get back to gut health in a very clear and determined way, you see the needle moving -- there, there are still work to do. You see that with Actimel as well. There are other types of benefits. I mean, Indulgence. And by the way, Indulgence with the right health component is working extremely well. Danette is a fantastic product. If there is no Danette in my fridge, there is riot at home.

Where I sort of don't agree with you on losing the thing is the essence of portfolio management and marketing is being able to have offering at every price points and being able to offer value at every price points. So, making sure that the Danone white yogurt is not a yogurt but 'is a Danone, and therefore justifies a premium while being very affordable. It is about better playing the format game. And we are doing it now very well in the U.S. There are still plenty of things we can do in Europe. So that for people that are constrained in their revenues you offer entry point and unit price that are very low. So that's for people that have more revenue but are still watching over the price of their product, you offer a good deal because you offer large formats offering a discount on the price per kilo.

So, it goes back to our portfolio management. It goes back to our pricing management and making sure that you're competitive at all levels, not leaving the bottom of the market empty, but making sure that at the bottom of the market, you are bringing added value. So, it's different models on different ranges, which goes back to the swim lanes. So sorry for the long answer, but are we going to reclaiming added value and benefits? Yes, of course. This is what Danone is about. Does it mean walking away from price points? No, it is about competing differently at different price points so that we keep developing the markets.

Mathilde Rodie - *Danone S.A. - Head of IR & Financial Communication*

Next question from Patrick Folan from Barclays.

Patrick Folan - *Barclays Bank PLC, Research Division - Research Analyst*

Just a few questions from me. Just looking at the SKU program moving forward through H1, should we expect a continued impact across the U.K., France and Spain? Or will there be further markets that have a greater focus in the first half? Just kind of a bit more detail on the plan moving forward for the next 6 months. And then looking at China, your growth in [IMF], what was the growth in China [IMF] (corrected by company after the call) by channel? That would be helpful. And in the Water business, I know you said Mizone is performing well. Where you saw a lack of restrictions, obviously, that was doing well also in the quarter, but the exit rate of Mizone in Q4: how has that performed over the last few months? And just on the margin ratio of '23, what gives you confidence on the modest margin improvement through '23?

Antoine de Saint-Affrique - *Danone S.A. - Director & CEO*

Thanks for the question. I'll take 1 and 3, and Juergen will take 2 and 4. SKU rationalization: we will continue. We started the exercise in the second half of last year. We will continue the work in Europe. I mean, we've said it, or I think Juergen said it. In Spain, we are moving from supporting 10 brands to supporting 5 brands. In Morocco, we are moving from supporting, I think, 17 brands to supporting 7 brands. So we are starting to restructure our portfolio so that we have a bigger bang for our bucks with impact, by the way, on the way we are present in the market on our rotation - because if you have more space for the fast sellers, you sell better; but also more efficiencies in our factory because you diminish your number of change over. So, I mean, the journey there is not over. It's a discipline, by the way, which we will embed in the company. But certainly, we will keep going at the tune which you have seen certainly for the first half of the year.

Mizone, and I'll leave the floor to Juergen on the other 2. Mizone is very clear. I mean in the regions where there were very limited restrictions and no restriction, we have very encouraging signals. As we said on Mizone, actually, we've done the work of rationalizing the range, re-looking at the business model, re-looking at our distribution models. Where people could travel, we see that it's giving positive impact. But obviously, the entirety of China was blocked almost until the Chinese New Year. So as the situation is normalizing, we should see, I mean, the price of the good work coming to Mizone. I'm pretty confident that we will move forward. We'll keep adjusting as we come because we learn. But altogether, the direction of travel seems to be a good one.

Juergen Esser - *Danone S.A. - Group Deputy CEO*

And when it comes to our channel performance in China IMF. So very good performance of both China labels and international labels, also from a competitive setting. More important than that is that we made the next step in growing our controlled business in China. You remember that many years back, it was the majority of our business. In Q4, the uncontrolled channels represented less than 10%. In other words, the controlled channels are now representing more than 90% of our business in China, which is a great evolution and which is rebuilding and building the resilience of our model in China.

When it comes to your question, why we are confident on the margin, I don't want to come back to the elements which I said before, but it's true that gross margin improvement will be at the heart of overall operating margin improvement for the year. Two important elements here, one is that we will continue to boost what works and what is accretive, so especially our Specialized Nutrition business. But we will also make the next step in fixing our underperformance. Antoine was talking about the measures we took in terms of portfolio rotation, but obviously, it doesn't stop there. It will be really also about doing the business model turnaround, especially in our Rest of the World zone. When you look at the margin of our Rest of the World zone, H2 has been around 100 bps higher than H1, and we will do the next step in year 2023. So we have everything at hand in order to go for profitable growth, especially in the second semester of year 2023.

Mathilde Rodie - *Danone S.A. - Head of IR & Financial Communication*

Next question from Tom Sykes, Deutsche Bank.

Thomas Sykes - *Deutsche Bank AG, Research Division - Head of Business Svcs Co. Research & Industry & Leisure & Transport Research*

Firstly, the recurring operating margin improvement: are you expecting an organic improvement within that? Or what is the impact of portfolio management? I don't know, maybe the accounting changes on that recurring operating margin improvement, please? And then in the areas where you spent the 58 basis points, would you be able to outline or detail how big that expenditure will be in full year '23, please?

Antoine de Saint-Affrique - *Danone S.A. - Director & CEO*

Well, listen, let me take the second. Obviously, we are not going to give guidance on where we spend more money, in which category and which quantum, if for no other reasons, because then we would give the key of the house to competition. I think what is probably more important, try to help and answer your question in a different way. The focus is gonna be on making sure that our brands that are capable of creating value, so the brands where we have a clear competitive advantage, where we have superiority and which contribute to both our market shares, but also our profitability, are properly supported. So, it means being much more consistent than we have been in the past in supporting the winning innovations. We tended in the past to support innovation for a limited period of time rather than for an extended period of time, which is more longer and more consistent. It's investing behind the winning mixes.

I think another component, which is very important for us, is to keep working on the quality of our investment. And what I mean by that is the balance between working and nonworking media, where we have made progress, but we still can make progress, the quality of our advertising assets, and it is public knowledge that we are currently doing a review of our advertising partnership to raise the game there. So I mean, it's not mono-dimensional. It's multidimensional, and it all goes in the same direction, which is put the money better at work, support our brands in a more consistent way and consistently, consistently, consistently raise the bar on what we put on air and on the returns on our support.

Juergen Esser - *Danone S.A. - Group Deputy CEO*

And just to confirm that our margin guidance is an organic margin guidance. So, it's relevant with or without Russia or Horizon Organic. And of course, as you know, both of those projects on completion would be accretive, not only to a like-for-like net sales growth, but also to margin.

Mathilde Rodie - *Danone S.A. - Head of IR & Financial Communication*

Next question, David Hayes, Societe Generale.

David Hayes - *Societe Generale Cross Asset Research - Equity Analyst*

Three for me, if I can. Firstly, on China and then one on the functional claims and then just one on Russia. So just on China, obviously, 60 basis points of share gains is impressive in the year. But I guess the few factors may have influenced that. I think Abbott had their food scare reported in China, the local, I guess, dropped out ahead of today's certification changes. And I guess in some ways Danone is superior online, which I guess may have been a good place to be with all the disruptions in China. So as you look at '23, is that share gain retention at risk because of those factors, or would you say that they didn't really influence particularly?

The second one, on the functional claims, obviously, going a while back to 2011 when EFSA kind of clamp down on some of the claims. As I look at the consumer, it feels like Danone's pushing back again on immunity claims or Actimel and digestion on Activia. Is that because there's a relaxation of the rule? Is it because as a management team now you think that you can push the boundaries a little bit more that the old management team perhaps were a little bit too compliant effectively, for lack of a better word. And then the last one on Russia, I just wonder whether, a, you're confident of getting that done really been a reasonable time frame, a lot of your peers are struggling to get them over the line because of, obviously, the regulatory problems there. And have you got kind of an EPS effect as it stands on '22 versus '23 if that business was to go in the next few weeks, I guess?

Antoine de Saint-Affrique - *Danone S.A. - Director & CEO*

So thanks, David. I'll take the first 2, and Juergen will take the last one. Well, listen, on China, we have a very, very robust business model. That's the answer. We are playing on a very broad keyboard we've been consistently, I mean, winning when it comes to Internet sales. We have been executing pretty well. As I said many times, the team is digital native. We do China for China. We have a research center in China. We contribute to the healthy China agenda 2030. So, there is not one factor. It's not, I mean, Abbott or whatever. It is a consistent, consistent, consistent execution of our strategy with the team that is a team of high quality, as you've seen in the Capital Market Day. So, it is just, I mean, being competitive, being up-to-date, being on the ball and doing the right thing consistently.

On the functional claims, I mean I wouldn't say people in the past were too compliant because you're never too compliant. But what we are very clear is we have squarely put the focus back onto differentiation of our brands, onto research and innovation, making sure that we have substance that we can tell to the consumer to make a difference. So, I mean, there was an advertising agency, I mean the slogan of it was truth well told. That's what we are trying to do with science at the heart. So, I mean, I wasn't around in 2011. I'm not therefore, carrying the luggage of the past there. I'm extremely proud of what we have in science and technology, of what we can prove through clinicals. And I see no reason, while being compliant by the way, we cannot say what is innovative, exciting and interesting to consumer. So that's what we are doing. And I was taking the example of what we do with Danacol in Italy in pharmacies, it is a great example of that.

Juergen Esser - *Danone S.A. - Group Deputy CEO*

And David, when it comes to Russia, we are making good progress. It's a very visible asset, it's an asset where there is also public interest in making sure that those essential products are delivered every day to the stores. We're making good progress. And yes, yes, it would be subject to the approval of the regulator for any deal we want to sign. When it comes to the EPS impact, it's a bit the same as for, I would say, Horizon Organic. In the end, what we are doing is we are allocating our capital where it will have the highest and best returns and most predictable returns. And so here, there is nothing difference with the proceeds we are expecting from the Russian disposal. We are very committed to driving up our EPS as we are committed to driving up our dividend in the future, and this is exactly at the heart of our capital allocation strategy.

Mathilde Rodie - *Danone S.A. - Head of IR & Financial Communication*

Next question, Celine Pannuti, JP Morgan.

Celine Pannuti - *JPMorgan Chase & Co, Research Division - Head of European Food, Home, Personal Care & Tobacco and Senior Analyst*

A few questions for me. Just a few follow-ups, in fact. The first one is on EDP: I wanted to understand, outside of Russia in emerging markets, what kind of elasticity you are seeing and if things are improving sequentially or worsening? And if I go back then to elasticity in developed market: in the U.S., same question, are you seeing elasticity worsening a bit? I just wanted to gage also in the high end of the portfolio, so the functionality, whether you felt that elasticity was a bit at risk if effectively the pressure on consumer increase? And then the second question is on portfolio: you mentioned a few things, but you also mentioned in your presentation Antoine that M&A will be part of the journey. I think that's something that you said last year, but I just wanted to understand whether you think now the a) there's more opportunity, b) potentially the organization is in a better shape to do M&A. Your balance sheet is at 2.5x net debt to EBITDA, so I'm not sure there's a lot of scope. So, if you could flesh a bit what we should expect there.

Antoine de Saint-Affrique - *Danone S.A. - Director & CEO*

Yes. I'll take the 2 questions, and I'm sure Juergen will help me. Listen, on the first one, starting with the U.S., we don't see significant elasticity. So I think altogether, it goes back to initial brands, very clear in the positioning of the brand is clear, if the benefits are clear, things are going well. In emerging markets, it all depends actually on the state of the portfolio and the quality of the team. I mean you look at Argentina, where people would think that with hyperinflation, you don't grow the volumes: actually, we have a business that is growing both in terms of sales and volume because the team is doing a fantastic job, extremely clear on the role of the various parts of the portfolio and moving very fast.

In some other parts of emerging markets, we still have lots of work to do, and we have lots of work to do both in terms of the cleaning and the restructuring of the portfolio, in terms of the streamlining of the business model, and in terms of reclaiming the benefits of our products. So literally, we are taking it country by country. And in each of the significant countries, at least, Juergen and I are going regularly every quarter over their business plan and their progress. And in the way we are allocating, by the way, the targets to them are very, very selective. So, some people will have the target to strengthen their portfolio, clean their business model, and therefore, the first priority is not going to be volumes, but it's going to be profitability. In some other places where the business model is good, then we are managing proactively the volumes. So long answer to say no real impact in North America where people are doing the right things. A very different situation in emerging markets: some very good signs in some places, quite a bit of work to do in others.

On portfolio, what we say is no different from what we've said from day one, which is: it is about rotation. Rotation is both about selling and buying. On buying, we said we want to be responsible. So that's why I said in the script bolt-on acquisitions, because obviously, our priority is to deleverage the balance sheet to get to the right level and have again more flexibility to do things. So, bolt-on acquisition, but there are things, we are always on the outlook, we are always looking at the market. And I mean, do we feel more ready today than a year ago? Yes, we do indeed. I mean our balance sheet is looking stronger, our performance is going in the right direction. So, you can start being a bit more ambitious.

Juergen Esser - *Danone S.A. - Group Deputy CEO*

And just maybe to add 1 element, which is that, yes, we have been deleveraging in year 2022 also because we delivered in the end a pretty strong cash flow despite the investments in Local First. In 2023, we accelerate our cash flow and cash conversion cycle acceleration which will obviously help us to further deleverage, combined with the proceeds which we are expecting from the ongoing projects. So I think we are here also in a good dynamic.

Mathilde Rodie - *Danone S.A. - Head of IR & Financial Communication*

Thank you. So I think this was the end of the questions.

Antoine de Saint-Affrique - *Danone S.A. - Director & CEO*

So everyone, a big, big thank you for this morning. We will see a number of you in the coming weeks on the road. We are looking forward to keep sharing what we are doing, as we said, we are very grateful to the Danoners for their passion, their energy, their resilience and for delivering a solid year. So good progress, still work to do. So we'll make sure that we keep doing the work in a consistent way. And we are looking forward to seeing you soon on the road.

Operator

This concludes today's conference call. Thank you for participating. You may now disconnect.
