DANONE
ONE PLANET. ONE HEALTH

Investor Seminar
October 22, 2018

Delivering Superior Sustainable Profitable Growth

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Our journey towards long-term sustainable value creation
Accelerated transformation since last three years

2015 · 2016 · 2017 · 2018 · 2020 · 2030

SUPERIOR SUSTAINABLE PROFITABLE GROWTH

Evian 2015
INVESTOR SEMINAR
DANONE

Nov-2015
Transformation in motion

DANONE
WhiteWave
Danone to acquire WhiteWave, a USD 4 bn sales Global Leader in Organic Foods, Plant-based Milks and related products
July 7, 2016

Jul-2016
WhiteWave (closed Apr-17)

May-2017
2020 objectives

2030 GOALS

Apr-2018
2018 Shareholders meeting

Strong track record in delivery and transformation
Rebalancing the growth model

Sales

€ 24.7 bn

FY2017

+3.7%

2014-3Q18 CAGR[1]

Recurring operating margin

14.4%

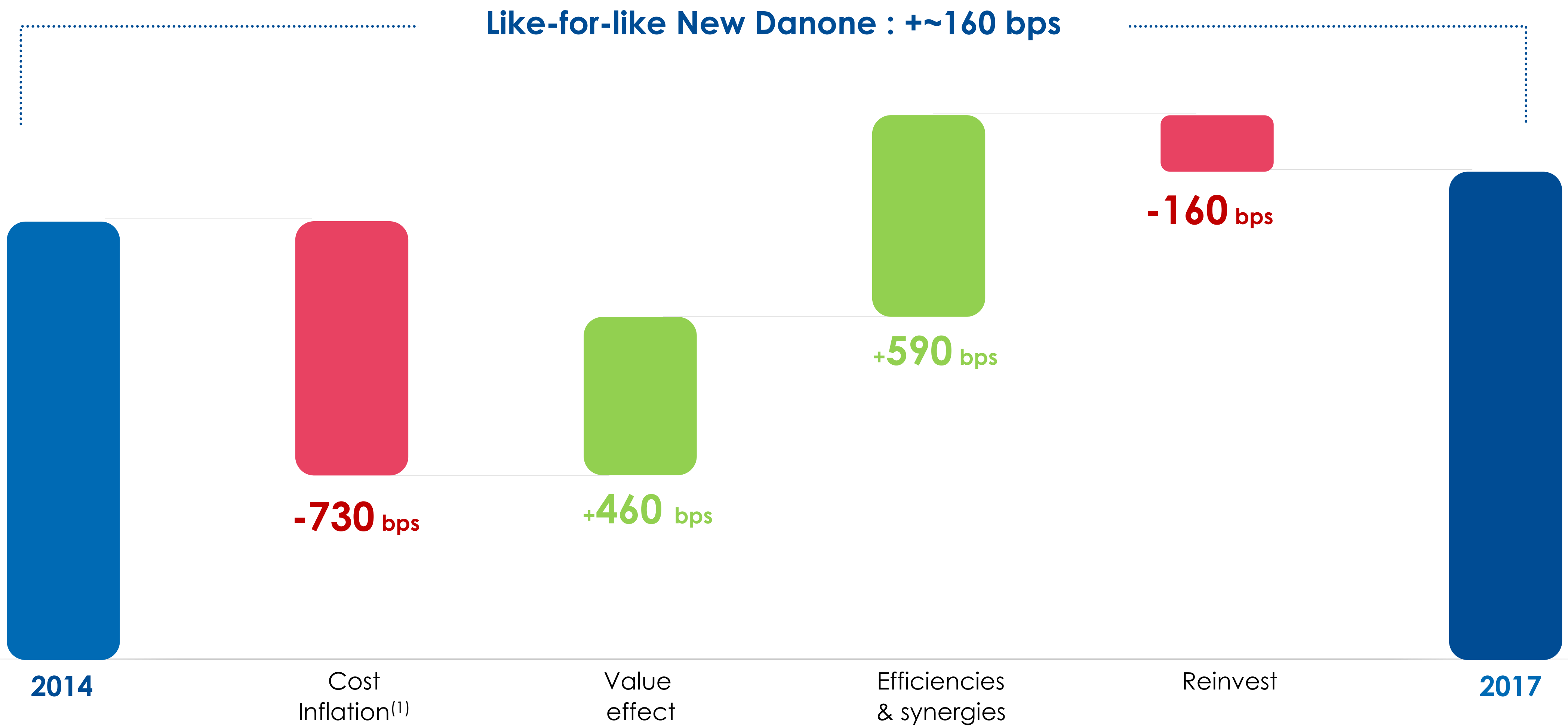
FY2017

+180bps

since 2014

(1) Like-for-like New Danone

Strong track record in delivery and transformation
Enhancing like-for-like recurring operating margin



(1) Material, industrial and logistics costs

Strong track record in delivery and transformation
Key transformations since 2014

Organization

One Danone organization business services

Streamlined **executive committee**

Growth & Innovation **organization**

Efficiencies & productivity

PROGRAM PROTEIN

1bn€

Growth engines

WhiteWave

DANONE MANIFESTO VENTURES

Innovation process

Discipline in resource allocation

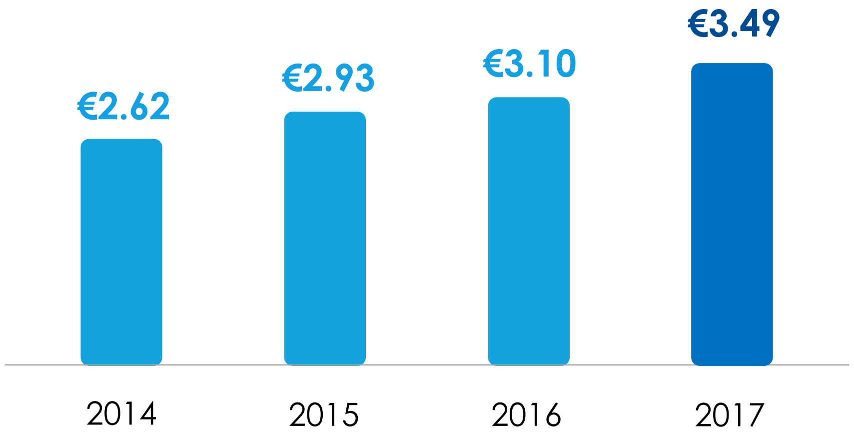
BEYOND BUDGET

Strong track record in delivery and transformation
Double-digit growth in recurring EPS and free cash flow

Recurring EPS

+10%

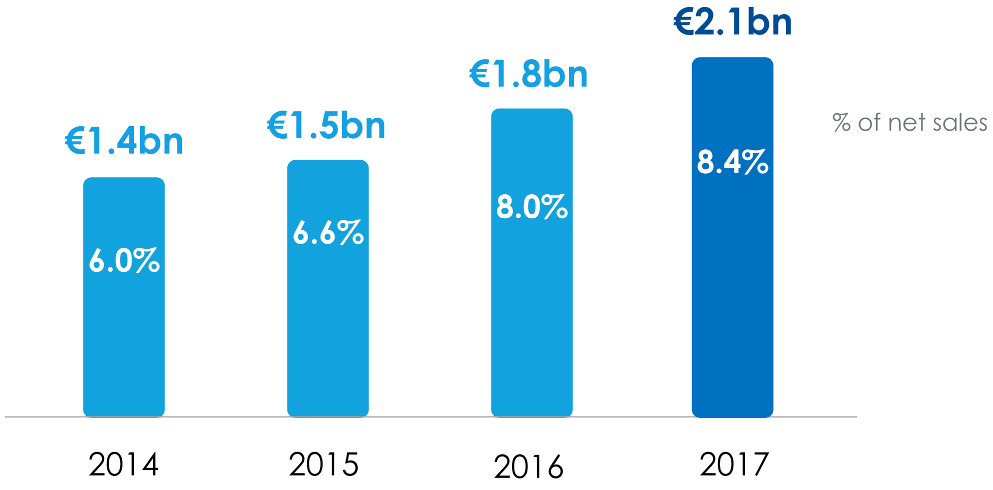
2014-17 CAGR



Free cash flow(1)

+14%

2014-17 CAGR



+20% in H1 2018

(1) Excluding exceptional items

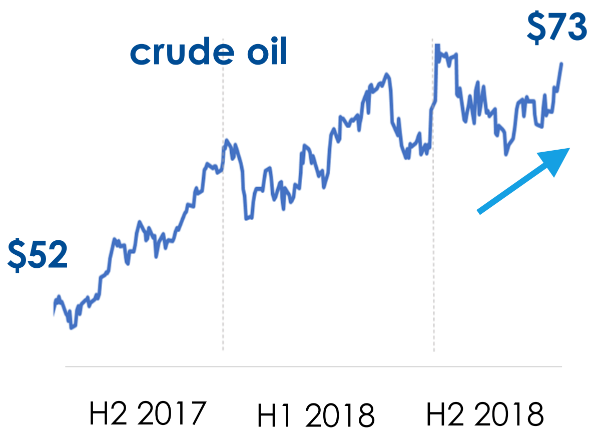
Strong track record in delivery and transformation
Maximizing proceeds from portfolio management

	Stonyfield Organic Aug-2017	Yakult Mar-2018
Selling price	$875m	€1.3bn
Valuation multiple	20x EBITDA (1)	39x net income
Capital gain	$630m	€700m
Cash-on-cash	> 4 x	> 4 x

(1) 2016 EBITDA
(2) 2017 net income

Strong track record in delivery and transformation
With increasing headwinds

Input cost increase



Source: US Energy Information Administration

Currencies

1-year evolution vs EUR

-133%

-24%

-66%

Source: Banque de France, as of 09/28/2018

Boycott in Morocco

Reminder of 2020 objectives
Sustainable Profitable Growth

Net debt / EBITDA

< 3.0x

ROIC

~ 12%

Consistent EPS Growth

LFL sales growth

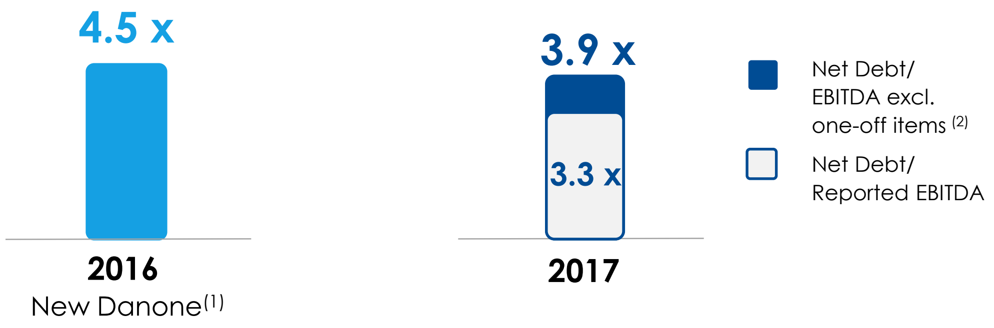
4 to 5%

Recurring operating margin

> 16%

2020 objectives
Progressing well against our roadmap

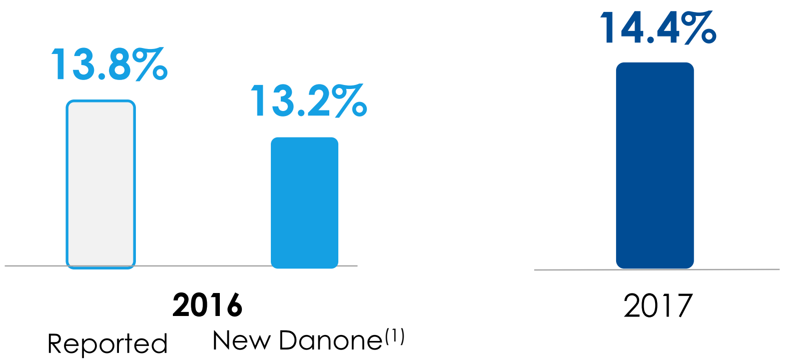
Net debt / EBITDA



ROIC

LFL sales growth (3)

Recurring operating margin



(1) Combined Danone and WhiteWave as of 31 December 2016
(2) Capital gain from Stonyfield sale and Fonterra reimbursement
(3) Like-for-like New Danone

Danone model driving value creation
Focus on sustainable shareholder value

Short term headwinds

Reinforcing operating model

1 accelerate growth

2 maximize efficiencies

3 allocate capital with discipline

consistent EPS growth

sustainable value creation

Net debt / EBITDA
< 3.0X

ROIC
~12%

Consistent
EPS
Growth

LFL sales growth
4 to 5%

Recurring
operating margin
> 16%

Net debt / EBITDA
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ROIC
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Consistent EPS Growth

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Recurring operating margin
> 16%

Net debt / EBITDA
< 3.0x

ROIC
~12%

Consistent EPS Growth

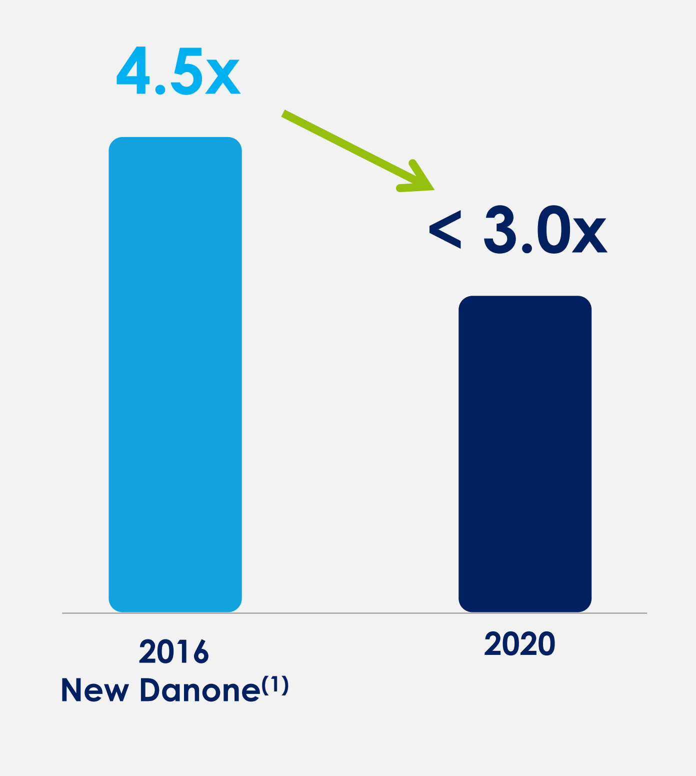
LFL sales growth
4 to 5%

Recurring operating margin
> 16%

Our objective

2017-2020: Deleveraging balance sheet

Leverage ratio (Net debt / EBITDA)

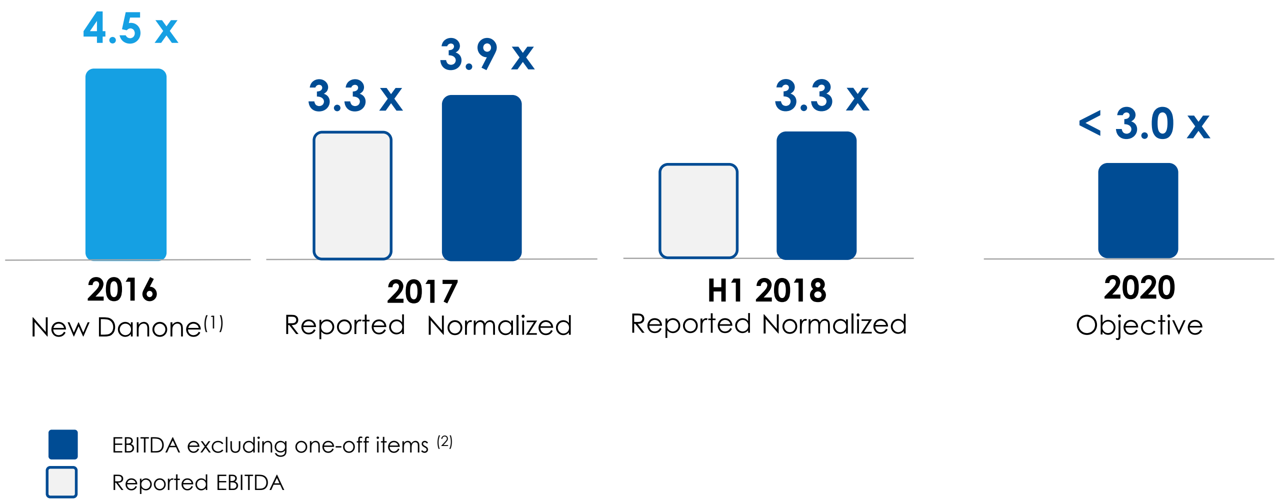


(1) Leverage ratio of combined Danone and WhiteWave as of 31 December 2016, pro forma for WhiteWave acquisition debt

Continuing to deleverage the balance sheet

Fully on track with pace of deleverage

Net debt / EBITDA



Balance sheet deleverage well on track, from maximized Free Cash Flow delivery

- NOPAT expansion
- Working capital tight management
- Discipline in resource allocation

Committed to strong investment grade

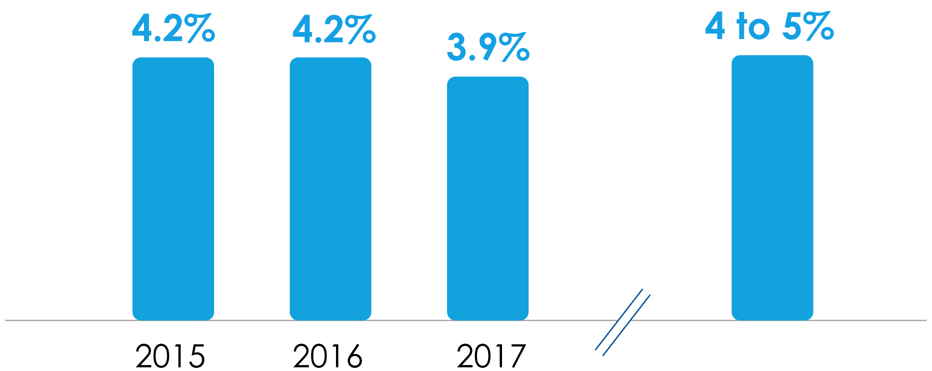
(1) Leverage ratio of combined Danone and WhiteWave as of 31 December 2016, pro forma for WhiteWave acquisition debt
(2) Capital gain from Stonyfield sale and Fonterra reimbursement

Priorities in use of cash
Investing for growth and efficiencies, increasing dividends

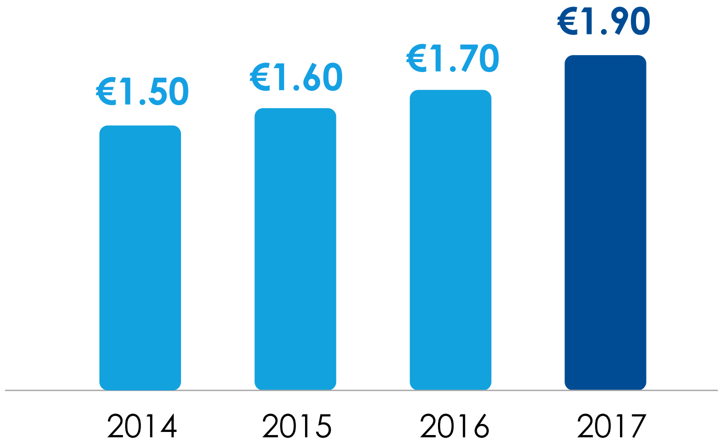
Invest for growth & efficiency

Shareholder returns and dividends

Accelerated level of capex, in the range of 4-5%



Increasing dividends



Confirming our objective

2017 - 2020
deleveraging balance sheet

<3x

Net debt / EBITDA
By 2020

Net debt / EBITDA
< 3.0X

ROIC
~12%

Consistent EPS Growth

LFL sales growth
4 to 5%

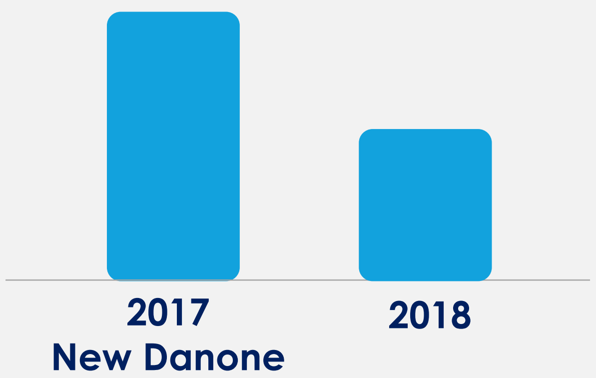
Recurring operating margin
> 16%

2017-2020: Continuing to improve ROIC

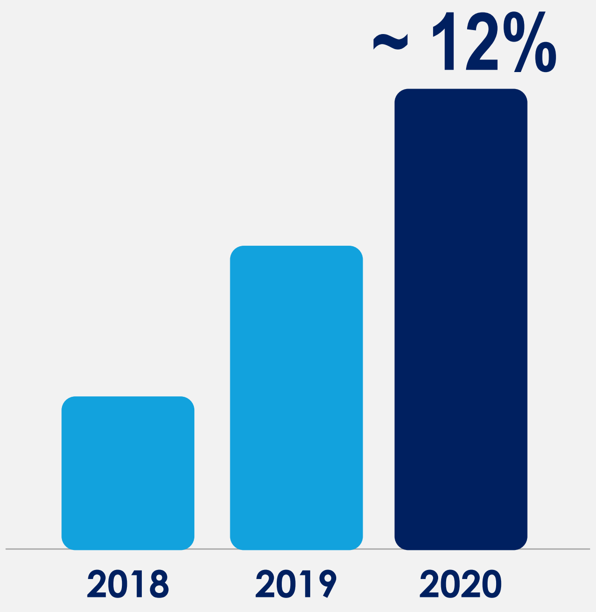
Return on Invested Capital

Our objective

WhiteWave acquisition:
~ - 150bps by 2018



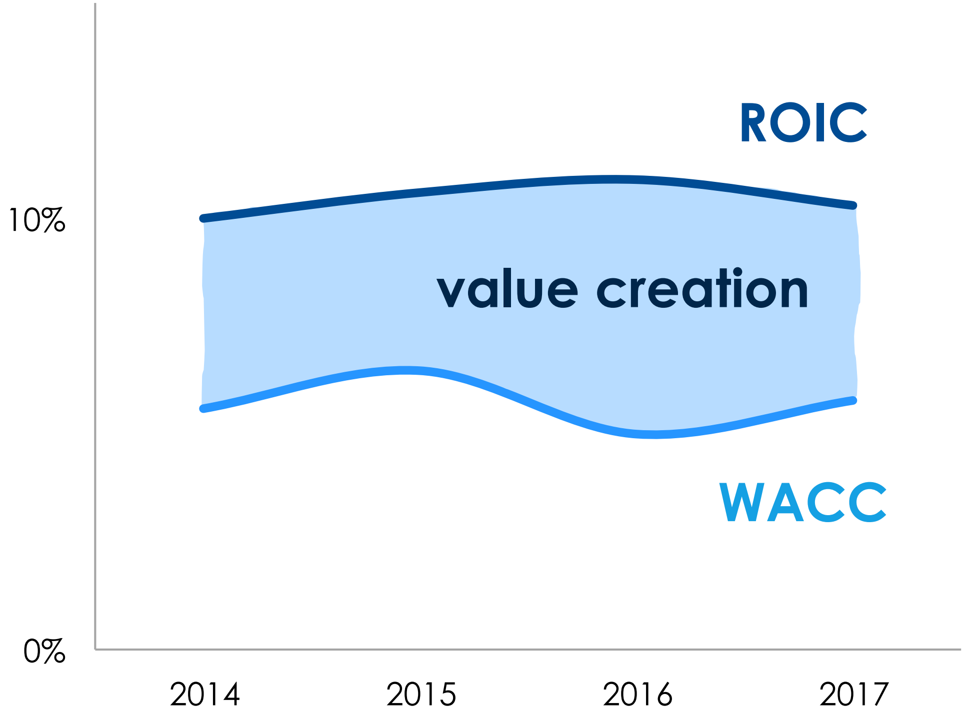
2017-20: Continue to improve capital efficiency



Sustainable value creation
ROIC >> WACC

ROIC – rounded figures

	2008		2013	2017
Waters	22		25	23
AMN	4		4	7
ELN	4		7	12
China	-		> 15	> 20
Dairy CIS	-	9 *Unimilk acquisition in 2011*	17	> 25
EDP	65		30	30 → 12



Source : Danone, Bloomberg

Changes in some assumptions impacting ROIC

Currencies devaluation against euro

IFRS 16: capitalization of operating leases from 1st Jan 2019

Slower on-boarding of Whitewave

Overall impact on ROIC of -1 to -1.5%

Sources : WACC from Bloomberg, ROIC from information published by Danone

Confirming objective
Adjusting timing

Continuing to improve ROIC

~12%

ROIC
by 2022

with year-on-year improvement

Net debt / EBITDA

< 3.0X

ROIC

~12%

Consistent EPS Growth

LFL sales growth

4 to 5%

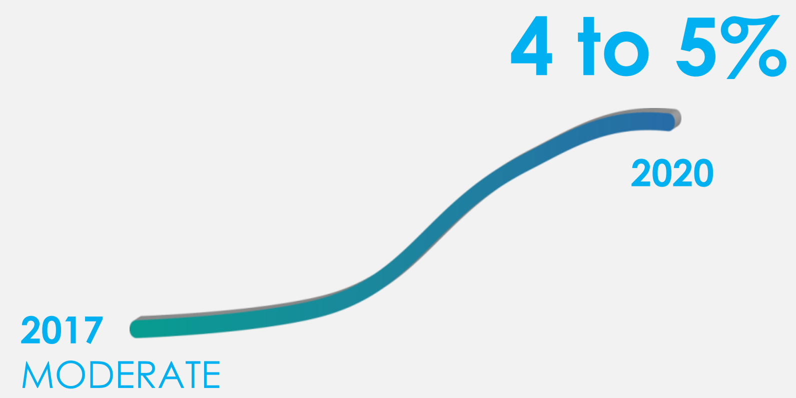
Recurring operating margin

> 16%

Our objective

2017-2020: Accelerating growth

LFL sales growth



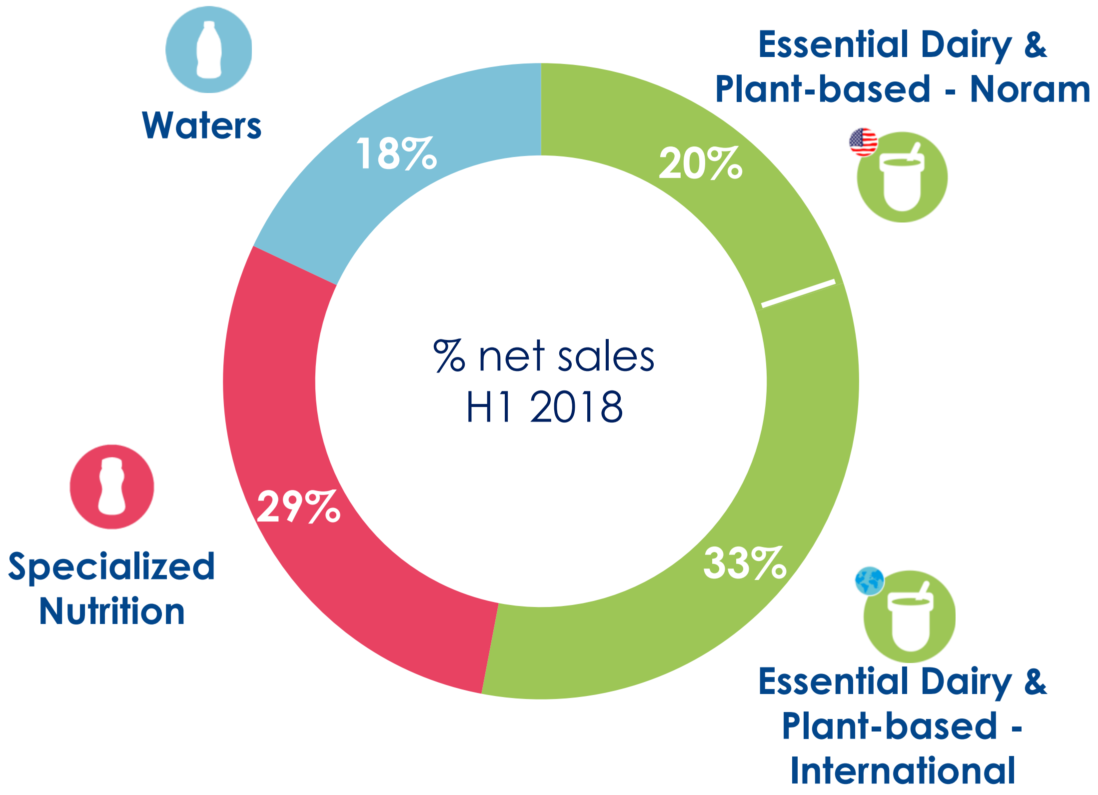
> 5%

3-4%

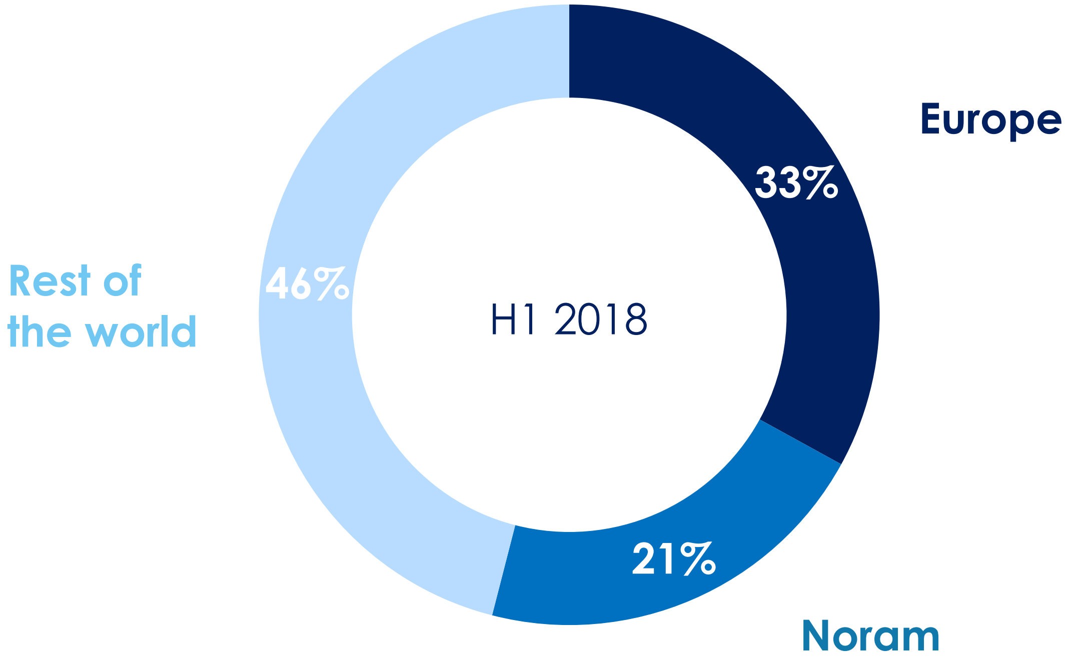
Net debt / EBITDA < 3.0x
ROIC ~12%
Consistent EPS Growth
LFL sales growth 4 to 5%
Recurring operating margin > 16%

Portfolio uniquely positioned on healthy categories
Geared to capture superior growth opportunities

> 88% of volume sold recommended for daily consumption(1)



Well balanced geographic exposure



(1) Refers to water, yogurt and other daily dairy products, baby milks & foods, milks and milk powders, beverages with 0% sugar and medical nutrition. Based on official public health recommendation, these categories are generally suitable for daily consumption.

Accelerating Growth
Activating powerful levers

Net debt / EBITDA < 3.0x | ROIC ~12% | Consistent EPS Growth | LFL sales growth 4 to 5% | Recurring operating margin > 16%

Strong portfolio

WhiteWave > Plant-based to the max

from €1.7 bn sales in 2018 to **€5 bn by 2025**

Value innovations

Water innovations unit price **+50%** vs average

Manifesto brands

10 Manifesto brands growing
3 times faster than average

E- business acceleration

amazon Walmart Alibaba.com

from **€1bn** of sales, to **€2bn in 2020**

Aligning EDP reporting lines with management organization
Confirming 2020 objectives

Net debt / EBITDA < 3.0x | ROIC ~12% | Consistent EPS Growth | LFL sales growth 4 to 5% | Recurring operating margin > 16%

From 4 reporting units…	**… to 3 reporting units** *from 1st January 2019*	**2020 LFL sales growth**
Waters	Waters	>5%
Specialized Nutrition	Specialized Nutrition	>5%
Essential Dairy & Plant-based Noram	Essential Dairy & Plant-based	4 to 5%
Essential Dairy & Plant-based Int'l		

Confirming our objective

2017 - 2020
Accelerating Growth

4 to 5%

Like-For-Like

Sales Growth by 2020

Net debt / EBITDA

< 3.0X

ROIC

~12%

Consistent EPS Growth

LFL sales growth

4 to 5%

Recurring operating margin

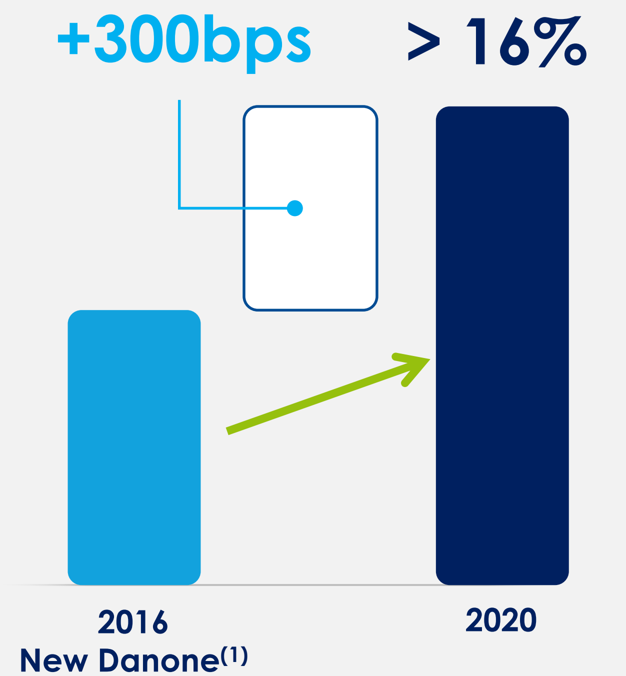
> 16%

Net debt / EBITDA < 3.0x | ROIC ~12% | Consistent EPS Growth | LFL sales growth 4 to 5% | Recurring operating margin > 16%

Our objective

2017-2020: Accelerating recurring operating margin improvement

Recurring Operating Margin



(1) 2016 Recurring operating margin of combined Danone and WhiteWave on a full year basis

Accelerating operating margin improvement
Value growth through pricing, mix and innovation

Net debt / EBITDA
< 3.0x
ROIC
~12%
Consistent EPS Growth
LFL sales growth
4 to 5%
Recurring operating margin
> 16%

Innovations & renovations — Innovations & renovations > 20% in 2018

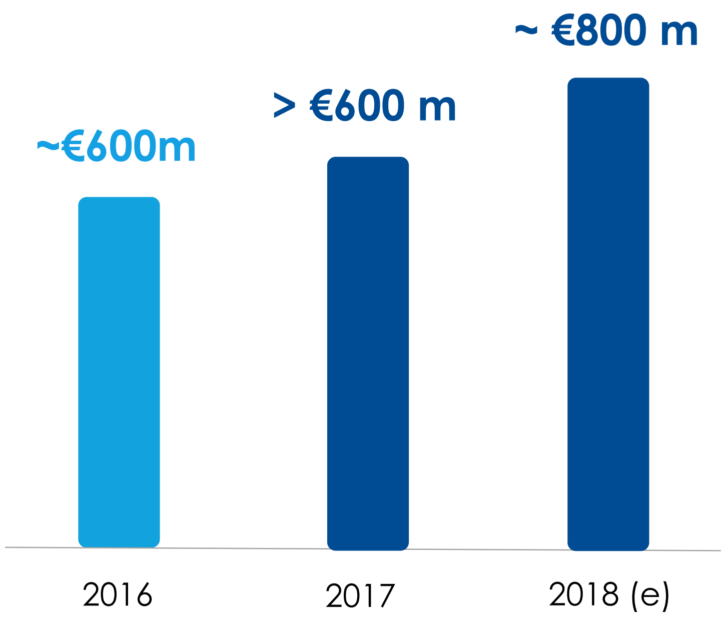
Manifesto Brands — Catalyst for consumer engagement
—
100% brands embarked by 2020

Trade terms & promotions — Monitor promotion return on investment
—
Optimizing trade terms

Pricing — Targeted price increase

Maximizing efficiencies
Accelerating efficiencies through delivery of Protein savings

Overall productivity gains…



… of which Protein gross savings

€200m for the **full-year 2018**

€1bn by 2020

enhancing margin

reinvesting for growth

New cycle and procurement organization
Enhance value creation in a sustainable manner

Net debt / EBITDA < 3.0x | ROIC ~12% | Consistent EPS Growth | LFL sales growth 4 to 5% | Recurring operating margin > 16%

From efficiencies …

2014
setting up Dantrade

sourcing together
DanTrade

2015
establishing critical resources cycles

Milk cycle
Water cycle
Plastic cycle

2018
functionalizing procurement globally

Sustainable efficiencies to the max
Value focused transformation

… to value creation

WhiteWave synergies
On track to deliver according to plan

2017
Onboarding phase

2018
Second wave

2020
Synergies confirmed

2017 delivery

>$50m
above objective

HQ consolidation
—
sales force merge
—
G&A / shared back-office
—
procurement

2018 objective

>$180m

delivery on track

Major part in cost synergies
Procurement
—
Sales Force consolidation
—
G&A / shared back office

Topline synergies
Distribution expansion
—
Commercial scale effect

2020 objective

$300m

Dynamic portfolio management driving additional value creation
Constantly upgrading the portfolio

Dynamic portfolio management
as part of yearly strategic planning process

—

+ ~40 basis points of margin improvement in 2014-2018

Main asset disposals examples 2014-2018

- Dairy **Chile** 2017
- Dairy **Columbia** 2016
- Dumex **China** 2016
- Dairy **Indonesia** 2014
- Dairy **China** 2014

Net debt / EBITDA < 3.0x

ROIC ~12%

Consistent EPS Growth

LFL sales growth 4 to 5%

Recurring operating margin > 16%

Confirming our objective

2017 - 2020
Accelerating recurring operating margin improvement

>16%

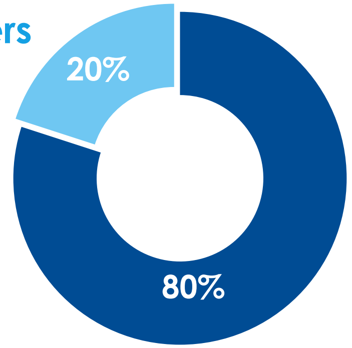
Recurring Operating Margin by 2020

Management long term incentives aligned with strategic objectives
Shifting from growth to margin and cash

2015 — Performance compensation ("GPU") — **2018**

Sales > 4.5%

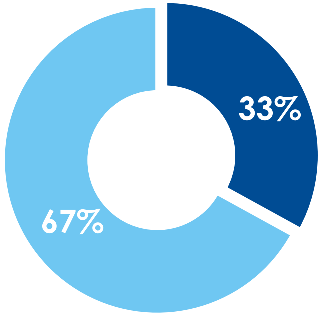
Employee commitment relative to peers



Margin > 16% in 2020

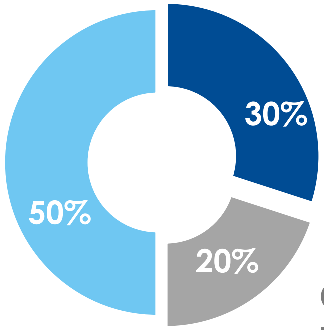
2015 — Performance shares ("GPS") — **2018**

Relative Sales Growth



Margin improvement

Relative Sales Growth



Free Cash Flow
> €6.5bn in 2018-2020

CDP Climate leadership level

1,500 executives and directors

Transformation and delivery towards 2030
Sustainable value creation despite increasing volatility

DOUBLE-DIGIT RECURRING EPS GROWTH

at constant exchange rate[1]

excluding Yakult transaction impact

2018 guidance

4-5% Like-For-Like Sales growth

>16% Recurring operating margin

<3x Net debt/Ebitda

Consistent recurring EPS growth

2020

~12% ROIC

2022

2030 GOALS

SUPERIOR SUSTAINABLE PROFITABLE GROWTH

2030 Goals

[1] Excluding IAS 29 accounting treatment

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- *All references in this presentation to "Like-for-like (LFL) New Danone" changes, recurring operating income, recurring operating margin, recurring net income, recurring income tax rate, Recurring EPS, Yakult Transaction Impact, free cash flow and net financial debt correspond to financial indicators not defined in IFRS. Their definitions, their reconciliation with financial statements and IAS29 accounting treatment for Argentina are included in the Q3 sales press release issued on October 17th, 2018. Q1, Q2 and H1 2017 reported figures have been restated for IFRS 15. Indicators ROIC and Net Debt / EBITDA are defined on page 64 of Danone's 2017 registration document*
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