



DANONE
ONE PLANET. ONE HEALTH

Investor Seminar
October 22, 2018

Profitable growth and circularity

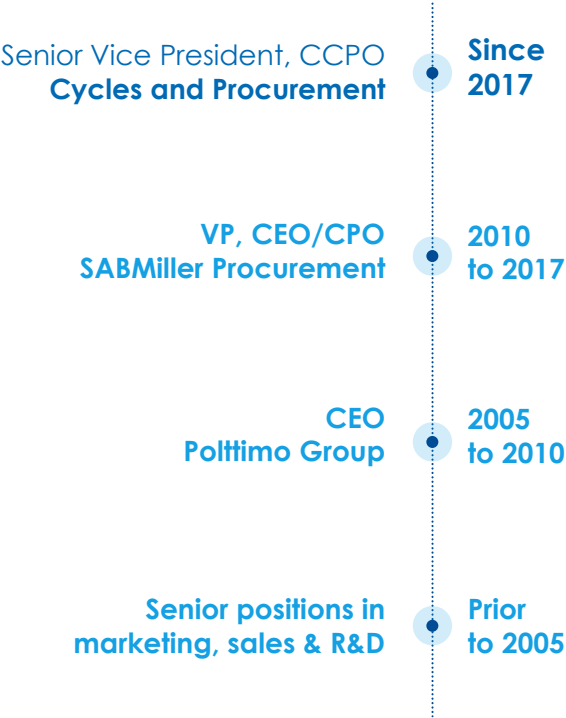
Henri BRUXELLES
EVP Waters & Africa

Katharina STENHOLM
Chief Cycles & Procurement Officer

HENRI BRUXELLES
31 years at Danone



KATHARINA STENHOLM
1 year at Danone



Waters contributing to Danone's objectives

Embedding collective strategic priorities



our strategic priorities

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



our 2020 objectives

>5%



Company objectives

4 to 5%

sales growth ⁽¹⁾

>16%

operating margin ⁽²⁾

(1) Like-For-Like sales growth
(2) Recurring operating margin

Danone Waters at a glance

A unique portfolio of leading iconic brands

€4.6bn
net sales




plain Waters
2/3


aquadrinks
1/3



19%
of Danone
revenues



EU + US
~40%



Asia & Middle East
~40%



Latin America
~20%

TOP countries



TOP brands



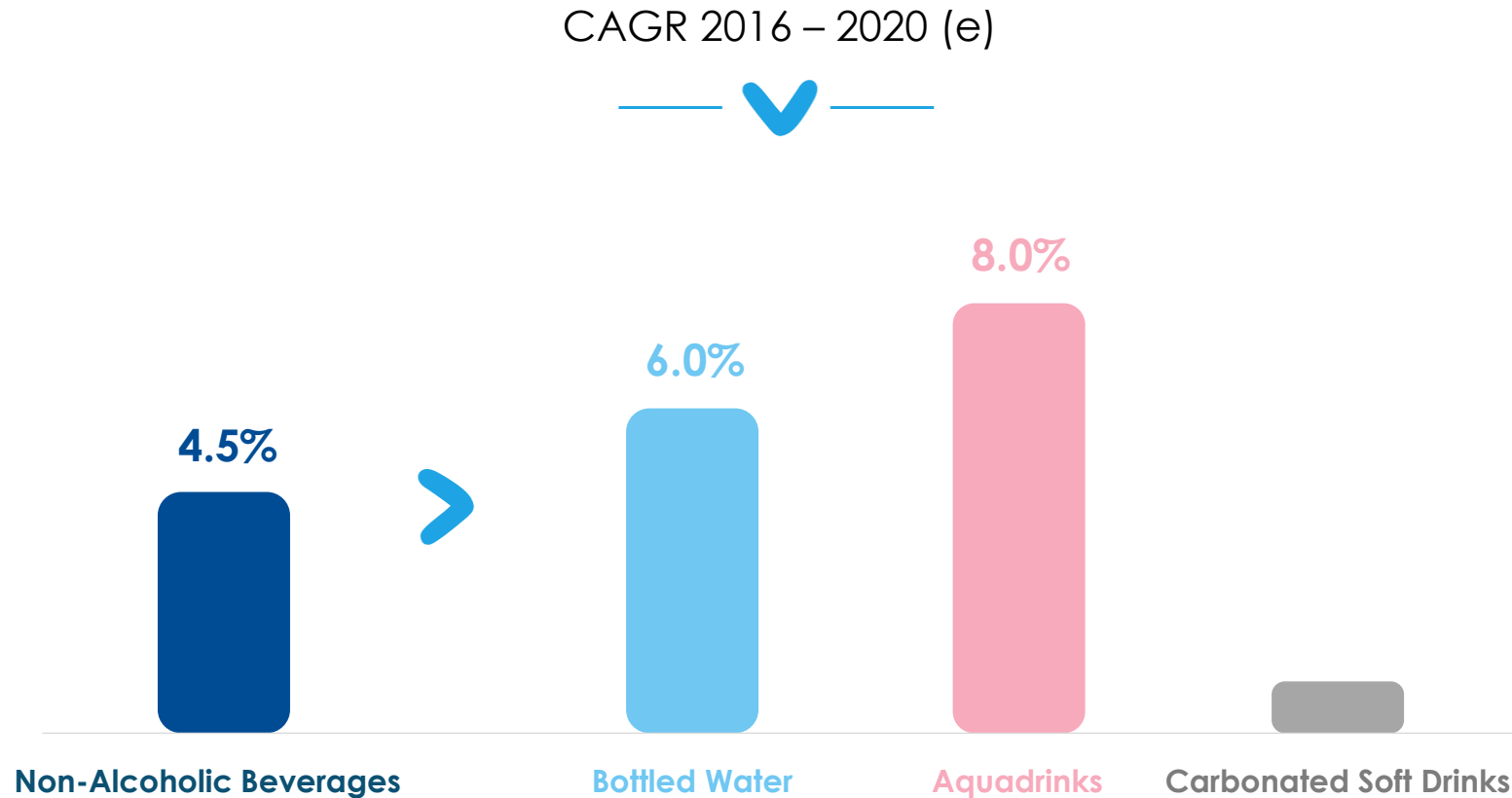
leadership
positions in key
countries

75%
of sales from
local-rooted brands

2017 full-year figures

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

Waters and aquadrinks leading the Non-Alcoholic Beverages category growth



Source: Global Data 2018 Danone Waters 16 Markets

At the forefront of Non-Alcoholic Beverages category growth

With a worldwide potential to drink more and better

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



52% of adults
57% of kids

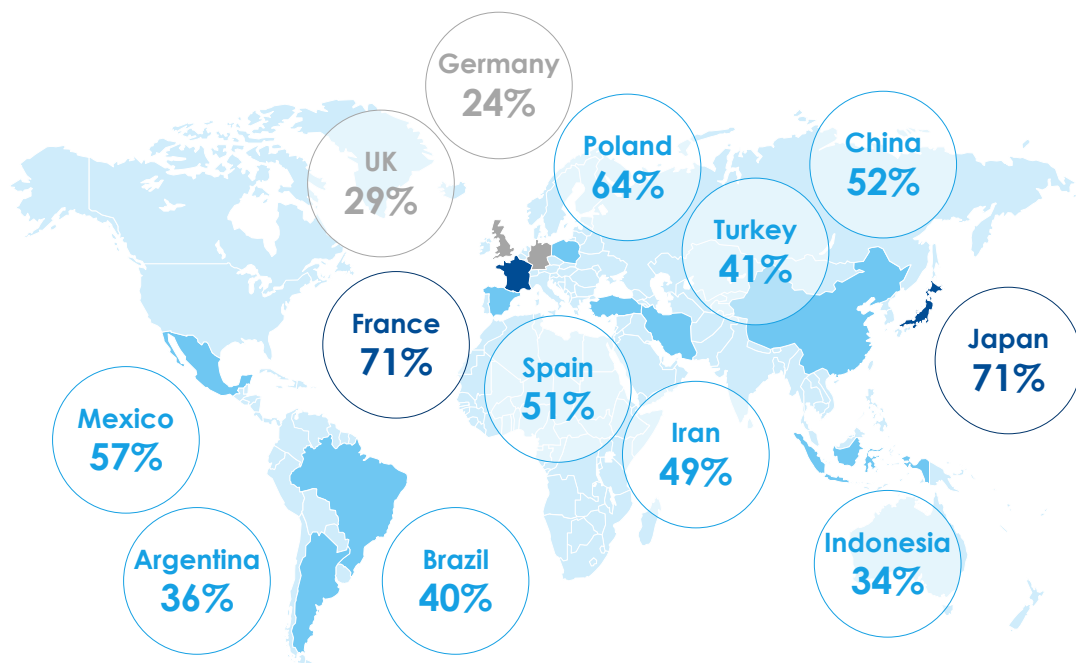
don't drink enough



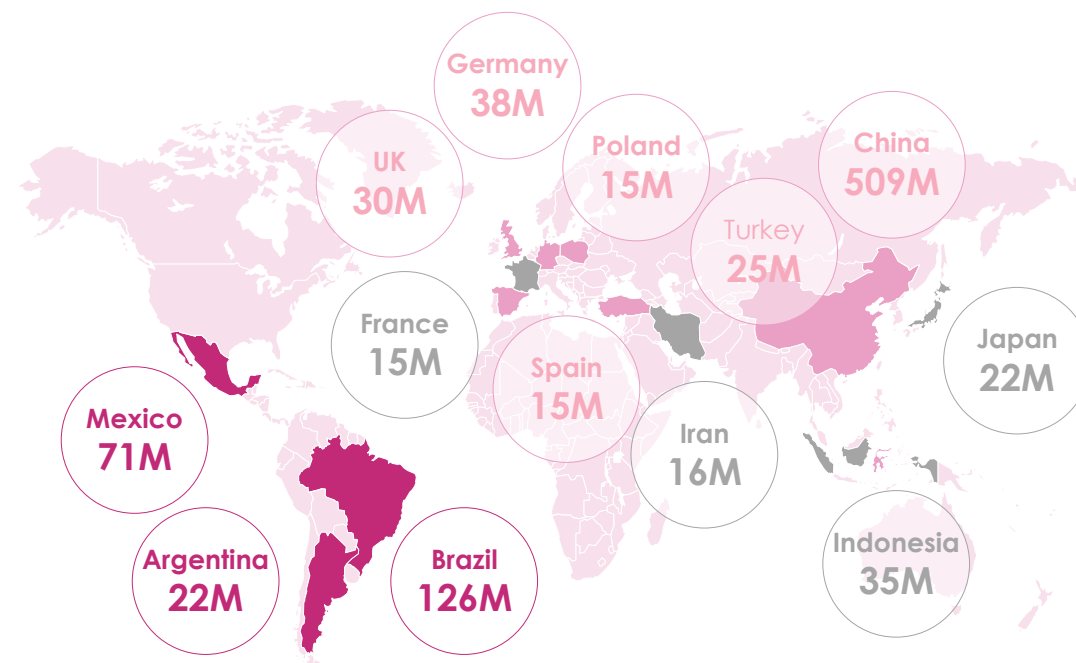
46% of adults
39% of kids



high sugar drinkers



% of population with liquid intake below EFSA recommendation 2L/day
● 0-33% ● 33-66% ● >66%



number of adults population drinking ≥ 1 serving SSB/d (1 serving = 250mL)
● 0-33% ● 33-66% ● >66%

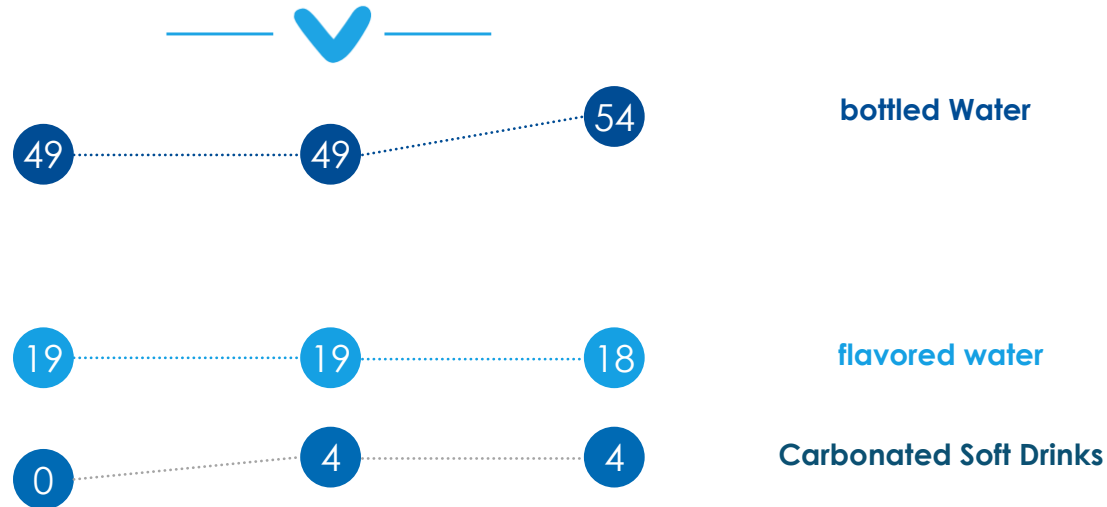


DANONE ONE PLANET. ONE HEALTH

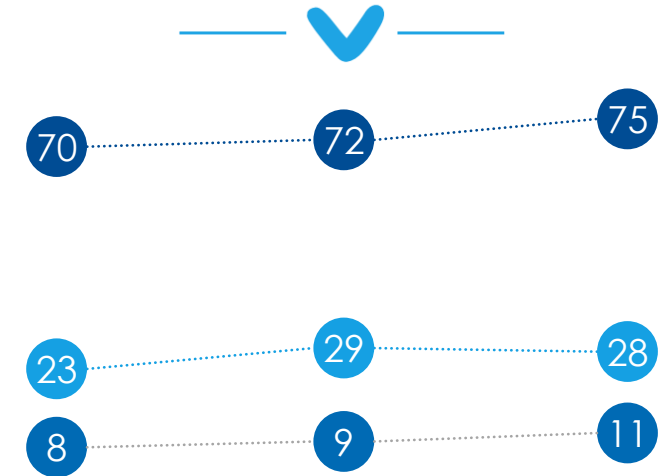
Source: LiqIn 7 study of liquid intake across markets

Meeting consumers' demand towards health and natural Consistently across generations

"I consider this beverage good for my health"



"I consider this a natural beverage"



gen Z (1996-...)



gen Y (1977-1995)



gen X (1965-1976)



gen Z (1996-...)



gen Y (1977-1995)



gen X (1965-1976)

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

Unique waters portfolio with compelling attributes

Connecting strongly to some emerging consumer desires

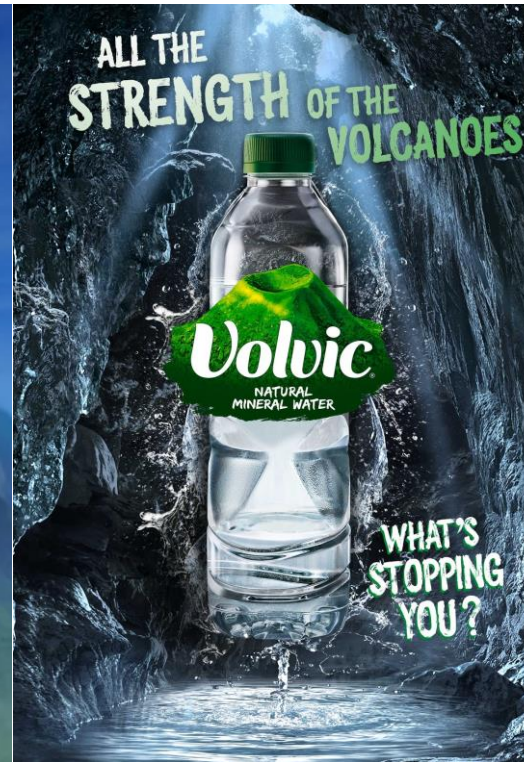
Unique attributes vs other beverages



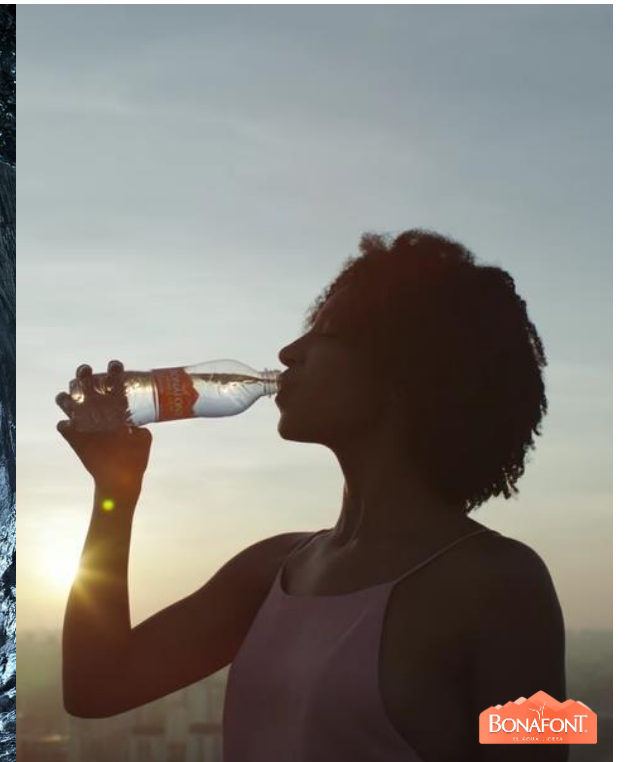
unique content of minerals



protected origin



natural and untouched



unique drinking experience

A clear mission and roadmap

Objective for 2020 to deliver > 5% profitable growth

our mission

Inspire people
towards healthier
drinking habits

our ambition for 2020

>5%
profitable growth

our growth pillars



LEAD ESSENTIAL
SHADES OF PLAIN
WATER



ACCELERATE
INNOVATION



NEXT LEVEL
AQUADRINKS



MANIFESTO
BRANDS



MASTER IMPULSE &
IMMEDIACY MOMENTS



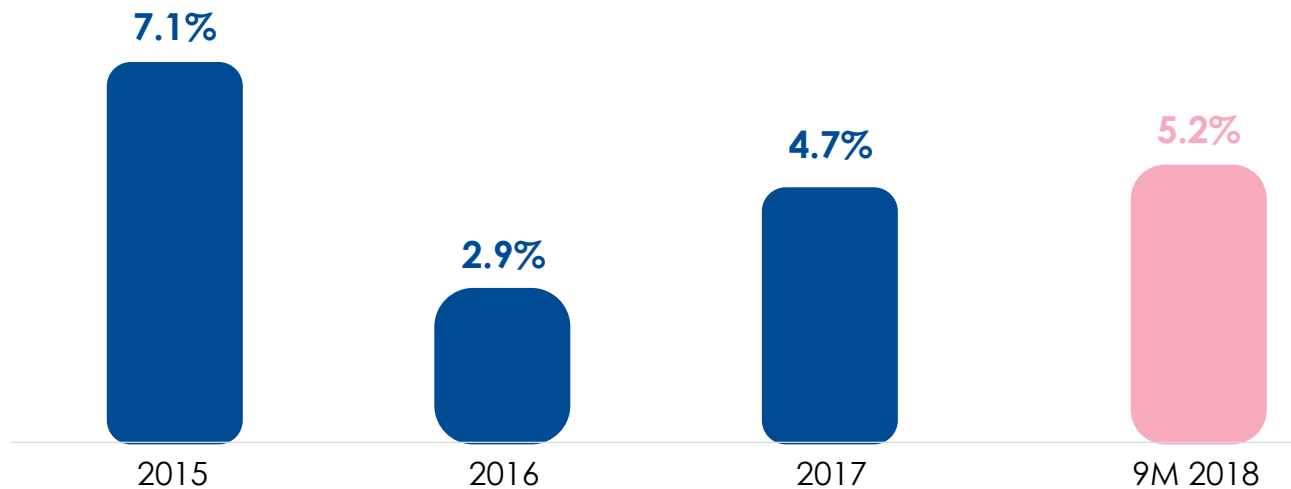
ONE (↑ CIRCULAR ↓)
PLANET



Accelerating towards our 2020 ambition

Through strengthening and leveraging our growth levers

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



Europe: strong momentum



Noram: steep double-digit growth



Asia: strong growth



Latam: positive growth

Leading Growth in Plain Waters

Building Manifesto brands, with purpose and consumer connection



live young



 TOP 2

campaign awareness
in the US during air time

gender equality



 65,000

women joining the run in 2018
supported by UN women

national pride



 >50M

consumers
impacted

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

Leading Growth in Plain Waters

Product activation to connect our brands everyday



Hyper-personalization



 >3M
unique designs

Full blast collaborations



  +2.5%
net pricing

Content versioning



 +3.5%
net pricing

Source: Internal data

Leading growth in plain waters

Innovating to unlock highly valorized growth opportunities



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

Formats < 1L
net sales growth
H1 2018

+7.5%



Small impulse



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



On premise experience



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



Kids hydrated to the max



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



Enhanced water



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



Accelerating Aquadrinks

Capitalizing on high-value segments



incubation: pioneering emerging needs



Natural energy



Soft functionals

valorized innovation
as a key growth driver



innovation: extending to valorized spaces



Sparkling



Plant-based



Organic Teas



Local ingredients

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

innovation/net sales



renovation: evolving fundamentals



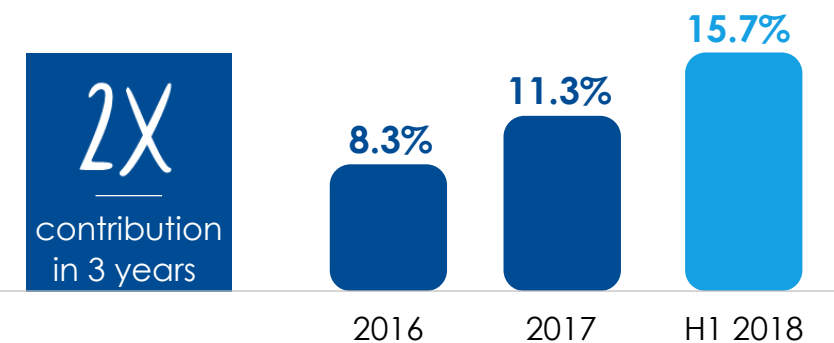
Less sugar



Trendy flavors



Organics



Source: Internal data

Accelerating Aquadrinks

Reducing added sugar content while preserving flavor experience



portfolio

<5g/100ml

2010

65%



2018

98%



2020

100%

new products
zero added
sugar

maintaining **right sweetness perception**
without added sugar



Source: Internal data

Accelerating in fastest growing channels

Broader distribution and better execution



+120,000
new stores reached

+30,000
new fridges in place



+72,000
new controlled stores
in key cities

+34%

eBusiness net sales
9M 2018



+18%

Discounters net sales
9M 2018

Source: Internal data

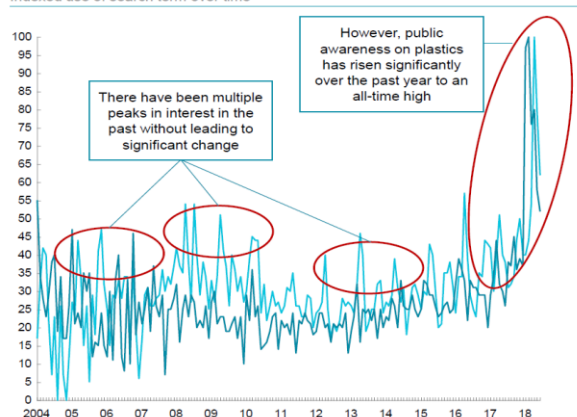
Driving sustainable growth by embracing plastic circularity

Growing consumer awareness supports “One Circular Planet” vision



Increasing awareness on plastic waste ¹

Google trends on “plastic waste”
Indexed use of search term over time



social network mentions²



plastic bottles cups bags straws

78% of consumers ask for **more sustainable plastic packaging** rather than plan to abandon plastic completely³

33% are willing to pay a **premium price** for environment-friendly products⁴



1 LEVERAGING THE ACTIVIST
ROLE OF OUR BRANDS

2 PURSUING 100%
CIRCULAR BRANDS

3 OFFERING ALTERNATIVES
BEYOND PLASTIC & SINGLE USE

4 CO-DESIGNING
COLLECTION SYSTEMS

Differentiation through plastic circularity is delivering good results

evian's pioneering commitment from 2018



live young



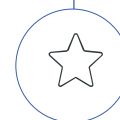
sport & lifestyle



planet



brand growth



planet & plastic proactiveness campaign



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

We continue to embed plastic circularity into our water brands

Making concrete commitments to tackle plastic impact



1 Leveraging the activist role of our brands



100% circular
by 2025

Redesigning packaging to be
100% rPET by 2025

Accelerating recycling initiatives
at global and local level

Seeking zero plastic bottle waste
in nature



**Collecting more
than it uses**
by 2025

Increasing plastic waste collection

Supporting plastic waste education

Accelerating plastic bottle innovation

**commitments to
come in 2019**



We continue to embed plastic circularity into our water brands

Actively educating and encouraging consumers to take part



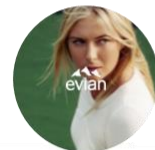
1 Leveraging the activist role of our brands

evian.



Flip It For Good
apr/2019

Launched with key brand
ambassadors & partners



UNION
SQUARE
PARTNERSHIP



us open



AQUA



Aqua – Goodness is circular



nov/2018

Villavicencio



S2/2019

Concrete actions to increase use of recycled material

Offering consumer sustainable plastic choices that will drive sales



2 Pursuing 100% circular brands



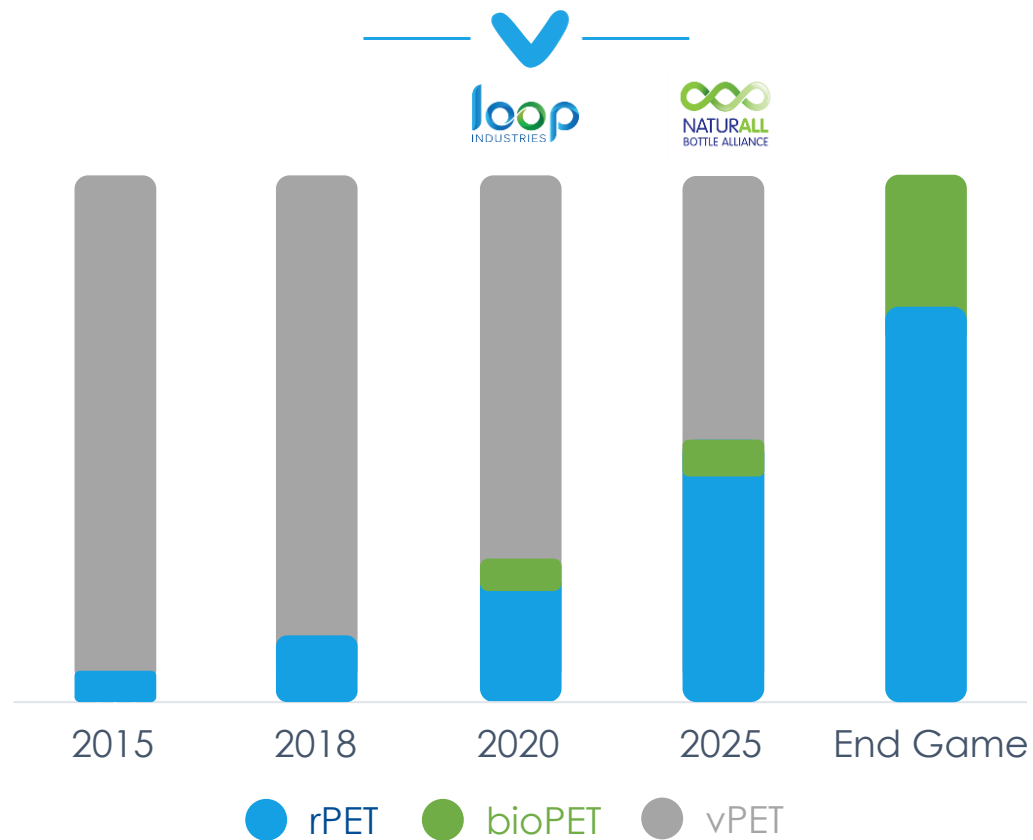
Increasing use of recycled materials

Sourcing strategies to secure supply at competitive rates



2 Pursuing 100% circular brands

Danone's Waters total plastic usage



rPET demand increases faster than availability

sourcing strategy to secure supply while mitigating cost:

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

Innovating beyond plastic and single-use

New solutions for home & impulse consumption



3 Offering alternatives beyond plastic & single use

beyond plastic

Can, carton
and glass



Q2/Q3 2018

Modernization of jugs
business



50% of total
volumes



since 2016

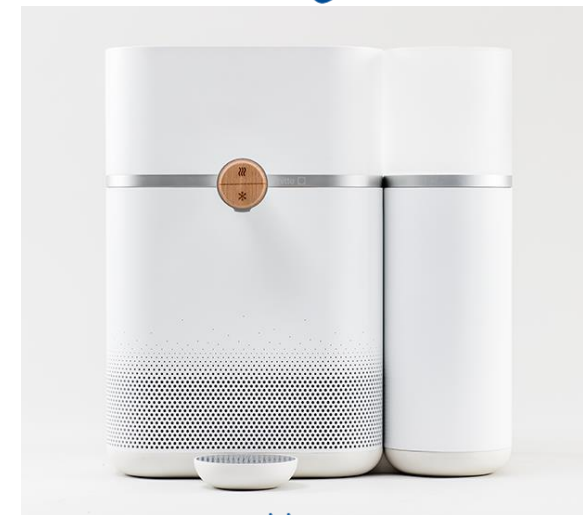
beyond single use

Reinvent home
consumption & refillable



Q2/2019

Breakthrough
water sourcing



Mitte joint
venture



sep/2018

Supporting plastic collection

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



4 Co-designing collection systems

Informal waste management



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

Leveraging our knowledge
of informal waste pickers
communities



**THE OCEAN
CLEANUP**



Innovating to address
leakage in nature

Mature countries with legal producer responsibility



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

Learning from best-in-class
countries and systems



Fostering collective systems
design thinking, leveraging new behavior
and technology

Forming partnerships for greater speed, impact and scale

Using networks to achieve economies of scale and competitive advantage



Alliance with food industry,
retailers and
disruptive innovators



Innovation for our consumers
in both product and channel

Investments with the existing
and next generation industry
of sustainable recycling



Infrastructure for society
to scale and sustain the
circularity of plastic

Partnership with NGOs
at global
and in country levels



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

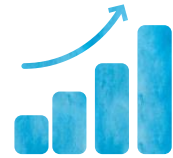
Conclusion

Well-positioned to deliver strong value creation



Danone strategic priorities

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



Waters – Profitable Growth & Circularity

Delivering profitable growth, consistently above 5%

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

Driving sustainable growth by embracing plastic circularity

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

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- 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
- Due to rounding, the sum of values presented in this document may differ from totals as reported. Such differences are not material.