



**DANONE**  
ONE PLANET. ONE HEALTH

---

# **FULL-YEAR 2021 RESULTS**

February 23, 2022

# DISCLAIMER

- This presentation contains certain forward-looking statements concerning Danone. In some cases, you can identify these forward-looking statements by forward-looking words, such as “estimate”, “expect”, “anticipate”, “project”, “plan”, “intend”, “objective”, “believe”, “forecast”, “guidance”, “outlook”, “foresee”, “likely”, “may”, “should”, “goal”, “target”, “might”, “will”, “could”, “predict”, “continue”, “convinced” and “confident,” the negative or plural of these words and other comparable terminology. Forward looking statements in this document include, but are not limited to, predictions of future activities, operations, direction, performance and results of Danone.
- Although Danone believes its expectations are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, which could cause actual results to differ materially from those anticipated in these forward-looking statements. For a description of these risks and uncertainties, please refer to the “Risk Factor” section of Danone’s Universal Registration Document (the current version of which is available on [www.danone.com](http://www.danone.com)).
- Subject to regulatory requirements, Danone does not undertake to publicly update or revise any of these forward-looking statements. This document does not constitute an offer to sell, or a solicitation of an offer to buy Danone securities.
- All references in this presentation to Like-for-like (LFL) changes, recurring operating income, recurring operating margin, recurring net income, recurring income tax, recurring EPS, carbon-adjusted recurring EPS and free cash flow correspond to financial indicators not defined in IFRS. Please refer to the financial press releases issued by the Company for further details on IAS29 (Financial reporting in hyperinflationary economies), the definitions and reconciliation with financial statements of financial indicators not defined in IFRS. Finally, the calculation of ROIC and Net Debt/Ebitda is detailed in the annual registration document.
- Due to rounding, the sum of values presented in this presentation may differ from totals as reported. Such differences are not material.

# FY 2021 CEO INTRODUCTION

Antoine de Saint-Affrique  
Chief Executive Officer



# SOLID SALES GROWTH IN 2021

With all categories contributing



**+3.4%**

LFL sales growth in 2021



**+3.7%**

LFL sales growth in 2021



**+1.0%**

LFL sales growth in 2021



**+7.2%**

LFL sales growth in 2021



# FURTHER PROGRESS ON SOME POCKETS OF EXCELLENCE

Protein & Immunity, science-led Infant Nutrition innovation, Waters adjacencies





# THE ORGANIZATION IS IN PLACE

Important milestones achieved in 2021

## NORTH AMERICA

First tangible benefits are visible

---

## EUROPE

Switched to the new model in Q4

---

## GLOBAL CAPABILITIES

Core capabilities and functions strengthened



# WE BUILD ON A GOOD BASE

But we have a lot to improve

## GROWTH MODEL

**+2.4%**

mix contribution vs LY

**BUT**

**Market share challenges  
and volume decrease**

## QUALITY OF EXECUTION

**>5%**

productivity in H2

**BUT**

**Service level  
issues**

## INVESTMENTS

**A&P**

maintained in absolute value

**BUT**

**Decreasing as a %  
of net sales**





# FY 2021 FINANCIAL REVIEW

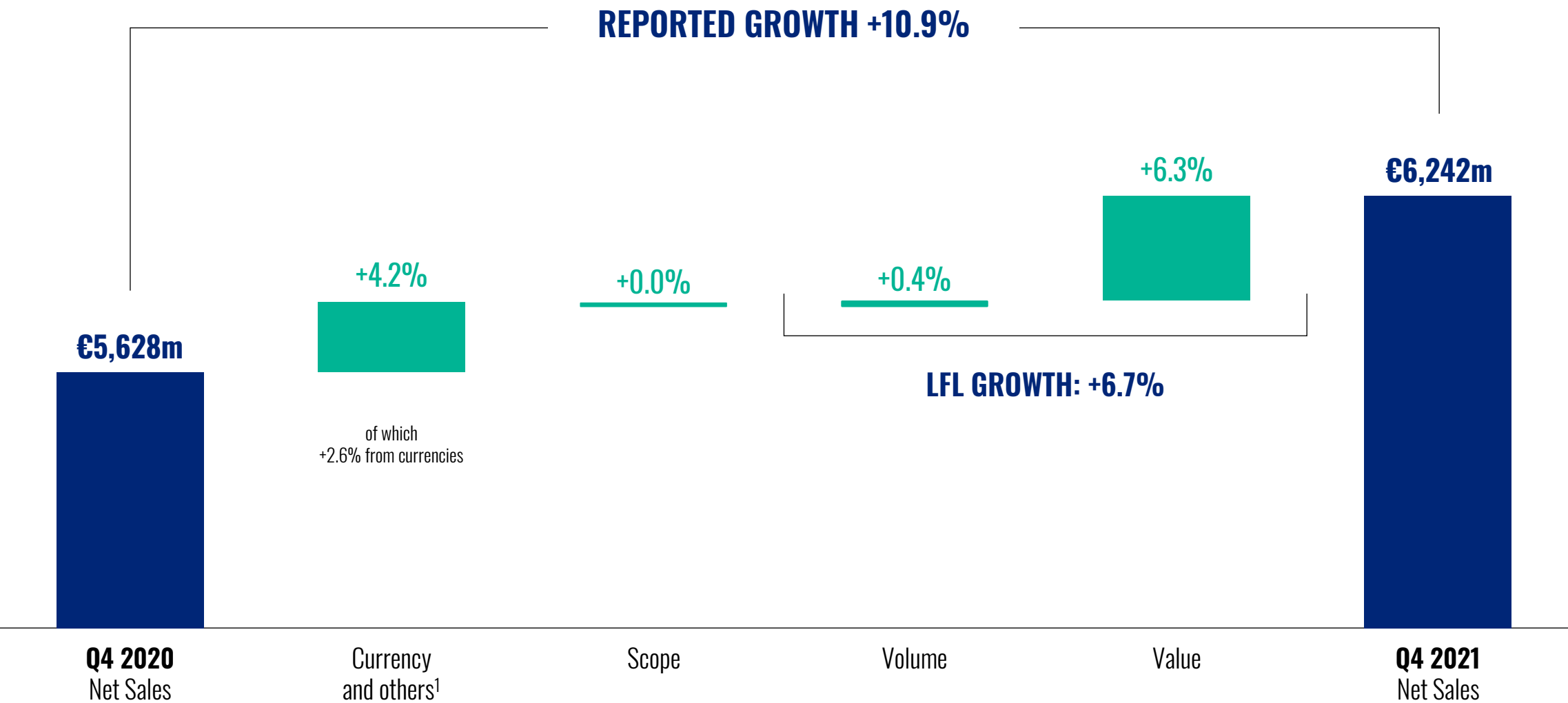
Juergen Esser  
Chief Financial Officer





# STRONG END TO THE YEAR

Q4 growing +6.7% on a like-for-like basis, with positive volume

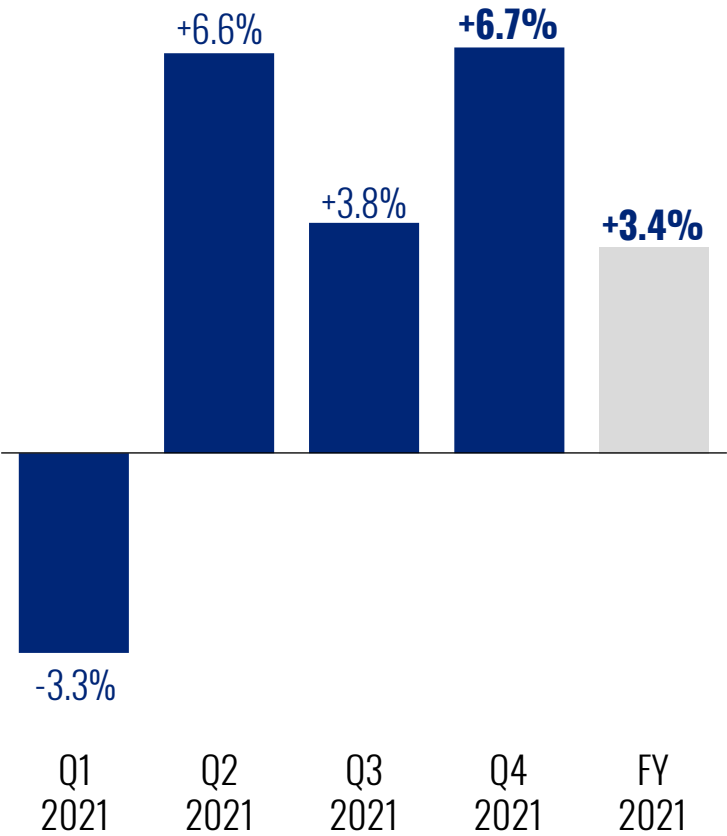


<sup>1</sup> Includes IAS 29 and contribution to growth from hyperinflation geographies

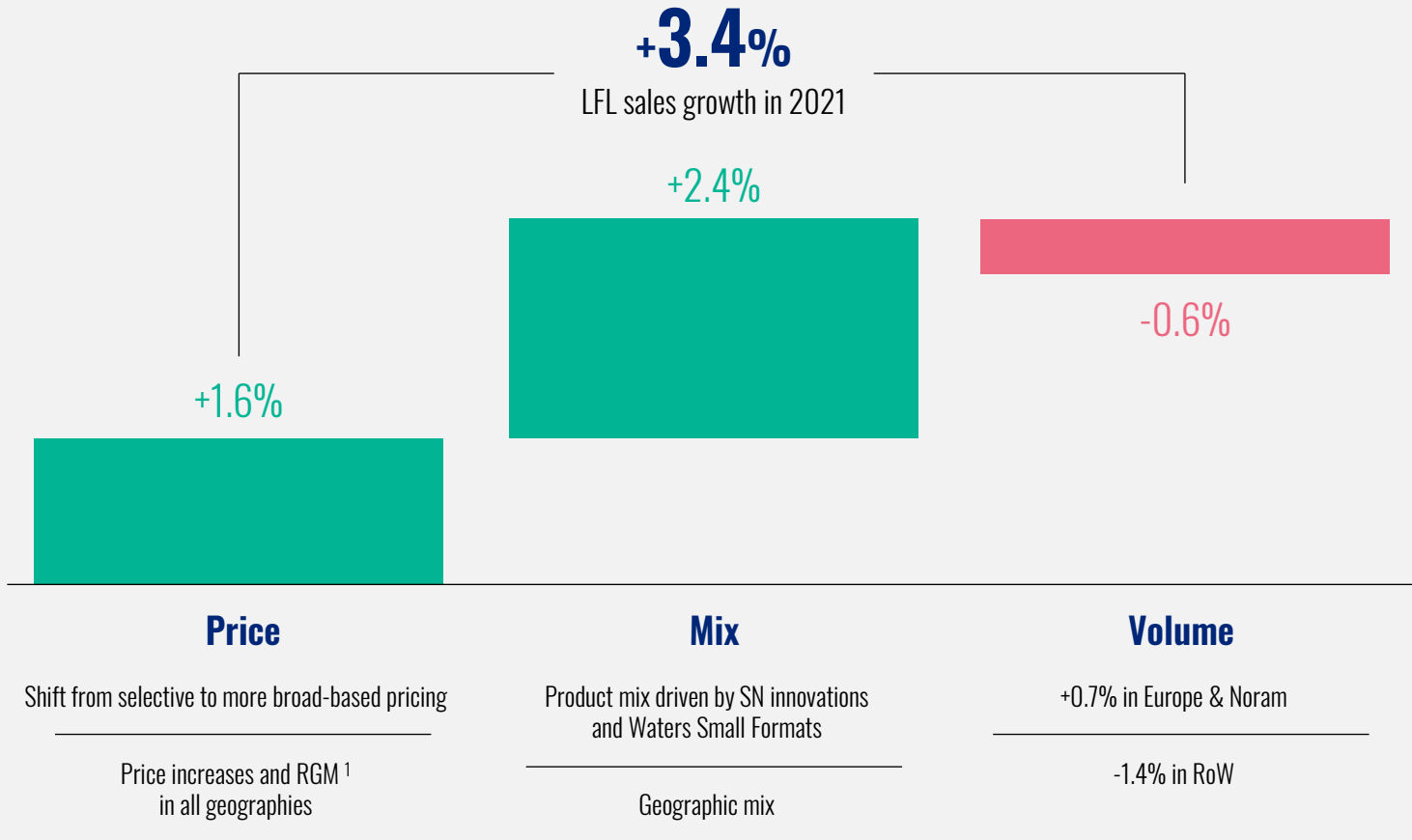
# SOLID FY SET OF GROWTH, DRIVEN BY MIX AND PRICE

Back to LFL sales growth as soon as Q2

## BACK TO LFL GROWTH SINCE Q2



## LFL GROWTH DRIVEN BY MIX AND PRICE



<sup>1</sup> Revenue Growth Management

# ESSENTIAL DAIRY & PLANT-BASED

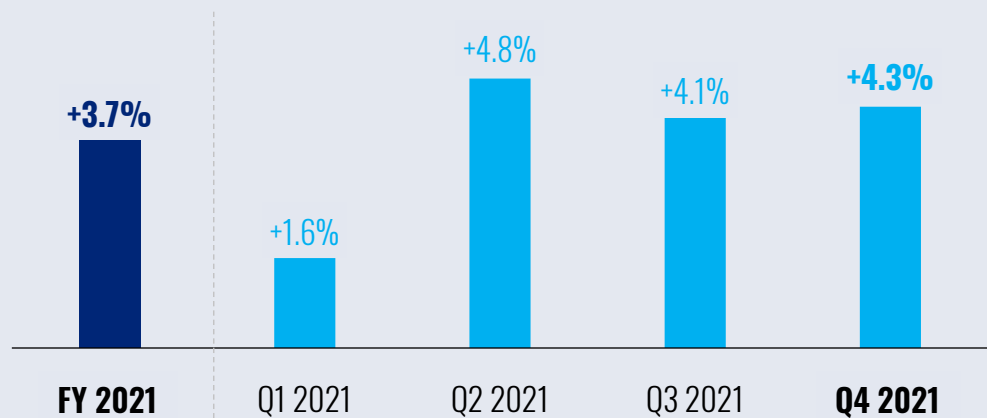
Another quarter of sustained solid growth



## 2021 KEY FIGURES

<b>FY21 NET SALES</b>	<b>€13.1bn</b>
<b>LIKE-FOR-LIKE CHANGE</b>	<b>+3.7%</b>
Volume / Value	+0.7% / +3.0%
<b>FY21 RECURRING OPERATING MARGIN</b>	<b>9.8%</b>
Reported change	-33 bps

## LIKE-FOR-LIKE SALES GROWTH BY QUARTER



## Q4 DEVELOPMENTS

### Sustained solid growth in Dairy

driven by Probiotics, Protein and Indulgence

### Solid mid-single-digit growth for Plant-based

in a challenging supply environment

### Solid growth in Europe and North America

with positive volumes

- Alpro, Actimel and Yopro driving Europe growth
- Noram growth led by Oikos, Activia and International Delight; tight management of demand and supply in a challenging environment

### Sequential improvement in Rest of the World

driven by price and mix

- Further recovery in Latam & Africa
- Soft growth in CIS, still penalized by a difficult macroeconomic context



# SPECIALIZED NUTRITION

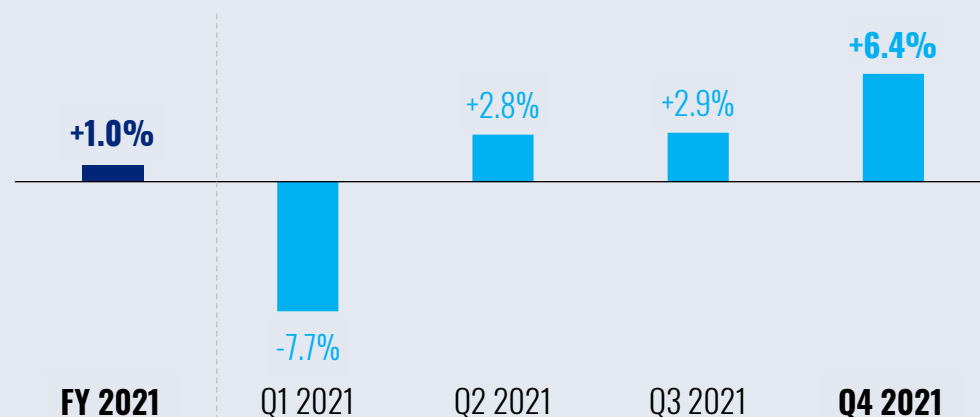
Strong quarter led by Infant Nutrition



## 2021 KEY FIGURES

<b>FY21 NET SALES</b>	<b>€7.2bn</b>
<b>LIKE-FOR-LIKE CHANGE</b>	<b>+1.0%</b>
Volume / Value	-3.5% / +4.5%
<b>FY21 RECURRING OPERATING MARGIN</b>	<b>23.5%</b>
Reported change	-105 bps

## LIKE-FOR-LIKE SALES GROWTH BY QUARTER



## Q4 DEVELOPMENTS

### Very strong growth in Infant Nutrition

driven by China and Rest of the World

- Mid-teens growth in China underpinned by solid competitiveness
- Continued growth and competitiveness in Domestic labels and International Labels sold through cross-border platforms
- No recovery for cross-border indirect channels on the low base of last year
- Another soft quarter in Europe
- Rest of the World back to strong mid-single-digit growth, led by volume and value

### Weak quarter in Adult Nutrition

- Maintaining inventories at healthy levels amid supply challenges, notably in Europe

# WATERS

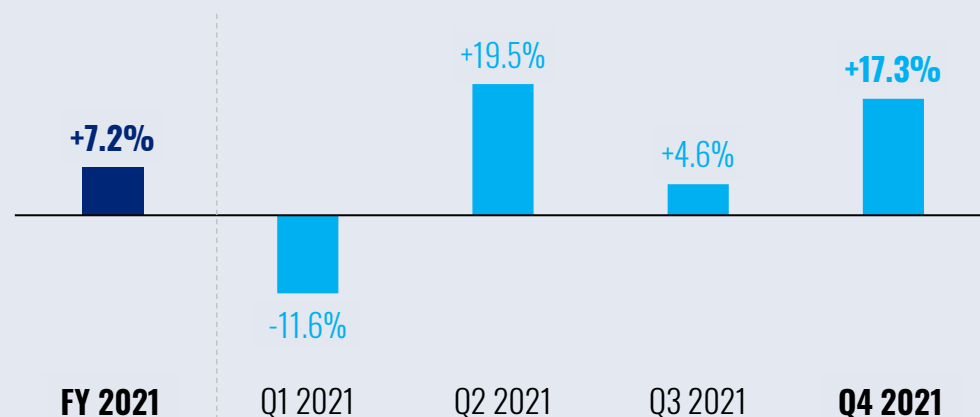
Broad-based acceleration



## 2021 KEY FIGURES

<b>FY21 NET SALES</b>	<b>€4.0bn</b>
<b>LIKE-FOR-LIKE CHANGE</b>	<b>+7.2%</b>
Volume / Value	+0.5% / +6.7%
<b>FY21 RECURRING OPERATING MARGIN</b>	<b>8.9%</b>
Reported change	+194 bps

## LIKE-FOR-LIKE SALES GROWTH BY QUARTER



## Q4 DEVELOPMENTS

**Product mix improvement** led by Small formats recovery

**Continued strong momentum** in Large formats

**Sequential recovery in Europe**,  
growing mid-teens; Q4 above 2019 levels

- Growth led by **evian**, **Volvic**, **Zywiec Zdroj** and **Font Vella**
- Broad-based market share gains driven by Plain, Sparkling and Aquadrinks

## Rest of the World

- Continued recovery in Latin America led by bottled plain water & HOD<sup>1</sup>
- **Mizone** back to growth with stable market shares
- Low-single-digit growth in South-East Asia

<sup>1</sup> Home & Office Delivery

# NAVIGATING THROUGH A HIGH INFLATIONARY CONTEXT

Stepping-up productivity and generalizing pricing actions through 2021

**~9%**

**INFLATION<sup>1</sup>**

in H2 2021

**~8%**

**INFLATION<sup>1</sup>**

in FY 2021

**>5%**

**PRODUCTIVITY**

in H2 2021

**SEQUENTIAL  
ACCELERATION IN 2021**

**+1.6%**

**PRICING**

in FY 2021

**FROM SELECTIVE  
TO MORE BROAD-BASED**

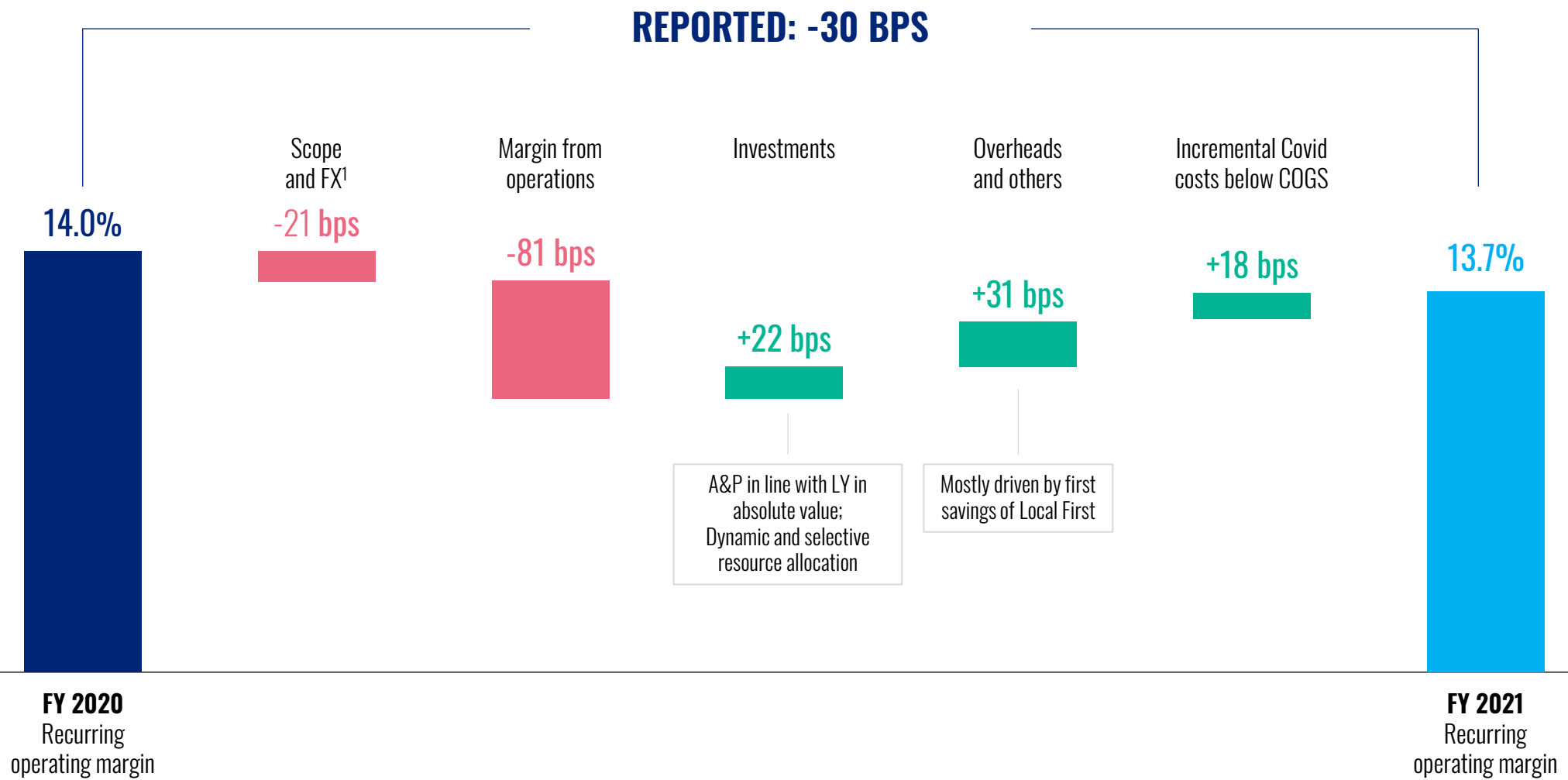
<sup>1</sup> Material, manufacturing and logistics costs





# FY 2021 RECURRING OPERATING MARGIN

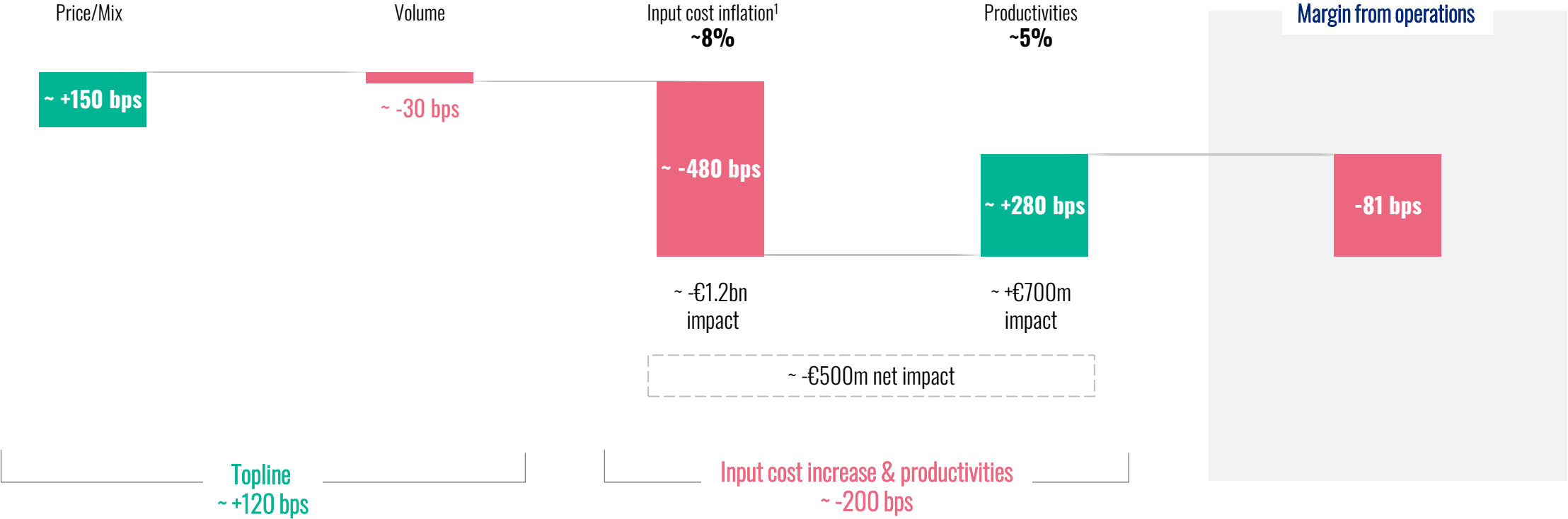
13.7% down -30 bps vs. last year



<sup>1</sup> Includes IAS 29 and contribution to growth from hyperinflation geographies

# FY 2021 RECURRING OPERATING MARGIN

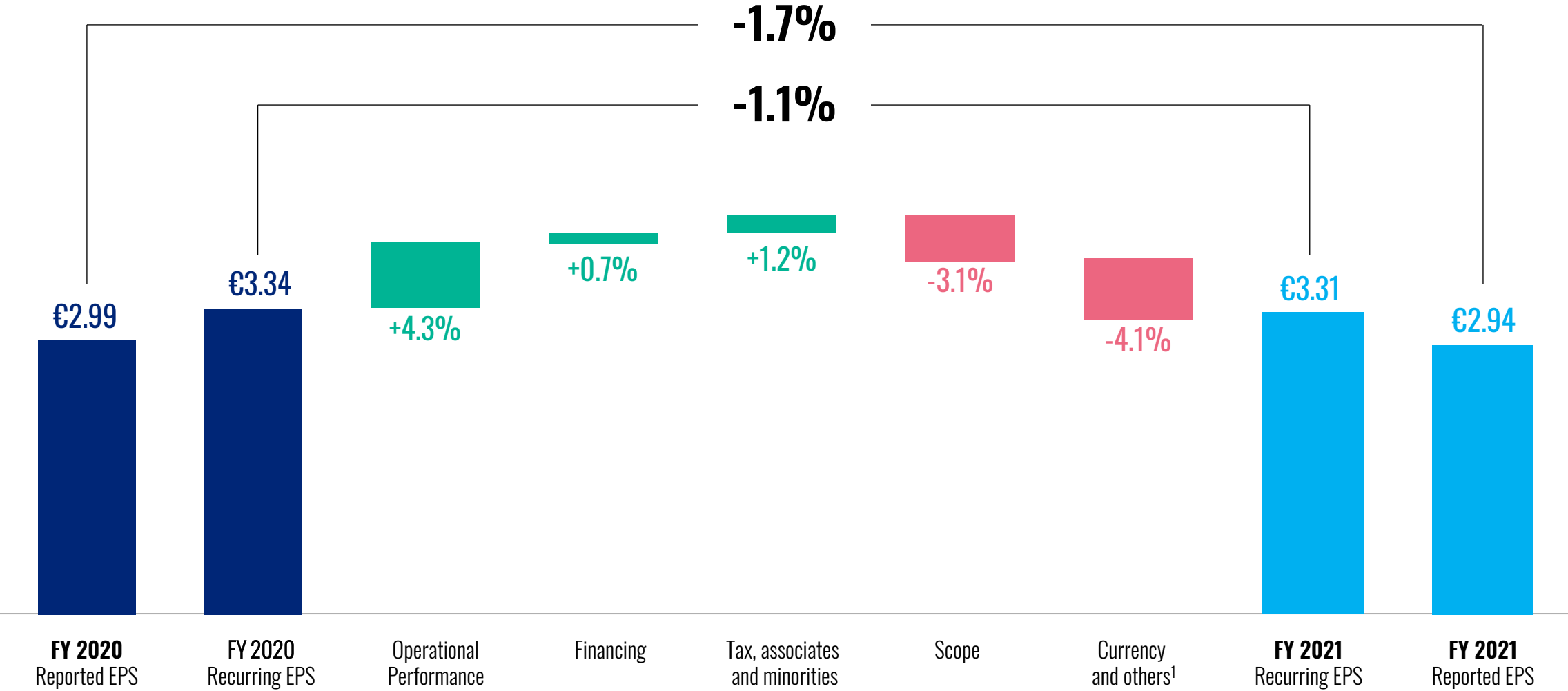
## ZOOMING IN ON MARGIN FROM OPERATIONS



<sup>1</sup> Material, manufacturing and logistics costs

# EPS BRIDGE

Reported EPS -1.7%, Recurring EPS -1.1%



<sup>1</sup> Including IAS 29



# REPORTED EPS IMPACTED BY 2 MAJOR NON-RECURRING ELEMENTS

Local First and divestment of Mengniu participation

## LOCAL FIRST RESTRUCTURING COSTS

~ €0.7bn

one-off in 2021

Out of

~ €1.4bn

Project cost confirmed

Project on track

Savings Plan with €700m confirmed

## MENGNIU DISPOSAL

€0.6bn

Net capital gain



# FOCUS ON CASH GENERATION

Free cash flow reaching €2.5bn in 2021

## FREE CASH FLOW

**€2.5bn**

Dynamic cash flow generation,  
adapted phasing of Local First cash-out

## WORKING CAPITAL

**-4.8%** of Net Sales

vs. -3.1% in 2020

Normalization of channel mix

## CAPEX

**€1.0bn**

**4.3%**  
of Net Sales



# DISCIPLINED CAPITAL ALLOCATION

Proposed dividend of 1.94€ per share in cash, in line with last year

## NET DEBT

3.0x

Net debt / EBITDA

€10.5bn

Net debt

## ROIC

8.7%

in 2021

vs. 8.5% in 2020

## PROPOSED DIVIDEND

€1.94

per share in cash





IN LINE WITH LAST YEAR

Subject to the next AGM on April 26<sup>th</sup>, 2022



# ANOTHER YEAR OF PROGRESS IN ESG

Across 4 key pillars: Health, Environment, Social and B Corp

<div>HEALTH &amp; NUTRITION</div> <div> ACCESS TO NUTRITION INITIATIVE</div> <div>Healthiest Portfolio #1 of product profile ranking</div> <div>83%</div> <div>of volumes with no added sugar<sup>1</sup></div>	<div>ENVIRONMENT</div> <div> CDP DISCLOSURE INSIGHT ACTION A LIST 2021 CLIMATE FORESTS WATER</div> <div>AAA ranking for the 3<sup>rd</sup> year in a row</div> <div>-3%</div> <div>CO2 emissions reduction<sup>2</sup></div> <div>+2%</div> <div>Carbon-adjusted EPS</div>	<div>SOCIAL</div> <div> Bloomberg Gender-Equality Index 2022</div> <div>100%</div> <div>FutureSkills program proposed to all subsidiaries with eligible employees</div>	<div>B CORP</div> <div> Certified B Corporation</div> <div>62%</div> <div>of sales covered by B Corp certification</div>
--	---	--	---

<sup>1</sup> All volumes in the One Health Scorecard, only excluding plant-based products and adult medical nutrition; <sup>2</sup> Compared to 2020, full scope emissions based on constant scope of consolidation and constant methodology



# FY 2021 CEO CONCLUSION

Antoine de Saint-Affrique  
CEO



黃金原乳<sup>^</sup> HMO<sup>#</sup>  
奇蹟守護 · 黃金免疫力





# MOVING INTO ACTION











# APPENDIX










# Q4 2021 SALES BY REPORTING ENTITY








Breakdown volume/value

		By reporting entity				By geographical area	
	 <b>COMPANY</b>	 <b>ESSENTIAL DAIRY &amp; PLANT-BASED</b>	 <b>SPECIALIZED NUTRITION</b>	 <b>WATERS</b>		 <b>EUROPE &amp; NORAM</b>	 <b>REST OF THE WORLD</b>
<b>Q4 net sales</b>	<b>€6,242m</b>	<b>€3,386m</b>	<b>€1,931m</b>	<b>€925m</b>		<b>€3,480m</b>	<b>€2,762m</b>
<b>Like-for-like growth</b>	<b>+6.7%</b>	<b>+4.3%</b>	<b>+6.4%</b>	<b>+17.3%</b>		<b>+4.3%</b>	<b>+10.0%</b>
Volume	+0.4%	-0.4%	+0.1%	+4.3%		+0.7%	+0.9%
Value	+6.3%	+4.7%	+6.3%	+13.0%		+3.6%	+9.0%





# Q4 2021 SALES BY REPORTING ENTITY AND BY GEOGRAPHICAL AREA

	 <b>ESSENTIAL DAIRY &amp; PLANT-BASED</b>	 <b>SPECIALIZED NUTRITION</b>	 <b>WATERS</b>	 <b>COMPANY</b>
 <b>EUROPE &amp; NORAM</b>				
<b>Sales</b>	<b>€2,313m</b>	<b>€742m</b>	<b>€424m</b>	<b>€3,480m</b>
LFL growth	+3.6%	-1.0%	+21.0%	+4.3%
 <b>REST OF THE WORLD</b>				
<b>Sales</b>	<b>€1,073m</b>	<b>€1,188m</b>	<b>€501m</b>	<b>€2,762m</b>
LFL growth	+6.0%	+11.8%	+14.2%	+10.0%
 <b>COMPANY</b>				
<b>Sales</b>	<b>€3,386m</b>	<b>€1,931m</b>	<b>€925m</b>	<b>€6,242m</b>
LFL growth	+4.3%	+6.4%	+17.3%	+6.7%

# FY 2021 SALES BY REPORTING ENTITY AND BY GEOGRAPHICAL AREA















	 <b>ESSENTIAL DAIRY &amp; PLANT-BASED</b>	 <b>SPECIALIZED NUTRITION</b>	 <b>WATERS</b>	 <b>COMPANY</b>
 <b>EUROPE &amp; NORAM</b> <b>Sales</b>	<b>€9,081m</b>	<b>€2,889m</b>	<b>€1,791m</b>	<b>€13,762m</b>
LFL growth	+3.5%	-2.1%	+8.9%	+2.9%
 <b>REST OF THE WORLD</b> <b>Sales</b>	<b>€4,009m</b>	<b>€4,340m</b>	<b>€2,170m</b>	<b>€10,520m</b>
LFL growth	+4.1%	+3.2%	+5.8%	+4.1%
 <b>COMPANY</b> <b>Sales</b>	<b>€13,090m</b>	<b>€7,230m</b>	<b>€3,961m</b>	<b>€24,281m</b>
LFL growth	+3.7%	+1.0%	+7.2%	+3.4%

# Q4 AND FY 2021 SALES BY REPORTING ENTITY AND BY GEOGRAPHICAL AREA

				
	ESSENTIAL DAIRY & PLANT-BASED	SPECIALIZED NUTRITION	WATERS	TOTAL
Q4 2021				
Reported sales growth	+8.1%	+10.1%	+24.5%	+10.9%
Contribution to growth from hyperinflation geographies	+0.9%	+0.5%	+2.3%	+1.0%
Currency and others <sup>1</sup>	+3.1%	+2.7%	+2.3%	+2.9%
IAS 29 impact	+0.2%	+0.5%	+0.6%	+0.3%
Scope	(0.4%)	+0.0%	+2.0%	+0.0%
<b>Like-for-like sales growth</b>	<b>+4.3%</b>	<b>+6.4%</b>	<b>+17.3%</b>	<b>+6.7%</b>
FY 2021				
Reported sales growth	+2.1%	+0.5%	+9.9%	+2.8%
Contribution to growth from hyperinflation geographies	+0.6%	+0.4%	+1.2%	+0.7%
Currency and others <sup>1</sup>	-2.7%	-1.4%	-1.2%	-2.1%
IAS 29 impact	+0.5%	+0.4%	+0.5%	+0.5%
Scope	(0.0%)	+0.1%	+2.1%	+0.4%
<b>Like-for-like sales growth</b>	<b>+3.7%</b>	<b>+1.0%</b>	<b>+7.2%</b>	<b>+3.4%</b>

<sup>1</sup> Excluding IAS 29

# CHANGES IN EXCHANGE RATES

		% total FY 2021	FY 21 vs FY 20 (avg)	Q4 21 vs Q4 20 (avg)
	<b>United States</b> Dollar	21.7%	-3.5%	+4.7%
	<b>Chinese</b> Renminbi	7.3%	+3.3%	+8.7%
	<b>Indonesian</b> Rupiah	5.7%	-2.0%	+5.0%
	<b>British</b> Pound	5.4%	+3.5%	+6.5%
	<b>Russian</b> Ruble	5.3%	-4.7%	+11.5%
	<b>Mexican</b> Peso	4.0%	+2.2%	+3.5%
	<b>Polish</b> Zloty	2.5%	-2.7%	-2.5%
	<b>Brazilian</b> Real	2.4%	-7.5%	+0.6%
	<b>Canadian</b> Dollar	2.4%	+3.2%	+7.8%
	<b>Hong Kong</b> Dollar	2.3%	-3.6%	+5.1%
	<b>Turkish</b> Lira	1.8%	-23.4%	-23.2%
	<b>Argentine</b> Peso	1.8%	-28.1%	-16.7%
	<b>Japanese</b> Yen	1.4%	-6.1%	-4.0%
	<b>Australian</b> Dollar	1.2%	+5.1%	+3.8%



# RECURRING OPERATING MARGIN

€ million

	FY 2020		FY 2021		Change	
	€m	Margin (%)	€m	Margin (%)	Reported	Like-for-like
Essential Dairy & Plant-based	1,303	10.2%	1,287	9.8%	-33 bps	-37 bps
Specialized Nutrition	1,763	24.5%	1,697	23.5%	-105 bps	-25 bps
Waters	251	7.0%	353	8.9%	+194 bps	+189 bps
Europe & Noram	1,823	13.6%	1,862	13.5%	-7 bps	+21 bps
Rest of the world	1,494	14.6%	1,475	14.0%	-61 bps	-52 bps
Total	3,317	14.0%	3,337	13.7%	-30 bps	-9 bps

# NON-RECURRING NET INCOME

€ million

		2020	2021	Change 2021 vs 2020
<b>Recurring net income</b>		<b>2,189</b>	<b>2,165</b>	<b>(24)</b>
<b>NON-RECURRING ITEMS</b>	<b>Non-recurring net income</b>	(233)	(241)	(7)
	Operating income	(519)	(1,080)	(560)
	Total Financial expenses	0	5	+5
	Income tax	66	252	+186
	Net income from associates	219	578	+359
	Non-controlling interests	1	3	2
<b>Reported net income</b>		<b>1,956</b>	<b>1,924</b>	<b>(32)</b>

Costs related to Local First and transformation of operations

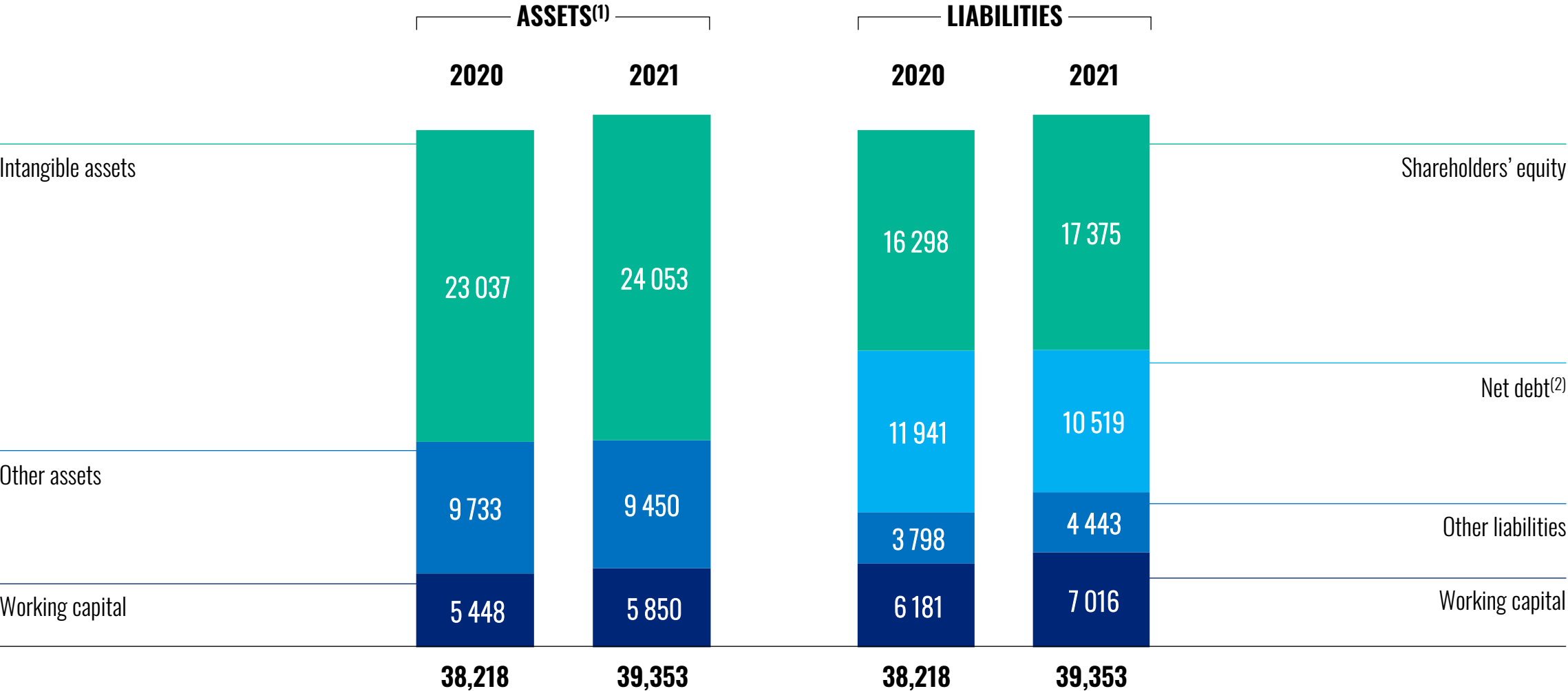
Tax effects linked to non-recurring costs (Local First)

Net capital gain from Mengniu disposal

Note: Net income group share

# BALANCE SHEET

€ million



<sup>(1)</sup> Excluding assets included in net debt | <sup>(2)</sup> Net of cash, cash equivalents, marketable securities, other short-term investments and financial instrument asset

# TAX RATE DEVELOPMENT

€ million

	2020	2021
Total income tax (reported)	(762)	(589)
Reported tax rate	30.6%	29.5%
Non-current income tax <sup>(1)</sup>	66	252
<b>Current income tax</b>	<b>(828)</b>	<b>(841)</b>
Underlying tax rate	27.5%	27.4%

<sup>(1)</sup> Tax related to non-current items

# CASH-FLOW STATEMENT

€ million

	2020	2021
Recurring operating income	3,317	3,337
Financial income	(310)	(267)
Income tax on operating and financial income	(828)	(841)
Non-current income net of tax	(453)	(824)
Depreciation and amortization	1,452	1,265
Net change in provisions / Deferred taxes	(5)	419
Dividend received from equity accounted affiliates	32	23
Net change in interest income (expense)	12	(1)
Expense related to stock options and GPS	16	12
(Gains) losses on disposal of property, plant and equipment and financial investments	(54)	(31)
Other components of net income with no cash impact	20	31
<b>Cash flows provided by operating activities, excluding changes in net working capital</b>	<b>3,198</b>	<b>3,123</b>

# CASH-FLOW STATEMENT

€ million

	2020	2021
<b>Cash flows provided by operating activities, excluding changes in net working capital</b>	<b>3,198</b>	<b>3,123</b>
Change in working capital	(232)	351
<b>Cash flows from operations</b>	<b>2,967</b>	<b>3,474</b>
Capital expenditure	(962)	(1,043)
Proceeds from the sale of industrial assets	43	46
Business acquisitions and other investments, net of cash and cash equivalent acquired	(183)	(300)
Proceeds from the sale of business	547	1,834
Change in long-term loans and other long-term assets	(54)	24
<b>Cash flows used in investing activities and disposals</b>	<b>(610)</b>	<b>561</b>



# CASH-FLOW STATEMENT

€ million

	2020	2021
<b>Cash flows used in investing activities and disposals</b>	<b>(610)</b>	<b>561</b>
Increase in capital and additional paid-in capital	30	46
Purchases of treasury stock (net of disposal)	0	(801)
Perpetual subordinated notes issued or repaid during the period	(22)	(43)
Dividends paid to Danone shareholders	(1,363)	(1,261)
Transactions with non controlling interests*	(147)	(136)
Net cash flows on hedging derivatives	(1)	2
Bonds issued or raised during the period	1,600	1,700
Bonds repaid during the period	(2,050)	(1,919)
Increase (decrease) in other current and non-current financial debt	(306)	(124)
Increase (decrease) in other short-term investments	(102)	(1,492)
<b>Cash flows used in financing activities</b>	<b>(2,360)</b>	<b>(4,027)</b>
Effect of exchange rate and other changes	(48)	58
<b>Increase (decrease) in cash</b>	<b>(52)</b>	<b>66</b>

\*Including dividends and capital increase

# EBITDA CALCULATION

€ million

	2020	2021
<b>Operating income</b>	<b>2,798</b>	<b>2,257</b>
Depreciation, amortization and impairment of property, plant and equipment and intangible assets	1,452	1,265
<b>EBITDA</b>	<b>4,250</b>	<b>3,522</b>