



DANONE
ONE PLANET. ONE HEALTH

Q3 2018 SALES

October 17, 2018

Cécile Cabanis
CFO



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- 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,” “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, statements regarding Danone’s operation of its business, and the future operation, direction and success of Danone’s business.
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- All references in this presentation to “Like-for-like (LFL)”, “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 results press release issued on October 17th, 2018. Q1, Q2 and Q3 2017 reported figures have been restated for IFRS 15.
- Due to rounding, the sum of values presented in this presentation may differ from totals as reported. Such differences are not material.

Q3 2018 highlights

Rebalancing sales growth

+1.4%
LFL sales growth



Further acceleration



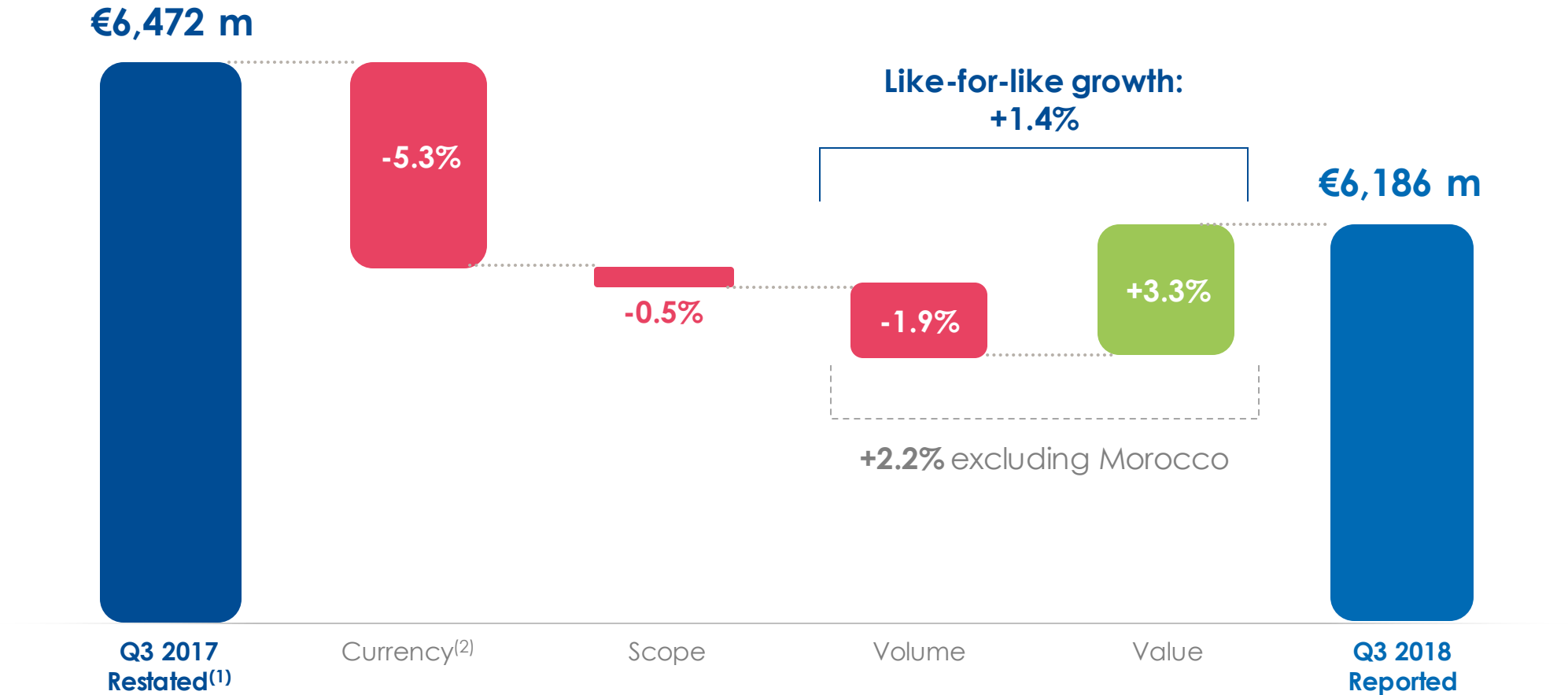
Strong momentum in Europe



Sharp contraction in ELN China

All data in like-for-like

Q3 2018 sales bridge: +1.4% like-for-like growth +2.2% like-for-like growth excluding Morocco



(1) Q3 2017 sales figures have been restated for IFRS 15 – please refer to Q3 results press release issued on October 17th, 2018; (2) Including IAS 29

+1.4% like-for-like sales growth

Q3 2018 performance by reporting entity

	EDP Noram	EDP International	Specialized Nutrition	Waters
				
Net sales	€1.3 bn	€1.9 bn	€1.7 bn	€1.2 bn
LFL growth	+2.7%	+0.0% excl. Morocco: +2.6%	-1.5%	+6.4%
Volume	+3.4%	-5.9%	-3.9%	+2.2%
Value	-0.7%	+5.9%	+2.4%	+4.2%

WHERE **PASSION**
MEETS **PROTEIN**



EDP NORAM

7
NEW
FLAVORS



BEEN LOOKING FOR US?

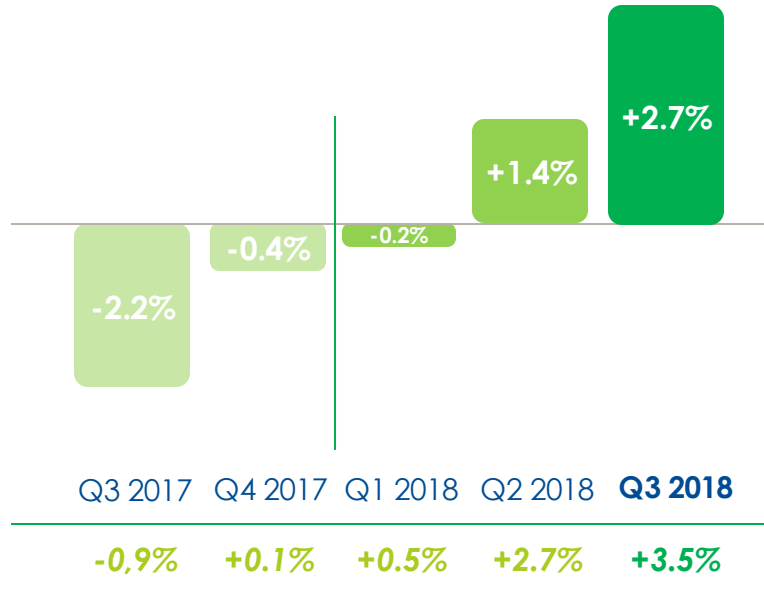




EDP Noram: +2.7% in Q3

Performance step-up, a new growth engine

Quarterly LFL sales growth



Yogurt: solid growth, 34% market share

- Probiotics, kids and plant-based driving growth
- Top velocity valorized innovations



Plant-based: strong growth for *Silk* and *So Delicious*

- Buoyant demand, successful expansion in adjacencies and formats
- Vega One Organic* under challenge



Coffee creamers: strong growth

- New license from Bailey's creamers
- Ready-to-drinks gaining market share



Premium Dairy: improving

- Slightly negative sales with positive volume growth
- Supported by gallon-size formats and value-added milks



All data in like-for-like New Danone



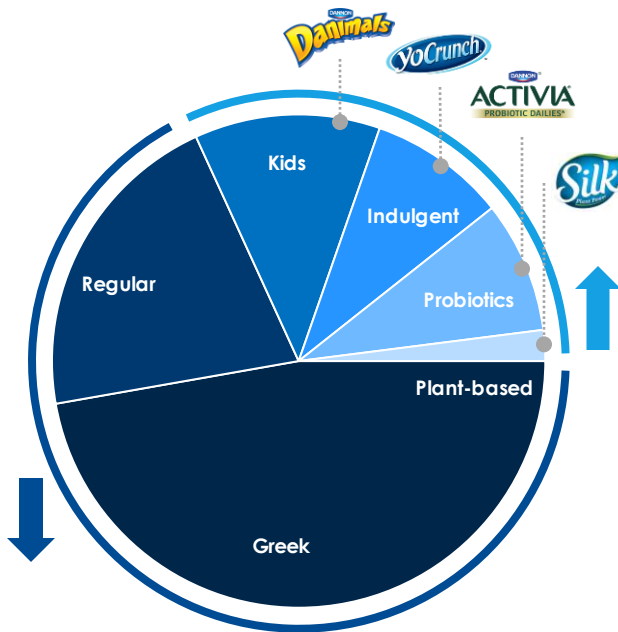
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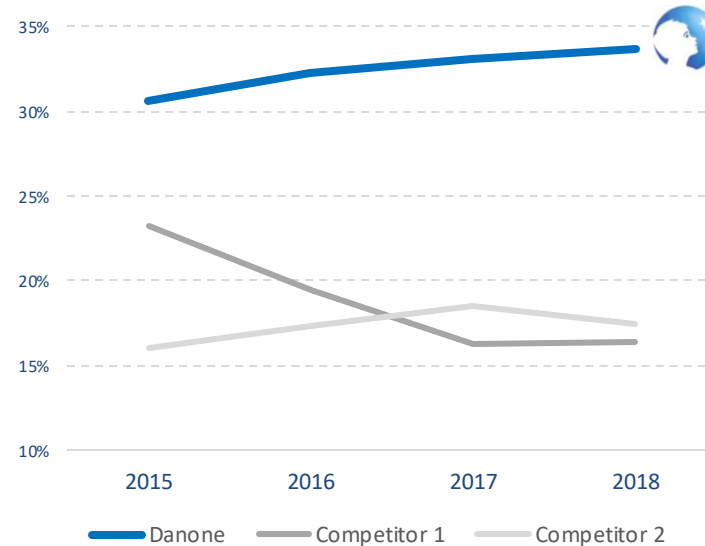
Focus on U.S. Yogurt Leading a category transformation

Outperforming category and delivering growth in high value segments

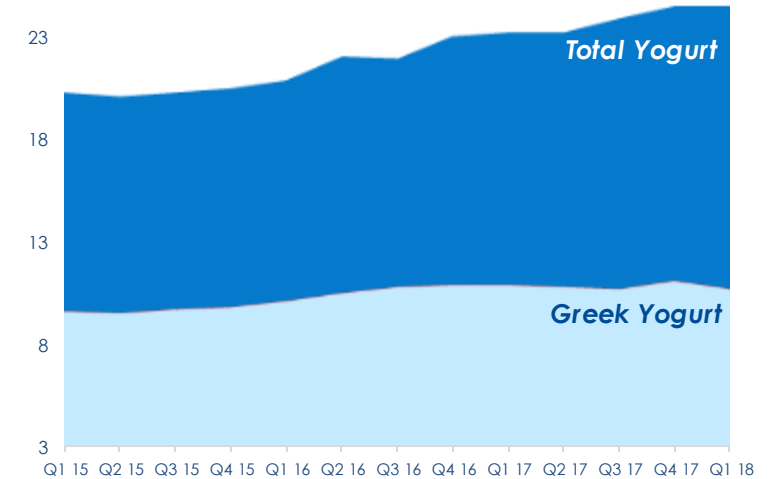
US Yogurt category
by segment



Market share
evolution



Growing Average
Aisle Feet per Store



Sources: IRI MULO



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EDP INTERNATIONAL

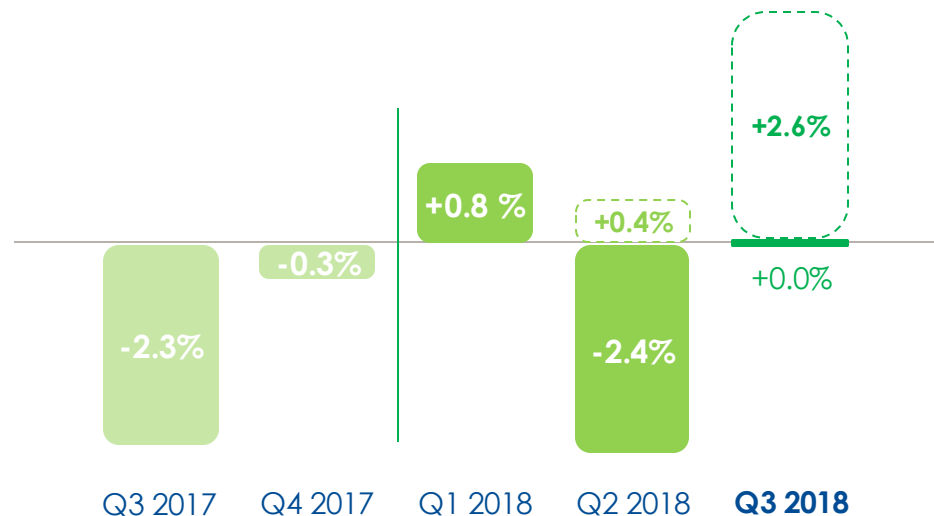




EDP International: +0.0% in Q3

Acceleration in all regions offsetting Morocco sales decline

Quarterly LFL sales growth



Excl. Morocco

Europe: further progress towards stabilization

CIS: confirming strong growth

Latam: mid-single-digit growth

- Progress in Brazil turnaround
- Mexico and Argentina growing strongly

Morocco: ~-35% sales decline in Q3

- Ongoing initiatives to address boycott



All data in like-for-like New Danone



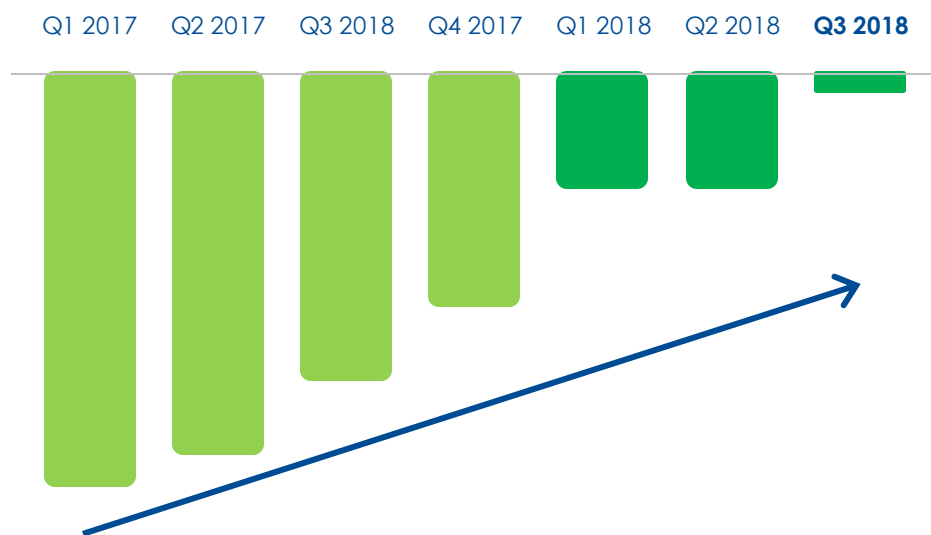
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Focus on EDP Europe

Progress towards stabilization

EDP Europe net sales growth



Activia: recovery on track

- Growing in many countries (40% of sales)

Alpro: growing double-digit

- Nut-based beverages, plant-based alternative to yogurts and ice-creams well performing
- Topline synergies: geographical expansion in Poland

Young and local brands

- Les 2 Vaches and Light & Free growing double-digit

All data in like-for-like New Danone



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- ✓ 相同 Pro Absorb 配方
- ✓ 相同成分
- ✓ 相同產地

Imported from New Zealand

and develop healthily, children need balanced nutrition. A good formula can contribute to their balanced diet, with a recommended daily intake.



SPECIALIZED NUTRITION



Platinum Blend
One-Step-Ahead Science

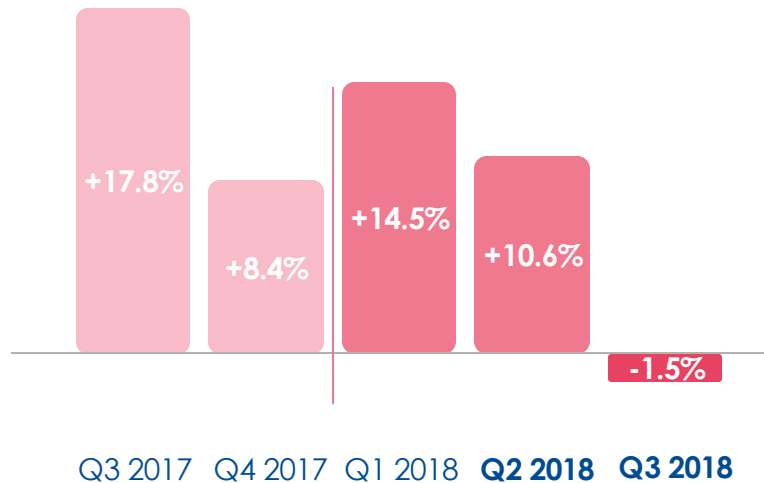




Specialized Nutrition: -1.5% in Q3

ELN China contracts, AMN keeps growing

Quarterly LFL sales growth



Advanced Medical Nutrition: solid growth

- Pediatric: Good performance
- Adult: Successful new *OpTri* bottle launch



Early Life Nutrition: negative growth

- China¹: sharp contraction after 12 months of exceptional growth
- Rest of Asia: solid growth with market share gains
- US: double-digit growth
- Africa and Middle-East: double-digit growth
- Europe: decrease driven by *Aptamil* situation in UK

All data in like-for-like

(1) Total sales in China, including direct and indirect distribution channels



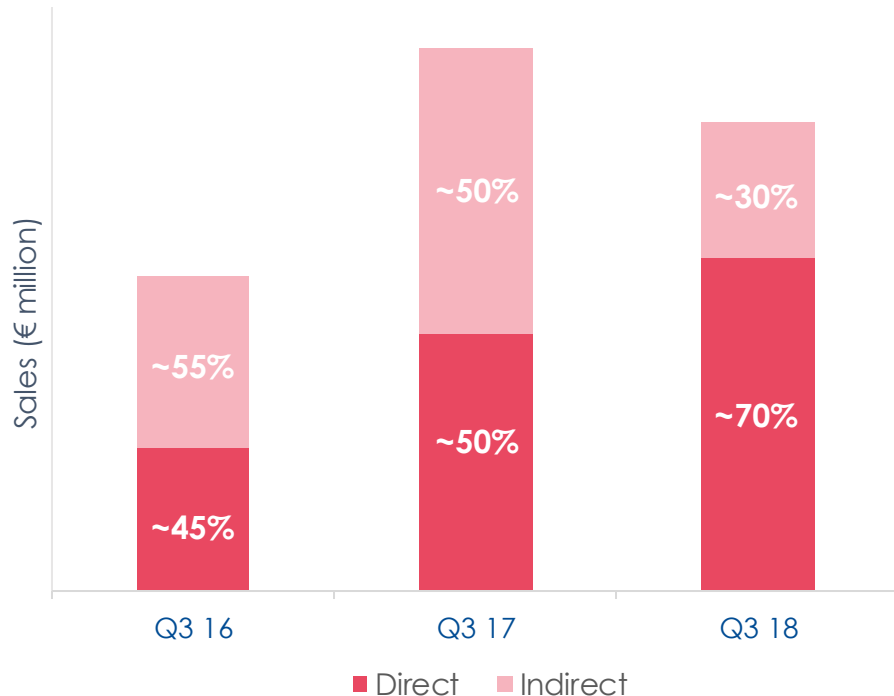
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ELN China

Sharp contraction after 12 months of exceptional growth

ELN China sales and channel mix evolution



Unfavorable year-on-year basis of comparison: ~-20%

- Q3 2017 growth > 50%, with significant restocking in indirect channels

Slower demand, first signs of change in market dynamics

- Decline in Stage 1-2 volumes; Stage 3 still dynamic (but slowing down)
- Further premiumization trends; growing specialties products

Cross-border e-commerce under pressure

- Continued rebalancing to sustainable direct platform
- Direct channel sales: double-digit growth driven by our Chinese-labelled brands

Direct channels include Moms&Babystores, Modern Trade and Business to Consumers Direct E-commerce

All data in like-for-like New Danone



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Solid performance in Specialized Nutrition outside ELN China **Great execution in US, Indonesia and France**



Happy Family

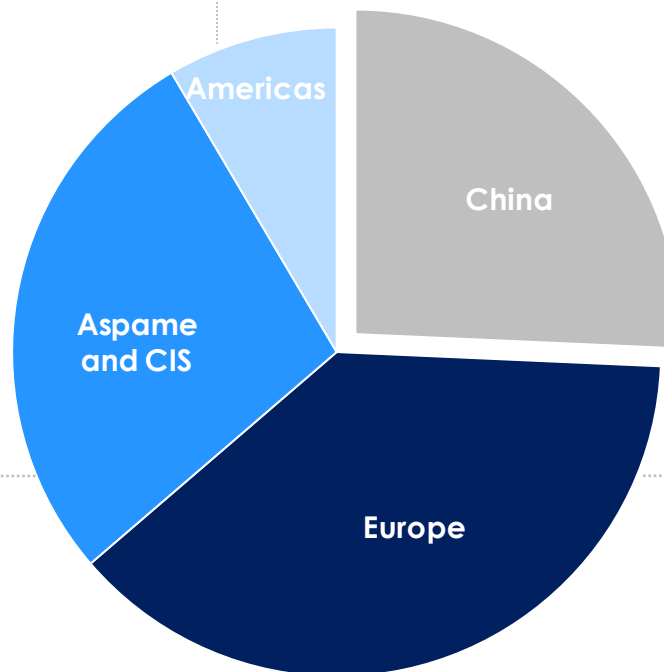
Consolidating leadership in organic, fastest growing baby-food segment



Indonesia

SGM leader in IMF, with ~40% market share

New *SGM Akt if* and *Bebelac Go!* well performing in convenience stores



Q3 2018
Specialized Nutrition sales split



Bledina

Building ~10% market share in organic baby food in < 12 months⁽²⁾



(1) Aspame: Asia, Pacific, Africa, Middle-East

(2) In value; Organic food retail segment



HOUSE OF SPARKLES

En til enhver smag



WATERS

BONAFONT

PARTICIPÓ EN LA CONSPIRACIÓN
DE LA INDEPENDENCIA DE MÉXICO

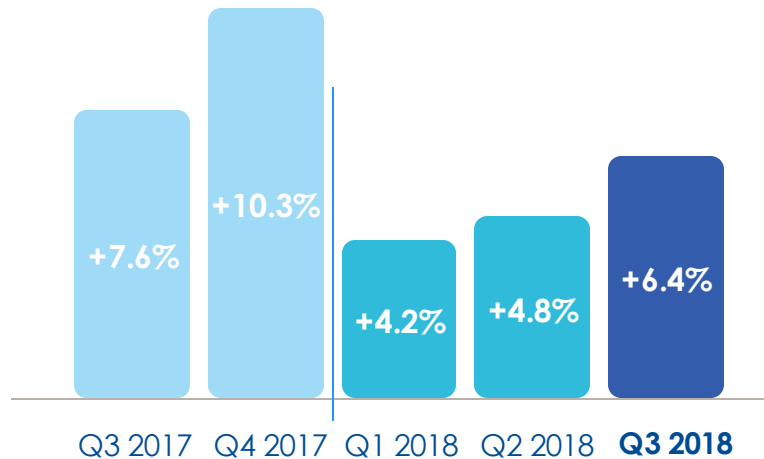
JOSEFA ORTIZ DE DOMÍNGUEZ



Waters: +6.4% in Q3

Broad-based growth driven by both volume and valorization

Quarterly LFL sales growth



Europe: strong momentum

- Hot summer supporting consumption
- Good performance of Aquadrinks innovations

Noram: steep double-digit growth

- Further distribution gains for *evian*

Asia: strong growth despite weak season in China

- Successful *Aqua* sponsorship of Asian Games in Indonesia

Latam: positive growth

- Mexico moderate growth, Brazil double-digit growth
- Argentina under pressure

All data in like-for-like

Focus on Aquadrinks innovations in Europe

Successful new products contributing to portfolio valorization

Badoit bulles
de fruits



Volvic organic
infusions



Żywiec Zdrój
Lemoniada



Driving Aquadrinks growth in Europe
Leading portfolio valorization (sales/liter: ~+50% vs core)

Challenging environment

Continued strong headwinds in Q3

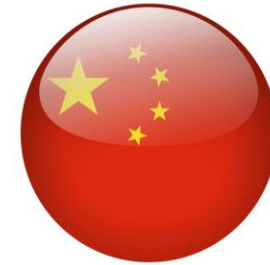


Macro environment

- Emerging currencies
- PET inflation
- US transportation costs



Boycott



IMF China

- Changing market dynamics

Adoption of hyperinflationary accounting in Argentina from Q3 2018

Impact on financial reporting



IAS 29 application with effect from January 1, 2018

Effect on “Like-for-like”

- 2018: no change
- 2019: from January 1st, exclusion of Argentina

Guidance

- FY 2018: excluding any IAS 29 impact

Argentina contribution to LFL sales growth: ~+10bps in Q3; ~+30bps in first nine months 2018

FY2018 guidance confirmed



2018 objective

**DOUBLE-DIGIT
RECURRING EPS GROWTH**

at constant exchange rate⁽¹⁾
excluding Yakult Transaction Impact

Based on:

- Accelerated LFL sales growth vs. FY2017
- Recurring operating margin improvement LFL

(1) Excluding IAS 29 accounting treatment

Appendix



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Q3 2018 impact of currencies & scope

Q3 2018	EDP International	EDP Noram	Specialized Nutrition	Waters	Total
Reported sales growth	-8.1%	+1.4%	-6.2%	-1.5%	-4.4%
Currency	-8.0%	+0.6%	-4.8%	-7.0%	-5.2%
IAS 29 impact	-0.2%	0.0%	-0.1%	-0.3%	-0.1%
Scope of consolidation	0.0%	-2.0%	+0.1%	-0.7%	-0.5%
« Like-for-like » sales growth	0.0%	+2.7%	-1.5%	+6.4%	+1.4%

Changes in exchange rates

	% total Q3 2018	Q3 18 vs Q3 17 (avg)
United States Dollar	21.6%	+1.0%
Chinese Renminbi	7.6%	-1.0%
Russian Ruble	6.1%	-9.1%
British Pound	5.2%	+0.6%
Indonesian Rupiah	5.4%	-7.8%
Mexican Peso	4.5%	-5.1%
Brazilian Real	2.8%	-19.1%
Argentine Peso	2.1%	-45.1%
Turkish Lira	1.7%	-36.5%
Australian Dollar	1.6%	-6.4%
Iranian Rial	0.5%	-21.7%