



**DANONE**  
ONE PLANET. ONE HEALTH

Investor Seminar  
October 22, 2018

# One Health Workshop

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## From a visionary mission to a condition for sustainable growth today



Our mission:

**Bringing health**  
through food & beverages  
to a maximum number of people



**DANONE**  
ONE PLANET. ONE HEALTH

# One Health is about addressing the poor diet challenge with our brands

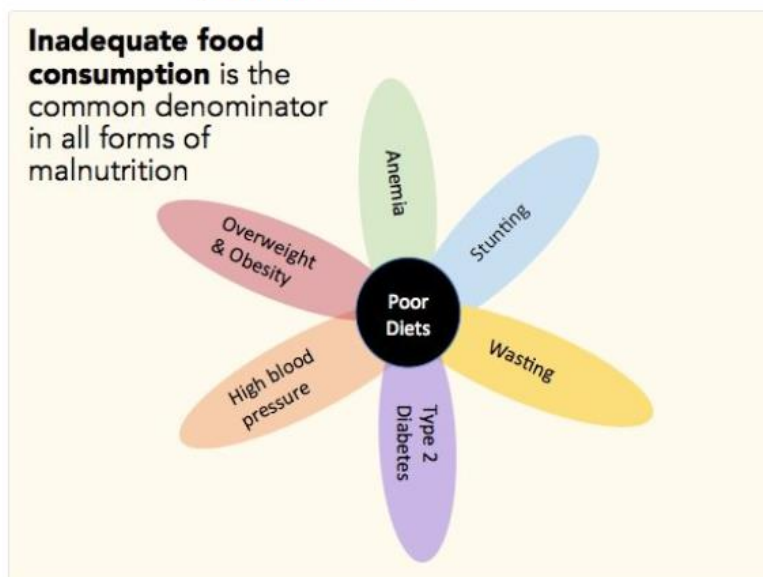
## the challenge



Lawrence Haddad  
@l\_haddad

Suivre

The quality of food consumption is the common denominator for malnutrition in all its forms. @GAINalliance



03:41 - 21 sept. 2018

## the opportunity

Developing  
**BRANDS**  
for a healthier world

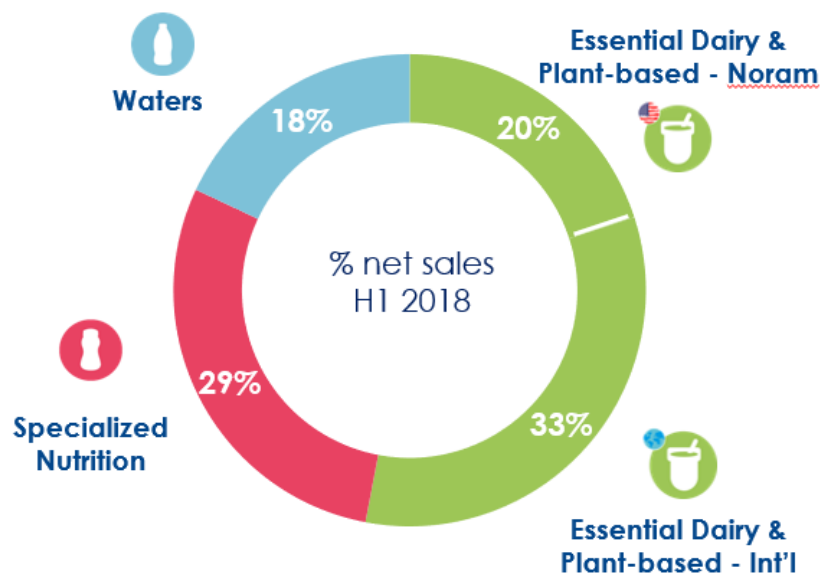




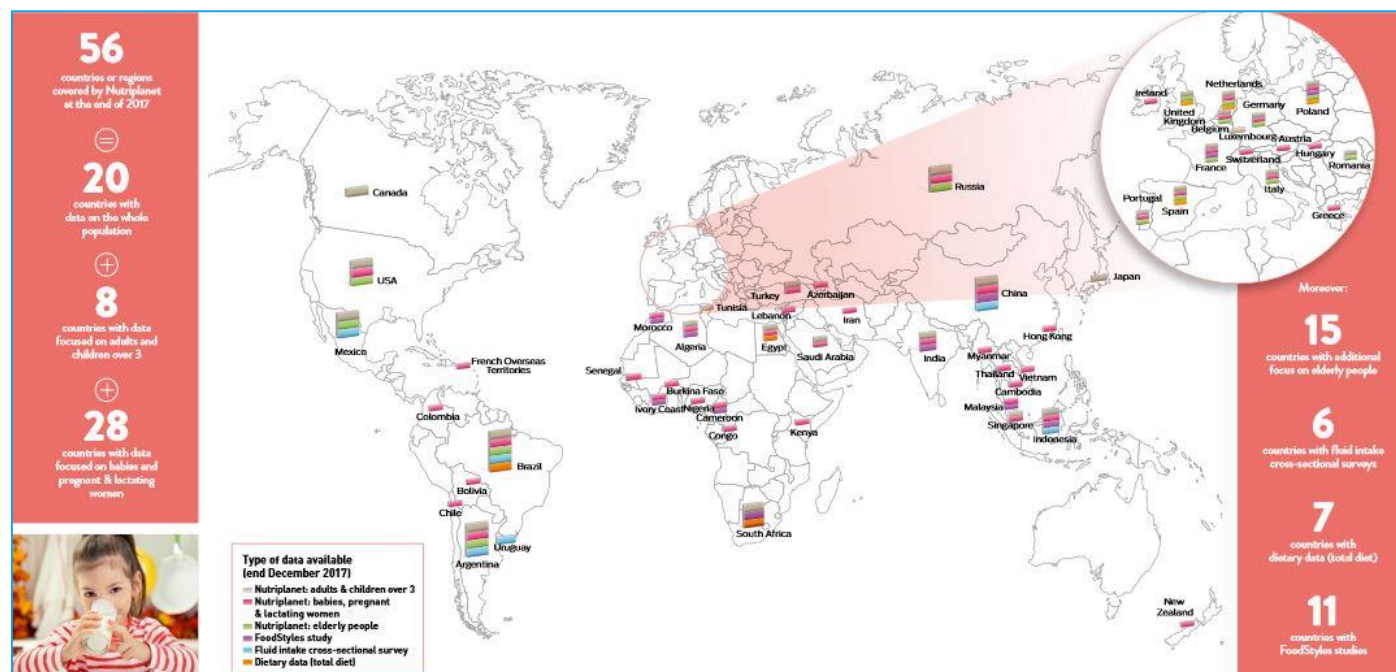
## 2 assets make Danone unique to seize these opportunities

### Health-focused portfolio

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



### Food Habits & Food Cultures cartography



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

## 3 lines of action positively impacting eating habits and driving sustainable value creation





## Danone portfolio is ahead in term of healthiness



**28% of volumes  
are without  
added sugars**

Average Added sugars  
level, weighted by  
volumes

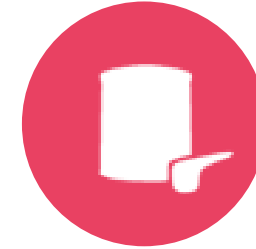
All portfolio  
5.79 g/100g

Sugared products  
7.99 g/100g



**88% of volumes  
sold are plain  
water**

96% of Aquadrinks  
below 5 g sugar/100 mL



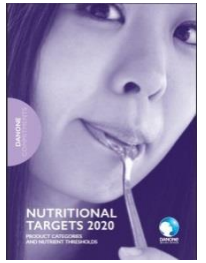
**71% of recipes  
are without  
added sugars**

98% in Infant Formula

94% in Follow-on  
Formula

Data End 2017

## Danone portfolio is ahead in term of healthiness



Overall **77%** of volumes are already in line with 2020 sugar target



**2014 → 2017**  
-6.7% sugar  
reduction  
in **Dairy** Portfolio



**2008 → 2017**  
-25% sugar  
reduction  
in **Aquadrinks**  
Portfolio



**2008 → 2017**  
5611 tons of  
sugar removed  
from **ELN** Portfolio



## Danone portfolio is ahead in term of healthiness



### EUROPE

#### **Activia fruits, EU**

Added sugars reduced by - 30%  
(2008 → 2017)

#### **Actimel strawberry, EU**

Added sugars reduced by -29%  
(1994 → 2016)

#### **Danonino, France**

Added sugars reduced by -29%  
(1999 → 2015)

### OUT OF EUROPE

#### **Danimals Smoothie, USA**

Total sugars reduced by -25%  
(2012 → 2013)

#### **Danonino, Argentina**

Added sugars reduced by -53%  
(2001 → 2017)

#### **Danone Drinkable, Mexico**

Added sugars reduced by -23%  
(2016 → 2017)



#### **Bonafont Juizy, Mexico**

Total sugars reduced by -38%  
(in 2010)

#### **Levite, Argentina**

Total sugars reduced by -38%  
(2012-2016)

#### **Font Vella Levite, Spain**

Total sugars reduced by -38%  
(in 2016)



#### **SGM Eksplor1+, Indonesia**

Total sugars reduced by -40%  
(2013 → 2017)

#### **Jar range, UK**

Total sugars reduced by -20%  
(2013 → 2017)

# Key examples of new references launched in 2018

## “no added”



## Without sugar



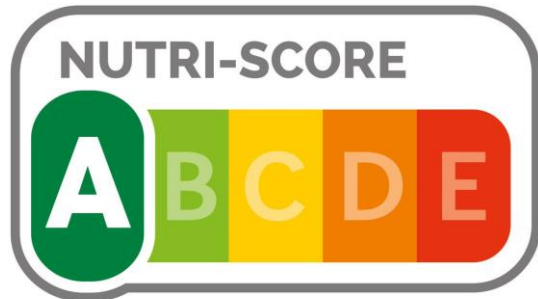
## Sugar reduction



## 3 lines of action positively impacting eating habits and driving sustainable value creation

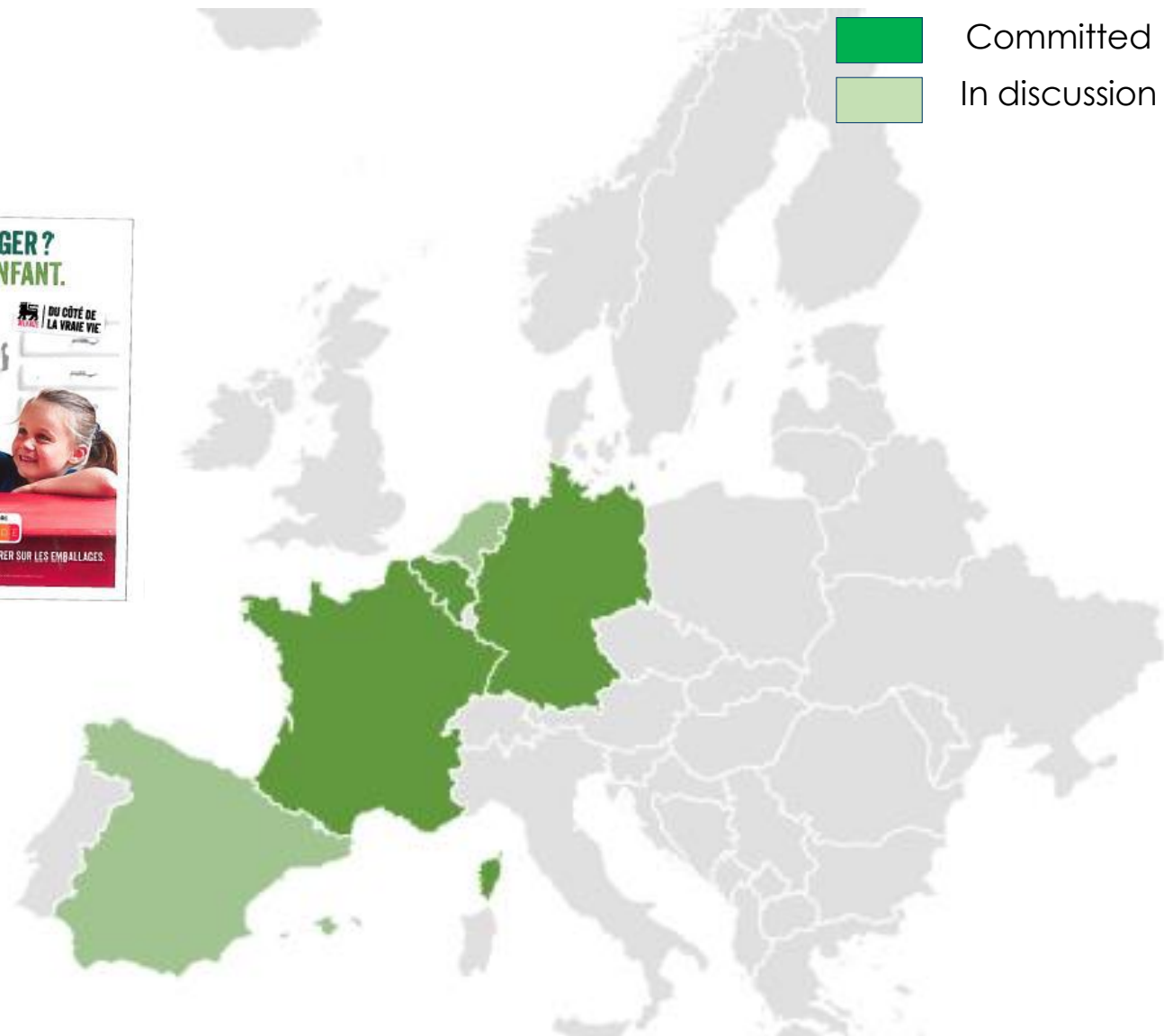


## Better choices through transparent information : Danone in favor of Nutri-Score



A voluntary information on nutritional quality

A robust, science-based, consumer-tested system with proven impact on consumer understanding and nutritional quality of food basket





# Better choices through promotion of healthier options with retailers



**'The Healthiest Place to Work and Shop'**

May 2017



3-week event branded 'Helpful Little Swaps' :  
focused on making it easier for shoppers to eat  
healthier

—  
“Removed 8,000 tons of sugar, salt & fat from  
products since 2015”

—  
**Danone part of the top 10 branded Global  
Packaged Foods Partners**

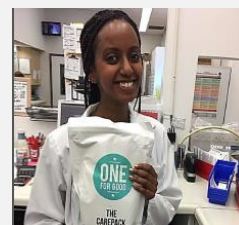
**UK Market share : 27.5% over 3,400 Stores**



USA



Support the community in adopting healthier diets and  
lifestyles by promoting the idea of *One More Healthy  
choice*



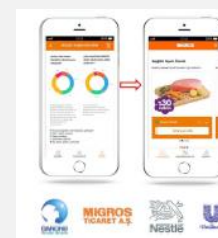
**'One for Good'**



Turkey



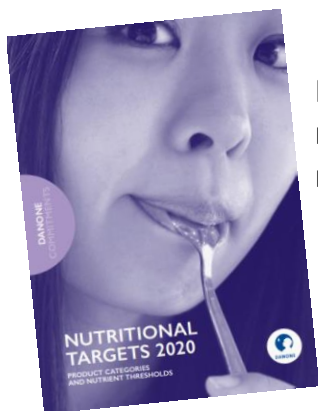
Educating consumers in  
store through one-to-one  
training to 10,000  
customers and well-being  
training to half a million  
customers.  
Social media activation to  
1 million people





# Danone's positioning addressing global initiatives

## PRODUCT IMPROVEMENT & INNOVATION



Relevant 2020 nutritional targets released in 2016

Innovation pipeline taking into account new consumer trends: plain, low calories, low sugar



## SUGAR TAXATIONS

Move to gradual taxes

Danone Water's portfolio under the 5g / 100mL sugar threshold

Exclusion of dairy within the scope of taxation, based on nutrient richness



## LABELLING



Implementation of the NutriScore on Danone's EDP portfolio by end 2019 in France, Belgium and Germany; >50% of the products in « A and B »



Warning Labels in Uruguay: 100% of our Aquadribe and 64% of our EDP products out of scope (vs 60% and 100% under PAHO criteria)

## MARKETING TO CHILDREN

> 99% of compliance on Danone's TV ads vs the EU Pledge in 2017



Leveraging the playing field within the industry (and working particularly with local players in local pledges)



Work in progress to update Danone's Marketing to Children Policy

## 3 lines of action positively impacting eating habits and driving sustainable value creation



# Example 1: Waters 'Mascot' (Spain example)



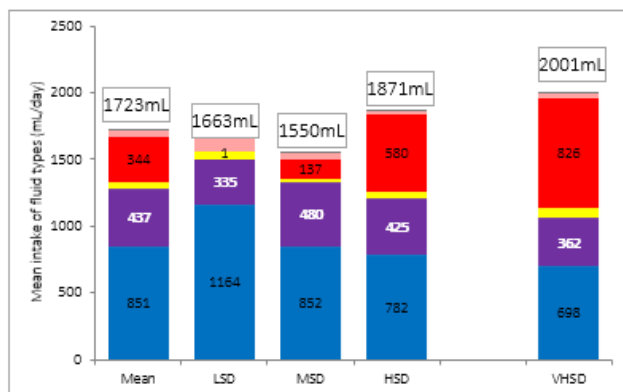
## Fluid intakes survey

## 'Mascot' marketing campaign

## Business success and healthy switch in kids' drinking habits

I  
D  
S

TFI & Fluid types intake (mL/day)



■ Water ■ Milk & derivatives ■ Hot beverages ■ SSB ■ A/NSB ■ Alcoholic beverages ■ Other beverages

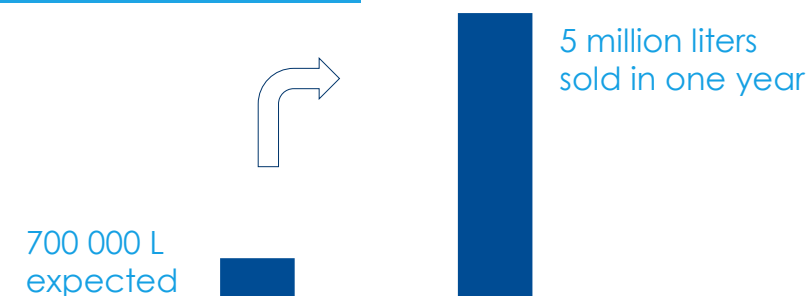
High consumption of sugary beverages and low water consumption in kids.  
Liquid sugar intake : 71 g/day



'Mascot' bottles to make water attractive for kids

Animation in social media (Instagram..)

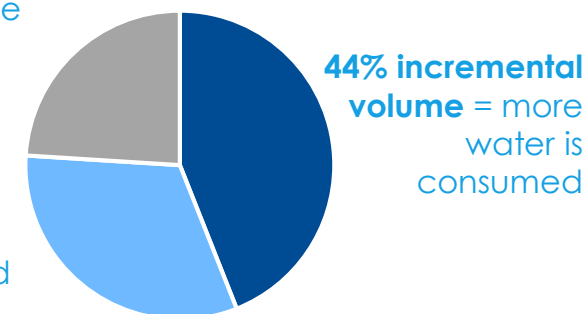
## Business success



## Healthy switch

**24% neutral switch** = volume gained on other waters

**32% healthy switch** = volume gained on sugary bev.



**44% incremental volume** = more water is consumed

## Example 2: ELN Argentina



### Diet Analysis 2014



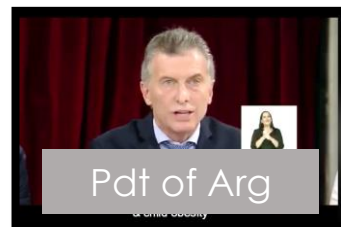
#### Diet Quality

40% kids < 3yrs with inadequate diets

#### Non specific food

High penetration of cow's milk vs specific milks

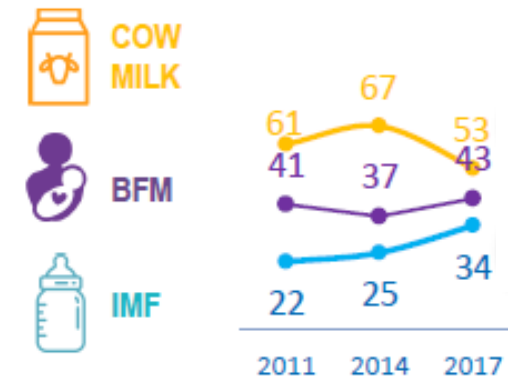
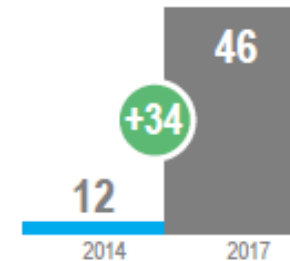
### Awareness on baby diets expert-led media campaign



### Business success between 2014 & 2017 (despite economical crisis)

Mum's awareness

Increase penetration vs cow's milk

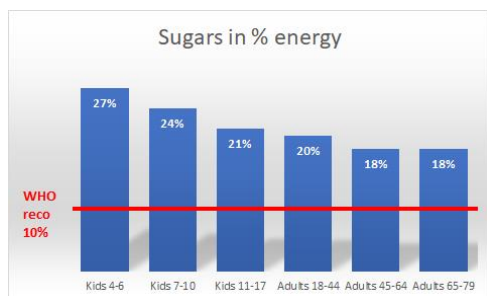


Sources: U&A, SoS 2017, TNS Gallup 2016 & BHT Kantar MB 2017

# Example 3: EDP Yogurt overall + France optimization

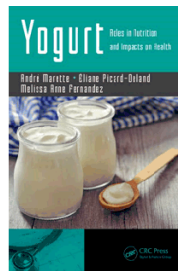


## Diet analysis

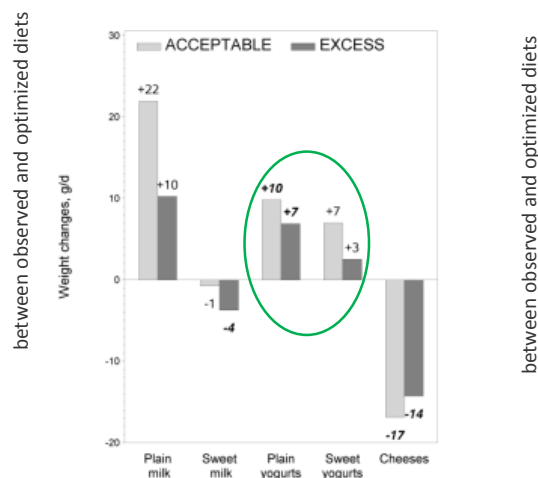


High sugar intake in the population

## Benefits of yogurt and role in the diet



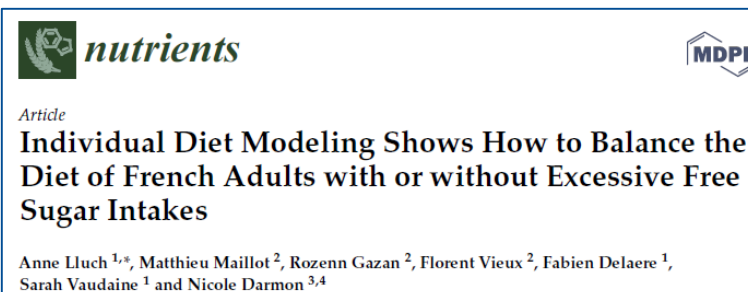
Scientific data showing the association between yogurt consumption and diet /health



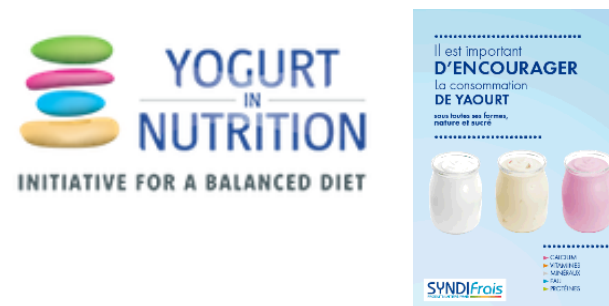
Optimization modelling based on real-life data  
Both plain yogurt AND fruit yogurt contribute to balance French diet

## Activation: category advocacy

### Scientific publication

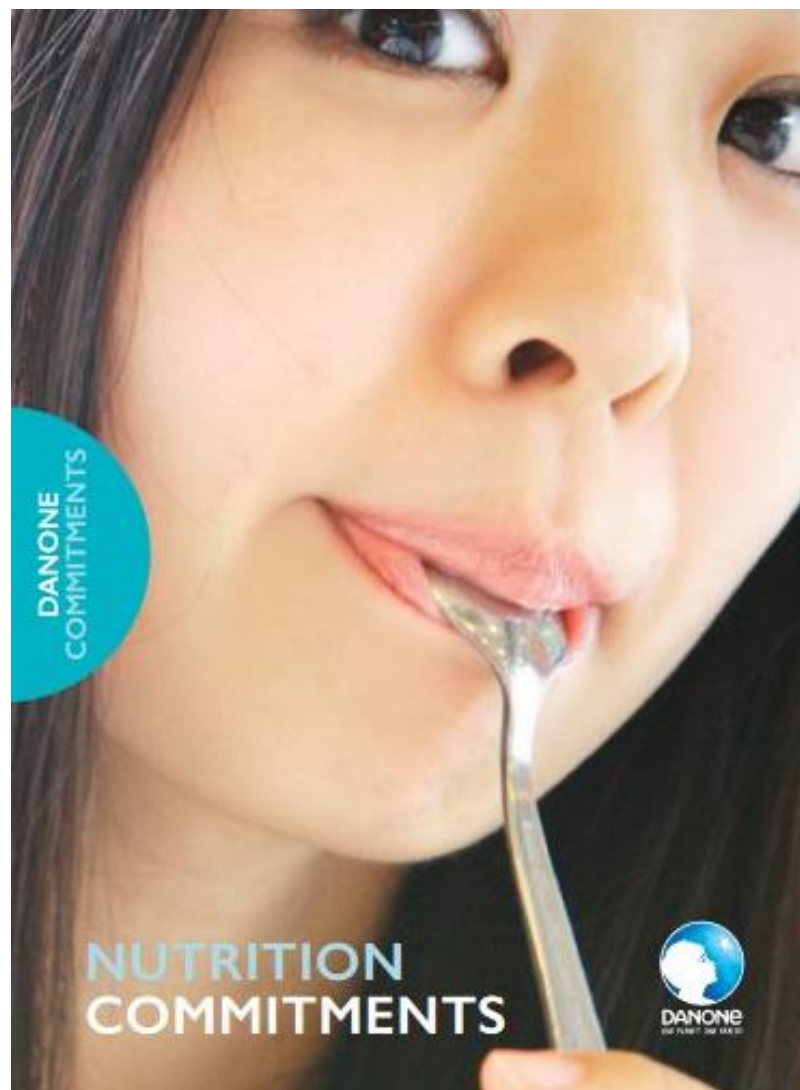


### Activation for consumers





# Danone commitments supporting long term value creation



## COMMITMENT #1

Continuously improve the nutritional quality of our products



## COMMITMENT #2

Design healthier alternatives relevant for consumers



## COMMITMENT #3

Further reinforce our expertise on the understanding of local nutrition practices and public health contexts



## COMMITMENT #4

Contribute to address local public health challenges on which Danone can have a most favorable impact through partnerships



## COMMITMENT #5

Develop even more responsible marketing practices, especially to children



## COMMITMENT #6

Provide the most appropriate product labelling to encourage healthier practices





# 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,” “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, the expected benefits of the transaction, and the future operation, direction and success of Danone’s business.
- 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 detailed description of these risks and uncertainties, please refer to the “Risk Factor” section of Danone’s Registration Document (the current version of which is available on [www.danone.com](http://www.danone.com)).
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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 17<sup>th</sup>, 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.

