



FULL YEAR RESULTS 2018

SOLID PERFORMANCE IN 2018: ACCELERATING SALES GROWTH AND EFFICIENCIES

NET SALES

+2.9%⁽¹⁾ €24.7 bn

+3.6%⁽¹⁾

Excluding Morocco boycott

RECURRING OPERATING MARGIN

+51 bps⁽¹⁾ 14.45%

+58 bps⁽¹⁾

FREE CASH-FLOW

+7.1%⁽²⁾ €2.2 bn

2018 PERFORMANCE ALIGNED TO 2030 GOALS

Targeting superior sustainable profitable growth as a B Corp™

OUR BUSINESS MODEL

Earnings delivery **+12.8%**

recurring EPS growth at constant exchange rate⁽³⁾

Becoming a B Corp™ **~30%**
of net sales

OUR BRAND MODEL

Brand Transformation **20%**

of net sales in 2018 from Manifesto brands

Best-in-class in carbon reduction **A**
ranking for CDP Climate

OUR TRUST MODEL

Promoting diversity **50%**

women in management roles⁽⁴⁾

Unlocking people power **>75%**
of Danoners contributing to 2030 goals consultation

2018 KEY HIGHLIGHTS

- ✓ Very strong recurring EPS growth at constant exchange rate⁽³⁾, in line with guidance
- ✓ Sales growth acceleration vs. 2017, with contribution of all reporting entities
- ✓ Recurring operating margin improvement, with record-high efficiencies, at above €900 million in 2018, including Protein efficiency program delivering ahead of plan (around €300 million during the year)
- ✓ Operating margin adversely impacted by impairment of Centrale Danone in first half (-€ 662 million)
- ✓ Capital gain from reduction in Yakult's stake: €701 million
- ✓ Strong free cash-flow delivery
- ✓ Proposed dividend: €1.94 payable in cash



CHAIRMAN AND CEO COMMENT ON RESULTS

"I am proud of the results achieved by our teams at Danone in 2018. Our company is becoming more agile every day. We keep adjusting our ways of working and delivering efficiency. And we adapt to the ever changing world around us. With Specialized Nutrition, Waters and our global plant-based brands from WhiteWave continuing to post strong growth despite a very volatile environment, the year has seen the encouraging progress of our EDP business in Europe, which stabilized in Q4 last year. This could not have happened without the multi-faceted reinvention of *Activia*, which shows that after years of decline, embracing with no fear the new paradigms can turn around a large global brand.

I would like to thank our teams for their demonstrated ability last year to both deliver on our short-term commitments, and simultaneously walk the path to our 2020 commitments and prepare the future, an imperative for those companies, like ours, that have a true ambition to thrive through the food revolution, with the support of many partners."

Emmanuel Faber

2019 GUIDANCE

- Like-for-like sales growth of around 3%
- Recurring operating margin above 15%

MID TERM OBJECTIVES

LFL sales growth	Recurring operating margin	Net debt / EBITDA	ROIC
4 to 5%	> 16%	< 3.0x	~ 12%
2020			2022



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	WATERS	SPECIALIZED NUTRITION	EDP NORAM	EDP INTERNATIONAL
NET SALES	€4.5 bn	€7.1 bn	€5.0 bn	€8.0 bn
CHANGE ⁽⁵⁾	+5.3%	+5.9%	+1.5%	+0.1% excl. Morocco boycott +2.1%

DEVELOPING STRATEGIC CATEGORIES IN 2018

Targeted investment in higher-return categories



ORGANIC

8 flagship brands

with new organic offering



PLANT-BASED

~15% of EDP sales

from plant-based products



PROBIOTICS

~1/3 of probiotics

sales

from innovation



REDUCED SUGAR

87% of volumes

in line with 2020 targets⁽⁶⁾

+10 points

progress vs. 2017

A NEW INNOVATION MODEL FOR A NEW WORLD

Targeted innovation at speed and scale to enhance value



MORE INNOVATIONS

~1/4

of net sales in 2018⁽⁷⁾

+25%

vs 2017

FASTER TIME TO MARKET

40%

faster on recent innovations

DRIVING VALUE

+50%

higher net sales/
liter in Waters⁽⁸⁾

+25%

higher net sales/
kg in EDP⁽⁸⁾

DRIVING RETURNS FROM HIGHEST-GROWTH CHANNELS

Accelerating in 2018 impulse and e-commerce, outperforming market

E-COMMERCE

€1 bn sales in 2018

+40% vs 2017

IMPULSE CHANNELS⁽⁹⁾

~2/3 of EDP growth in 2018

5 Like-for-like New Danone

6 Added sugars targets are defined for most of our product categories, and summarized in the publicly available leaflet "Danone Nutritional Targets 2020". These Targets are maximum values, and are expressed in terms of grams of added sugars per 100g or per 100 kcal.

7 Innovations over the last 24 months

8 Compared to core range

9 Defined as Small stores, on-the-go and on-premise

For more information, please contact:

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