



COMEF

**OPERATIONS FOR
VALUE CREATION**

Vikram Agarwal
Chief Operations Officer

Christian Stammkoetter
President Asia, Africa
and Middle-East

OPERATIONS FOR VALUE CREATION

01

OPERATIONS: OUR JOURNEY SO FAR



02

VALUE CREATION AT PLAY IN AFRICA



03

THE JOURNEY AHEAD





01

**OPERATIONS:
OUR JOURNEY SO FAR**

**BUILDING CAPABILITIES &
STEPPING UP
PERFORMANCE**



01

02

DANONE OPERATIONS FOOTPRINT

**48,000 ENGAGED
DANONERS**

Planning, Sourcing,
Manufacturing &
Customer Service



**A RESILIENT SUPPLY
SYSTEM OF 50,000
SUPPLIERS**



**A WELL DISTRIBUTED
NETWORK OF 150+
PRODUCTION SITES &
300+ DISTRIBUTION
CENTERS**



**SERVING 1.5 BN
CONSUMERS**



BUILDING CAPABILITIES & STEPPING UP PERFORMANCE

From a defensive approach to a proactive value creation strategy



2021

WAKE UP CALL: SUPPLY CHAIN VS. SUPPLY CHAIN



- Volumes
- ↓ Gross margin

2022

WAR AND INFLATION & RENEW DANONE



- ↓ Volumes
- ↓ Gross margin

2023

RENEW DANONE AMPLIFICATION

- Building new capabilities
- Deploying our operations strategy
- Record high productivity

- Volumes
- ↑ Gross margin

2024

READY TO ACCELERATE FOR GREATER IMPACT

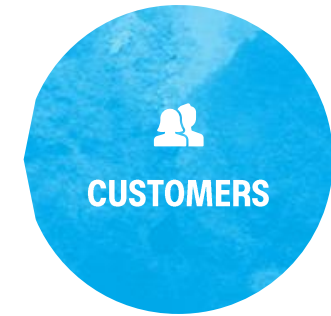
- Structural COGS competitiveness
- Superior service
- AI & tech deployments



ACTIVATING OUR INTERCONNECTED '4C' FRAMEWORK FOR VALUE CREATION



CUSTOMER SERVICE AS A SOURCE OF COMPETITIVE ADVANTAGE



#1

CASE FILL RATE
+ CONSISTENCY

500 bps

vs 2021

2023

CFR > **96%**

YTD **22/25W > 96%**

#2

CASE FILL RATE
+ CONSISTENCY
+ RESPONSIVENESS

Sense-plan-deliver
for superior
customer
satisfaction



1st USA in 2023

#3

NETWORK
CAPACITY

Release Capacity



Create Capacity

Category Big Bets



#4

INNOVATION
EXCELLENCE

Fewer, Better, Bolder
AND First Time Right

Expanding into
an ecosystem to
source technology



#5

AI & MACHINE
LEARNING
SMART PLANNING



40X

Faster Forecast



+10%

Forecast Accuracy



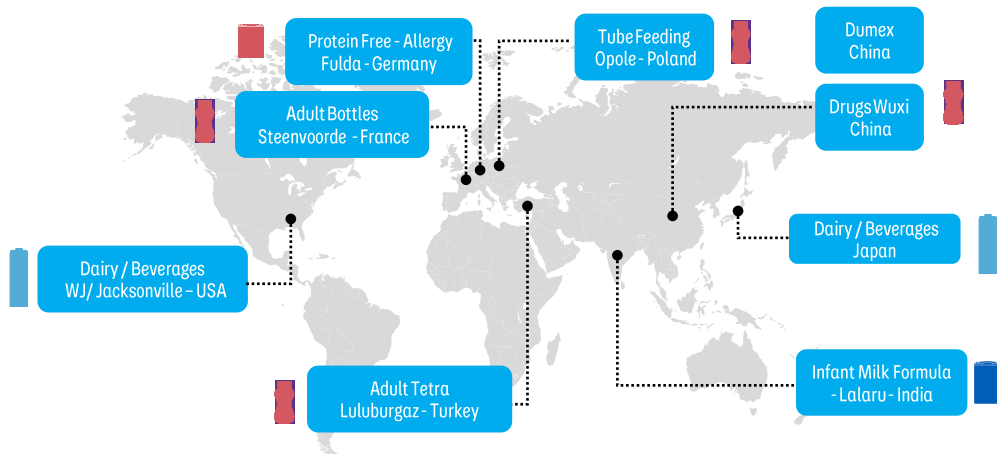
01

02

SCALING CAPACITY IN LINE WITH CATEGORY STRATEGY



1. CREATING MANUFACTURING CAPACITY



2. RE-INDUSTRIALIZING



FRANCE
STEENVOORDE

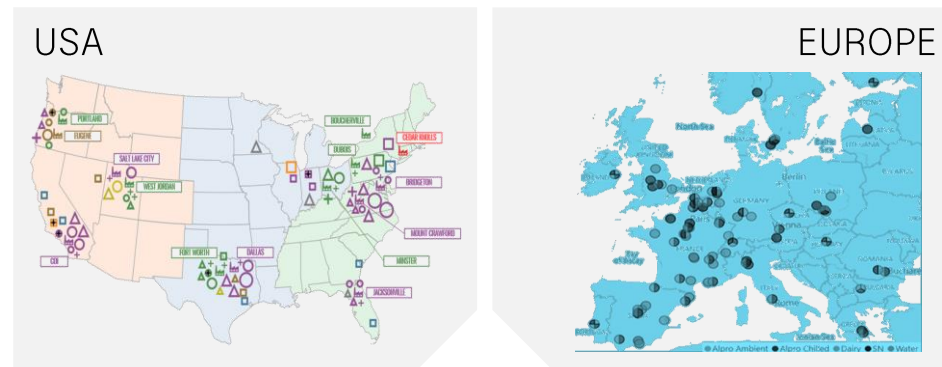


FRANCE
VILLECOMTAL



USA
WEST JORDAN

3. EXTENDING & OPTIMIZING LOGISTICS



4. EXPANDING SUPPLIER BASE



XPand program
100 new sources
higher agility,
higher resilience

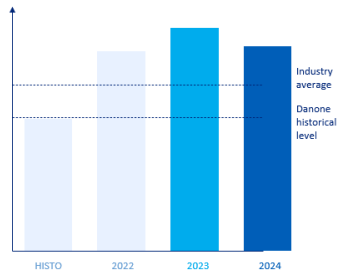
COMPETITIVE COST



#1



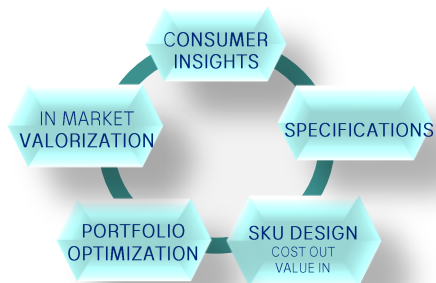
Integrated productivity approach
Rolling 3-year blue funnel



#2

DESIGN TO SUPERIOR VALUE

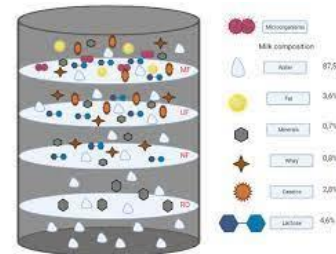
Consumer preference at the lowest possible COGS



#3

EXTRACTING GREATER VALUE FROM RAW MATERIALS

Valorizing milk value chain



#4

DYNAMIC COGS FORECASTING

More accurate and quicker COGS forecast for Business Planning

COST MODELS 500+	INTEGRATION PROGRESS DANONE SNOWFLAKE	TIME SAVED 21 DAYS
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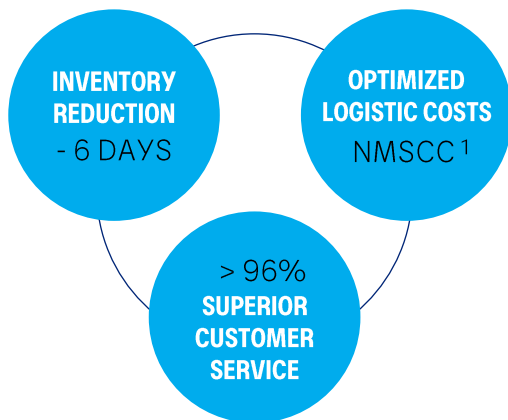


RELEASE CASH FROM OPERATIONS & MAXIMIZE ROA



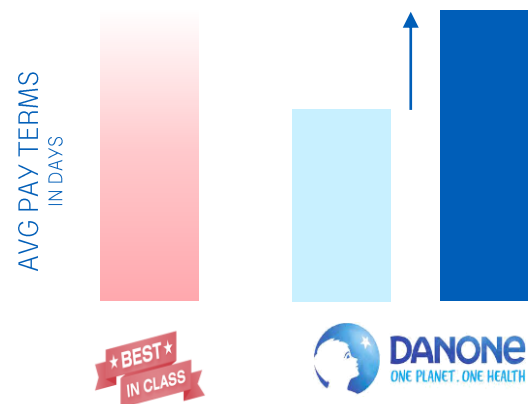
#1

INVENTORIES FROM 'HOLD' TO 'SERVE'



#2

RESET PAYABLES



#3

CAPEX EFFICIENCY

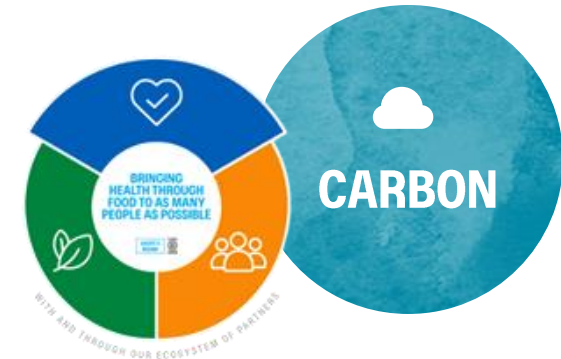
Capex / net sales below 4.5%

Capex intensity

$\frac{\text{Capex required}}{\text{Tonnes product produced}}$ → **10% IMPROVEMENT**

1. Non-material supply chain costs

SUSTAINABILITY FOR PERFORMANCE & EFFICIENCY



#1
SCOPE 1 & 2
DECARBONIZATION



-20.7%
SINCE 2020

#2
SCOPE 3 FLAG

REGENERATIVE
AGRICULTURE

-13.3%
METHANE SINCE 2020

#3
SCOPE 3 NON-FLAG

PACKAGING
LOGISTICS

58%
PLASTIC RECOVERED

#4
WATER USE

#4R
REDUCE REUSE RECLAIM RECYCLE

95%
FACTORIES

#5
BATTLE AGAINST
WASTE



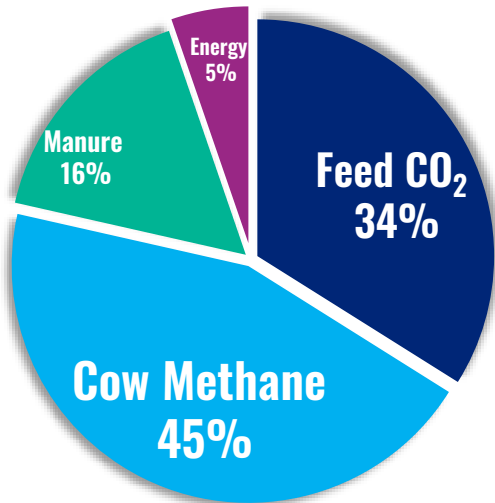
-19.8%
SINCE 2020

Responsible Sourcing

DOUBLING DOWN ON OUR STRENGTH: REGENERATIVE AGRICULTURE



ADDRESSING LIQUID MILK CARBON FOOTPRINT...



... IN COLLABORATION WITH DANONE FARMERS



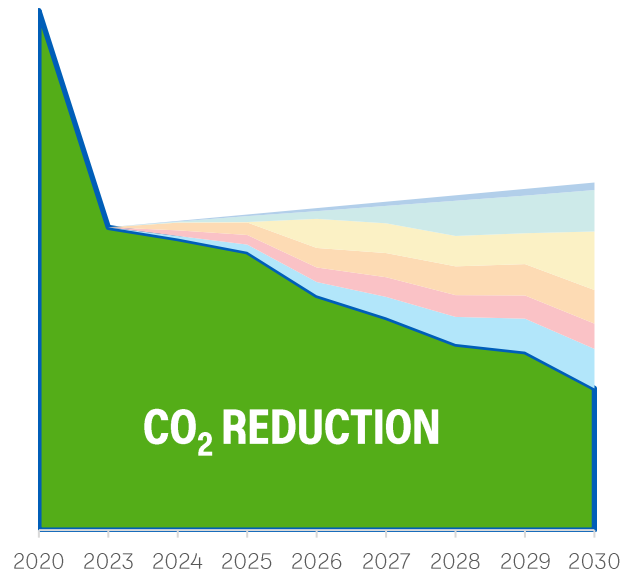
#1 HERD MANAGEMENT

#2 MANURE MANAGEMENT

#3 ANIMAL FEED

#4 SOIL HEALTH

... DELIVERING GREATER IMPACT TOGETHER





02

DANONE DAIRY AFRICA

ACTIVATING OUR '4C' FRAMEWORK FOR VALUE CREATION IN AFRICA

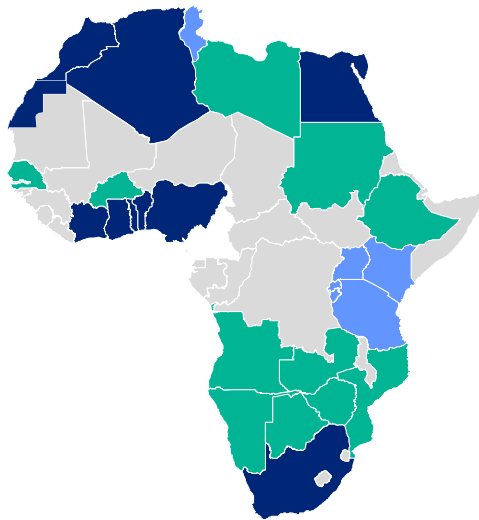




OVERVIEW OF DANONE DAIRY AFRICA

A HYPERLOCAL FOOTPRINT IN A VOLATILE OPERATING ENVIRONMENT

A Hyperlocal footprint serving 500M consumers



DIRECTLY OPERATED BUSINESS UNITS

JOINT VENTURES & PARTNERSHIPS

EXPORT MODEL

A Continent of opportunities... with challenges

1/3 of Generation Alpha are born and live in Africa

+100m additional middle-class households in Sub-Saharan Africa by 2035

Protein intake expected to grow 7-fold by 2050



GEOPOLITICAL, SOCIAL & CLIMATE CHALLENGES

MACRO-ECONOMIC VOLATILITY

A fragile starting point 3 years ago

Deep reach and strong assets

Portfolio and brand proliferation

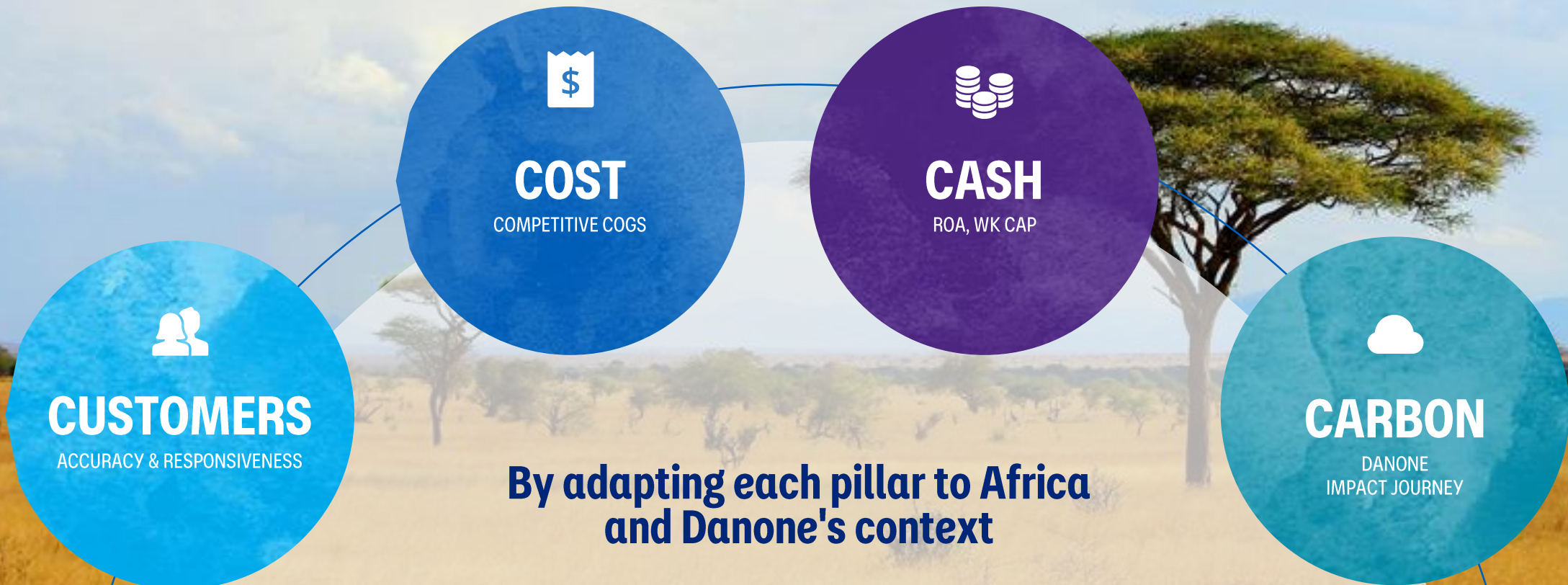
Volumes structurally eroding

Gross margin structurally eroding

Profitability and Cash issues

ACTIVATING OUR '4C' FRAMEWORK FOR VALUE CREATION IN AFRICA

BUSINESS MODEL TRANSFORMATION TO RECREATE THE CONDITIONS FOR SUSTAINABLE PROFITABLE GROWTH



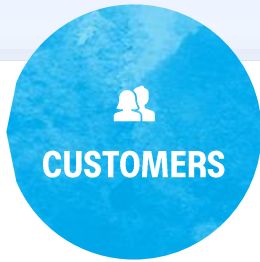
By adapting each pillar to Africa and Danone's context





SIGNIFICANTLY IMPROVING CUSTOMER SERVICE

ENABLING CONSISTENT SUPPLY THROUGH STRONGER CAPABILITIES



Step change in supply planning capabilities

Building supply chain resilience

Unlocking production capacity

Route-to-market transformation



Implementation of a new route-to-market in South Africa



Ambient route to market capabilities

Inventory optimization



Customer service level	Cost to serve
Triple digit improvement	Triple digit improvement

Africa Dairy CFR¹ Triple digit improvement

1. Case fill rate



COST EFFICIENCY AT THE HEART OF THE TRANSFORMATION

SIMPLIFICATION, FIX COST LEVERAGE AND STEP CHANGE IN PRODUCTIVITY TO OFFER AFFORDABLE HEALTHY NUTRITION AND STEP CHANGE MARGIN



Localization

Battle against waste

Non-material supply chain costs focus

'Design to superior value' and portfolio simplification



DTSV¹ as a growth driver



Nutritional yet affordable innovations focused on rural areas



Revenue impact	Market share impact
Volume incrementality	Strengthened competitiveness in rural Egypt



High-single digit productivity over the last 2 years

1. Design to superior value



STRENGTHENING OUR CASH GENERATION CYCLE

WITH A RIGOROUS FOCUS ON WORKING CAPITAL AND RETURN ON ASSETS



Disciplined cash collection

Inventory reduction

Payment terms improvement

Capex frugality



Full overhaul of cash management



- Inventory & payables optimization
- Stronger planning capability
- Local partnerships
- Implementation of flexible recipes

Impact over 2 years

+300bps WK cap/NS improvement

Africa working capital
Triple digit improvement

Africa ROA
> 500bps improvement



DELIVERING CARBON REDUCTION THROUGH EFFICIENCY

YIELD IMPROVEMENT AS A KEY LEVER TO CARBON REDUCTION AND COST MANAGEMENT



Route-to-market efficiency

Green energy

Sustainable packaging

Dairy Farming transformation



Yield improvement to drive output and long-term resilience



Milk yield and quality significantly improved

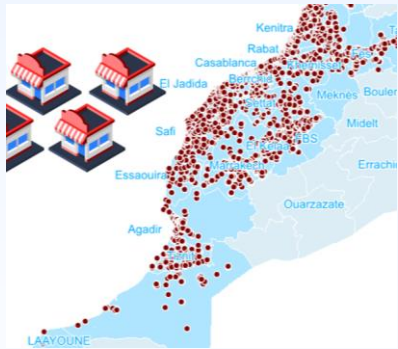
Yield improvement
c. +30%

CO₂ emissions
c. -30%

LEVERAGING THE 4C FRAMEWORK

SYSTEMATIC APPROACH TO TRANSFORM THE BUSINESS MODEL

Route-to-market transformation for competitive advantage



**A COMPLEX & CRITICAL
SUPPLY CHAIN**



**OPTIMIZED FREQUENCY
OF VISITS**



**OUTPLACEMENT
HIGH SUCCESS RATE**



90 bps
improvement in
service to the
customer



130 bps
improvement in
operating margin



270 bps
inventory over net
sales optimization



-3%
carbon emissions

MAKING GRADUAL PROGRESS ON AFRICA TRANSFORMATION

FOCUS ON EXCELLENT EXECUTION OF THE 4Cs

PROGRESS OF THE LAST 2 YEARS

ORGANIC SALES GROWTH

Accelerating Net Sales to **mid to high-single digit balanced growth**

MARGIN IMPROVEMENT

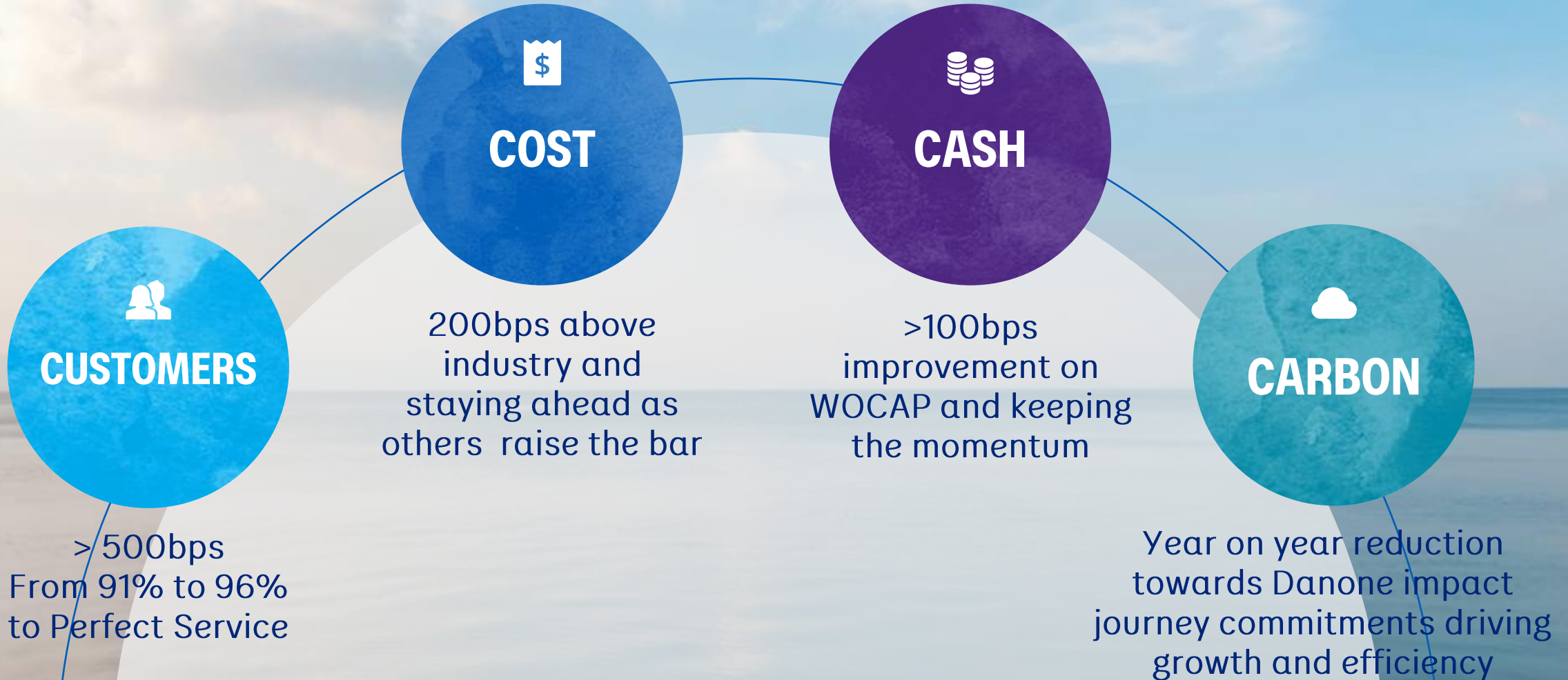
Expanding Gross Margin **triple digit and rebuilding structural profitability**

CASH GENERATION

Significant improvement driven by working capital optimization



WE HAVE DELIVERED AND BUILT CAPABILITIES FOR MOVING TO THE NEXT S-CURVE



STEPPING UP CAPABILITIES FOR 48,000 DANONERS



EN ROUTE TOWARDS INDUSTRY-BEATING OPERATIONS TOWARDS INDUSTRIAL REVOLUTION 5.0*

OUR JOURNEY SO FAR



OUR DESTINATION



“A new and emerging phase of industrialization that sees humans working alongside advanced technology and AI-powered robots to enhance workplace processes, coupled with more human-centric focus as well as increased resilience and an improved focus on sustainability.”

*source: www.twi-global.com



TANGIBLE PROGRESS SO FAR... AND WE ARE READY FOR MORE



READY TO TAKE
THE NEXT LEAP
FORWARD



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CAPITAL MARKET EVENT

