How will DANONE develop its business in the difficult economic climate of today?

Dr. Philippe Diercxsens
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1996 – 2011: business transformation

Sales breakdown in 1996

- Biscuits 20%
- Fresh Dairy Products 26%
- Waters 10%
- Baby Food 3%
- Pasta 3%
- Glass Container 7%
- Beer 8%
- Prepared Food 3%
- Cheese 9%

Sales breakdown in 2011

- Fresh Dairy Products 57%
- Baby Nutrition 20%
- Waters 17%
- Medical Nutrition 6%

39% Health food 100%
Sales by business line

- **3 Billion €**
  - +7.9% growth in 2009*
  - Baby Nutrition

- **8.6 Billion €**
  - +1.6% growth in 2009*
  - Fresh Dairy Products

- **2.6 Billion €**
  - +1% growth in 2009*
  - Waters

- **0.9 Billion €**
  - +11.4% growth in 2009*
  - Medical Nutrition
1996 – 2011: geographical transformation

1996
- Western Europe: 39%
- Eastern Europe: 2%
- Asia: 7%
- LATAM: 7%
- North America: 6%
- Others: 1%
- France: 38%

2011
- Western Europe: 46%
- Eastern Europe: 14%
- Asia: 12%
- LATAM: 13%
- North America: 11%
- Others: 4%
- France: 13%

77% Western Europe ➔ 46%
A 2-speed world

Emerging countries
- growing,
- creative,
- optimist,
- in movement.

Europe
- struck,
- folded on itself,
- anxious,
- complicated.

<table>
<thead>
<tr>
<th>Product</th>
<th>Emerging countries</th>
<th>Europe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dairy</td>
<td>South Africa, Russia</td>
<td>France, Spain, Germany</td>
</tr>
<tr>
<td>Water</td>
<td>Indonesia, Mexico</td>
<td>France, Spain,</td>
</tr>
<tr>
<td>Babyfood</td>
<td>China, Indonesia</td>
<td>France, Germany, Italy</td>
</tr>
<tr>
<td>Medical Nutrition</td>
<td>Brazil, China, Turkey</td>
<td>Germany, France, Belgium</td>
</tr>
</tbody>
</table>
Two strategic clusters of countries showing different waste collection models & performances

45% of volumes
Waste 30% landfilled (54% recycled):

55% of volumes
Waste 77% landfilled (23% recycled):

ORGANIZED
LOW GROWTH (0% to 4%) & LANDFILL <54%

NON ORGANIZED
HIGH GROWTH (3% to 25%) & LANDFILL >54%
How to grow?

• Deprioritize what has not an immediate impact on the sales of products.
• Reduce some activities on human resource level as well as on sustainability.
• Concentrate efforts on product quality, on reformulation, on packaging, on innovation, on digital, on commercial negotiations etc.
Causes of the crisis for DANONE in Europe

• Collapse of the Spanish dairy product market.
  – Explosion of unemployment.
  – Reduction of purchasing power
  – consumers shift their choice to products at low prices and retailers brands.

• Rising cost of raw materials.
Rising cost of raw materials

Bale price for post-consumer plastic bottles (1996 - 2012)

24 February 2012
How to react in Europe?

• DANONE will not stop the dynamics of emerging countries to finance that of Europe.

• DANONE will urgently work on a plan of drastic simplification of the organization.

• Business unit managers:
  – launch new products
  – produce better and better presented products,
  – produce more innovative and products preferred by 75% of the consumers.
How can I react as packaging sustainability manager

- Experiment bio-based materials and source from sustainably managed forests.
- Europe: fight against any unnecessary expenses in EPR schemes.
- Emerging countries: work with informal sectors to promote waste collection.
- Inspire consumers
What do we expect from you?

- We all need to be more professional = optimize the « value for money » equation.
- Excellence in execution = perfect adequacy of deliverables versus specifications.
- Innovation proposals need also to support the better value for money equation.
- Safety as a must → ink residues in recycled paper are scrutinized.