



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

Dr. Philippe Diercxsens

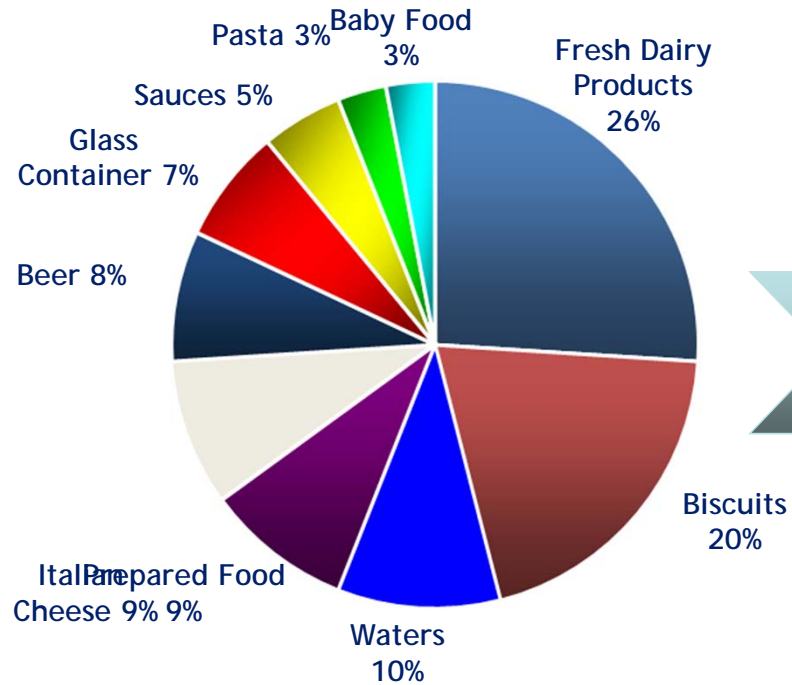
CEPI Industry Forum

February 13, 2013



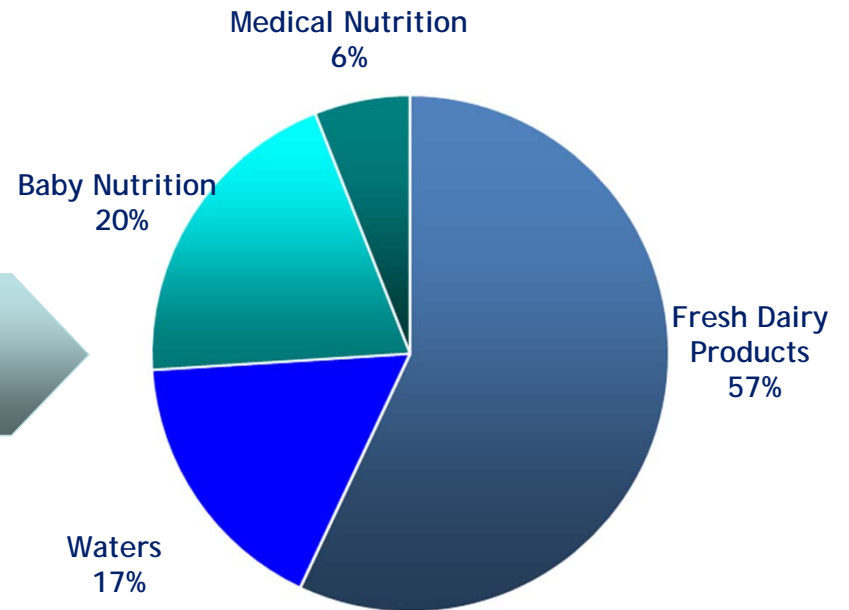
# 1996 – 2011: business transformation

Sales breakdown in 1996



39%

Sales breakdown in 2011



100%

Health food



# Sales by business line

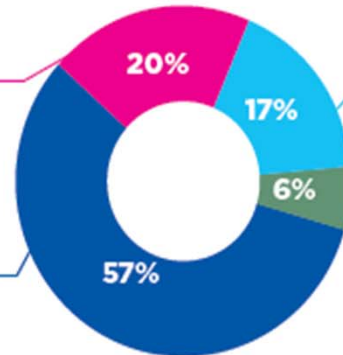


**3** Billion €

+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 €

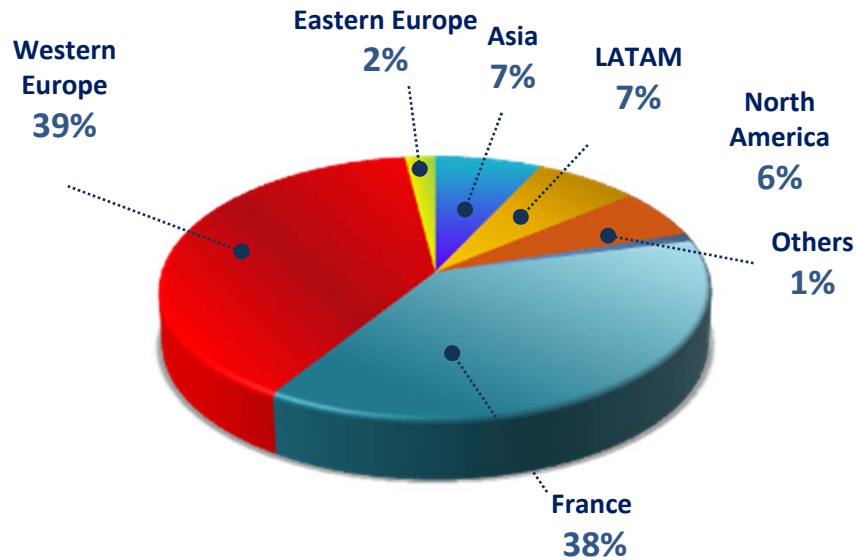
+11.4% growth in 2009\*  
**Medical Nutrition**



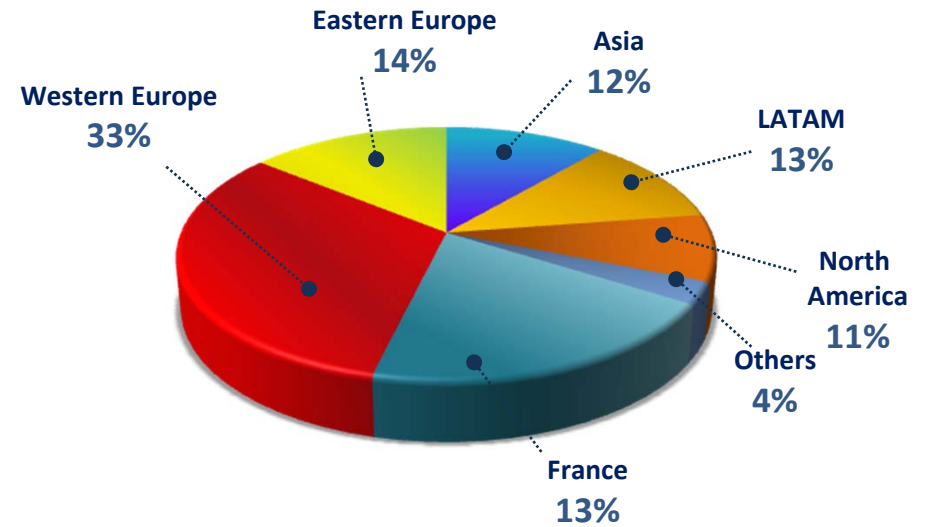


# 1996 – 2011: geographical transformation

1996



2011



77%

Western Europe

46%



## A 2-speed world

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### Emerging countries

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

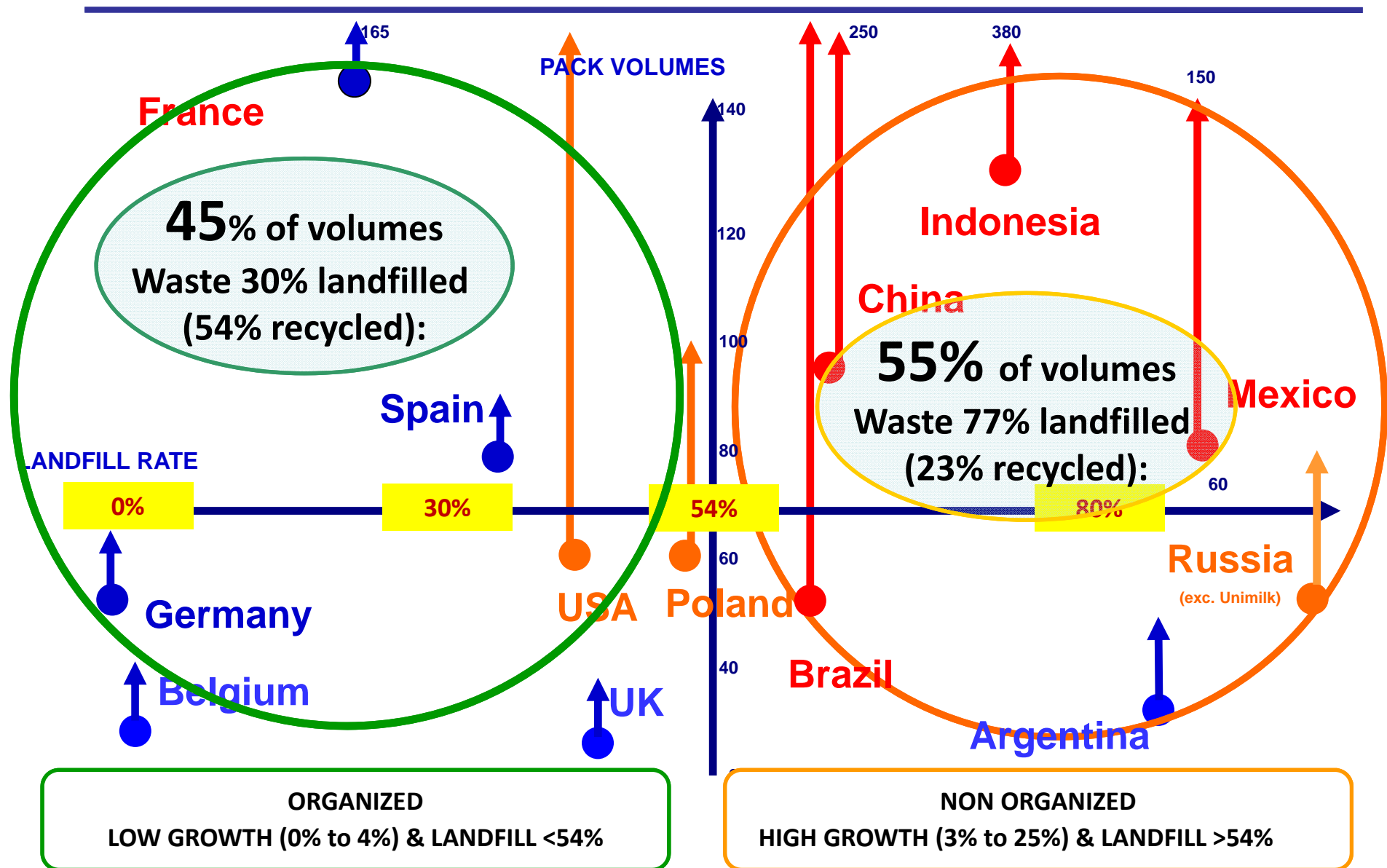
### Europe

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

<b>Dairy</b>	South Africa, Russia	France, Spain, Germany
<b>Water</b>	Indonesia, Mexico	France, Spain,
<b>Babyfood</b>	China, Indonesia	France, Germany, Italy
<b>Medical Nutrition</b>	Brazil, China, Turkey	Germany, France, Belgium



## Two strategic clusters of countries showing different waste collection models & performances





## How to grow ?

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- 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

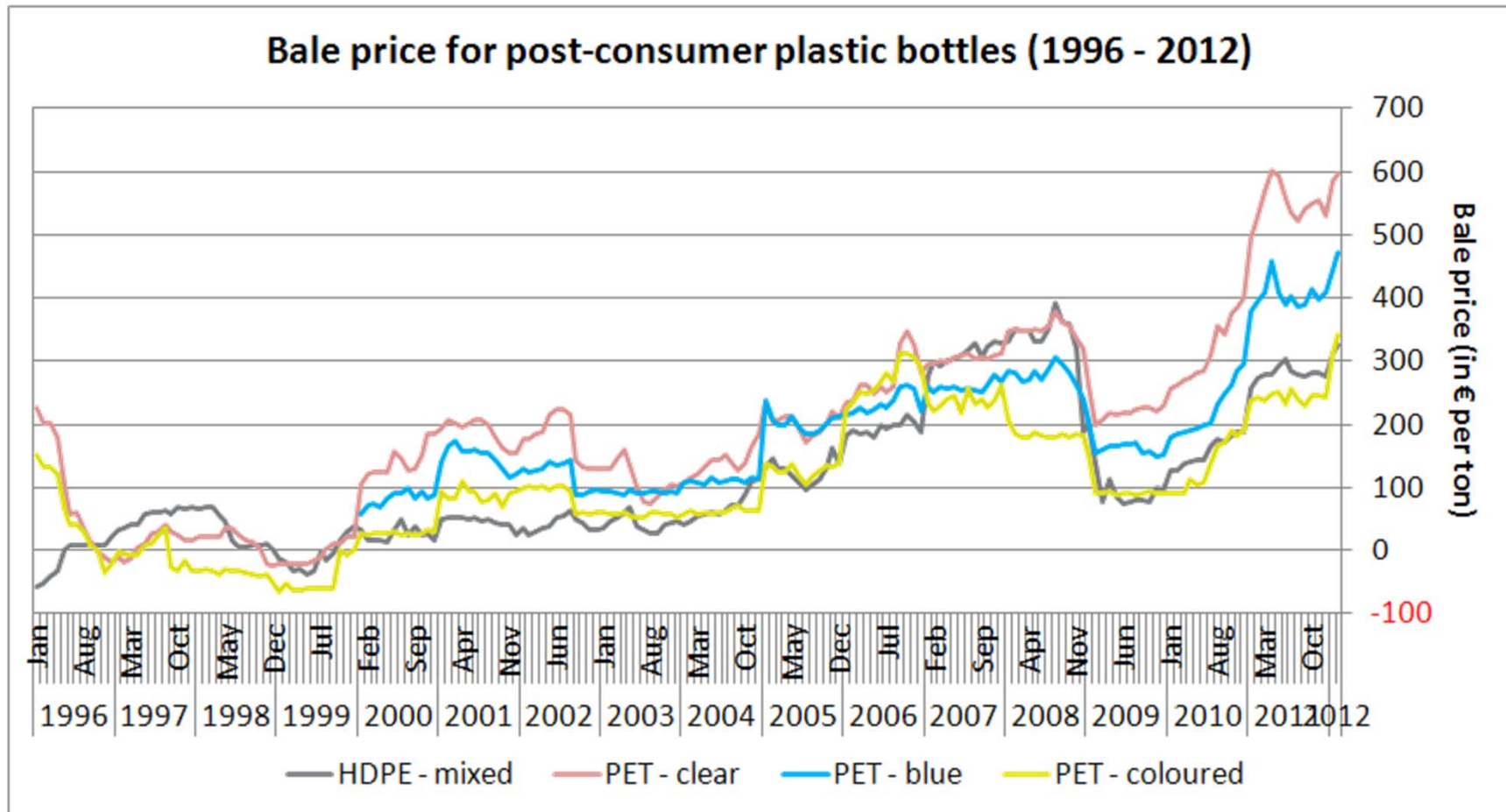
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- Collapse of the Spanish dairy product market.
  - Explosion of unemployment.
  - Reduction of purchasing power
  - consumers shift their choice to products at low prices and retailers brands.
- Rising cost of raw materials.





# Rising cost of raw materials



24 february 2012



## How to react in Europe ?

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- 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

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- Reduce packaging waste by issuing in 2013 new eco-conception guidelines.
- 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 ?

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- 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.