

Valuation & Research Specialists (VRS)
Equity Research Team
info@valueinvest.gr

Share Price (30/11/2018) **66.06 €**

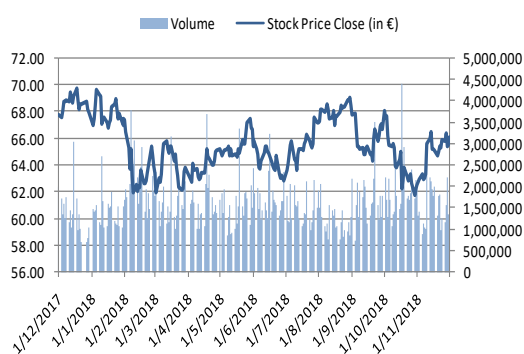
of Shares (mn) 646.75
Market Cap (in € mn) 42,724.17
A.D. Volume (p) 1,637,492
Beta Co-efficient 0.752

Statistical Data

Max 52 week, € 69.78
Min 52 week, € 61.74
1-M Rtn 6.07%
6-M Rtn -1.02%
12-M Rtn -2.57%

Source: VRS Calculations, Reuters.
Period as day/month/year.

Stock Price Performance & Transaction Volume
(1 year, in € and in number of shares)



Note: Share price performance based on share price closes on Stock Exchange.
Period as day/month/year.

DANONE S.A.

Listed on Euronext, France

[Bloomberg Ticker: BN:FP] [Reuters Ticker: DANO.PA]

Business Sector / Industry: Consumer Defensive / Packaged Foods

Corporate & Investment Highlights

- Danone SA is engaged in holding directly or indirectly companies, and coordination of the main functions and activities. The Company operates through four segments: Fresh Dairy Products Division, Waters Division, Early Life Nutrition Division and Medical Nutrition Division.
- The Fresh Dairy Products Division produces and markets yogurts, fermented fresh dairy products and specialized dairy products. The Waters Division comprises the natural waters business along with Aquadrinks (waters flavored and vitamin-enriched with natural fruit juice extracts, fruit juice and vitamins). The Early Life Nutrition Division focuses on the right nutrition in the first 1,000 days from the start of pregnancy to two years of age, and produces and distributes specialized foods for babies and young children. The Medical Nutrition Division produces and distributes specialized food for people afflicted with certain illnesses or frail elderly people.

Consolidated Interim Financial Results (HY 2018 versus HY 2017, € millions)

(in € mn)	HY 2018	%	HY 2017
Sales	12,498	2.44%	12,200
Gross Profit	6,397	3.23%	6,197
Operating Income	1,089	-31.21%	1,583
EBT	916	-35.36%	1,417
EATAM	1,251	21.22%	1,032

Note: Period refers to January - June.

Consolidated Annual Financial Results (2017 versus 2016, € millions)

(in € million)	2017	%	2016
Sales	24,677	12.45%	21,944
Gross Profit	12,218	9.09%	11,200
EBITDA	3,734	27.75%	2,923
EBT	3,296	25.32%	2,630
EATAM	2,563	40.28%	1,827

Source: Company. Note: Fiscal Year ends on December 31st.

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BASIC FINANCIAL INDICATORS

<i>in € million</i>	Sales	Gross Profit	EBT	EATAM	P/E (x)	P/BV (x)	EV/EBITDA (x)	DEBT/EQUITY (x)	ROE %
2011	19,318	9,777	2,435	1,671	25.6	3.5	18.6	0.75	14%
2012	20,869	10,460	2,445	1,672	25.6	3.5	18.6	0.78	14%
2013	21,298	10,321	1,865	1,422	30.0	4.0	25.2	1.12	13%
2014	21,144	10,088	1,839	1,119	38.2	3.7	24.6	0.95	10%
2015	22,412	11,200	1,925	1,282	33.3	3.4	24.1	0.88	10%
2016	21,944	11,200	2,630	1,827	23.4	3.3	21.7	1.62	14%
2017	24,677	12,218	3,296	2,563	16.7	2.9	16.5	1.35	18%
2018 E	25,185	12,670	2,450	2,295	18.6	2.7	20.2	1.18	14%
2019 E	25,720	13,135	2,625	2,475	17.3	2.4	18.7	1.04	14%

Notes: (1) EATAM and equity are calculated excluding minorities. (2) P/E, P/BV and EV/EBITDA are based on current share price and current outstanding number of shares. Source: Official Consolidated Financial Statements, VRS Estimates & Calculations. n/c stands for non calculable.

Working Capital Ratios

<i>in € million</i>	2014	2015	2016	2017	2018 E	2019 E
Revenues	21,144	22,412	21,944	24,677	25,185	25,720
Cost (net of depreciation)	11,056	11,212	10,744	12,459	12,515	12,585
Gross Profit Margin	% 47.71%	49.97%	51.04%	49.51%	50.31%	51.07%
Net Income / Profit	1,119	1,282	1,827	2,563	2,295	2,475
Net Profit Margin	% 5.3%	5.7%	8.3%	10.4%	9.1%	9.6%
Cash & Cash Equivalents	880	519	557	638	708	785

Stock Days

Days	44	45	47	49	49	49
Stock Inventory	1,340	1,374	1,380	1,668	1,675	1,685
Debtors Days	33	36	42	41	41	41
Debtors - Receivables	1,900	2,230	2,524	2,794	2,852	2,912
Creditors Days	110	109	128	114	114	114
Creditors - Suppliers	3,334	3,334	3,772	3,904	3,922	3,943
Operating Cycle (Days)	77	81	89	90	90	90
Cash Cycle (Days)	-33	-27	-39	-24	-24	-24

Source: Official Consolidated Financial Statements, VRS Estimates & Calculations. Gross profit is calculated by deducting cost of sales (net of depreciation, wherever applicable) from revenues.

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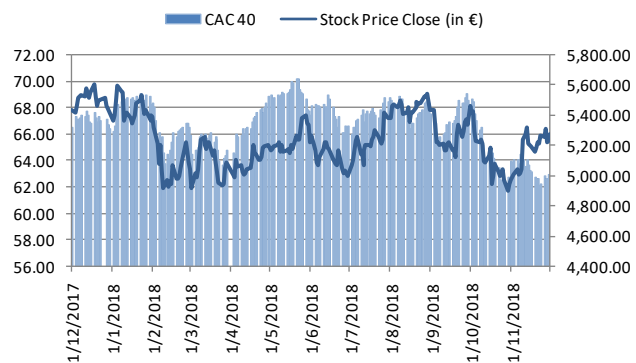
Shareholders' Structure

Institutional Investors	77.00%
Individual Shareholders and "Fonds Danone" FCPE	10.00%
Treasury shares and company related	7.00%
Trading and miscellaneous	6.00%
Total	100.00%

Source: Company.

Stock versus Index

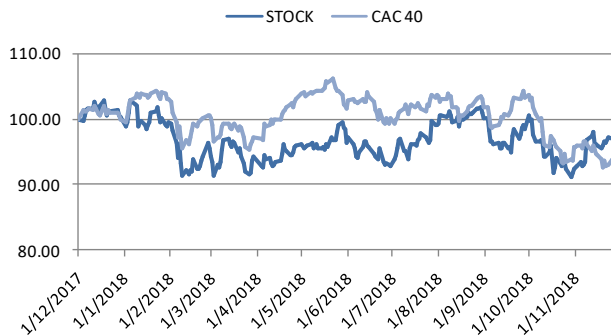
(Last 52 Weeks or since listing, Stock Price in €, Index in points)



Source: Historical Data, Yahoo! Finance. Note: Share price performance based on price closes on Stock Exchange. Period as day/month/year.

Stock versus Index

(Last 52 Weeks or since listing, Base = 100)



Source: Historical Data, Yahoo! Finance. Note: Share price performance based on price closes on Stock Exchange. Period as day/month/year.

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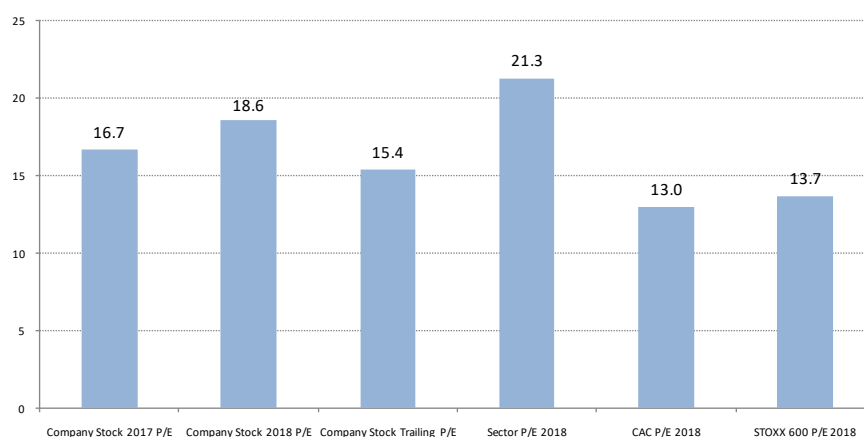
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	P/E Multiple
Company Stock 2017 P/E	16.7
Company Stock 2018 P/E	18.6
Company Stock Trailing P/E	15.4
Sector P/E 2018	21.3
CAC P/E 2018	13.0
STOXX 600 P/E 2018	13.7

Company Historic P/E Multiple versus Market P/E Multiples (x)



Source: VRS calculations based on consolidated accounts, FACTSET.

EPS Estimates

In €	EPS
2017	3.963
2018 E	3.549
2019 E	3.827

Source: VRS calculations & estimates.

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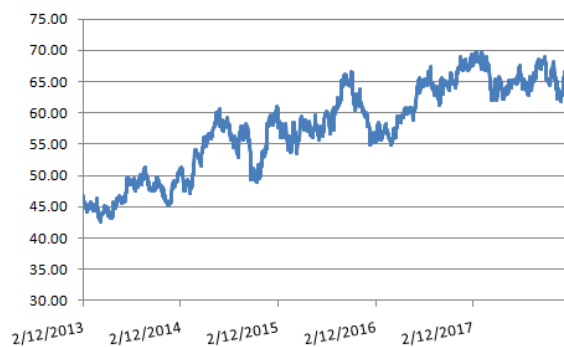
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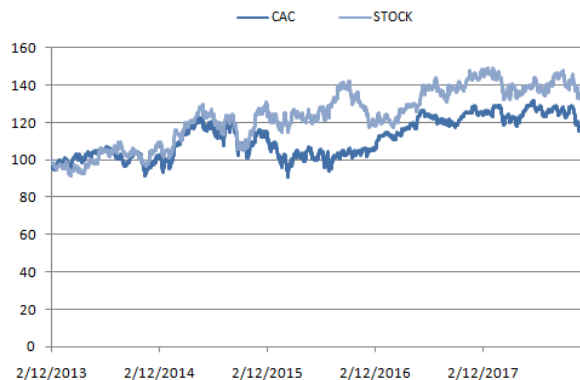
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Stock Price Performance
(Last 5 Years or since listing, Stock Price in €)



Source: Historical Data, Yahoo! Finance. Note: Share price performance based on price closes on Stock Exchange.
Period as day/month/year.

Stock versus Index
(Last 5 Years or since listing, Base = 100)



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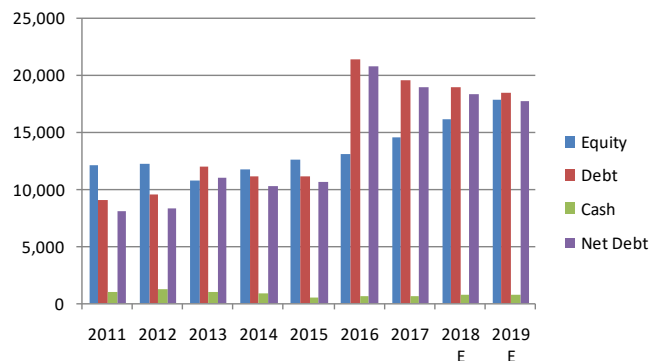
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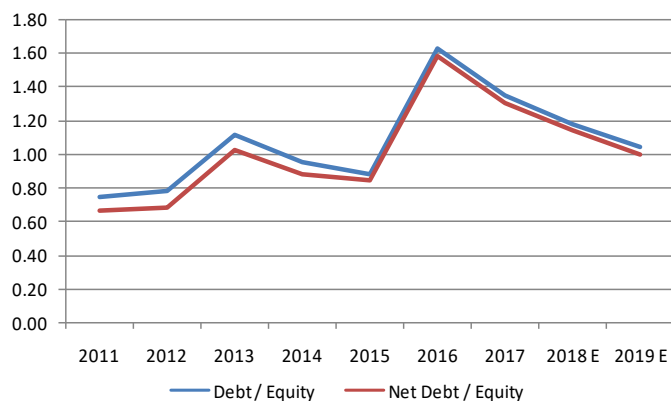
Business Sector / Industry: Consumer Defensive / Packaged Foods

Equity, Debt, Cash & Net Debt
(in € millions)



Source: Company, VRS estimates

"Debt/Equity" & "Net Debt/Equity" Ratios
(times)



Source: Company, VRS estimates

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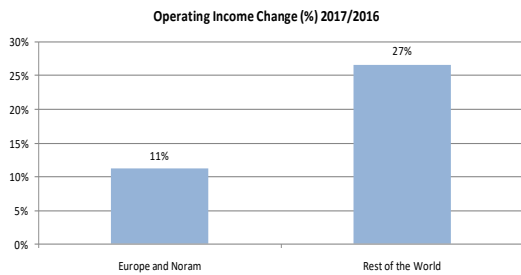
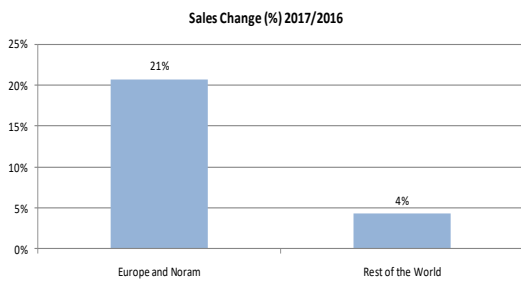
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Sales & Operating Income Change, FY 2017 vs FY 2016

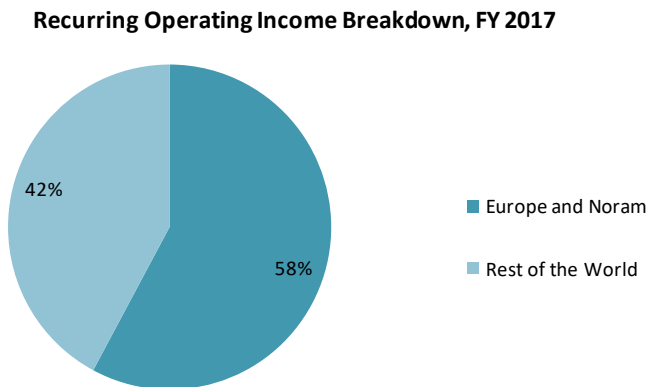
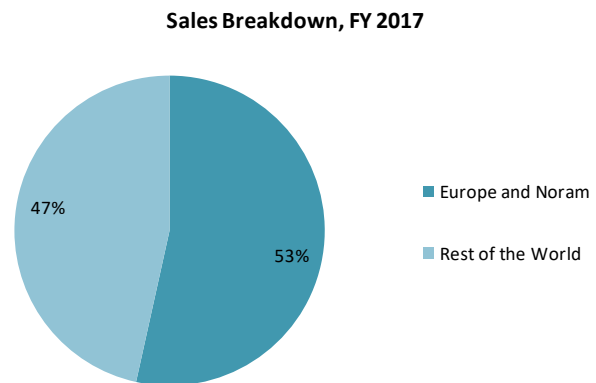


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Consolidated Sales & Operating Income Breakdown, FY 2017



Source: Company

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Consolidated Income Statement (In € millions)

in million €, except earnings per share in €	2017	2016
Sales	24,677	21,944
Cost of goods sold	-12,459	-10,744
Selling Expense	-5,890	-5,562
General and administrative expense	-2,225	-2,004
Research and Development expense	-342	-333
Other income (expense)	-219	-278
Recurring operating income	3,543	3,022
Other operating income (expense)	192	-99
Operating income	3,734	2,923
Interest income on cash equivalents and short-term investments	151	130
Interest expense	-414	-276
Cost of net debt	-263	-146
Other financial income	137	67
Other financial expense	-312	-214
Income before tax	3,296	2,630
Income tax expense	-842	-804
Net income from fully consolidated companies	2,454	1,826
Share profit of associates	109	1
Net income	2,563	1,827
Net income - Group share	2,453	1,720
Net income - Non-controlling interests	110	107
Net income - Group share, per share	3.92	2.79
Net income - Group share, per share after dilution	3.91	2.79

Source: Company

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Consolidated Balance Sheet (In € millions)

in million €	2017	2016
Assets		
Goodwill	18,132	11,620
Brands	6,412	3,879
Other intangible assets	401	304
Intangible assets	24,945	15,803
Property, plant and equipment	6005	5036
Investments in associates	2,678	2,730
Investments in other non-consolidated companies	83	81
Long-term loans and long-term financial assets	177	208
Other financial assets	260	288
Derivatives - assets	16	148
Deferred taxes	722	831
Non-current assets	34,627	24,836
Inventories	1,668	1,380
Trade receivables	2,794	2,524
Other current assets	1,046	1,061
Short-term loans	14	18
Derivatives - assets	19	419
Short-term investments	3,462	13,063
Cash and cash equivalents	638	557
Assets held for sale	-	92
Current assets	9,641	19,113
Total Assets	44,268	43,949
Equity and liabilities		
Share capital	168	164
Additional paid-in capital	4,991	4,178
Retained earnings and others	14,723	12,035
Cumulative translation adjustments	-3,182	-1,460
Accumulated other comprehensive income	-545	-126
Treasury shares and DANONE call options	-1,653	-1,682
Equity - Group share	14,501	13,109
Non-controlling interests	73	85
Consolidated equity	14,574	13,194
Financing	15,529	18,438
Derivatives - liabilities	149	19
Liabilities related to put options granted to non-controlling interests	38	315
Non-current financial debt	15,716	18,771
Provisions for retirement obligations and other long-term benefits	919	959
Deferred taxes	1644	1090
Other non-current provisions and liabilities	1003	885
Non-current liabilities	19,282	21,705
Financing	3,221	2,119
Derivatives - liabilities	1	8
Liabilities related to put options granted to non-controlling interests	569	384
Current financial debt	3,792	2,510
Trade payables	3,904	3,772
Other current liabilities	2,716	2,741
Liabilities directly associated with assets held for sale	-	26
Current liabilities	10,411	9,050
Total equity and liabilities	44,268	43,949

Source: Company

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Consolidated Cash Flow Statement (In € millions)

in million €	2017	2016
Net Income	2,563	1,827
Share of profit of associates net of dividends received	-54	52
Depreciation, amortization and impairment of tangible and intangible assets	974	786
Increases in (reversals of) provisions	153	51
Change in deferred taxes	-353	-65
(Gains) losses on disposal of property, plant and equipment and financial investments	-284	-74
Expense related to Group performance shares	22	24
Cost of net financial debt	265	149
Net interest paid	-186	-148
Net change in interest income (expense)	80	-
Other components with no cash impact	-15	13
Cash flows provided by operating activities, before changes in net working capital	3,085	2,615
(Increase) decrease in inventories	-122	-24
(Increase) decrease in trade receivables	-190	-110
Increase (decrease) in trade payables	145	298
Change in other receivables and payables	40	-127
Change in working capital requirements	-127	37
Cash flows provided by (used in) operating activities	2,958	2,652
Capital expenditure	-969	-925
Proceeds from the disposal of property, plant and equipment	45	27
Net cash outflows on purchases of subsidiaries and financial investments	-10,949	-66
Net cash inflows on disposal of subsidiaries and financial investments	441	110
(Increase) decrease in long-term loans and other long-term financial assets	-4	6
Cash flows provided by (used in) investment activities	-11,437	-848
Increase in share capital and additional paid-in capital	47	46
Purchase of treasury shares (net of disposals) and DANONE call options	13	32
Issue of perpetual subordinated debt securities	1,245	-
Interest on perpetual subordinated debt securities	-	-
Dividends paid to DANONE shareholders	-279	-985
Buyout of non-controlling interests	-107	-295
Dividends paid	-86	-94
Contribution from non-controlling interests to capital increases	1	6
Transactions with non-controlling interests	-193	-383
Net cash flows on hedging derivatives	-52	50
Bonds issued during the period	-	11,237
Bonds repaid during the period	-1,487	-638
Net cash flows from other current and non-current financial debt	-564	-442
Net cash flows from short-term investments	9,559	-10,531
Cash flows provided by (used in) financing activities	8,289	-1,616
Effect of exchange rate and other changes	272	-151
Increase (decrease) in cash and cash equivalents	81	38
Cash and cash equivalents as of January 1	557	519
Cash and cash equivalents as of December 31	638	557
Supplementary disclosures		
Income tax payments during the year	-1,116	-891

Source: Company

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Covered Company	Bloomberg	Reuters	Stock Price	Date	Disclosure
DANONE S.A.	BN:FP	DANO.PA	€ 66.06	November 30, 2018	----

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