PRESS RELEASE

DANONE

2014 First-Quarter Sales

April 16, 2014

+2.2% organic growth in the first quarter,
in line with Group roadmap

Full-year targets for 2014 confirmed

- **Q1 2014 sales[1] up +2.2% like-for-like[2] and down -5.2% as reported, cut -8.9% by adverse exchange-rate effects**
- **Group confirms stabilization of European business and is pursuing deployment of its adaptation plan**
- **Growth remains strong in the CIS & North America area**
- **As anticipated, performance in the ALMA[3] area has been severely affected by fall-out from the Fonterra affair, creating a very unfavorable basis for comparison for the entire first half**
- **Danone confirms its full-year 2014 targets: sales[1] growth of between +4.5% and +5.5%[2], trading operating margin stable within a range of -20 bps and +20 bps[2], free cash-flow of around €1.5 billion excluding exceptional items[4]**

[1] Net sales
[2] Like-for-like: see page 7 for details on calculation of financial indicators not defined in IFRS
[3] ALMA: Asia-Pacific / Latin America / Middle-East / Africa
[4] See page 7 for details on calculation of financial indicators not defined in IFRS

Chairman's comments

"We delivered first-quarter organic sales growth in line with our roadmap. In an environment that has proved highly unstable in many parts of the world, Danone's teams are focusing on our top priorities: continuing to adapt our products and organization in Europe; continuing to grow our categories and brands in North America, CIS and emerging countries, while taking volatile market conditions into account; and, finally, rebuilding a strong, solid portfolio in early life nutrition in Asia. These priorities are essential to achieve our goal of strong, sustainable and profitable growth beginning in the second half of this year."

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Sales by business line and geographical area in Q1 2014

€ million	Q1 13	Q1 14	**Change** [1]	**Volume growth**[1]
BY BUSINESS LINE				
Fresh Dairy Products	2,952	2,809	3.9%	-3.7%
Waters	887	895	8.9%	5.4%
Early Life Nutrition	1,177	1,029	-7.7%	-4.8%
Medical Nutrition	322	328	5.2%	4.3%
BY GEOGRAPHICAL AREA				
Europe excl. CIS	2,005	2,053	0.5%	-0.4%
CIS & North America[2]	1,163	1,154	7.8%	-3.7%
ALMA [3]	2,170	1,854	0.5%	-2.9%
Group	**5,338**	**5,061**	**2.2%**	**-1.9%**

[1] Like-for-like: see page 7 for details on calculation of financial indicators not defined in IFRS
[2] North America: United States and Canada
[3] ALMA: Asia-Pacific / Latin America / Middle East / Africa

Overview of sales performance — Q1 2014

Consolidated sales were down -5.2% at €5,061 million in the first quarter of 2014. Excluding the impact of changes in the basis for comparison, which include exchange rates and scope of consolidation, sales were up +2.2%. This organic growth reflects a -1.9% decline in sales volume and a +4.1% rise in value.

The exchange-rate effect of -8.9% reflects unfavorable trends in the Argentine peso, the Russian ruble, the Indonesian rupiah, the Brazilian real and other currencies. Changes in the scope of consolidation led to a +1.5% rise in sales resulting primarily from the integration of Morocco's Centrale Laitière from March 2013, as well as the integration of other 2013 acquisitions including Sirma in Turkey, and YoCrunch and Happy Family in the United States.

Fresh Dairy Products

Fresh Dairy Products division sales were up +3.9% like-for-like in the first quarter of 2014. This rise includes a -3.7% fall in volume and a +7.6% rise in value.

The fall in sales volume stems from price increases introduced since the second half of 2013, notably in Russia. Double-digit growth in that country reflects primarily the effects of price and mix linked to solid volume sales for value-added brands.

Business in Europe continued to improve gradually. The fall in sales volume was similar to that observed in the previous quarter, but the region now shows a stable price/mix effect. This reflects widely differing situations from one country to the next. For example, stabilization was confirmed in Iberia (Spain and Portugal), while Germany and Italy continued to face headwinds.

In the United States, where the category got off to a slow start before accelerating in March, the division confirmed its leading position in fresh dairy products and continued to grow. In the Greek yogurt segment in particular, Danone's market share pulled even with that of its main competitor this quarter.

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Sales in the ALMA[1] area remained very robust, despite volatile market conditions including inflationary pressures, notably in Argentina.

[1] ALMA: Asia-Pacific / Latin America / Middle East / Africa

Waters

The Waters division once again reported vigorous growth, with Q1 2014 sales up +8.9% like-for-like in the first quarter, buoyed by a +5.4% rise in sales volume.

This performance was driven by robust demand in emerging markets, especially in Asia, with growth for the *Mizone* brand and a very strong showing by *Aqua*.

Growth in value was +3.5% and continued to reflect primarily the positive price/mix effect generated by aquadrinks.

Early Life Nutrition

Early Life Nutrition division sales were down -7.7%, with a -4.8% decline in volume, reflecting high bases for comparison linked to the false safety alert triggered by Fonterra in August 2013.

Excluding *Dumex* and *Karicare*, the two brands affected by this false alert, division business remained very buoyant, with a robust performance in Europe and double-digit growth in Indonesia, Latin America and the Africa/Middle East region.

On markets affected by the recall, plans aimed at boosting sales are paying off, with the pace of recovery varying from market to market in keeping with the roadmap. In China, the division began to redefine its offer this quarter with three initiatives: a relaunch of the *Dumex standard* brand that included repositioning at a more accessible price; launch of an ultra-premium brand under the name *Nutrilon Platinum*; and, more recently, the mid-April launch of *Dumex International*, a range made in Europe specifically for the Chinese market.

Medical Nutrition

Medical Nutrition division sales rose +5.2% like-for-like in Q1 2014, driven by a volume rise of +4.3%.

Main contributors to growth were Turkey, the United Kingdom, and markets in the Middle East and North America. Growth was driven by all categories with a stronger boost from pediatric care brands.

2014 outlook (from press release dated February 20, 2014)

The Group assumes that consumer demand will remain similar to 2013, with sluggish trends in Europe, significant carry-over of milk price inflation, and persistently high exchange-rate volatility in emerging markets, resulting in higher inflation in those countries.

In response, Danone will continue to deploy action plans already under way in Europe—updating its product portfolio and sharpening its competitive edge—with a view to stabilizing its performances in the region by the end of 2014. The Group will also build on its strong momentum in markets outside Europe to continue growth in emerging countries and North America, and to manage rising inflationary pressures as appropriate. Finally, the Group will focus on rebuilding its

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Early Life Nutrition positions in Asia, in particular through product launches and brand extensions, favoring solid, lasting growth over speed.

Due to this rebuilding effort and to 2013 bases for comparison, organic growth in sales and operating margin will vary widely from one half to the next in 2014. The Group is thus targeting a return to strong, sustainable, profitable growth beginning in the second half.

Danone has set the following targets for full-year 2014:

- like-for-like sales[1]growth of between +4.5% and +5.5%,
- trading operating margin stable within a range of -20 bps and +20 bps, reflecting the flexibility that the Group seeks to manage its operations, in particular for its Early Life Nutrition business in Asia,
- free cash-flow of around €1.5 billion excluding exceptional items[2].

[1] Net sales
[2] See page 7 for details on calculation of financial indicators not defined in IFRS

Key financial transactions and other developments during the quarter (from press releases issued in Q1 2014)

On January 8, 2014, Danone announced the termination of its existing supply contract with Fonterra and made any further collaboration contingent on a commitment by its supplier to full transparency and compliance with the cutting-edge food safety procedures applied to all products supplied to Danone. Danone also initiated proceedings in the New Zealand High Court, as well as arbitration proceedings in Singapore to bring all facts to light and to obtain compensation for the harm it suffered. As a reminder, on August 2, 2013, Fonterra issued an alert concerning a possible contamination of certain ingredients supplied to Danone. Additional tests revealed later that this was in fact a false alert.

On January 16, 2014, Danone announced that it had asked Rothschild & Cie Banque to implement a liquidity contract in accordance with the Charter of Ethics established by the AMAFI and approved by decision of the AMF on March 21, 2011, with effect from January 17, 2014 and for a period of one year, renewable automatically. For the implementation of this contract, 120,000 DANONE shares were allocated to the liquidity account.

On February 12, 2014, Danone announced an agreement, together with COFCO Dairy Investments, to subscribe a reserved rights issue by China's leading dairy company Mengniu, raising its interest in this company from 4.0% to 9.9% for an investment of €486 million[1]. The transaction made Danone the second largest shareholder in Mengniu, and followed on from agreements signed on May 20, 2013 with Mengniu and with COFCO, China's largest state-owned food company. In parallel, COFCO, Danone and Arla — Mengniu's three core shareholders — combined their stakes (16.3%, 9.9% and 5.3%, respectively) within COFCO Dairy Investments, a jointly-owned company pooling all three shareholders' interests in the governance of Mengniu.

[1] At an exchange rate of €0.0942/HK$ 1.00

Our presentation to analysts and investors will be broadcast live at 9.00 am (Paris time) this Wednesday, April 16, 2014. Slides will be available on our website (www.finance.danone.com) from 7.30 am (Paris time) today.

FORWARD-LOOKING STATEMENTS

This press release contains certain forward-looking statements concerning Danone. Although Danone believes its expectations are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, which could cause actual results to differ materially from those anticipated in these forward-looking statements. For a more detailed description of these risks and uncertainties, we invite you to refer to the Registration Document ("Risk Factors" section, available at www.danone.com).

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APPENDIX — Sales by division

€ millions	First quarter	
	2013	**2014**
BY BUSINESS LINE		
Fresh Dairy Products	2,952	2,809
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Medical Nutrition	322	328
BY GEOGRAPHICAL AREA		
Europe excl. CIS	2,005	2,053
CIS & North America[2]	1,163	1,154
ALMA[3]	2,170	1,854
Group	5,338	5,061

	First quarter 2014	
	Reported change	*Like-for-like change [1]*
BY BUSINESS LINE		
Fresh Dairy Products	-4.8%	3.9%
Waters	0.8%	8.9%
Early Life Nutrition	-12.6%	-7.7%
Medical Nutrition	1.8%	5.2%
BY GEOGRAPHICAL AREA		
Europe excl. CIS	2.4%	0.5%
CIS & North America[2]	-0.8%	7.8%
ALMA[3]	-14.6%	0.5%
Group	**-5.2%**	**2.2%**

[1] Like-for-like: see page 7 for details on calculation of financial indicators not defined in IFRS
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APPENDIX – Financial indicators not defined in IFRS

Information published by Danone uses the following financial indicators that are not defined by IFRS:

- like-for-like changes in net sales, trading operating income, trading operating margin, underlying net income and underlying net income per share;
- trading operating income;
- trading operating margin;
- underlying net income;
- underlying fully diluted EPS or current net income – Group share, per share after dilution;
- free cash-flow;
- free cash-flow excluding exceptional items;
- net financial debt.

Calculation of financial indicators not defined in IFRS and used by the Group is as follows:

Like-for-like changes in net sales, trading operating income, trading operating margin, current net income – Group share (or underlying net income) and current net income – Group share per share (or underlying net income per share) essentially exclude the impact of: (i) changes in exchange rates, with both previous year and current year indicators calculated using the same exchange rates (the exchange rate used is a projected annual rate determined by the Group for the current year), (ii) changes in consolidation scope, with indicators related to considered fiscal year calculated on the basis of previous-year scope, and (iii) changes in applicable accounting principles.

Trading operating income is defined as the Group operating income excluding other operating income and expense. Other operating income and expense is defined under Recommendation 2009-R.03 of the French CNC, and comprises significant items that, because of their exceptional nature, cannot be viewed as inherent to current activities. These mainly include capital gains and losses on disposals of fully consolidated companies, impairment charges on goodwill, significant costs related to strategic restructuring and major external growth transactions, and costs related to major crisis and major litigations. Furthermore, in connection with of IFRS 3 (Revised) relating to business combinations, the Group also classifies in Other operating income and expense (i) acquisition costs related to business combinations, (ii) revaluation profit or loss accounted for following a loss of control, and (iii) changes in earn-outs related to business combinations and subsequent to acquisition date.

Trading operating margin is defined as the trading operating income over net sales ratio.

Underlying net income (or current net income – Group share) measures the Group's recurring performance and excludes significant items that, because of their exceptional nature, cannot be viewed as inherent to the Group's current performance. Such non-current income and expense mainly include capital gains and losses on disposals and impairments of non-fully-consolidated equity interests and tax income, and expense related to non-current income and expense. Non-current net income – Group share is defined as non-current income and expense excluded from Net income – Group share.

Underlying fully diluted EPS (or current net income – Group share, per share after dilution) is defined as the underlying net income over diluted number of shares ratio.

Free cash-flow represents cash-flows provided or used by operating activities less capital expenditure net of disposals and, in connection with of IFRS 3 (Revised), relating to business combinations, excluding (i) acquisition costs related to business combinations, and (ii) earn-outs related to business combinations and paid subsequently to acquisition date.

Free cash-flow excluding exceptional items represents free cash-flow before cash-flows related to initiatives that may be taken by the Group to deploy the plan to generate savings and adapt organization in Europe.

Net financial debt represents the net debt portion bearing interest. It corresponds to current and non-current financial debt (i) excluding Liabilities related to put options granted to non-controlling interests and (ii) net of Cash and cash equivalents, Short term investments and Derivatives – assets.

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