2017 First-Half Results
Press release – Paris, July 27, 2017

H1 2017: performance in line with expectations, preparing for acceleration

- Double-digit recurring EPS growth (+11.0% at constant exchange rates)
    - Low start to the year as expected: +0.4% sales growth in H1 *("LfL New Danone")*
    - Very strong recurring operating margin improvement at +91bps *("LfL New Danone")*
- Strong cash flow delivery: €923m of free cash flow excluding exceptional items (+24.4%)
- Signing of Stonyfield sale for $875m (20x EBITDA); closing to take place early August
- Full-year 2017 guidance confirmed

Underlying performance				**IFRS measures**		
€ million unless otherwise stated	**H1 2017**	*Reported changes*	*"Like-for-like New Danone"*		**H1 2017**	*Reported changes*
Sales	**12,128**	*+9.7%*	***+0.4%***	**Sales**	**12,128**	*+9.7%*
Recurring operating income	**1,720**	*+16.3%*	***+7.3%***	**Operating income**	**1,586**	*+5.8%*
Recurring operating margin	***14.18%***	*+81bps*	***+91bps***	***Operating margin***	***13.1%***	*-49 bps*
Recurring net income Group share	**1,049**	*+12.2%*		**Net income Group share**	**977**	*+11.0%*
Recurring EPS (€)	**1.69**	*+11.1%*		**EPS (€)**	**1.57**	*+10.0%*
Free cash-flow excluding exceptional items	**923**	*+24.4%*		**Cash-flow from operating activities**	1,199	*+11.8%*

All references in this document (including in the above section) to" like-for-like New Danone" changes, recurring operating income and margin, recurring net income, recurring income tax rate, recurring EPS, free cash-flow, free cash-flow excl. exceptional items, and net financial debt, correspond to financial indicators not defined in IFRS that are used by Danone. Their definitions, as well as their reconciliation with financial statements, are listed on pages 8 to 12.

CEO EMMANUEL FABER'S COMMENTS

"2017 is a pivotal year for the execution of our transformation agenda, as presented last May at our Investor Seminar. H1 2017 has been a period of intense construction for Danone, with the creation of the processes of decoupling of our growth and efficiency agendas, the creation of our regional grid, the launch of our €1 billion savings Protein program and the integration of WhiteWave in Q2.

As expected, the slow start of the year is the result of specific emerging markets' headwinds and challenges in Europe and in North America, balanced with significant successes in developing sustainable platforms in Specialized Nutrition in China, growing young and local Dairy brands in Europe and executing the Dannon Pledge in the United States. Momentum was strong also in our Medical Nutrition and Waters platforms and in former WhiteWave brands such as Alpro, Vega, and International Delight.

The very strong improvement in margin and EPS growth this semester again bodes well for our ability to reach our objectives for the year, with expected growth acceleration in the course of the second half. I am pleased with the structural progress we have made during H1, in securing short term delivery while preparing for growth acceleration and long term transformation. As we continue to aim at building a more resilient model, in deeply transforming consumer and civil society environments for our industry, our new company signature and identity "Danone, One Planet. One Health" will guide us with many others through this Alimentation Revolution".

2017 FIRST-HALF SALES

€ million except %	Q2 2016	Q2 2017	Change*	Volume Growth*	H1 2016	H1 2017	Change*	Volume Growth*
BY REPORTING LINE								
EDP International	2,075	2,209	**-1.8%**	-4.8%	4,100	4,291	**-2.0%**	-5.3%
EDP Noram[1]	626	1,333	**-2.9%**	-0.4%	1,277	1,991	**-2.9%**	-0.6%
Specialized Nutrition	1,672	1,762	**+5.5%**	+1.0%	3,282	3,461	**+5.4%**	+1.1%
Waters	1,373	1,360	**+0.3%**	-3.5%	2,393	2,385	**+0.8%**	-2.5%
BY GEOGRAPHICAL AREA								
Europe & Noram[1]	2,822	3,619	**-1.5%**	+0.0%	5,559	6,275	**-2.1%**	-1.2%
Rest of the World	2,924	3,045	**+2.3%**	-3.9%	5,493	5,853	**+3.3%**	-2.8%
Total	**5,746**	**6,664**	**+0.2%**	**-2.1%**	**11,052**	**12,128**	**+0.4%**	**-2.2%**

* *"Like-for-like New Danone"*

In Q2 2017, consolidated sales stood at €6,664 million, up +0.2% on a "*like-for-like New Danone*"[2] basis. Growth reflects a -2.1% decline in volume and a +2.3% rise in value.
Reported sales were up +16.0% in Q2 2017, including:

- the **base effect[2]** related to the consolidation of WhiteWave from April 12, 2017 (+14.9%);
- positive changes in **exchange rates** (+1.3%) reflecting the Russian Ruble, the Brazilian Real and the US dollar's favorable impacts;
- negative changes in the **scope of consolidation excluding WhiteWave** (-0.4%), resulting primarily from the deconsolidation of Fresh Dairy Products operations in Columbia and Chile in Q4 2016 and Q1 2017 respectively.

ESSENTIAL DAIRY AND PLANT-BASED (EDP) INTERNATIONAL

The **Essential Dairy & Plant-Based (EDP) International** reporting line reported sales down -1.8% in Q2 2017 on a "*like-for-like New Danone*" basis, including a –4.8% decline in volumes and a +3.0% rise in value.

In Europe, Danone adjusted its execution plans around the *Activia* brand throughout the second quarter. Packaging is being adjusted in five key markets and communication campaigns are being adapted locally as new products are being launched such as *Activia* drinks, *Activia Double Zero*, and *Activia WeCereals*. Danone will continue to roll out these adjustments and innovations in the second half of the year, working country by country. At the same time, young and local heritage brands including *Les deux vaches* in France, *Light & Free* in the UK, *Danio* in Poland and Benelux, and *Oikos* in Italy continued to grow successfully.

In Latin America, global performance continued to suffer from a very sluggish consumer demand in Brazil while Mexico continued to display solid growth.

In the CIS region, Danone reported solid growth with a positive price-mix effect.

The newly acquired plant-based brand *Alpro* delivered a double-digit growth in Q2 2017, supported by strong dynamics in all countries where *Alpro* operates, such as the United Kingdom, Germany, Benelux.

[1] *North America (Noram): United States and Canada*
[2] *Please refer to financial indicator definitions on page 9*

ESSENTIAL DAIRY AND PLANT-BASED (EDP) NORAM

The **Essential Dairy & Plant-Based (EDP) Noram** reporting line reported sales down -2.9% in Q2 2017 on a "*like-for-like New Danone*" basis, including a –0.4% decline in volumes and a -2.5% decline in value.

As expected, Q2 2017 was a quarter of transition for EDP Noram, still impacted by a challenging environment in the Food & Beverage industry in the US and by the adverse effects of a delayed closing process. Since closing, the priorities have been to start the integration and reengage the teams, start the delivery of the synergy agenda and continue to fix short-term operational issues around *Silk*, *Horizon* and *Earthbound Farms* brands that performed negatively over the quarter.

The **Yogurt** segment continued to demonstrate resilience in Q2 in the retail channel in the United States, outperforming the category. High growth momentum continued for the **Coffee Creamers** segment, driven by market share gains across its broad portfolio through effective marketing and innovations. In the **Plant-Based** segment, while the beverage business was negative, with the transition to new and improved *Silk* packaging fully completed in Q2, *Vega* continued to grow and expand, supported by robust plant-based nutritional category growth across channels and by good early results from recent innovations. **Premium Dairy** continued to experience the effects of excess supply in the organic milk category and historically high price gaps with conventional milk. Danone expects this oversupply environment to continue over the next quarters. The Company will now selectively reassess prices according to current market conditions and continue to focus on reducing the organic milk surplus. Lastly Danone has continued to work on the turnaround of **Fresh Foods**.

The initiatives launched by Danone across its portfolio to match evolving consumer needs and preferences will create the conditions to accelerate the business and support a progressive ramp-up of net sales growth.

SPECIALIZED NUTRITION

Specialized Nutrition sales rose +5.5% in Q2 2017 on a "*like-for-like New Danone*" basis, with a +1.0% rise in volume and a +4.5% rise in value.

Early Life Nutrition sales accelerated in Q2 2017, reflecting a good momentum and a Chinese market growth that has resumed since the beginning of the year. Major progress has been achieved in developing a direct distribution model in China through a growing presence in specialized stores and direct e-commerce, as reflected by continued market share gains and double-digit growth reported in this channel. In parallel, sales through the indirect channel remained highly volatile: after declining for several consecutive quarters, Q2 sales growth was positive from a low base last year, but volatility should last over the rest of the year until new regulations are fully enforced in 2018. Danone also continues to invest in new segments and markets to ensure a sustainable growth, such as Tailored Nutrition, a major growth driver in the short and medium term, and the organic segment in the US which delivered a very strong growth of more than 10% through its organic brand *Happy Family*. **Advanced Medical Nutrition** reported solid growth, building on robust geographical platforms of growth in Europe (Benelux, the UK, Nordic countries), and in the rest of the world (Turkey, Latin America and also China despite early inventory build-up in the first quarter 2017). All segments contributed to this overall performance.

WATERS

The **Waters** reporting line reported sales up +0.3% in Q2 2017 on a "*like-for-like New Danone*" basis, including a -3.5% fall in volume and a +3.8% rise in value.

In China, sales declined, as anticipated, impacted by a high basis of comparison as Q2 2016 was marked by the favorable impact of high inventories built up in anticipation of the peak summer season. In 2017, Danone adopted a more cautious approach to distributor loading. In parallel, Danone continued to focus on protecting market share and prepared the post-transition by continuing to invest in growth initiatives that included the launch of *Mizone Pro* and *Lemonade*. **In Latin America**, trends were contrasted with *Bonafont* in Mexico doing very well and Brazil impacted by persistently difficult market conditions. **In Europe**, revenue showed, as expected, a sequential rise from the first quarter, driven by efficient sales execution, successful activation and innovation plans as well as favorable weather conditions in June. Spain, the UK and Germany performed particularly well, with growth running at over 5%. In Spain, where the category is supported by strong dynamics related to consumers' switch to healthier hydration options, Danone continued to gain market shares, led by its flagship brand *Font Vella* and the fast development of its local brand *Lanjarón*. **In North America,** Danone continued to rapidly expand its premium *evian* brand.

H1 2017 RECURRING OPERATING MARGIN: +91bps *("like-for-like New Danone")*

In the first semester of 2017, Danone's recurring operating income stood at €1,720 million, up+16.3%.

Recurring operating margin stood at 14.18%, up +81 bps on a reported basis including the dilutive impact from WhiteWave consolidation from closing date (-21 bps), other scope effects (+26 bps) reflected the impact of the deconsolidation of Dumex as well as the sale of Fresh Dairy Products activities in Columbia and Chile, and currencies had an unfavorable impact (-16 bps, mainly from the Brazilian real and the British pound).

On a "*like-for-like New Danone*" basis, recurring operating margin increased by +91 bps. This very strong improvement reflects:
- continued structural efficiencies, through portfolio mix management and productivity gains, that mitigated the strong negative impact over the semester from inflation on raw materials (mainly milk and plastics);
- disciplined pace in supporting growth,
- a first delivery of cost synergies in North America from WhiteWave integration (around €10 million impact on recurring operating profit as of the end of Q2 2017);
- a positive impact of an insurance payment in the Specialized Nutrition reporting line in connection with the fire in Cuijk plant in the Netherlands in 2015.

In Q2 2017, Danone launched three country pilots in order to kick-off its Protein program, an efficiency program aimed at maximizing and accelerating efficiencies in a sustainable manner, with the objective to deliver €1 billion of sustainable savings by 2020.

	H1 2016	H1 2017	Change *("like-for-like New Danone")*
BY REPORTING LINE			
EDP International	8.17%	8.36%	***-33 bps***
EDP Noram	14.02%	11.66%	***-67 bps***
Specialized Nutrition	20.78%	24.23%	***+320 bps***
Waters	11.79%	12.17%	***+37 bps***
BY GEOGRAPHICAL AREA			
Europe & Noram	15.99%	15.40%	***+24 bps***
Rest of the World	10.73%	12.87%	***+175 bps***
Total	**13.37%**	**14.18%**	***+91 bps***

H1 2017 RECURRING EPS: +11.0% (*at constant exchange rate)*

€ million (unless otherwise stated)	**H1 2016**	**H1 2017**
Recurring operating income	**1,478**	**1,720**
Other operating income and expenses	21	(134)
Operating income	**1,499**	**1,586**
Cost of net debt	(74)	(134)
Other financial income and expense	(62)	(32)
Income tax	(408)	(430)
Net income from fully consolidated companies	**956**	**989**
Net income from associates	(21)	45
Net income	935	1,034
Minority interests	55	57
Group share	**880**	**977**
of which non-recurring net result	(55)	(72)
Recurring net income – Group share	**935**	**1,049**
Recurring EPS (€)	**1.52**	**1.69**
EPS (€)	**1.43**	**1.57**

Other operating income and expenses stood at -€134 million. This amount includes, in particular, -€51 million of expenses related to restructuring plans in some countries and -€56 million of expenses linked to the acquisition of WhiteWave. As expected, the **cost of net debt** increased in H1 2017, taking into account charges related to the financing of the WhiteWave acquisition (i.e. financial charges linked to the new bonds issued in October 25 and 26, 2016). **Net income from associates** was up, at €45 million, on a favorable basis of comparison, as H1 2016 included non-recurring expenses. The **recurring tax** rate stood at 30.3% in H1 2017, down -1.7 point from H1 2016.

Recurring net income – Group Share stood at €1,049 million in H1 2017, up +12.2% as reported. **Recurring EPS** stood at €1.69, up +11.0% at constant exchange rates and up +11.1% as reported, reflecting continued progress in strengthening Danone's growth model by decoupling its mid-term growth and short-term efficiency agenda. **EPS** stood at €1.57, up +10.0% as reported.

H1 2017 CASH-FLOW AND DEBT

Free cash flow excluding exceptional items stood at €923 million, up +24.4% from H1 2016, supported by the rise in recurring operating income, a sound control of working capital, a strict discipline in capex investment as well as a positive base effect related to the consolidation of WhiteWave. This cash delivery will contribute to the company's deleveraging agenda and fund Danone's roadmap for growth. Capital expenditure for H1 2017 came to €367 million, or 3.0% of sales.

Danone's net debt increased by €10,702 million from December 31, 2016, mainly due to the closing of WhiteWave's acquisition on April, 12 2017. It stood at €18,174 million on June 30, 2017. This includes €710 million in put options granted to minority shareholders, up €11million from December 31, 2016.

2017 OUTLOOK

(From press releases issued on February 15, 2017 and April 20, 2017)

In 2017, Danone assumes that economic conditions will remain particularly volatile and uncertain overall, with persistently fragile or even deflationary consumer trends in Europe, and specific contextual difficulties in a few major markets, including the CIS, China and Brazil.

In addition, Danone anticipates a year-on-year mid-single digit rise in the costs of its strategic raw materials. In this context, the Company will continue to strengthen the resilience of its model through a range of initiatives aimed at offsetting inflation and limiting its exposure to volatility in some raw materials while ensuring the competitiveness of its products.

More specifically, Danone anticipates a steep rise in milk prices over the year, with variations from one geographical area to the next:
- a low to mid-single digit increase in Europe and the United States, and
- a strong rise in emerging countries such as the CIS and Latin America.

Regarding other raw materials, including plastics, sugar and fruits, Danone also anticipates inflationary conditions overall. In this context, Danone will continue to give priority this year to improving margins and strengthening its growth model. It will rely on successful execution of its growth plans, optimization of its business model reinforced by the "Protein" program, and disciplined resource allocations that promote strategic growth opportunities over short term tactical allocations.

As a result, Danone targets to deliver a double-digit recurring EPS growth at constant exchange rate for 2017 (compared to the 3.10€ recurring EPS reported in 2016).

This guidance is based on:

- a moderate "*Like-for-like New Danone*" sales growth;
- a sustained recurring operating margin improvement on a "*like-for-like New Danone*" basis.

MAJOR FINANCIAL TRANSACTIONS AND DEVELOPMENTS OVER THE PERIOD

(Summary of press releases issued in the second quarter of 2017)

- **On April 6, 2017,** Danone announced that the U.S. District Court for the District of Columbia had issued an order on April 5 which would allow for the completion of the acquisition of WhiteWave.

- **On April 12, 2017,** Danone announced that it had completed its acquisition of WhiteWave. In connection with the completion of the transaction, the WhiteWave common stock was delisted from the New York Stock Exchange.

- **On May 18, 2017,** Danone reaffirmed its commitment to building a strong, sustainable and profitable model of growth and detailed its immediate agenda from 2017 to 2020, i.e. overall like-for-like sales growth between 4% and 5% by 2020, recurring operating margin of over 16% in 2020, ratio of Net debt/EBITDA[1] below 3 in 2020 and ROIC[1] around 12% in 2020.

- **On May 30, 2017**, Danone announced the result of the option offered to shareholders to receive payment of their 2016 dividend payment in the form of DANONE shares. At the end of the option period, 74.01% of rights

[1] *See definition of these indicators in Half year financial report, pages 9 to 10*

were exercised in favor of the 2016 dividend payment in shares, representing 13,835,487 new shares or 2.11% of Danone's share capital on the basis of the share capital as of April 30, 2017.

- **On July 3, 2017,** Danone announced it had entered into a binding agreement with Lactalis to sell Stonyfield, one of its U.S. dairy subsidiaries, for a purchase price of $875 million, representing 20 times its EBITDA in 2016.

ADDITIONAL INFORMATION

The U.S Department of Justice approved the sale of Stonyfield to Lactalis on July 24, 2017. Danone expects the sale to close early August 2017.

The summary consolidated accounts for the 2017 First-Half Results were approved by the Board of Directors at its meeting on July 26, 2017. A limited audit has been carried out by the statutory auditors of Danone on the condensed interim consolidated financial statements.

The 2017 half-year financial report is available on Danone's website (www.danone.com).

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CHANGE IN BUSINESS UNITS AND BREAKDOWN OF GEOGRAPHICAL REGIONS WITH EFFECT FROM Q2 2017

To reflect recent developments at Danone that include the integration of WhiteWave, the Company adopted a new breakdown of its business units and geographical markets for financial reporting starting in Q2 2017:

- DanoneWave includes, for North America, Danone's Fresh Dairy Products business and WhiteWave's activities, creating **Essential Dairy and Plant-based Noram[1]**;
- Fresh Dairy Products includes Danone's Fresh Dairy Products in Europe, CIS and ALMA as well as WhiteWave's business in Europe, Latin America and China, creating **Essential Dairy and Plant-based International;**
- **Specialized Nutrition** includes Early Life Nutrition and Medical Nutrition;
- **Waters** continue to be reported as in the past.

Starting in the second quarter of 2017, results are reported for two regions:

- Europe and Noram[1] combined to form a single region;
- Rest of the World (RoW) which includes the current ALMA[2] and CIS regions.

Indicators used in this press release by business area and geographical region have thus been restated for historical data.

See also Note 5 of the Notes to the half-year consolidated financial statements.

[1] *United States and Canada*
[2] *Latin America, Africa, Middle East*

FINANCIAL INDICATORS NOT DEFINED IN IFRS

Due to rounding, the sum of values presented may differ from totals as reported. Such differences are not material. See Methodology note on page 12.

Additional indicator of like-for-like changes: "*like-for-like New Danone*" changes

Since completion of the WhiteWave acquisition, WhiteWave and Danone's activities have been combined and are generating synergies. Separate reporting of WhiteWave and Danone in their pre-acquisition forms thus no longer reflects their real performance. As a consequence, Danone has decided to monitor and then report its performance by integrating the contribution of WhiteWave as a whole to its organic growth from the time of the acquisition by using an additional indicator - **"*like-for-like New Danone*"** changes.

This indicator is a variation on the "like-for-like" changes indicator used by Danone, such variations integrating WhiteWave's performance starting at the date of acquisition:

- for periods in previous years compared, and
- based on WhiteWave reported data after restatement to allow comparison with Danone data.

This indicator is used starting with the second quarter of 2017 and running through the end of 2018. Danone does not publish *like-for-like New Danone* changes for prior periods, as such information is not relevant given the way this indicator is defined.

Finally, Danone does not monitor internally nor publish like-for-like changes and will not do so until year-end 2018. Like-for-like changes would not reflect accurately the Company's real performance, which is reflected in *like-for-like New Danone* changes and, by extension, the difference between like-for-like changes and *like-for-like New Danone* changes would not accurately reflect the contribution of WhiteWave and its companies to the real performance.

Financial indicators not defined in IFRS

These indicators are calculated as follows:

Like-for-like changes in sales and recurring operating margin reflect Danone's organic performance and essentially exclude the impact of:

- changes in consolidation scope, with indicators related to a given fiscal year calculated on the basis of previous-year scope;
- changes in applicable accounting principles;
- changes in exchange rates, (i) 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 Danone for the current year and applied to both previous and current year), and (ii) correcting differences caused by the exceptional volatility of inflation in countries that are structurally subject to hyperinflation, which would otherwise distort any interpretation of Danone's organic performance.

Since inflation in Argentina—already structurally high—accelerated further in 2014, in particular following the sharp, steep devaluation of the peso in January, using an identical exchange rate to compare 2014 figures with those for the prior year did not accurately reflect Danone's organic performance in that country.
As a result, the Company fine-tuned the definition of like-for-like changes to include in its exchange-rate impact the differences caused by the exceptional volatility in structurally hyperinflationary countries.
Danone is applying this methodology, which is applicable only to Argentina, starting from the release of 2014 full-year results. Danone is closely following the economic and monetary situation in Argentina and the volatility of the country's inflation.
This methodology leads to (i) limiting the inflation of price and cost of goods sold per kilo to their average level over three years and (ii) capping Recurring operating margin at its prior-year level; this methodology has been applied to each division operating in Argentina. With respect to 2014, adjustment for the full year was recorded in the fourth quarter of 2014.

***"Like-for-like New Danone" changes* (or *"Like-for-like including WhiteWave starting April 2017"* changes)** in sales and recurring operating margin reflect the organic performance of Danone and WhiteWave combined. This indicator corresponds to like-for-like changes for Danone and WhiteWave combined, considering the activity of WhiteWave as a whole by integrating its companies during the fiscal years prior to and following their acquisition in April 2017:

- from April 1 to December 31 for periods compared until 2017 included;
- from January 1 to December 31 for periods compared in 2018.

Bridge from reported data to *like-for-like New Danone* data

(€ million except %)	H1 2016 (a)	WhiteWave base effect (b)	Impact of other changes in scope of consolidation	Impact of changes in exchange rates	*Including adjustment for impact of treatment of over inflation*	*Incl. other impacts of changes in exchange rates*	*Like-for-like New Danone* growth (c)	H1 2017 (d)
Sales	11,052	+7.8%	-0.5%	+2.0%	+0.3%	+1.7%	**+0.4%**	12,128
Recurring operating margin	13.37%	-21 bp	+26 bp	-16 bp	+0 bp	-16 pb	**+91 bp**	14.18%

(a) Consolidated data as reported by Danone.
(b) **WhiteWave base effect** corresponds primarily to the contribution of WhiteWave over the period from April 1 to June 30, 2016 and to adjustments for the impact of using different reference periods for H1 2017 reported and for H1 2017 *like-for-like New Danone* data. The contribution of WhiteWave and its companies for the period from April 1-12, 2017 must be deducted as it is effectively included in the *like-for-like New Danone* changes and excluded from reported data.
(c) Like-for-like growth of Danone and WhiteWave combined, including the contribution of WhiteWave as a whole for the periods from April 1-June 30, 2016 and from April 1-June 30, 2017.

(d) Consolidated data as reported for Danone and WhiteWave combined, including the contribution of WhiteWave as a whole for the period from April 12-June 30, 2017.

Financial data related to periods prior to the closing date and used to calculate "*like-for-like New Danone*" changes are extracted from the historical income statements of, respectively, Danone (prepared in euros under IFRS) and WhiteWave (prepared in US dollars under US-GAAP). However, to ensure comparability with the income statement of Danone and WhiteWave combined, the following adjustments are performed:

- WhiteWave's income statements for periods prior to the closing date have been restated to reconcile them with Danone's accounting principles;
- the effect on the income statement of the purchase price allocation of WhiteWave is also reflected in periods prior to the acquisition.

Data for operations prior to the WhiteWave acquisition are then restated as follows:

($ millions except %)	**As reported (a)**	**Indicators not defined in US GAAP (b)**	**Application of Danone accounting principles (c)**	**Purchase price allocation (d)**	**As restated**
FY 2016 (12 months)					
Sales	**4,198**	**4,198**	**-1**		**4,197**
Operating income	**402**	**402**	**1**	**-29 (e)**	**374**
Operating margin	**9.6%**				-
Non-recurring operating income		-21	0	-29 (e)	-50
Recurring operating income		**423**	**1**		**424**
Recurring operating margin		**10.1%**			**10.1%**

(a) WhiteWave financial statements as reported by WhiteWave management, in dollars and under US GAAP.
(b) Indicators not defined in US GAAP used by WhiteWave management: Adjusted Net Sales and Adjusted Operating Income.
(c) Non-material reclassifications.
(d) Based on **provisional allocation** performed in consolidated financial statements for the first half of 2017; see Note 2.4 of the Notes to consolidated financial statements.
(e) Impact on consolidated income of the valuation at fair value of the inventories outstanding as of WhiteWave acquisition date.

Recurring operating income is defined as Danone's operating income excluding Other operating income and expenses. Other operating income and expenses is defined under Recommendation 2013-03 of the French ANC (format of consolidated financial statements for companies reporting under international reporting standards), and comprises significant items that, because of their exceptional nature, cannot be viewed as inherent to its recurring 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 IFRS 3 (Revised) and IAS 27 (Revised) relating to business combinations, the Company also classifies in Other operating income and expenses (i) acquisition costs related to business combinations, (ii) revaluation profit or loss accounted for following a loss of control, (iii) changes in earn-outs relating to business combinations and subsequent to acquisition date.

Recurring operating margin is defined as Recurring operating income over Sales ratio.

Non-recurring results from associates include significant items that, because of their exceptional nature, cannot be viewed as inherent to the recurring activity of those companies and distort the reading of their performance. They include primarily (i) capital gains and losses on disposal and impairment of Investments in associates, and (ii) when material, non-recurring items as defined by Danone included in the net income from associates.

Recurring income tax rate measures the income tax rate related to Danone's recurring performance and corresponds to the ratio Tax income and expenses related to recurring income and expenses over Total Recurring net income.

Recurring net income (or Recurring net income – Group Share) corresponds to the Group share in the consolidated recurring net income. The recurring net income measures Danone's recurring performance and excludes significant items that, because of their exceptional nature, cannot be viewed as inherent to its recurring performance. Such non-recurring income and expenses mainly include other income and expenses, non-recurring results from associates, capital gains and losses on disposals and impairments of Other non-fully-consolidated entities and tax income and expenses related to non-recurring income and expenses. Such income and expenses excluded from Net income are defined as Non-recurring net income and expenses.

			H1 2016			H1 2017
(€ million except %)	Recurring	Non-recurring	**Total**	Recurring	Non-recurring	**Total**
Recurring operating income	**1,478**		**1,478**	**1,720**		**1,720**
Other operating income and expense		21	21		(134)	(134)
Operating income	**1,478**	**21**	**1,499**	**1,720**	**(134)**	**1,586**
Cost of net debt	(74)		(74)	(134)		(134)
Other financial income and expense	(62)	0	(62)	(67)	35	(32)
Income before taxes	**1,342**	**22**	**1,364**	**1,518**	**(99)**	**1,419**
Income tax	(431)	23	(408)	(459)	29	(430)
Effective tax rate	32.1%		29.9%	30.3%		30.3%
Net income from fully consolidated companies	**912**	**44**	**956**	**1,059**	**(70)**	**989**
Net income from associates	78	(99)	(21)	47	(2)	45
Net income	**990**	**(55)**	**935**	**1,106**	**(72)**	**1,034**
• Group share	935	(55)	880	1,049	(72)	977
• Non-controlling interests	55	0	55	57	(0)	57

Recurring EPS (or Recurring net income – Group Share, per share after dilution) is defined as Recurring net income over Diluted number of shares ratio.

		H1 2016		H1 2017
	Recurring	**Total**	**Recurring**	**Total**
Net income-Group share *(€ million)*	935	880	1,049	977
Number of shares				
• Before dilution	615,906,712	615,906,712	619,570,960	619,570,960
• After dilution	616,086,852	616,086,852	621,781,256	621,781,256
EPS *(€)*				
• Before dilution	1.52	1.43	1.69	1.58
• After dilution	1.52	1.43	1.69	1.57

Free cash-flow represents cash-flows provided or used by operating activities less capital expenditure net of disposals and, in connection with 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 deployed within the framework of the plan to generate savings and adapt Danone's organization in Europe.

(€ million)	H1 2016	H1 2017
Cash-flow from operating activities	**1,072**	**1,199**
Capital expenditure	(358)	(367)
Disposal of tangible assets	15	39
Transaction fees related to business combinations[1]	2	49
Earn-outs related to business combinations[2]	-	-
Free cash-flow	**731**	**921**
Cash-flows related to plan to generate savings and adapt organization in Europe[3]	11	2
Free cash-flow excluding exceptional items	**742**	**923**

[1] *Represents acquisition costs related to business combinations paid during the period*
[2] *Represents earn-outs related to business combinations and paid subsequently to acquisition date and over the period*
[3] *Net of tax*

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 managing net debt.

(€ million)	At December 31, 2016	As of June, 30 2017
Non-current financial debt[1]	18,771	17,791
Current financial debt[1]	2,510	4,173
Short-term investments	(13,063)	(2,959)
Cash and cash equivalents	(557)	(749)
Derivatives — non-current assets	(148)	(64)
Derivatives — current-assets [2]	(42)	(18)
Net debt	**7,472**	**18,174**
• Liabilities related to put options granted to non-controlling interests — non current	(315)	(72)
• Liabilities related to put options granted to non-controlling interests — current	(384)	(638)
Net financial debt	**6,773**	**17,464**

[1] *Including derivatives-liabilities managing net debt*
[2] *Derivatives managing net debt only. Net debt is not restated for the portion of derivatives hedging the WhiteWave acquisition price (€377 million as of December 31, 2016). As of June 30, 2017, these hedging instruments were settled to pay for the acquisition.*

Methodology note

Unless otherwise indicated, amounts are expressed in millions of euros and rounded to the nearest million. In general, figures presented in this press release are rounded to the nearest full unit. As a result, the sum of rounded amounts may show non-material differences with the total as reported. Note that ratios and differences are calculated based on underlying amounts and not on the basis of rounded amounts.

FORWARD-LOOKING STATEMENTS

This press release contains certain forward-looking statements concerning Danone. In some cases, you can identify these forward-looking statements by forward-looking words, such as "estimate," "expect," "anticipate," "project," "plan," "intend," "believe," "forecast," "foresee," "likely," "may," "should," "goal," "target," "might," "will," "could," "predict," "continue," "convinced," and "confident," the negative or plural of these words and other comparable terminology. Forward looking statements in this document include, but are not limited to, statements regarding Danone's operation of its business including that of WhiteWave following completion of the merger, the expected benefits of the transaction, and the future operation, direction and success of Danone's business including that of WhiteWave.

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 detailed description of these risks and uncertainties, please refer to the "Risk Factor" section of Danone's Registration Document (the current version of which is available on www.danone.com).

Subject to regulatory requirements, Danone does not undertake to publicly update or revise any of these forward-looking statements. This document does not constitute an offer to sell, or a solicitation of an offer to buy Danone shares.

*The presentation to analysts and investors, chaired by CEO Emmanuel Faber and CFO Cécile Cabanis, will be broadcast live today from **9.00 a.m.** (Paris time) on Danone's website (www.danone.com).*

Related slides will also be available on the website, in the Investors' section.

APPENDIX – Sales by reporting line and by geographical area

	First quarter		Second quarter		First half	
	2016	2017	2016	2017	2016	2017
BY REPORTING LINE						
EDP International	2,025	2,082	2,075	2,209	4,100	4,291
EDP Noram	651	658	626	1,333	1,277	1,991
Specialized Nutrition	1,610	1,699	1,672	1,762	3,282	3,461
Waters	1,020	1,024	1,373	1,360	2,393	2,385
BY GEOGRAPHICAL AREA						
Europe & Noram	2,737	2,656	2,822	3,619	5,559	6,275
Rest of the World	2,569	2,809	2,924	3,045	5,493	5,853
Total	**5,306**	**5,464**	**5,746**	**6,664**	**11,052**	**12,128**

	First quarter 2017		Second quarter 2017		First half 2017	
	Reported change	*« Like-for-like New Danone » change*	*Reported change*	*« Like-for-like New Danone » change*	*Reported change*	*« Like-for-like New Danone » change*
BY REPORTING LINE						
EDP International	+2.8%	-2.2%	+6.5%	-1.8%	+4.7%	-2.0%
EDP Noram	+1.1%	-2.8%	+112.9%	-2.9%	+55.9%	-2.9%
Specialized Nutrition	+5.6%	+5.2%	+5.4%	+5.5%	+5.5%	+5.4%
Waters	+0.4%	+1.7%	-0.9%	+0.3%	-0.4%	+0.8%
BY GEOGRAPHICAL AREA						
Europe & Noram	-3.0%	-3.0%	+28.3%	-1.5%	+12.9%	-2.1%
Rest of the World	+9.3%	+4.4%	+4.1%	+2.3%	+6.6%	+3.3%
Total	**+3.0%**	**+0.7%**	**+16.0%**	**+0.2%**	**+9.7%**	**+0.4%**

[1] North America = United States and Canada
[2] ALMA = Asia-Pacific / Latin America / Middle-East / Africa