



**2018 First-Half Results**  
Press release – Paris, July 27, 2018

## Strong set of results in a volatile context

- **Double-digit recurring EPS growth** at constant exchange rate: +13.4% excluding Yakult Transaction Impact
- **Solid sales growth**, up +4.0% in H1 and +3.3% in Q2 on a like-for-like basis<sup>(1)</sup>
  - All reporting entities growing and positive company volumes, excluding Morocco
  - Key drivers: Specialized Nutrition, Waters and return to growth at EDP Noram in second quarter
  - Negative FX impact
- **Improved recurring operating margin** at 14.27%, up +51bps on a like-for-like basis<sup>(1)</sup>
- **Morocco** consumer boycott adversely impacting first-half performance
- **Accelerated free cash flow delivery** up +20.0% at €1.1 billion
- **2018 guidance reaffirmed**

(1) "Like-for-like New Danone"

### 2018 Half-Year Key Figures

<i>in millions of euros except if stated otherwise</i>	H1 2017	H1 2018	Reported Changes	Like-for-like New Danone
<b>Sales</b>	12,200	<b>12,498</b>	<b>+2.4%</b>	<b>+4.0%</b>
<b>Recurring operating income</b>	1,717	<b>1,784</b>	<b>+3.9%</b>	<b>+7.9%</b>
<b>Recurring operating margin</b>	14.07%	<b>14.27%</b>	<b>+20 bps</b>	<b>+51 bps</b>
Operating income	1,583	1,089	-31.2%	
Operating margin	12.98%	8.71%	-427 bps	
<b>Recurring net income – Group share</b>	1,047	<b>1,132</b>	<b>+8.2%</b>	
Net income – Group share	975	1,204	+23.5%	
<b>Recurring EPS (€)</b>	1.68	<b>1.76</b>	<b>+4.6%</b>	
EPS (€)	1.57	1.87	+19.5%	
<b>Free cash flow</b>	921	<b>1,104</b>	<b>+20.0%</b>	
Cash flow from operating activities	1,199	1,427	+8.0%	

All references in this document to "Like-for-like (LFL) New Danone" changes, Recurring operating income and margin, Recurring net income, Recurring income tax rate, Recurring EPS, Yakult Transaction Impact, Free cash-flow, and Net financial debt, correspond to financial indicators not defined in IFRS. Their definitions, as well as their reconciliation with financial statements, are listed on pages 6 to 9. Q1, Q2 and H1 2017 figures presented in this press release have been restated for IFRS 15: see explanation note on page 9.

### Emmanuel Faber: Chairman and Chief Executive Officer statement

"In the first half of the year, Danone delivered another semester of strong results, combining sales growth momentum, strong margin improvement, and improved free cash flow. This performance, achieved despite ongoing volatility and unexpected headwinds in some markets, reflects the underlying strengths of our business and our continued financial discipline. The performance was underpinned by notable progress in rebalancing the growth profile of our portfolio and widening sources of growth, while delivering initial savings from our €1bn efficiency program Protein. Excluding the exceptional situation in Morocco, all reporting entities delivered growth in the second quarter. Demand remained strong for Specialized Nutrition in China, Waters achieved broad-based growth and Essential Dairy and Plant-Based returned to growth, reflecting benefits from the WhiteWave acquisition and organic improvements in fresh dairy in key regions. This leads me to confirm our guidance for the year. Looking to the longer term, we have this summer started to work on the Danone 2030 Goals that were unveiled at our last annual shareholder meeting. These goals reinforce the importance of our « One Planet. One Health » vision which has become a unique way to create and share sustainable value for all."

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## 2018 Half-Year Results

2018 HALF-YEAR SALES								
€ million except %	Q2 2017	Q2 2018	Sales Growth*	Volume Growth*	H1 2017	H1 2018	Sales Growth*	Volume Growth*
<b>BY REPORTING ENTITY</b>								
EDP International	2,261	2,011	-2.4%	-8.0%	4,392	4,115	-0.8%	-5.6%
EDP Noram	1,328	1,247	+1.4%	+2.9%	1,970	2,439	+0.6%	+2.3%
Specialized Nutrition	1,756	1,831	+10.6%	+4.0%	3,450	3,644	+12.5%	+4.8%
Waters	1,361	1,325	+4.8%	+2.8%	2,388	2,301	+4.5%	+2.6%
<b>BY GEOGRAPHICAL AREA</b>								
Europe & Noram	3,623	3,453	-1.7%	-1.6%	6,272	6,764	-1.0%	-0.6%
Rest of the World	3,084	2,961	+9.4%	+0.9%	5,928	5,735	+10.5%	+1.6%
<b>Total</b>	<b>6,707</b>	<b>6,414</b>	<b>+3.3%</b>	<b>-0.5%</b>	<b>12,200</b>	<b>12,498</b>	<b>+4.0%</b>	<b>+0.3%</b>

\*"Like-for-like New Danone"

In the second quarter 2018, consolidated sales stood at €6.4bn, up +3.3% on a "like-for-like New Danone" basis. Sales growth included a +3.8% rise in value, largely offsetting a -0.5% decline in volume. Excluding the impact of the recent consumer boycott in Morocco, sales were up +4.3% and volumes rose +1.3%, demonstrating improving volume trends.

Reported sales were down -4.4% vs. the second quarter 2017, including:

- the **base effect** (+1.3%) corresponding to the prior year WhiteWave contribution (from April 1 to 12, 2017);
- other changes in **scope of consolidation** (-1.4%), resulting from the disposal of Stonyfield in August 2017;
- a negative **currency impact** (-7.6%) reflecting mainly the appreciation of the euro against the US dollar, the Argentinian peso and the Russian ruble.

### ESSENTIAL DAIRY AND PLANT-BASED (EDP) INTERNATIONAL

**Essential Dairy & Plant-Based (EDP) International** sales decreased in the second quarter by -2.4% on a "like-for-like New Danone" basis, including a -8.0% decline in volumes and a +5.6% rise in value. Excluding Morocco, EDP International was back to profitable growth, with sales up +0.4%.

In **Morocco**, sales were down around -40% in the second quarter due to an ongoing consumer boycott. To regain consumer trust, Danone announced its commitment to bring changes to its economic model for fresh milk, including selling at cost. Sales trends in **Europe** remained slightly negative, in line with the first quarter, with solid growth in some countries (UK, Nordics, Eastern Europe) while France and Spain remain challenging. *Activia* and *Danone* brands pursued sequential stabilization and local brands (in particular *Light & Free*, *Les 2 Vaches*, *Fantasia*) kept growing strongly. *Alpro* sales continued to grow at around 10%, driven by accelerated innovations, while first revenue synergies started in France and Spain, where *Alpro* is now the second largest player among plant-based alternatives to yogurt. In the **CIS** region, sales continued to grow strongly reflecting successful valorization strategy. In Russia, Danone continues to benefit from improving product mix and innovation in global brands (*Activia*, *Danone*) and local brands (*Prostokvashino*, *Danissimo*) with both segments contributing to strong growth. **Latin America** registered strong growth in Mexico and Argentina. Sales continued to decline in Brazil, where the truckers' strike exacerbated already difficult market conditions. The ongoing turnaround plan in Brazil is making good progress, where Danone is restructuring its product offering and distribution model.

## ESSENTIAL DAIRY AND PLANT-BASED (EDP) NORAM

**Essential Dairy & Plant-Based (EDP) Noram** returned to growth in the second quarter, posting the fourth consecutive quarter of improvement. Sales were up +1.4% on a "like-for-like New Danone" basis (+2.7% excluding Fresh Foods), as a +2.9% increase in volume offset a -1.5% decline in value.

In **Yogurt**, sales increased and outperformed the market, driven by product innovations in growing and valorized segments including probiotics, kids and plant-based yogurts, where revenues were enhanced by distribution expansion, as well as successful activation campaigns including *Danimals Incredibles*. **Plant-based** foods and beverage delivered high single-digit growth both in volume and sales. Category is fast-growing, supported by very dynamic demand for nut-based products, and Danone benefitted from innovations in valorized segments. Stronger communication campaigns also helped lift demand for products including *Silk*. **Coffee Creamers** delivered strong growth in the second quarter, with better-for-you creamers and ready-to-drink coffees (*International Delight* and *Stok*) posting excellent growth. Danone's presence in value-added milk extensions enabled **Premium Dairy** to outperform a declining category which continues to be impacted by oversupply of organic milk, driving some pricing pressure on shelf. The company remains focused on a turnaround in **Fresh Foods**.

## SPECIALIZED NUTRITION

The strong performance of **Specialized Nutrition** in the second quarter was driven by both Early Life Nutrition and Advanced Medical Nutrition. Sales were up +10.6% on a "like-for-like New Danone" basis, with a +4.0% rise in volume and a +6.6% increase in value.

**Advanced Medical Nutrition** delivered mid-to-high-single digit sales growth in the second quarter, with all regions and all product categories contributing to this performance. **Early Life Nutrition** posted double-digit growth in the second quarter, due mainly to sales growth of around 30% in China, along with growing contributions from Latin America, India and Africa. In China, balanced contributions from volume and value were supported by dynamic market demand, successful expansion in Ultra-Premium segment, and growth and market share gains in all direct distribution channels. In the European market, sales slowed down ahead of new product introductions.

## WATERS

**Waters** continued to deliver consistent broad-based growth, with continuing momentum in all regions and categories. Sales were up +4.8% on a "like-for-like New Danone" basis, including a +2.8% growth in volume and a +2.0% rise in value.

**Europe** posted solid growth, due to continued product innovations and weather-related demand in Northern Europe, although rail disruption in France impacted *evian* sales. **Asia** reported strong sales momentum across the region, driven by Indonesia, Turkey and a solid performance of *Mizone* in China, building on innovations and marketing activation. **North America** posted another very good quarter, with high single-digit growth. In **Latin America**, growth remained soft, adversely impacted by weather conditions in Mexico.

## H1 2018 RECURRING OPERATING MARGIN: +51 bps ("like-for-like New Danone")

In H1 2018, Danone's recurring operating income stood at €1.8bn. Recurring operating margin reached 14.27%, up +20 bps on a reported basis including:

- the dilutive impact resulting from WhiteWave contribution from January 1 to April 12, 2017 (-49 bps);
- other scope effects (+8 bps), resulting from the disposal in August 2017 of Stonyfield;
- a marginal positive impact from currencies (+9 bps).

On a "like-for-like New Danone" basis, recurring operating margin increased by +51 bps. This strong improvement was achieved despite an inflationary cost environment, in particular for PET plastic packaging, US transportation costs and, to a lesser extent, milk prices.

This improvement reflects:

- Danone's profitable growth model, based on valorized innovations and positive mix;
- growing efficiencies, achieved mainly through the synergies from the integration of WhiteWave, and €75 million of initial savings from the Protein program;
- continued discipline in resource allocation.

Recurring operating margin (%)	H1 2017	H1 2018	Change ("like-for-like New Danone")
<b>BY REPORTING ENTITY</b>			
EDP International	8.15%	8.44%	+26 bps
EDP Noram	11.69%	9.96%	-43 bps
Specialized Nutrition	24.32%	25.53%	+121 bps
Waters	12.15%	11.45%	-96 bps
<b>BY GEOGRAPHICAL AREA</b>			
Europe & Noram	15.31%	12.98%	-126 bps
Rest of the World	12.77%	15.80%	+260 bps
<b>Total</b>	<b>14.07%</b>	<b>14.27%</b>	<b>+51 bps</b>

H1 2018 RECURRING EPS: +13.4% (at constant exchange rate and excluding Yakult Transaction Impact)

in millions of euros except if stated otherwise	H1 2017			H1 2018		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
<b>Recurring operating income</b>	<b>1,717</b>		<b>1,717</b>	<b>1,784</b>		<b>1,784</b>
Other operating income and expense		(134)	(134)		(695)	(695)
<b>Operating income</b>	<b>1,717</b>	<b>(134)</b>	<b>1,583</b>	<b>1,784</b>	<b>(695)</b>	<b>1,089</b>
Cost of net debt	(134)		(134)	(115)		(115)
Other financial income and expense	(66)	35	(31)	(60)	3	(57)
<b>Income before taxes</b>	<b>1,516</b>	<b>(99)</b>	<b>1,417</b>	<b>1,608</b>	<b>(692)</b>	<b>916</b>
Income tax	(459)	29	(431)	(475)	63	(412)
Effective tax rate	30.3%		30.4%	29.5%		45.0%
<b>Net income from fully consolidated companies</b>	<b>1,057</b>	<b>(70)</b>	<b>987</b>	<b>1,134</b>	<b>(629)</b>	<b>504</b>
Net income from associates	47	(2)	45	46	701	747
<b>Net income</b>	<b>1,104</b>	<b>(72)</b>	<b>1,032</b>	<b>1,180</b>	<b>71</b>	<b>1,251</b>
• <b>Group share</b>	<b>1,047</b>	<b>(72)</b>	<b>975</b>	<b>1,132</b>	<b>72</b>	<b>1,204</b>
• Non-controlling interests	57	0	57	48	-1	47
<b>EPS (€)</b>	<b>1.68</b>		<b>1.57</b>	<b>1.76</b>		<b>1.87</b>

**Other operating income and expenses** were -€695 million, mainly related to a non-cash charge of €661 million corresponding to the impairment of the *Centrale* brand for €78 million and to an impairment charge of Centrale Danone's goodwill for €583 million in Morocco, as a consequence of the ongoing consumer boycott started in April 2018.

The **cost of net debt** decreased in absolute amount, from -€134 million in H1 2017 to -€115 million in H1 2018, mainly reflecting the positive FX impact in the US denominated portion of net debt, and the early redemption of WhiteWave's outstanding 5.375% \$500 million senior notes in October 2017.

The **recurring income tax rate** was 29.5% in H1 2018, representing a 0.8 point decrease from H1 2017, mainly driven by the positive impact of the US tax reform enacted in December 2017.

**Recurring net income from associates** was stable at €46 million, reflecting mainly the good results from the participation in Mengniu and the reduction in Danone's stake in Yakult from 21.3% to 6.6% in March 2018. The transaction resulted in a €701 million non-recurring capital gain. **Recurring minority interests** decreased to €48 million, as the result of the increased ownership in Unimilk from 93% to 98%.

**Recurring net income – Group share** was €1,132 million in H1 2018, up +8.2%.

**Recurring EPS** increased by +4.6% to €1.76, up +12.8% at constant exchange rate and +13.4% excluding Yakult Transaction Impact.

## H1 2018 CASH-FLOW AND DEBT

Free cash flow stood at €1.1 bn, up +20.0% from H1 2017, supported by the rise in recurring operating income, with capex amounting to €363 million, or 2.9% of sales, in line with last year.

Danone's net debt decreased by €1.7 bn from December 31, 2017, in line with its deleverage priority, as a result of the sale of part of its stake in Yakult and free cash flow delivery. It stood at €13.7 bn on June 30, 2018.

## 2018 OUTLOOK

*(From press release issued on February 16, 2018 and April 18, 2018)*

In the current year, Danone will make further progress towards its 2020 ambition through its separate focuses on both mid-term growth and short-term efficiency. It will continue rolling out the 'Protein' efficiency program and capture the synergies from the WhiteWave acquisition. These activities will underpin its ability to deliver sustainable growth in sales and profits.

### Macroeconomic outlook

Danone assumes that market volatility will continue.

In 2018, Danone expects further cost-inflation with a mid-single digit rise in the costs of raw and packaging materials, including:

- milk price inflation of low to mid-single digit overall,
- a double-digit increase of PET pricing driven by the crude oil price rebound and,
- inflationary conditions in other raw materials, including sugar and fruits.

Danone also expects an ongoing impact from currency volatility, particularly the UK pound.

### 2018 guidance

Danone's focus will remain on accelerating growth and maximizing efficiencies, including the first year of delivery of its Protein program's savings. In 2018, the Company will progress towards its 2020 ambition through further sales growth and an improved recurring operating margin.

**As a result, Danone is targeting double-digit recurring EPS growth at constant exchange rate for 2018, excluding Yakult Transaction Impact.**

## MAJOR FINANCIAL TRANSACTIONS AND DEVELOPMENTS OVER THE PERIOD

*(Summary of press releases issued in the second quarter of 2018)*

- **On April 12, 2018**, Danone announced that its US and Canadian subsidiaries have achieved B Corp™ Certification, two years ahead of target. Thanks to these new achievements, approximately 30% of Danone's global business is now covered by B Corp™ certification. Danone North America becomes the largest Certified B Corporation® in the world, while Danone Canada becomes the largest consumer-facing Certified B Corporation® in Canada.
- **On April 26, 2018**, the Shareholders' Meeting approved the appointments as new Directors of Michel Landel, Cecile Cabanis and Guido Barilla. Michel Landel became at this occasion Lead Independent Director and Chairman of the Nomination and Compensation Committee.
- **On April 26, 2018**, Danone introduced its 2030 Goals embedding the business, brand and trust models of the company to drive long-term sustainable value creation and deliver the company's 'One Planet. One Health' vision. As a founding act for its goals, Danone launched 'One Person, One Voice, One Share', an innovative employee engagement program and governance model for all of its 100,000 employees to co-own the company agenda, actively participate in defining roadmaps to bring the goals to life, and deepen their ownership mindset.
- **On May 29, 2018**, Danone announced the result of the option offered to shareholders to receive payment of their 2017 dividend in the form of Danone shares. At the end of the option period, 64.64% of rights were exercised in favor of the 2017 dividend payment in shares, representing 13,475,904 new shares.

## ADDITIONAL INFORMATION

The condensed interim consolidated financial statements for the 2018 First-Half Results were approved by the Board of Directors at its meeting on July 26, 2018. A limited audit has been carried out by the statutory auditors of Danone on the condensed interim consolidated financial statements.

The 2018 half-year financial report is available on Danone's website ([www.danone.com](http://www.danone.com)).

## FINANCIAL INDICATORS NOT DEFINED IN IFRS AND IFRS 15 RESTATEMENT

*Due to rounding, the sum of values presented may differ from totals as reported. Such differences are not material. See Methodology note on page 9.*

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

Since the 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. This being the case, Danone decided to monitor and then report its performance by integrating the contribution of WhiteWave as a whole into 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 which integrates 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 given the way they are computed. Finally, Danone does not monitor internally nor publish like-for-like changes and will not do so until year-end 2018. Indeed like-for-like changes would not reflect accurately the Company's real performance, which is reflected in

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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 to this real performance of WhiteWave and its companies.

## Financial indicators not defined in IFRS

These indicators are calculated as follows:

**Like-for-like changes** in sales and 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 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).

**“Like-for-like New Danone” changes (or “Like-for-like including WhiteWave starting in April 2017” changes)** in sales and 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 2017 <sup>1</sup>	WhiteWave base effect <sup>2</sup>	Impact of other changes in scope of consolidation	Impact of changes in exchange rates	Like-for-like New Danone growth <sup>3</sup>	H1 2018 <sup>4</sup>
<b>Sales</b>	12,200	+8.0%	-1.4%	-8.2%	<b>+4.0%</b>	12,498
<b>Recurring operating margin</b>	14.07%	-49bps	+8bps	+9 bps	<b>+51 bps</b>	14.27%

<sup>1</sup> Consolidated data as reported by Danone after restatement for IFRS15

<sup>2</sup> WhiteWave **base effect** corresponds primarily to the contribution of WhiteWave in from January 1<sup>st</sup> to April 12, 2017

<sup>3</sup> Like-for-like growth of Danone and WhiteWave combined, including the contribution of WhiteWave as a whole in H1 2017 and H1 2018

<sup>4</sup> Consolidated data as reported for Danone and WhiteWave combined, including the contribution of WhiteWave as a whole in H1 2018

Financial data used to calculate “like-for-like New Danone” changes are as follows:

- Financial data post acquisition date are extracted from the historical statements of Danone (after restatement for IFRS15) and WhiteWave combined, prepared in euros under IFRS (thus after allocation of WhiteWave's acquisition price).
- Financial data prior to the acquisition 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 of the WhiteWave purchase price allocation is also reflected in periods prior to the acquisition so as to neutralize its impact on the improvement in recurring operating margin on a like-for-like New Danone basis.

**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 CNC (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 of 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.

**Other non-recurring financial income and expense** corresponds to capital gains or losses on disposal and impairment of non-consolidated interests as well as significant financial income and expense items that, in view of their exceptional nature, cannot be considered as inherent to Danone's recurring financial management.

**Non-recurring income tax** corresponds to income tax on non-recurring items as well as significant tax income and expense items that, in view of their exceptional nature, cannot be considered as inherent to Danone's recurring performance.

**Recurring effective tax rate** measures the effective tax rate of Danone's recurring performance and is computed as the ratio income tax related to recurring items over recurring net income before tax.

**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 net income** (or Recurring net income – Group Share) corresponds to the Group share of 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 operating income and expense, other non-recurring financial income and expense, non-recurring tax, and non-recurring income from associates. Such income and expenses excluded from Net income are defined as Non-recurring net income and expenses.

**Recurring EPS** (or Recurring net income – Group Share, per share after dilution) is defined as the ratio of Recurring net income adjusted for hybrid financing over Diluted number of shares. In compliance with IFRS, income used to calculate EPS is adjusted for the coupon related to the hybrid financing accrued for the period and presented net of tax.

	H1 2017		H1 2018	
	Recurring	Total	Recurring	Total
<b>Net income-Group share</b> (€ million)	1,047	975	1,132	1,204
Coupon related to hybrid financing net of tax (€ million)	-	-	(7)	(7)
<b>Number of shares</b>				
• Before dilution	621,507,211	621,507,211	638,169,867	638,169,867
• After dilution	621,781,256	621,781,256	639,083,725	639,083,725
<b>EPS</b> (€)				
• Before dilution	1.68	1.57	1.76	1.88
• After dilution	1.68	1.57	1.76	1.87

**Yakult Transaction Impact** corresponds to the amount to deduct from Danone's 2017 recurring net income to reflect an interest in Yakult in 2017 identical to the interest prevailing in 2018 following the completion of the partial disposal finalized at the end of Q1 2018. It is computed as the difference between Danone's interest in Yakult after the transaction (6.61%) and 21.29% applied, prorata temporis, to 2017 profit from Yakult as estimated by Danone for its 2017 consolidated financial statements. Yakult Transaction Impact amounts to -0.6% of H1 2017 recurring EPS and -1.5% of FY 2017 recurring EPS.



**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.

(€ million)	H1 2017	H1 2018
<b>Cash-flow from operating activities</b>	<b>1,199</b>	<b>1,427</b>
Capital expenditure	(367)	(363)
Disposal of tangible assets	39	10
Transaction fees related to business combinations <sup>1</sup>	49	30
<b>Free cash-flow</b>	<b>921</b>	<b>1,104</b>

<sup>1</sup> Represents acquisition costs related to business combinations paid during the period.

**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)	December 31, 2017	June 30, 2018
Non-current financial debt <sup>1</sup>	15,716	15,382
Current financial debt <sup>1</sup>	3,792	4,063
Short-term investments	(3,462)	(5,027)
Cash and cash equivalents	(638)	(700)
Derivatives — non-current assets <sup>2</sup>	(16)	(33)
Derivatives — current-assets <sup>2</sup>	(19)	(22)
<b>Net debt</b>	<b>15,372</b>	<b>13,663</b>
• Liabilities related to put options granted to non-controlling interests — non current	(38)	(39)
• Liabilities related to put options granted to non-controlling interests — current	(569)	(547)
<b>Net financial debt</b>	<b>14,765</b>	<b>13,077</b>

<sup>1</sup> Including derivatives-liabilities

<sup>2</sup> managing net debt only

### IFRS Restatement

Danone applies IFRS 15 on Revenues from contracts with customers starting January 1, 2018 and elected to restate the comparative financial statements (see Note 1.3 of the Notes to the Consolidated Financial Statements for the six-month period closed on June 30, 2018).

### 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,” “objective” “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, and the future operation, direction and success of Danone’s business.

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](http://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 securities.

**The presentation to analysts and investors, held by CFO Cécile Cabanis, will be broadcast live today from 8.00 a.m. (Paris time) on Danone’s website ([www.danone.com](http://www.danone.com)). Related slides will also be available on the website in the Investors section.**

**APPENDIX – Sales by reporting entity and by geographical area (in € million)**

	First quarter		Second quarter		First half	
	2017	2018	2017	2018	2017	2018
<b>BY REPORTING ENTITY</b>						
EDP International	2,131	2,105	2,261	2,011	4,392	4,115
EDP Noram	642	1,192	1,328	1,247	1,970	2,439
Specialized Nutrition	1,694	1,812	1,756	1,831	3,450	3,644
Waters	1,026	976	1,361	1,325	2,388	2,301
<b>BY GEOGRAPHICAL AREA</b>						
Europe & Noram	2,649	3,311	3,623	3,453	6,272	6,764
Rest of the World	2,844	2,774	3,084	2,961	5,928	5,735
<b>Total</b>	<b>5,493</b>	<b>6,085</b>	<b>6,707</b>	<b>6,414</b>	<b>12,200</b>	<b>12,498</b>

	First quarter 2018		Second quarter 2018		First half 2018	
	Reported change	« Like-for- like New Danone » change	Reported change	« Like-for- like New Danone » change	Reported change	« Like-for- like New Danone » change
<b>BY REPORTING ENTITY</b>						
EDP International	-1.2%	0.8%	-11.1%	-2.4%	-6.3%	-0.8%
EDP Noram	85.6%	-0.2%	-6.1%	1.4%	23.8%	0.6%
Specialized Nutrition	7.0%	14.5%	4.3%	10.6%	5.6%	12.5%
Waters	-4.9%	4.2%	-2.7%	4.8%	-3.6%	4.5%
<b>BY GEOGRAPHICAL AREA</b>						
Europe & Noram	25.0%	-0.3%	-4.7%	-1.7%	7.8%	-1.0%
Rest of the World	-2.5%	11.7%	-4.0%	9.4%	-3.3%	10.5%
<b>Total</b>	<b>10.8%</b>	<b>4.9%</b>	<b>-4.4%</b>	<b>3.3%</b>	<b>2.4%</b>	<b>4.0%</b>