

A photograph of two young children, a boy and a girl, playing under a waterfall. The boy, in the foreground, is wearing a bright blue t-shirt and is reaching out with his hands towards the falling water. The girl, slightly behind him, is wearing a yellow shirt and is also smiling and reaching towards the water. The water is cascading over rocks, creating a misty spray. The background is a lush green forest.

Q1 2017 SALES

April 20, 2017

Cécile Cabanis, CFO



DISCLAIMER

This document is presented by Danone. It 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, and statements regarding 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 section “Risk Factors” in 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.

All references in this presentation to like-for-like changes, “like-for-like New Danone” changes, recurring operating income, recurring operating margin, non-recurring results from associates, recurring net income and recurring EPS correspond to financial indicators not defined by IFRS used by Danone, which are defined at the end of this presentation.

Due to rounding, the sum of values presented in this document may differ from totals as reported. Such differences are not material.



Strengthen Danone growth model in a more complex consumption environment

An increasingly volatile context



- > Continued transition in China
- > Still complex context in CIS
- > Strong category slowdown in Latam due to deteriorating consumer conditions

Danone + WhiteWave



- > WhiteWave acquisition closed
- > Strong value creation confirmed

2017 recurring EPS growth

From

To



**Recurring
EPS
>5%⁽¹⁾**



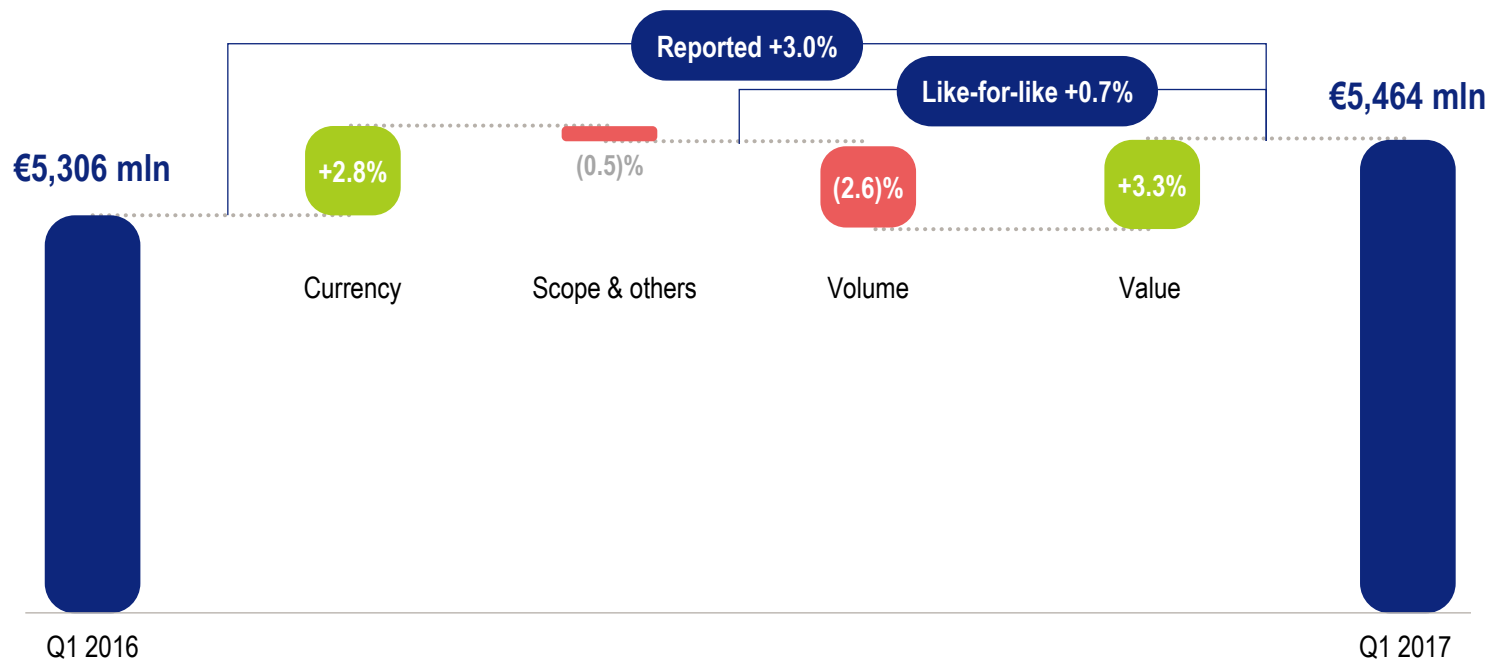
**Double-digit
recurring EPS
growth⁽²⁾**

(1) Like-for-like

(2) At constant exchange rate

- > Moderate sales growth
- > Sustained recurring operating margin improvement
(on a "Lfl New Danone" basis)

Q1 2017 Like-for-like sales growth of + 0.7%



+3.0% reported sales growth

Q1 2017 Regional dynamics⁽¹⁾

EUROPE

- 1.9%
€2.0 bn

- > Slower Dairy sales
- > On-going transition of the indirect business for China in ELN

NORAM / CIS

USA+Canada+CIS

- 0.1%
€1.2 bn

- > Category slowdown & short-term price pressure in Dairy NORAM
- > Continued resilience of Danone's CIS model

ALMA

AsiapacLatamMiddleEastAfrica

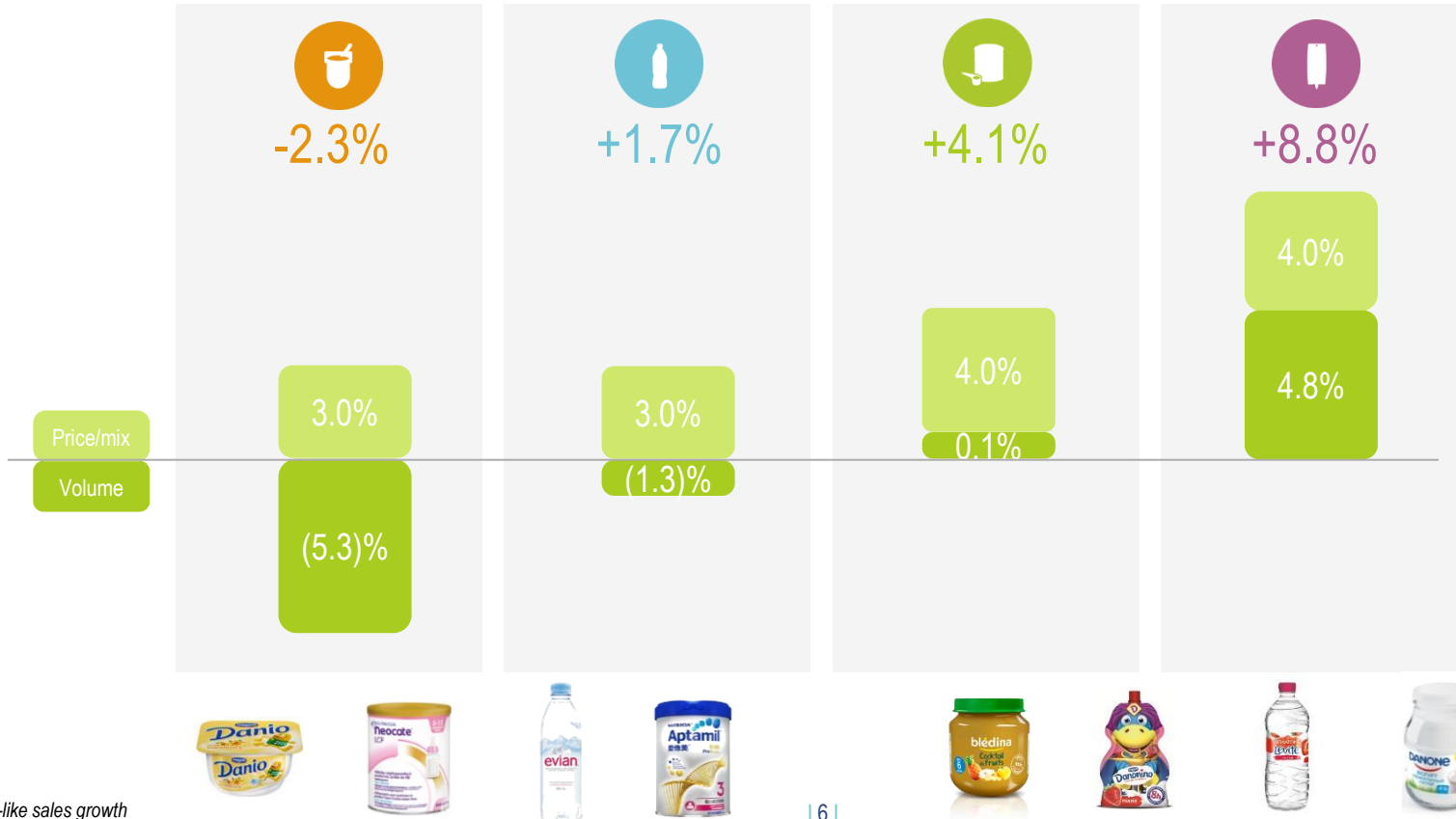
+ 3.7%
€2.2 bn

- > Tougher market consumption context in Latam
- > Progressing in Mizone transition



⁽¹⁾ Like-for-like sales growth

Q1 2017 Category dynamics⁽¹⁾





Manage contrasted regional dynamics of growth

Continue to progress on the profitability agenda



Adapt plans

- > Regain *Activia*'s consumers
- > Accelerate local brands



Build the platform for sustainable growth

Market share:
≈ 37/38% ⁽¹⁾

- > Invest behind the category
- > Launch innovations and reinforce solid activation plan

The **DANNON PLEDGE**
on sustainable agriculture,
naturalness and transparency



Prepare the recovery in Brazil

- > Execute the PRGM⁽²⁾ agenda: full review of the portfolio
- > Adapt cost structure & secure profitability equation

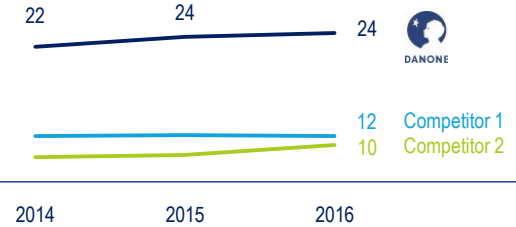
(1) YTD, week ending 04/02/2017

(2) Portfolio Revenue Growth Management





Strengthen a solid growth agenda & protect Mizone market share



Strengthen a solid growth agenda

- > Continuously gaining market share & strengthen Leadership
- > Leading position in aquadrinks



Double-Digit growth ⁽²⁾
(Sirma)



Double-Digit growth ⁽²⁾
(Bonafont)



Protect Mizone market share & secure profitability equation



- > Invest behind the brand to support growth after transition
- > Resize the organization
- > Manage cost with discipline

(1) MS in value in bottled water & aquadrink (%), on Danone Water 11 core countries water + aquadrinks, source Nielsen/Iri

(2) Like-for-like sales growth



Continue to leverage new growth opportunities

Progress in the conversion towards a sustainable direct model in China

Continue to leverage new growth opportunities

- > Develop a strong Tailored Nutrition portfolio
≈10% of ELN sales



- > Grow new markets  **> + 15 %⁽¹⁾**



#1 Organic Brand (excl. Walmart)
#1 Brand in the natural channel

Key progresses in developing direct model

- > Increase position in Mum & Baby Stores
- > Keep leading e-commerce channel

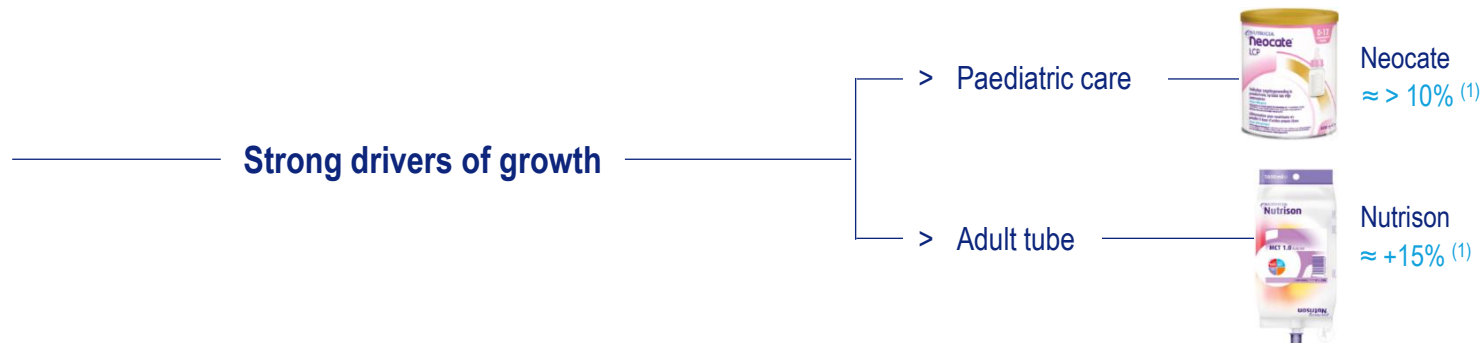
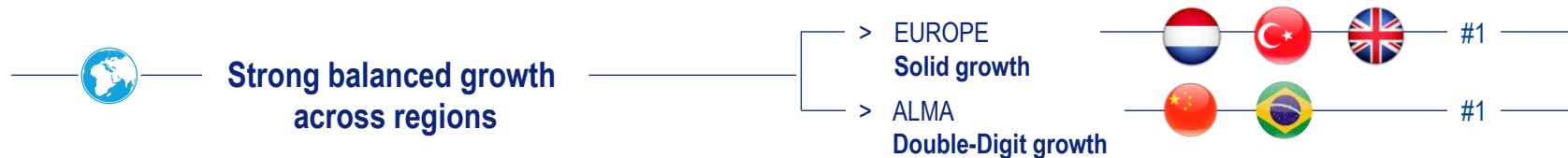


Aptamil Platinum
launch in Q1

(1) Like-for-like sales growth



Sustain a strong and resilient model of growth



Danone enters into a new phase of its transformation with the successful closing of WhiteWave



A perfect combination to strengthen Danone 2020 plan

- > A perfect match of vision, culture and businesses
- > Creates a truly unique global leader strongly aligned with consumer trends
- > Significantly enhances Danone 2020 plan, serving the ambition for an Alimentation revolution

Strong value creation accretive to Danone model

- > Accelerates Danone journey towards its 2020 ambition
- > Doubles the size of Danone's US business
- > High profitable growth in stable geographies
- > Significant synergies: \$ 300 million
- > Accretive to Danone model



Organization in place from Day 1



Operations Management organization



Combining Dairy Noram with WhiteWave Noram



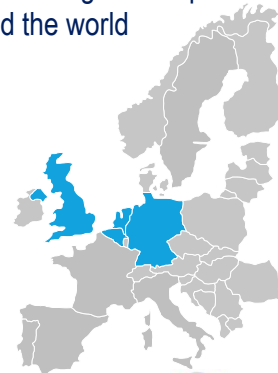
- > Leverage scale and deliver growth opportunities from long lasting trends
- > Set the US business back in motion:
 - Address brand execution issues
 - Fix supply challenges related to installation of SAP



Alpro will join forces with Danone Dairy



- > Keep EU momentum
- > Expand and grow the plant-based category around the world



A dedicated Integration team to maximize synergies delivery

Integration team

US and EU integration teams in place since July 2016



- > Focus on delivering synergies from day 1
- > Preserve WhiteWave & Alpro entrepreneurial spirit and innovation capacity



Key mid-term value creation metrics confirmed

From solid to strong 2017 recurring EPS accretion

Confirming mid-term metrics

Synergies

➤ \$ 300m

Like-for-like sales growth

➤ Extra +0.5% to +1%

Recurring operating Margin

➤ Accretive from 2018

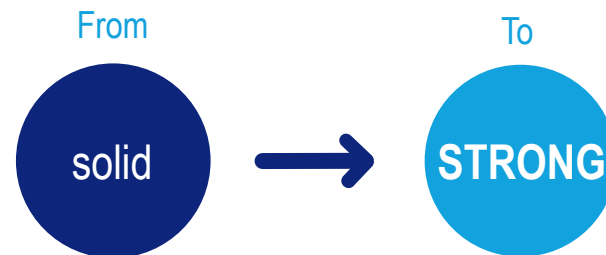
Recurring EPS

➤ Solid accretion from 2017
➤ >10% accretion based on run-rate synergies

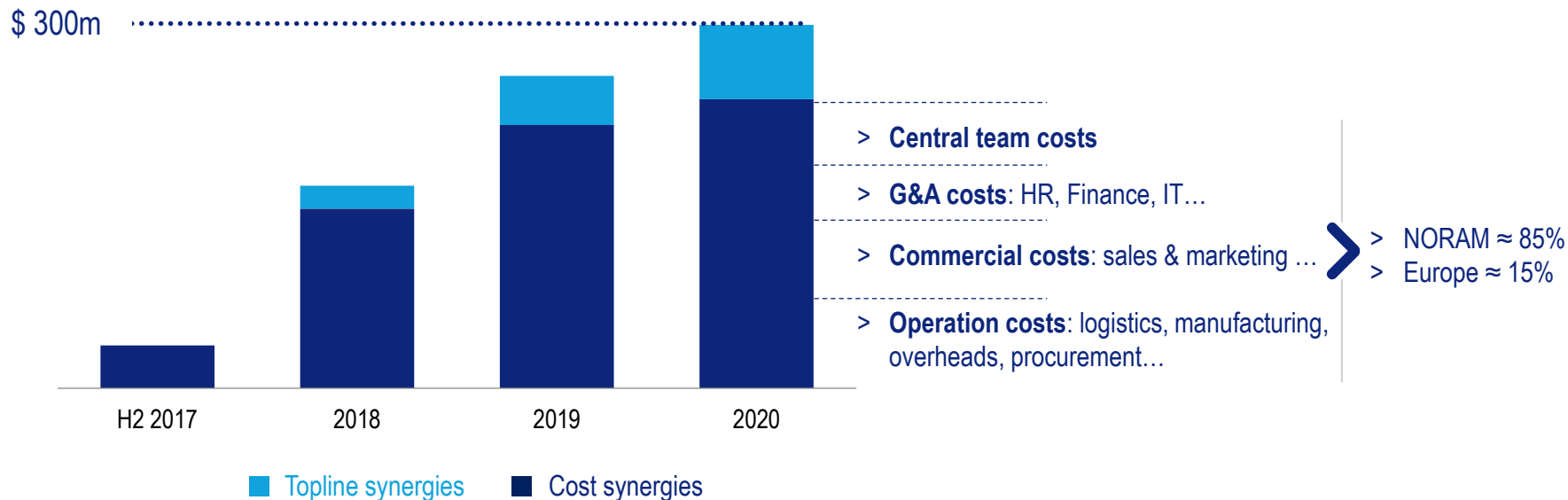
ROIC

➤ ROIC 2017 impact : -200 bps
➤ ROIC back to 2016 level in 2019

Enhancing 2017 recurring EPS accretion



Significant & Highly executable synergies



Danone's new categories and regional breakdown

Danone categories



DanoneWave: Dairy Noram + WhiteWave Noram



Fresh Dairy Products: incl. WhiteWave ROW



Waters



ELN - Medical

Danone regions



Europe + USA + Canada



Rest of the world

Strengthening the model before accelerating towards 2020 ambition



- > Moderate LfL Sales Growth
- > Sustained Recurring Operating Margin Improvement (LfL basis)

FROM

Like-for-like recurring EPS growth > 5%



Upgraded 2017 guidance: double-digit recurring EPS growth



- > Moderate “LfL New Danone” Sales Growth
- > Sustained Recurring Operating Margin Improvement (“LfL New Danone” basis)

TO

Double-digit recurring EPS growth at constant exchange rate

GROWTH

AGILITY

PROFIT

CONSISTENCY



APPENDIX



Q1 2017 impact of currencies & scope

Q1 2017	Fresh Dairy Products	Waters	Early Life Nutrition	Medical Nutrition	Total
Reported sales growth	+2.4%	+0.4%	+4.8%	+7.8%	+3.0%
Currency	+5.4%	(1.2)%	+1.6%	(0.6)%	+2.8%
Scope of consolidation	(0.7)%	(0.1)%	(0.9)%	(0.4)%	(0.5)%
Like-for-like sales growth	(2.3)%	+1.7%	+4.1%	+8.8%	+0.7%

Changes in exchange rates

	% total Q1 17 sales	Q1 17 vs Q1 16 (avg)
United States Dollar	12.6%	4.3%
Russian Ruble	8.0%	31.8%
Indonesian Rupiah	6.3%	5.7%
Chinese Renminbi	6.2%	-1.1%
British Pound	5.1%	-10.0%
Argentine Peso	5.0%	-4.5%
Mexican Peso	4.5%	-8.0%
Brazilian Real	4.1%	28.7%
Moroccan Dirham	2.4%	1.2%
Polish Zloty	2.4%	0.9%

Financial indicators not defined in IFRS

Additional indicator of like-for-like changes: “like-for-like New Danone” changes

Since completion of the 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 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 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 additional indicator will be used temporarily, starting with the second quarter of 2017 and running through the end of 2018.

Financial indicators not defined in IFRS, used by Danone and presented in this press release

These indicators are calculated as follows:

Like-for-like changes in sales, recurring operating income 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.

Financial indicators not defined in IFRS

“Like-for-like New Danone” changes (or “Like-for-like including WhiteWave starting April 2017” changes) in sales, recurring operating income 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 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.

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 that these can be compared with the income statement of Danone and WhiteWave combined, they are adjusted as follows:

- 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.

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, and (iv) certain income and expenses related to the purchase price allocation of WhiteWave.

Financial indicators not defined in IFRS

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 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.

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