



DANONE
ONE PLANET. ONE HEALTH

Q1 2018 SALES

April 18, 2018



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CFO



Disclaimer

- *This presentation 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.*
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- *All references in this presentation to “Like-for-like (LFL) New Danone” changes, Recurring EPS, Yakult Transaction Impact correspond to financial indicators not defined in IFRS. Their definitions, as well as their reconciliation with financial statements, are listed in appendix. Q1 2017 sales figures have been restated for IFRS 15 and are unaudited – see details in appendix.*
- *Due to rounding, the sum of values presented in this presentation may differ from totals as reported. Such differences are not material.*

Q1 2018 highlights

A strong quarter, sharp focus on execution

Strategic priorities

First-Quarter 2018 delivery

1 Accelerate growth >

+4.9%
LFL sales growth⁽¹⁾

- Positive volume (+1.1%) and value (+3.8%) contribution
- Increased contributions from new innovations
- Notably very strong performance in Specialized Nutrition (+14.5%)

2 Maximize efficiencies >

On Track

- Continued progress of WhiteWave integration
- Ongoing roll-out of 'Protein' program
- Full-year savings target reiterated, more H2 weighted

3 Allocate capital with discipline >

€1.3bn
proceeds from Yakult transaction

- Portfolio management
- Pace of deleverage
- Increased investment capacity

⁽¹⁾ Like-for-like New Danone

Q1 2018 highlights

Leading the way in creating and sharing sustainable value

March '18

First issuance of
a **social bond**
by a multinational
€300m
to finance projects
with positive social impact

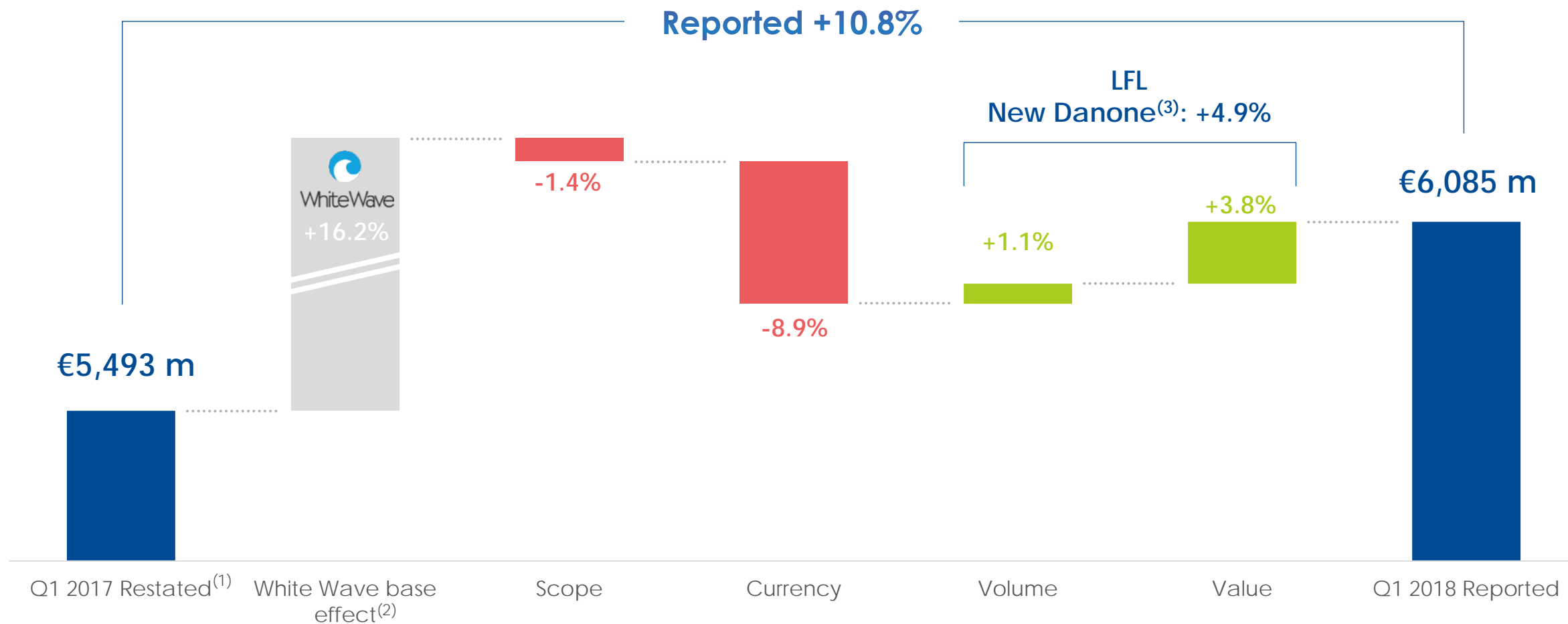
April '18

Danone North America
now
a **B Corp**
~30%
of Danone global sales
covered by B Corp certification



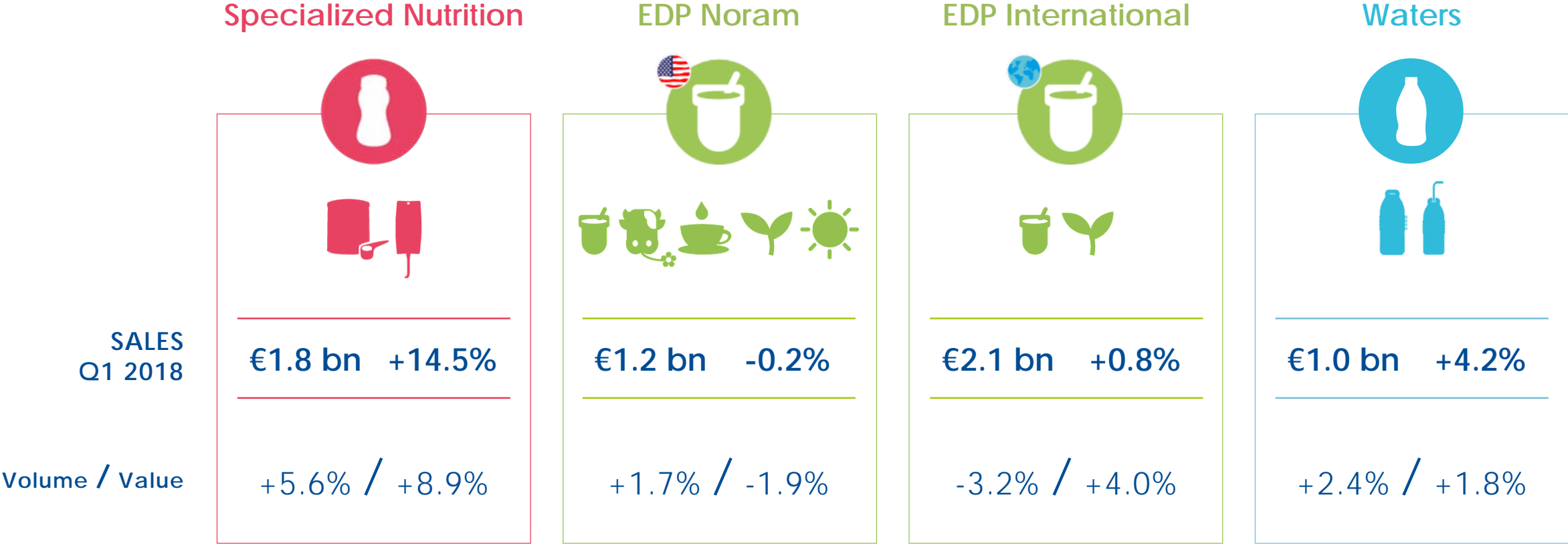
Q1 2018 sales bridge

+4.9% like-for-like⁽¹⁾ growth



- (1) Q1 2017 sales figures have been restated for IFRS 15 and are unaudited – please refer to slide 21
- (2) Corresponds to the contribution of WhiteWave over the period from January 1 to March 31, 2017
- (3) Like-for-like New Danone

Q1 2018 by reporting entity⁽¹⁾



⁽¹⁾ Like-for-Like New Danone

NUTRICIA
Aptamil 爱他美 官方旗舰店



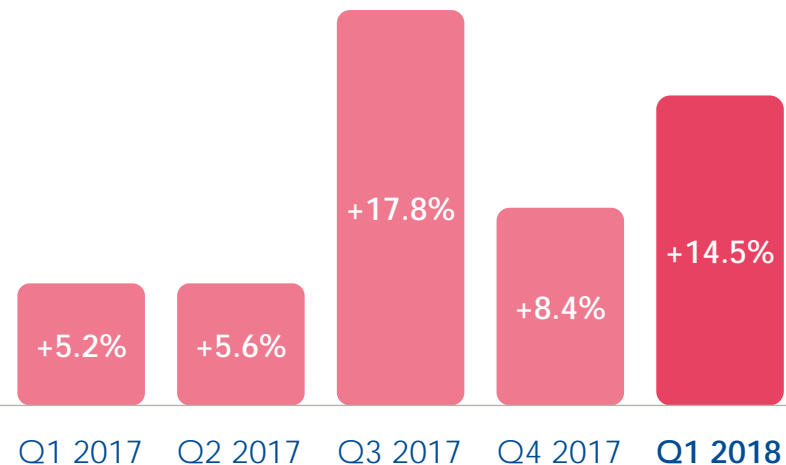
SPECIALIZED NUTRITION



Specialized Nutrition: +14.5%

Very strong growth momentum for ELN China direct platform

Quarterly LFL sales growth



Early Life Nutrition: high-teens growth

China: sales growth > 50%

- Category still growing double digit, expected to normalize throughout 2018
- > 90% of growth from direct channels⁽¹⁾, with market share gains
- Favorable year-on-year basis of comparison

Other markets

- Consistent strong growth in Latin America, solid growth in Europe

Advanced Medical Nutrition: solid growth

- Emerging markets a key contributor (notably Latam)
- Continued strong growth of pediatrics category



All data in like-for-like New Danone

⁽¹⁾ Direct channels include Moms&Baby stores, Modern Trade and Business to Consumers Direct E-commerce





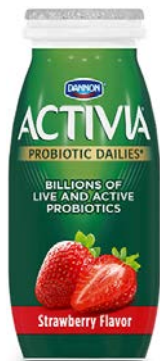
EDP Noram: -0.2%

Effective competitive plans in a challenging environment

Quarterly LFL sales growth



Excl. Fresh Foods -0,9% +0.1% +0.5%



US Yogurt: further market share gains in a soft category

- Continued expansion of emerging segments through innovations
- High promotional pressure on Greek segment

Coffee creamers: strong growth

- Continued expansion of *Stok* through innovation and distribution

Plant-based: growth acceleration confirmed especially in beverages

- Successful *Silk* activation campaign and premium innovation

Premium Dairy: still facing challenging dynamics

- Pricing pressure across the category

All data in like-for-like New Danone



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EDP INTERNATIONAL



ВОЗЬМИ
УДОВОЛЬСТВИЕ
С СОБОЙ!

Йогуртный Коктейль «Shake&GO»



EDP International: +0.8%

Continued improvement in all regions

Quarterly LFL sales growth



Europe: slightly negative – significant progress on recovery plan

- Activia: recovery trend supported by innovations roll-out
- Successful investments behind young and local brands
- Alpro: HSD growth – Product and geographical expansion

CIS: consistent strong topline from valorization strategy

Other regions: overall slightly positive growth, despite Brazil decline



All data in like-for-like New Danone



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WATERS

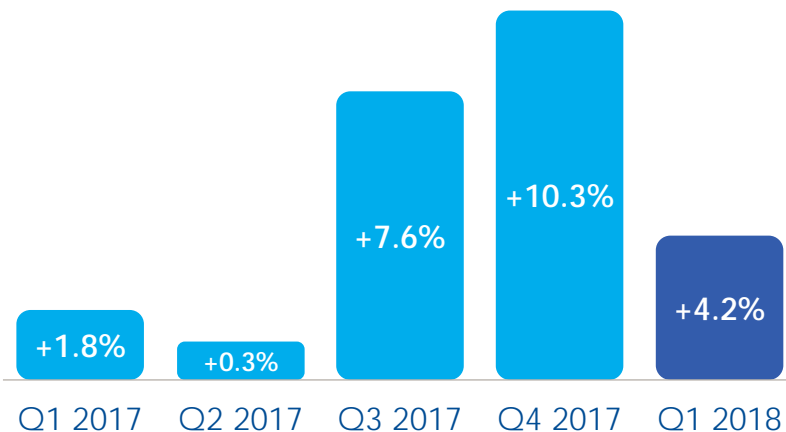




Waters: +4.2%

Solid growth, balanced within regions and categories

Quarterly LFL sales growth



Broad-based growth supported by successful innovation pipeline and activation plans

- Europe: moderate growth driven by local brands (*Fontvella* and *Zywiec Zdrój*)
- Noram: successful expansion of *evian*
- Asia: strong growth in *Mizone* in a low season
- Latam: soft demand due to weather conditions



All data in like-for-like New Danone



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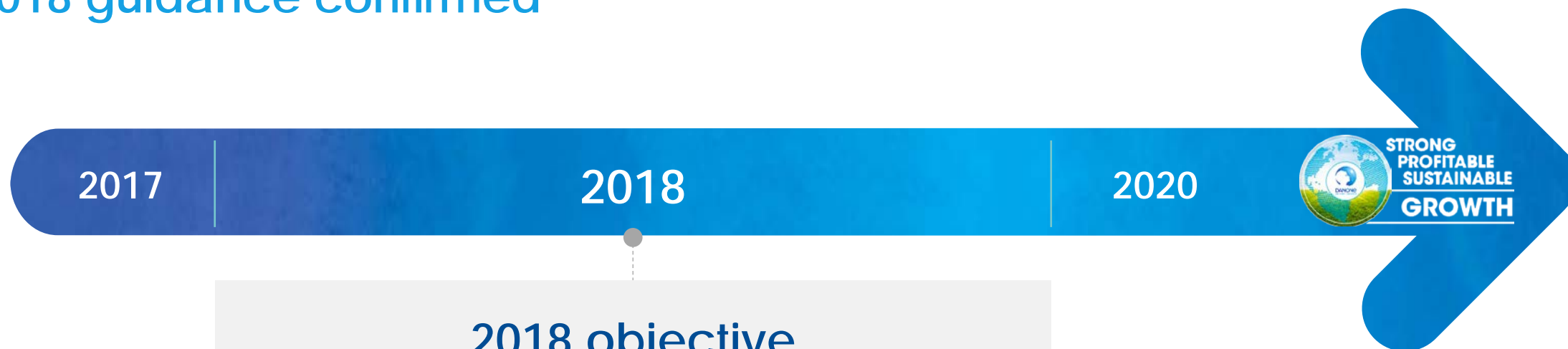
FY2018 outlook

Reiterating confidence in navigating challenging and volatile backdrop

- Continued volatility in emerging markets
- Double digit inflation on PET
- Increased volatility in FX
- Accelerated industry transformation
- Steep increase in US transportation costs



FY2018 guidance confirmed



2018 objective

**DOUBLE-DIGIT
RECURRING EPS GROWTH**

at constant exchange rate

excluding Yakult transaction impact⁽¹⁾

Based on:

- Accelerated LFL sales growth vs. FY2017
- Sustained recurring operating margin improvement LFL

⁽¹⁾ Please refer to slide 21



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APPENDIX



Q1 2018 impact of currencies & scope

Q1 2018	EDP International	EDP Noram	Specialized Nutrition	Waters	Total
Reported sales growth	(1.2)%	+85.6%	+7.0%	(4.9)%	+10.8%
Currency	(8.1)%	(13.4)%	(6.7)%	(8.5)%	(8.9)%
WhiteWave base effect	+6.3%	+105.0%	(0.8)%	(0.2)%	+16.2%
Scope of consolidation	(0.2)%	(5.8)%	+0.0%	(0.4)%	(1.4)%
Like-for-like New Danone sales growth	+0.8%	(0.2)%	+14.5%	+4.2%	+4.9%



Changes in exchange rates

	% total Q1 18 sales	Q1 18 vs Q1 17 (avg)
United States Dollar	19.8%	-13.3%
Russian Ruble	6.8%	-10.6%
Chinese Renminbi	6.6%	-6.1%
British Pound	5.3%	-2.6%
Indonesian Rupiah	4.9%	-14.9%
Mexican Pesos	4.0%	-6.1%
Argentine Peso	3.8%	-30.9%
Brazilian Real	3.0%	-16.0%
Australian Dollar	2.1%	-10.2%
Moroccan Dirham	2.1%	-5.4%
Turkish Lira	1.7%	-16.1%
Canadian Dollar	1.7%	-9.2%



Financial indicators not defined in IFRS and IFRS15 restatement

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

WhiteWave base effect corresponds primarily to the contribution of WhiteWave in Q1 2017.

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 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.

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.

Financial indicators not defined in IFRS and IFRS15 restatement

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.

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.

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 1.2 of the Notes to the 2017 Consolidated Financial Statements). Q1 2017 sales restated for IFRS15 presented in this press release are unaudited.