**2020 First-Half Results**
Press release – Paris, July 30, 2020

# Resilience confirmed
# Set to emerge stronger

- **Net sales of €12,189m in the first semester**, down by -1.1% on a like-for-like (LFL) basis and -3.6% on a reported basis
  - Solid momentum in first quarter; second quarter hit by global lockdown with sales down -5.7% on a LFL basis
  - Polarized performance across categories and channels: resilience in Essential Dairy and Plant-based and Specialized Nutrition growing at +3% LFL in first semester; Waters down -19% LFL in line with previous update
- **Recurring operating margin at 14.0%** vs. 14.7% in the prior year
  - Continued focus on efficiency allowing to partly offset effect from COVID-19 while sustaining brand investment
- **Reported EPS broadly stable** at €1.55 (-2% vs. prior year) and **recurring EPS down -10% at €1.68**
- Tight focus on cash management enabling **free cash flow delivery at €929 million**

## Emmanuel Faber: Chairman and Chief Executive Officer statement

*"Our second quarter began as the scale of the COVID-19 pandemic started to take hold globally, with roughly half of the world's population living under lockdown. I want to thank everyone at Danone for their intense dedication over these last few months. Their continued focus on execution excellence and the culture of greater efficiency, agility and local proximity that had been infused in the past four years enabled us to navigate the enormous challenges and disruptions that were happening in our environment in a responsible manner while driving our brands' preference and protecting our cash in what has been one of the toughest quarters in Danone's history.*
*While it remains difficult to predict exactly how consumer habits and macroeconomic conditions will evolve for the balance of this year, in particular given the uncertainty around the easing of lockdown measures, we're confident that Q2 was the most challenging quarter of the year and the back half of the year will show a sequential improvement in growth.*
*As we adapt to the new COVID world, our compass remains to deliver superior sustainable profitable growth and to lead the way in creating and sharing sustainable value in a world where concerns about society, health and the planet are core to our business."*

## 2020 Half-Year Key Figures

| *in millions of euros except if stated otherwise* | H1 2019 | **H1 2020** | Reported Change | **Like-for-like (LFL)** |
|---|---|---|---|---|
| **Sales** | **12,648** | **12,189** | **-3.6%** | **-1.1%** |
| **Recurring operating income** | **1,858** | **1,702** | **-8.4%** | **-8.7%** |
| ***Recurring operating margin*** | ***14.7%*** | ***14.0%*** | ***-72 bps*** | ***-120 bps*** |
| Non-recurring operating income and expenses | (314) | (123) | +192 | |
| Operating income | 1,543 | 1,580 | +2.3% | |
| *Operating margin* | *12.2%* | *13.0%* | *+76 bps* | |
| **Recurring net income – Group share** | **1,221** | **1,100** | **-9.9%** | |
| Non-recurring net income – Group share | (186) | (86) | +101 | |
| Net income – Group share | 1,035 | 1,015 | -1.9% | |
| **Recurring EPS (€)** | **1.87** | **1.68** | **-10.1%** | |
| EPS (€) | 1.58 | 1.55 | -2.2% | |
| **Free cash flow** | **1,083** | **929** | **-14.3%** | |
| Cash flow from operating activities | 1,435 | 1,305 | -9.1% | |

*All references in this document to Like-for-like (LFL) changes, Recurring operating income and margin, Recurring net income, Recurring income tax rate, Recurring EPS, Free cash-flow, 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 5 to 8.*

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## I. 2020 HALF YEAR RESULTS

### Second quarter and half-year sales

**In the first semester of 2020**, consolidated sales stood at €12.2 bn, down -1.1% on a like-for-like basis, with stable volumes (+0.1%) and -1.3% value reflecting the effect of change in channel and format mix in Waters. Reported sales were down -3.6%, including a negative scope effect (-0.8%), mainly resulting from the deconsolidation from April 1st, 2019 of Earthbound Farm, a negative impact from exchange rates (-2.1%) mainly driven by currency devaluation in Latin America and Russia as well as a +0.4% organic contribution of Argentina to growth.

After a strong momentum in the first quarter with sales up +3.7%, sales decreased by -5.7% **in the second quarter** on a like-for-like basis, hit by the expansion of the COVID-19 pandemic into new regions most notably Latin America, the reversal of pantry loading behaviors observed in the first quarter and the full impact of out-of-home closure in the quarter.

| *€ million except %* | Q2 2019 | Q2 2020 | Reported change | LFL Sales Growth | Volume Growth | H1 2019 | H1 2020 | Reported change | LFL Sales Growth | Volume Growth |
|---|---|---|---|---|---|---|---|---|---|---|
| **BY REPORTING ENTITY** | | | | | | | | | | |
| EDP | 3,283 | 3,238 | *-1.4%* | ***+1.6%*** | *+1.8%* | 6,600 | 6,599 | *-0.0%* | ***+3.1%*** | *+2.3%* |
| Specialized Nutrition | 1,866 | 1,792 | *-4.0%* | ***-2.2%*** | *-3.7%* | 3,696 | 3,739 | *+1.2%* | ***+2.7%*** | *+0.8%* |
| Waters | 1,346 | 925 | *-31.3%* | ***-28.0%*** | *-12.0%* | 2,352 | 1,851 | *-21.3%* | ***-19.1%*** | *-6.8%* |
| **BY GEOGRAPHICAL AREA** | | | | | | | | | | |
| Europe & Noram[1] | 3,471 | 3,352 | *-3.4%* | ***-3.5%*** | *-1.1%* | 6,851 | 6,822 | *-0.4%* | ***+0.5%*** | *+2.1%* |
| Rest of the World | 3,025 | 2,602 | *-14.0%* | ***-8.2%*** | *-3.9%* | 5,797 | 5,368 | *-7.4%* | ***-3.1%*** | *-1.7%* |
| **TOTAL** | **6,496** | **5,954** | ***-8.3%*** | ***-5.7%*** | ***-2.6%*** | **12,648** | **12,189** | ***-3.6%*** | ***-1.1%*** | ***+0.1%*** |

*[1]North America (Noram): United States and Canada*

**The portfolio showed marked variations across categories and channels in the first semester.** Essential Dairy and Plant-based and Specialized Nutrition, representing about 80% of the company's revenues, posted a solid growth, while sales in Waters were down -19%. Excluding Waters, company's like-for-like sales growth was +3.0% in H1 and +0.2% in Q2. Performance by channel was also very contrasted, with e-commerce growing at +30% in H1 while sales in out-of-home channels, representing 11% of 2019 sales globally, declined -30% on a like-for-like basis.

**In terms of regional dynamics,** Europe and North America posted stable sales (+0.5%) in the first semester, down by -3.5% in the second quarter after a strong start of the year. North America, the region where the company has the largest footprint, continued to see solid momentum in Q2 while sales in Europe declined, mirroring the reversal of pantry loading that occurred in the month of March and lower sales normally consumed away from home in Waters. In Rest of the World, while trends in CIS and China were broadly in line with the previous quarter, revenues declined severely in other key regions as the impact of the COVID-19 pandemic become felt notably in Latin America, Indonesia and Africa.

### Recurring Operating Margin

Danone's recurring operating income stood at €1.7bn in the first semester. Recurring operating margin stood at **14.0%**, down 72 basis points. The change includes a negative 93bps effect from incremental costs directly related to COVID-19 incurred in the semester to keep our employees safe and ensure business continuity. These costs amount to €114 million and include around €40 million of sanitary costs (acquisition of masks, gloves, sanitizer and tests), around €35 million of donations and specific bonuses paid to the 60,000 employees that continued working on frontline during the pandemic lockdowns, and around €40 million of extra-logistic costs related to warehousing adaptation, and higher freight and transportation costs. Excluding these costs, recurring operating margin would have increased to 14.9% despite a reduced operating leverage and a mix effect of -80bps incurred in the period mostly from Waters. To mitigate these headwinds, the company increased its efforts on efficiency and cost discipline. Brand investments were reduced only marginally (-23 bps in the semester) to sustain the competitiveness of brands. Reported margin also reflects a positive effect from change in scope (+20bps) and currencies (+33 bps), and a slightly negative effect of -6bps reflecting Argentina's impact on margin.

Recurring operating margin is expected to remain impacted in the second half by Covid-19-related extra-costs, negative mix, as well as increased investments in the competitiveness of the business, as the company is leveraging the crisis as a catalyst to accelerate the business transformation that was already underway to emerge stronger.

| *Recurring operating profit (€m) and margin (%)* | **H1 2019** | | **H1 2020** | | **Change** | |
|---|---|---|---|---|---|---|
| | **€m** | **Margin (%)** | **€m** | **Margin (%)** | Reported | Like-for-like |
| **BY REPORTING ENTITY** | | | | | | |
| EDP | 621 | 9.4% | 598 | 9.1% | -35 bps | -83 bps |
| Specialized Nutrition | 934 | 25.3% | 987 | 26.4% | +113 bps | +54 bps |
| Waters | 303 | 12.9% | 117 | 6.3% | -655 bps | -638 bps |
| **BY GEOGRAPHICAL AREA** | | | | | | |
| Europe & Noram[2] | 942 | 13.8% | 880 | 12.9% | -85 bps | -110 bps |
| Rest of the World | 915 | 15.8% | 822 | 15.3% | -48 bps | -126 bps |
| **Total** | **1,858** | **14.7%** | **1,702** | **14.0%** | **-72 bps** | **-120 bps** |

*[2]North America (Noram): United States and Canada*

## Performance by reporting entity

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

**Essential Dairy & Plant-based (EDP)** posted net sales growth of +3.1% in H1 2020 on a like-for-like basis, and margin remained slightly over 9%.
After a strong Q1 performance, EDP maintained revenue momentum into the second quarter with net sales up by +1.6% on a like-for-like basis, including a +1.8% increase in volume, and a -0.2% decline in value. Europe and North America posted solid growth, demonstrating the continued dailiness resilience of the Essential Dairy business, growing at low-single-digit levels, and the increased penetration of Plant-Based which continued to grow at double-digit rate in Q2. In the rest of the world, sales trend in CIS was broadly similar to Q1 while in Latin America and Africa, sales declined at high-single digit rate as lockdown restrictions implemented in Q2 affected sales in traditional proximity stores - the biggest channel in those regions.

### ▪ SPECIALIZED NUTRITION

**Specialized Nutrition** posted net sales growth of +2.7% in H1 2020 on a like-for-like basis. Margin improved by +113bps to reach a record level of 26.4% benefiting from synergies from the Early Life and Medical Nutrition integration.
In the second quarter, sales were down -2.2% on a like-for-like basis. The average price / kg continued to increase by +1.5% thanks to further premiumization. Volume declined by -3.7% primarily driven by Europe with sales down around -10%, as a significant destocking occurred after an exceptional month of March that saw sales increase more than +30%. Total sales in China were broadly flat, with good performance of adult nutrition business and sales in infant nutrition still affected by Hong-Kong border closure and continued travel restrictions. The company continues its expansion in the country in the ultra-premium segment with the introduction of a number of innovations over the quarter, notably the range Aptamil Essensis. Elsewhere the business continued to benefit from strong momentum, notably in South East Asia.

### ▪ WATERS

**Waters** sales declined -19.1% in H1 2020 on a like-for-like basis. Margin decreased to 6.3%, hit by reduced operating leverage, negative channel and format mix, and additional costs directly linked to COVID-19.

In the second quarter, net sales were down -28.0% on a like-for-like basis, with a decrease in volume of -12.0% and -16.1% in value. Sales deteriorated across geographies as the pandemic expanded into regions that had been relatively unaffected prior to Q2, with the exception of China where sales under *Mizone* brand improved from -40% level reported in Q1 yet still significantly negative, impacted by consumers footfall still below pre-COVID levels. Jugs and large formats of plain waters were up at +12% globally in Q2 while small formats and notably aquadrinks were severely hit by the lack of consumers out of their homes. Overall, out-of-home channels, which usually account for around 45% of Waters' sales in the quarter, were down at almost 50%, accounting for most of the overall revenue decline.

## Net income and Earnings per share

**Other operating income and expense** decreased to -€123 million from -€314 million in the prior year, which embedded an exceptional loss from the sale of *Earthbound Farm*. They mostly include expenses related to some reorganization costs in Essential Dairy and Plant-Based and Specialized Nutrition businesses. As a result, the reported operating margin was up +76 bps from 12.2% to 13.0%.

**Net financial costs** were down by €12 million to €170 million, given the successful bond issues realized in the semester at attractive rates and favorable currency effects. **Recurring income tax rate** remained at 27.0%, in line with the prior year. **Recurring net income from associates** decreased from €51 million to €21 million, reflecting the deteriorated performance of Mengniu and Yashili in China. **Recurring minority interests** were down by €13 million versus H1 2019, reflecting a deterioration of performance across minorities, notably Aqua in Indonesia.

As a result, **recurring EPS** stood at €1.68, down -10% vs. last year but **reported EPS** decreased more slightly (-2% to €1.55) as non-recurring items decreased by around €100 million in total, from -€186 million to -€86 million.

| | H1 2019 | | | H1 2020 | | |
|---|---|---|---|---|---|---|
| *in millions of euros except if stated otherwise* | Recurring | Non-recurring | **Total** | Recurring | Non-recurring | **Total** |
| **Recurring operating income** | **1,858** | | **1,858** | **1,702** | | **1,702** |
| Other operating income and expense | | (314) | (314) | | (123) | (123) |
| **Operating income** | **1,858** | **(314)** | **1,543** | **1,702** | **(123)** | **1,580** |
| Cost of net debt | (118) | | (118) | (110) | | (110) |
| Other financial income and expense | (65) | 0 | (65) | (60) | 0 | (60) |
| **Income before taxes** | **1,675** | **(314)** | **1,361** | **1,532** | **(123)** | **1,410** |
| Income tax | (453) | 126 | (327) | (414) | 36 | (378) |
| Effective tax rate | 27.0% | | 24.0% | 27.0% | | 26.8% |
| **Net income from fully consolidated companies** | **1,222** | **(188)** | **1,034** | **1,118** | **(86)** | **1,032** |
| Net income from associates | 51 | 1 | 51 | 21 | 0 | 22 |
| **Net income** | **1,273** | **(187)** | **1,085** | **1,139** | **(86)** | **1,053** |
| • **Group share** | **1,221** | **(186)** | **1,035** | **1,100** | **(86)** | **1,015** |
| • Non-controlling interests | 52 | (1) | 51 | 39 | (0) | 39 |
| **EPS (€)** | **1.87** | | **1.58** | **1.68** | | **1.55** |

## Cash flow and Debt

**Free cash flow** stood at €929 million in the first semester, down -14.3% year-on-year, reflecting contracting operating performance, deteriorating working capital due to inventory increase and financing assistance to partners, as well as higher capex level at 3.1% of net sales vs 2.8% last year.

As of June 30th 2020, **Danone's net debt stood at €13.5 bn**, up €674 million from December 31st, 2019, integrating the liability related to the payment of 2019 dividend to Danone's shareholders amounting to €1.4 bn.

## II. OUTLOOK

Looking into the second-half, business remains difficult to predict as the environment is still volatile and much uncertainty remains about the severity, the duration and the implications of the pandemic as to how exactly macroeconomic conditions, lockdown easing and consumer habits will evolve for the rest of this year. Danone is therefore not in a position to provide an updated financial guidance for fiscal year 2020 at this time.

## III. MAJOR FINANCIAL TRANSACTIONS AND DEVELOPMENTS OVER THE PERIOD

- **May 5, 2020:** Danone announced that Shane Grant will join Danone as Executive Vice President and CEO Danone North America, with effect from May 11, 2020, to lead the EDP business in that market.

- **June 3, 2020:** Danone launched a new €800 million bond issue. Following a previous €800 million successful issuance on March 11th, it enables Danone to further take advantage of market windows to enhance its funding flexibility, extend the maturity of its debt and optimize its cost. The issue, realized under Danone's Euro Medium Term Note (EMTN) program, consists in a 9-year eurodenominated bond offering a coupon of 0.395%.

- **June 26, 2020:** Following its 2020 Annual General Meeting, Danone became the first listed company to adopt the "Entreprise à Mission" model, with the support of more than 99% of its shareholders. The shareholders' meeting has approved all other resolutions submitted to a vote, including the dividend for the 2019 fiscal year set at €2.10 per share in line with original Board's recommendation.

- **July 16, 2020:** Danone announced a series of investments to strengthen the local market capabilities, support and commitment of its Specialized Nutrition business in China. Totalling around 100 million euros (RMB 790 million), these investments include the opening of an open-science research center based in Shanghai, the acquisition of local infant milk formula capabilities, and the expansion of capacity to further develop offerings in FSMP (Food for Special Medical Purposes). Danone also announced that its Early Life Nutrition business unit in the country has achieved B Corp™ certification, meaning that Danone becomes the biggest B Corp™ in Asia. This brings the number of subsidiaries being B Corp Certified to date to 24, representing around 45% of Danone's global sales.

## IV. OTHER INFORMATION

- The condensed interim consolidated financial statements for the first semester 2020 were reviewed by the Board of Directors at its meeting on July 29, 2020. A limited review has been carried out by the statutory auditors of Danone on the condensed interim consolidated financial statements.

- The 2020 half-year financial report is available on Danone's website (www.danone.com).

## V. IFRS STANDARDS AND FINANCIAL INDICATORS NOT DEFINED IN IFRS

### IAS29 impact on reported data

Danone has been applying IAS 29 in Argentina from July 1st, 2018. Adoption of IAS 29 in this hyperinflationary country requires its non-monetary assets and liabilities and its income statement to be restated to reflect the changes in the general pricing power of its functional currency, leading to a gain or loss on the net monetary position included in the net income. Moreover, its financial statements are converted into euro using the closing exchange rate of the relevant period.

| **IAS29 impact on reported data**<br>€ million except % | **Q2 2020** | **H1 2020** |
|---|---|---|
| Sales | -1.5 | -10 |
| Sales growth (%) | -0.0% | -0.1% |
| Recurring Operating Income | | -11 |
| Recurring Net Income – Group share | | -14 |

Breakdown by quarter of first-half 2020 sales after application of IAS 29

H1 2020 sales correspond to the addition of:

- Q2 2020 reported sales;
- Q1 2020 sales resulting from the application of IAS29 until June 30, 2020 to sales of Argentinian entities (application of the inflation rate until June 30, 2020 and translation into euros using June 30, 2020 closing rate) and provided in the table below for information (unaudited data).

| € million | Q1 2020[1] | Q2 2020 | H1 2020 |
|---|---|---|---|
| EDP | 3,361 | 3,238 | 6,599 |
| Specialized Nutrition | 1,948 | 1,792 | 3,739 |
| Waters | 927 | 925 | 1,851 |
| **Total** | **6,235** | **5,954** | **12,189** |

*[1]Results from the application of IAS29 until June 30, 2020 to Q1 sales of Argentinian entities.*

## 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.*

***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 and, since January 1st, 2019, previous-year and current-year scope excluding Argentinian entities;*
- *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 years).*

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

| *(€ million except %)* | H1 2019 | Impact of changes in scope of consolidation | Impact of changes in exchange rates and others, including IAS29 | Argentina organic contribution | Like-for-like growth | H1 2020 |
|---|---|---|---|---|---|---|
| **Sales** | 12,648 | (0.8%) | (2.1%) | +0.4% | **(1.1%)** | **12,189** |
| **Recurring operating margin** | 14.7% | +20 bps | +33 bps | -6 bps | **-120 bps** | **14.0%** |

*Danone clarified the definition of its recurring performance indicators, without modifying neither their content nor their calculation which are detailed hereafter.*

***Recurring operating income** is defined as Danone's operating income excluding Other operating income and expenses. Other operating income and expenses comprise items that, because of their significant or unusual nature, cannot be viewed as inherent to Danone's recurring activity and have limited predictive value, thus distorting the assessment of its recurring operating performance and its evolution. These mainly include:*

- *capital gains and losses on disposals of fully consolidated companies;*
- *impairment charges on intangible assets with indefinite useful lives;*
- *costs related to strategic restructuring and transformation plans;*
- *costs related to major external growth transactions;*
- *costs related to major crisis and major litigations;*
- *in connection with of IFRS 3 (Revised) and IAS 27 (Revised) relating to business combinations, (i) acquisition costs related to business combinations, (ii) revaluation profit or loss accounted for following a loss of control, and (iii) changes in earn-outs 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 financial income and expense items that, in view of their significant or unusual nature, cannot be considered as inherent to Danone's recurring financial management. These mainly include changes in value of non-consolidated interests.*

***Non-recurring income* tax** corresponds to income tax on non-recurring items as well as tax income and expense items that, in view of their significant or unusual 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 items that, because of their significant or unusual nature, cannot be viewed as inherent to the recurring activity of those companies and thus distort the assessment of their recurring performance and its evolution. These mainly include (i) capital gains and losses on disposal and impairment of Investments in associates, and (ii) 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 excludes items that, because of their significant or unusual nature, cannot be viewed as inherent to Danone's recurring activity and have limited predictive value, thus distorting the assessment of its recurring performance and its evolution. Such non-recurring income and expenses correspond to Other operating income and expenses, Other non-recurring financial income and expenses, non-recurring income tax, and non-recurring income from associates. Such income and expenses, excluded from Net income, represent Non-recurring net income.

***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 2019 | | H1 2020 | |
|---|---|---|---|---|
| | **Recurring** | **Total** | **Recurring** | **Total** |
| **Net income-Group share** *(€ million)* | 1,221 | 1,035 | 1,100 | 1,015 |
| Coupon related to hybrid financing net of tax *(€ million)* | (7) | (7) | (7) | (7) |
| **Number of shares** | | | | |
| • Before dilution | 647,640,873 | 647,640,873 | 648,871,267 | 648,871,267 |
| • After dilution | 648,454,100 | 648,454,100 | 649,710,104 | 649,710,104 |
| **EPS** *(€)* | | | | |
| • Before dilution | 1.87 | 1.59 | 1.68 | 1.55 |
| • After dilution | 1.87 | 1.58 | 1.68 | 1.55 |

***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 2019 | H1 2020 |
|---|---|---|
| **Cash-flow from operating activities** | **1,435** | **1,305** |
| Capital expenditure | (359) | (381) |
| Disposal of tangible assets & transaction fees related to business combinations[1] | 8 | 5 |
| ***Free cash-flow*** | **1,083** | **929** |

*[1] 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, 2019** | **June 30, 2020** |
|---|---|---|
| Non-current financial debt[1] | 12,906 | 14,441 |
| Current financial debt[1-3] | 4,474 | 5,357 |
| Short-term investments | (3,631) | (5,102) |
| Cash and cash equivalents | (644) | (769) |
| Derivatives — non-current assets[2] | (271) | (375) |
| Derivatives — current-assets[2] | (16) | (58) |
| **Net debt** | **12,819** | **13,493** |
| • Liabilities related to put options granted to non-controlling interests — non-current | (13) | (13) |
| • Liabilities related to put options granted to non-controlling interests — current | (469) | (392) |
| **Net financial debt** | 12,337 | 13,088 |

[1] *Including derivatives-liabilities. As from January 1st 2019, also include debt related to leases in compliance with IFRS 16*
[2] *Managing net debt only*
[3] *Including in 2020 €1.4bn liability related to the payment of 2019 dividend to Danone's shareholders*

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*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", "guidance", "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, predictions of future activities, operations, direction, performance and results of Danone.*

*Although Danone believes its expectations are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, which could cause actual results to differ materially from those anticipated in these forward-looking statements. For a detailed description of these risks and uncertainties, please refer to the "Risk Factor" section of Danone's Universal 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 securities.*

***The presentation to analysts and investors, held by Chairman and 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 entity and by geographical area (in € million)

| | First quarter | | Second quarter | | First half | |
|---|---|---|---|---|---|---|
| | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 |
| **BY REPORTING ENTITY** | | | | | | |
| EDP | 3,308 | 3,364 | 3,283 | 3,238 | 6,600 | 6,599 |
| Specialized Nutrition | 1,828 | 1,949 | 1,866 | 1,792 | 3,696 | 3,739 |
| Waters | 1,002 | 928 | 1,346 | 925 | 2,352 | 1,851 |
| **BY GEOGRAPHICAL AREA** | | | | | | |
| Europe & Noram[1] | 3,381 | 3,469 | 3,471 | 3,352 | 6,851 | 6,822 |
| Rest of the World | 2,757 | 2,772 | 3,025 | 2,602 | 5,797 | 5,368 |
| **Total** | **6,138** | **6,242** | **6,496** | **5,954** | **12,648** | **12,189** |

| | First quarter 2020 | | Second quarter 2020 | | First half 2020 | |
|---|---|---|---|---|---|---|
| | *Reported change* | *Like-for-like change* | *Reported change* | *Like-for-like change* | *Reported change* | *Like-for-like change* |
| **BY REPORTING ENTITY** | | | | | | |
| EDP | +1.7% | +4.6% | -1.4% | +1.6% | -0.0% | +3.1% |
| Specialized Nutrition | +6.6% | +7.9% | -4.0% | -2.2% | +1.2% | +2.7% |
| Waters | -7.4% | -6.8% | -31.3% | -28.0% | -21.3% | -19.1% |
| **BY GEOGRAPHICAL AREA** | | | | | | |
| Europe & Noram[1] | +2.6% | +4.7% | -3.4% | -3.5% | -0.4% | +0.5% |
| Rest of the World | +0.5% | +2.6% | -14.0% | -8.2% | -7.4% | -3.1% |
| **Total** | **+1.7%** | **+3.7%** | **-8.3%** | **-5.7%** | **-3.6%** | **-1.1%** |

[1]*North America (Noram): United States and Canada*