



Press release – Evian, May 18, 2017

INVESTOR SEMINAR – Evian, May 2017

Danone reaffirms its commitment to building a strong, sustainable and profitable model of growth and details its immediate agenda from 2017 to 2020

Danone held its Investor Seminar in Evian (France), detailing over these two days the key pillars of its growth journey and its unique position to become a leader in the Alimentation Revolution.

"Danone 2020" started as a transformation journey in 2014.

A volatile and complex economic environment alongside fast-moving shifts in consumer trends has been causing a transition of growth models in the global food and beverage industry. This shift has amplified in the course of the last 12 months.

Danone confirms the full relevance of the Danone 2020 plan, in this context. The company is uniquely positioned with its healthier categories portfolio, the strength of its global and local brands, its people-centric culture, and its long stewardship of sustainability.

Due to the acceleration of the shifting factors in the food industry, Danone will further reinforce and adjust its preparation agenda with a single objective: optimize its ability to capture long-term growth opportunities and efficiency.

Danone therefore concluded the event by reiterating its commitment to building a strong, sustainable and profitable growth model.

For 2017, Danone continues to expect a moderate sales growth¹ and confirms a sustained improvement¹ in recurring operating margin, including the integration of WhiteWave and a first delivery of the cost synergies, leading to double-digit recurring EPS growth at constant exchange rate.

¹ "Like-for-like New Danone"

Between 2017 and 2020, Danone will pursue the decoupling of its mid-term growth and short-term efficiency agenda, accelerating growth sequentially and maximizing efficiency immediately, including the Protein program and the delivery of the synergies post the Whitewave acquisition. This will ensure a safe journey to deliver profitable sustainable growth, a consistent EPS growth and prepare for strong profitable sustainable growth. As part of its journey, Danone will focus on deleveraging its balance sheet and continue to improve its ROIC.

Danone has therefore detailed its 2020 financial metrics:

- Danone targets overall like-for-like sales growth between 4% and 5%, including the following dynamics:
 - a strong like-for-like sales growth above +5% for Essential Dairy & Plant-based (EDP) NORAM², Specialized Nutrition³, Waters and,
 - a like-for-like sales growth of between 3% and 4% for Essential Dairy & Plant-based (EDP) International⁴.
- Danone aims for a recurring operating margin of over 16% in 2020, driven primarily by:
 - a structural improvement of margin in all categories, via more discipline and a stricter resource allocation process to guarantee profitable growth;
 - the Protein program, which will generate over €1 billion savings by 2020, with at least €300 million net of reinvestment falling through into margin expansion by 2020 (€100 million per year from 2018);
 - a \$300 million synergies program generated in 2020 at recurring operating income level through the acquisition of WhiteWave.
- Finally, Danone will continue to focus on growing its free cash flow, which will contribute to financial deleverage with an objective of a ratio of Net debt/EBITDA below 3 in 2020; Danone is committed to reaching a ROIC level around 12% in 2020.

All presentations of the Investor Seminar are available on www.danone.com
(See: Investors / News & Events / Investor Seminar)

² Essential Dairy & Plant-based NORAM includes Danone Fresh Dairy Products' and WhiteWave's former North American (United States and Canada) businesses

³ Scope includes Early Life Nutrition and Medical Nutrition

⁴ Essential Dairy & Plant-based International includes Danone's Fresh Dairy Products in Europe, CIS and ALMA (Asia-Pacific / Latin America / Middle East / Africa) as well as WhiteWave's former business in Europe, Latin America and China

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.

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.

"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.

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.

FORWARD-LOOKING STATEMENTS

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

Although Danone believes its expectations are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, which could cause actual results to differ materially from those anticipated in these forward-looking statements. For a detailed description of these risks and uncertainties, please refer to the “Risk Factor” section of Danone’s Registration Document (the current version of which is available on www.danone.com).

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