Strong progress on profitable growth in 2019

2020: investment to accelerate climate action of our brands and strengthen our growth model

2019, a year of progress

▪ Strong recurring EPS growth: +8.3% at €3.85
▪ 2019 sales: €25.3bn, up +2.6% on a reported and like-for-like bases, with +4.1% in Q4 on a like-for-like basis
▪ Strong recurring operating margin improvement at 15.2%, up +76bps on a reported basis and free cash flow delivery reaching an all-time high of €2.5bn
▪ Stronger balance sheet, reaching 2.8x net debt/EBITDA one year ahead of plan
▪ Proposed dividend: €2.10 payable in cash, up +8% from €1.94 last year

Leading the battle against climate change

1. Peak of full scope carbon emissions reached in 2019, five years ahead of initial plans and commitments
2. First step to provide visibility into the cost of carbon emissions to earnings
3. Investment to accelerate climate action of our brands and strengthen our growth model: €2bn over 2020-2022 on brands, agriculture, packaging and digitalization

Objectives

▪ For 2020, new guidance of mid-single-digit recurring EPS growth, reflecting +2 to +4% like-for-like sales growth and recurring operating margin above 15%, as we accelerate investment and factoring in assessment to date of the impact of coronavirus outbreak
▪ Beyond 2020, expecting to deliver in the mid-term mid to high single digit recurring EPS growth, with 3 to 5% sales growth on a like-for-like basis

2019 Key Figures

<table>
<thead>
<tr>
<th>in millions of euros except if stated otherwise</th>
<th>FY 2018</th>
<th>FY 2019</th>
<th>Reported Change</th>
<th>Like-for-like (LFL)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>24,651</td>
<td>25,287</td>
<td>+2.6%</td>
<td>+2.6%</td>
</tr>
<tr>
<td>Recurring operating income</td>
<td>3,562</td>
<td>3,846</td>
<td>+8.0%</td>
<td>+7.4%</td>
</tr>
<tr>
<td>Recurring operating margin</td>
<td>14.45%</td>
<td>15.21%</td>
<td>+76 bps</td>
<td>+71 bps</td>
</tr>
<tr>
<td>Non-recurring operating income and expenses</td>
<td>(821)</td>
<td>(609)</td>
<td>+212</td>
<td></td>
</tr>
<tr>
<td>Operating income</td>
<td>2,741</td>
<td>3,237</td>
<td>+18.1%</td>
<td></td>
</tr>
<tr>
<td>Operating margin</td>
<td>11.12%</td>
<td>12.80%</td>
<td>+168 bps</td>
<td></td>
</tr>
<tr>
<td>Recurring net income – Group share</td>
<td>2,304</td>
<td>2,516</td>
<td>+9.2%</td>
<td></td>
</tr>
<tr>
<td>Non-recurring net income – Group share</td>
<td>46</td>
<td>(586)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income – Group share</td>
<td>2,349</td>
<td>1,929</td>
<td>-17.9%</td>
<td></td>
</tr>
<tr>
<td>Recurring EPS (€)</td>
<td>3.55</td>
<td>3.85</td>
<td>+8.3%</td>
<td></td>
</tr>
<tr>
<td>EPS (€)</td>
<td>3.63</td>
<td>2.95</td>
<td>-18.7%</td>
<td></td>
</tr>
<tr>
<td>Free cash flow</td>
<td>2,232</td>
<td>2,510</td>
<td>+12.5%</td>
<td></td>
</tr>
<tr>
<td>Cash flow from operating activities</td>
<td>3,111</td>
<td>3,444</td>
<td>+10.7%</td>
<td></td>
</tr>
</tbody>
</table>

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, EBITDA correspond to financial indicators not defined in IFRS. Their definitions, as well as their reconciliation with financial statements, are listed on pages 9 to 11. The calculation of ROIC and Net Debt/EBITDA is detailed in the half-year interim financial report and the annual registration document.

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Danone: 17, Boulevard Haussmann, 75009 Paris, France
Emmanuel Faber: Chairman and Chief Executive Officer statement

“2019 has been a year of strong progress for Danone both in terms of the delivery and the transformation of our company. The sequential acceleration of our business quarter after quarter is evidence that we are in the right direction on sustainable profitable growth, while navigating multiple headwinds.

I am also excited that our 100,000 employees became shareholders at our AGM last year, and that our « One Person, One Voice, One share » program has entered into its second year resulting in 90,000 of our team members voicing their opinions for the company local and global strategy, and in 26 volunteers having a direct and structured dialogue with non executive Board members.

We end this five-year period of our Danone 2020 plan with a recurring EPS cumulative increase of 50%, a financial deleverage one year ahead of our plan, and a business that embraced the food revolution, leading on flexitarian proteins, organic food and regenerative agriculture.

Yet we read the last 12 months as a shifting point in civil society, consumer, government, financial institutions attitudes and expectations towards the daunting climate and nature issues we are collectively facing. For Danone, as a company that has adopted One Planet, One Health, as a vision and as a business model, this is a strategic topic.

On that front, we are proud that we were able to reach the peak of our full scope carbon emissions last year, literally five years ahead of our 2015 plan, and that our efforts on regenerative agriculture have already resulted in a 9% carbon productivity in our farmers’ fields over the last 2 years. This is critical to ensure the resilience of farms, sinking carbon in the soil, therefore reintroducing organic matter and fertility, and saving costs, pesticides, chemical inputs, and water at a critical climate juncture for agriculture.

Yet, we are convinced that there is an urgent and significant opportunity to put climate actions even more at the core of our business model, truly joining people’s fight for climate and nature with the power of our brands.

To this effect, we announce a €2 billion climate acceleration plan today, which in the next three years will further transform our agriculture, energy and operations, packaging, and digital capabilities so that we will leverage fully our climate action to generate resilient growth models for our brands.

This is backing my confidence in the relevance of our investment plan in the next three years and in both our short term guidance and mid term objectives as we are setting the company on a unique path of deep alignment between its vision and execution.

We start this year under the uncertain clouds of the coronavirus. Our priority is on the health and safety of our employees, business partners, customers and the communities in which we operate, hand in hand with the work of authorities. I would like in particular to commend and deeply thank our teams in China for their incredible commitment to their mission serving relentlessly families, parents, babies and elderlies despite the difficult conditions. Let me express my support and empathy for the difficulties and challenges they face and my confidence that life will return to normal in China and beyond. 坚强，中国 Stay strong China.”

I. FOURTH QUARTER AND FULL YEAR RESULTS

Sales

In 2019, consolidated sales stood at €25.3 bn, up +2.6% on a like-for-like basis. Sales grew by +3.8% in value, led by continued positive mix and portfolio valorization, while volumes declined by -1.2%. Reported sales were up +2.6%, including a negative scope effect (-1.0%), mainly reflecting the deconsolidation from April 1st of Earthbound Farm, a positive impact of currencies (+0.7%), as well as a +0.4% organic contribution of Argentina to growth. In the fourth quarter, sales grew +4.1% on a like-for-like basis, up from +3% in the previous quarter, with broadly flat volumes.
In 2019, Danone’s recurring operating income stood at €3.8 bn. The recurring operating margin reached 15.21%, up +76 bps on a reported basis.

On a like-for-like basis, recurring margin increased by +71 bps driven by gross margin improvement - as an outcome of the continued portfolio valorization efforts and focus on efficiency offsetting the strong inflation on raw materials – and sustained sales and marketing investments. In total, gross savings reached €900 million for the year. The Protein program delivered approximately €400 million gross savings, bringing the cumulated savings since its launch in 2017 to around €700 million.

In addition, reported margin also included:

- The positive scope effect of +20 bps, reflecting the impact of the Earthbound Farm disposal,
- A slight positive effect from currencies, at +6 bps, and
- A negative effect of -21 bps reflecting Argentina’s impact on margin

Performance by reporting entity

**ESSENTIAL DAIRY AND PLANT-BASED (EDP)**

Essential Dairy & Plant-based (EDP) posted net sales growth of +1.1% in 2019 on a like-for-like basis, while margin improved by +13 bps to 10.2%.
In the fourth quarter, net sales were up by +1.5% on a like-for-like basis, including a +2.4% increase in value, and a -0.9% decline in volumes. The acceleration vs. previous quarter was driven by a general improvement in Essential Dairy and a continued strong growth in Plant-Based. Europe went back to growth in 2019, with plant-based Alpro brand confirming its double-digit growth trend in Q4 and Essential Dairy progressively stabilizing, supported by the deployment of new brands to address new consumer tribes. North America improved to slightly positive growth in Q4, on the back of a better quarter for Yogurts in the US. Top-3 brands in the region - International Delight, Silk, and Horizon – delivered strong growth while protein powder brand Vega posted another quarter of steep double-digit decline. In the rest of the world, CIS registered a low-single digit decline, similar to Q3. Latam posted strong growth and Morocco delivered another double-digit growth quarter, closing a year of recovery that brought the business back to market leader position. In 2019, Plant-Based sales amounted to €1.9bn growing at high-single-digit rate for the full-year.

**SPECIALIZED NUTRITION**

Specialized Nutrition posted net sales growth of +5.8% in 2019 on a like-for-like basis, while margin improved by +49bps to reach a level of 25.3%.

In the fourth quarter, sales growth accelerated, up +10.2% on a like-for-like basis, with an increase in value of +9.3% and +0.9% in volumes. Advanced Medical Nutrition posted mid-single digit growth in Q4, fostered by a good performance of pediatrics range and Early Life Nutrition sales grew at double-digit rate. China posted another exceptional quarter, with growth exceeding 20%, reflecting notably the outstanding performance of Aplamil brand during 11:11 - China’s and the world’s largest online shopping event – and including some benefits from the earlier timing of Chinese New Year. Outside China, Early Life Nutrition grew mid-single digit, driven by the rest of Asia and Happy Family in the US. The further integration of AMN and ELN into one single Specialized Nutrition organization to create further value has been run successfully.

**WATERS**

Waters posted net sales growth of +1.5% in 2019 on a like-for-like basis, while margin improved by +219bps to reach 13.0%.

In the fourth quarter, net sales were up +1.4% on a like-for-like basis, with an increase in value of +0.5% and +0.9% in volumes. In Europe, where demand remained soft in Q4, business returned to growth driven by better performance in Spain and Poland. In Emerging Markets, outside China, growth was solid and led by Indonesia and Turkey, as well as by plain waters in Mexico. In China, Mizone sales slowed down at a steep double digit rate in a context of paused investments in the quarter, ahead of the repositioning plan initially planned for March 2020 to revitalize the brand. In 2019, about 50% of Waters’ volumes were offered in reusable formats (especially jugs in Indonesia, Mexico, and Turkey) and the use of rPET increased to reach 16% worldwide.

**Net income and Earnings per share**

Other operating income and expense stood at -€609 million, mainly related to a non-cash charge of -€154 million resulting from the loss on the divestiture of EarthBound Farm in April 2019, restructuring and integration costs of more than -€300 million, linked notably to the further integration of the Early Life and Medical Nutrition organizations.

The recurring net financial result slightly increased in 2019 vs 2018 (from -€350 million to -€370 million), reflecting the appreciation of the cost of US-denominated debt and higher interest rates in Argentina. The recurring income tax rate stood at 27.5% in 2019, down 40bps from 2018, supported by a favorable country mix. Recurring net income from associates increased to €98 million, reflecting good results from the participation in Mengniu, offsetting the decrease in the participation in Yakult from 21.3% to 6.6%, which occurred in March 2018. Recurring minority interests increased to €103 million, driven by the good results of Aqua in Indonesia.

Total non-recurring net income (Group share) amounted to -€586 million in 2019, reflecting, in addition to the non-recurring operating expenses mentioned above, the impairment of the goodwill related to the stake held in Yashili (-€109million). As a result, reported EPS was €2.95, down -18.7% on the high base of last year, which embedded an exceptional capital gain of €0.7 billion from the partial sale of Danone’s stake in Yakult last year.
Cash flow and Debt

Free cash flow grew +12.5% in 2019 to €2.5bn, and free cash flow conversion ratio significantly increased to 9.9% of sales, driven by stronger operating performance and capital discipline. Capex amounted to €951 million in 2019, or 3.8% of net sales, in line with 2018. The application of IFRS16 increased Danone’s net debt as of January 1, 2019 by €0.7 billion, from €12.7 bn to €13.4 bn (please refer to IFRS Standards section page 11). As of December 31, 2019, Danone’s net debt stood at €12.8 bn, down -€0.6 bn from 2018, with Net Debt / EBITDA reaching 2.8 times at the end of 2019. ROIC improved by around +70bps to 9.6% at the end of 2019.

Dividend

At the Annual General Meeting on April 28, 2020, Danone’s Board of Directors will propose a dividend increase of 16 cents to €2.10 per share, in cash, in respect of the 2019 fiscal year. This dividend increase is in line with recurring earnings progression and reflects the solid financial position of the Company and the strong confidence of both the Board and the management. Assuming this proposal is approved, the ex-dividend date will be May 11, 2020 and dividends will be payable on May 13, 2020.

II. LEADING THE BATTLE AGAINST CLIMATE CHANGE

2019 Environmental footprint

To achieve its mission of “bringing health through food to as many people as possible” and in line with its “One Planet. One Health.” vision, Danone strives for the highest standards regarding social, environmental and health performance, notably when it comes to fighting against climate change. As part of its pledge towards carbon neutrality on its full value chain by 2050, Danone set intermediate greenhouse gas (GHG) reduction targets for 2030 which were officially approved by the Science-Based Targets initiative in 2017. Danone further strengthened in 2019 its commitments through the signature of “Business Ambition for 1.5°C” pledge, a significant further step towards climate urgency.

Danone estimates that the peak of its carbon emissions on its full scope was reached by the end of December 2019 (with a total of 27 million tons of GHG), five years ahead of its original plans and commitments (2025) and one year
prior the 1.5°C Science-Based Targets commitment. Overall the company has reduced its GHG emission intensity by 24.8%(1) on its full scope since 2015. Danone was recognized on February 3rd, 2020 as a global environmental leader, becoming one of only 6 companies, among 8,400 organizations assessed, with a ‘triple A’ score by CDP in recognition of its leading environmental efforts, namely in tackling climate change, fighting deforestation and protecting water cycles.

(1) The data is based on a constant consolidation scope and a constant methodology. The GreenHouse Gas protocol defines three scopes for carbon footprint assessment: Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream.

Provisioning visibility into the cost of carbon emissions to earnings

Danone has been a pioneer in discussing and setting carbon emission targets on its entire value chain more than ten years ago, and in including environmental targets in its management incentives. In light of the urgency for climate action and in line with its ambition to lead the way to create and share sustainable value, Danone is taking further steps, with the support of its Board of Directors, to better connect Environmental, Social, and Governance metrics and financial performance, starting with carbon.

Danone shows for the first time a ‘carbon-adjusted’ recurring EPS evolution that takes into account an estimated financial cost for the absolute GHG emissions on its entire value chain(1). This ‘carbon-adjusted’ recurring EPS grew in 2019 at +12%, faster than the +8.3% recurring EPS growth reported by the company given the +9% carbon productivity delivered in 2019.

Going forward, as full scope carbon emissions peak was reached in 2019 and GHG emissions in absolute levels are set to decrease, Danone’s ‘carbon-adjusted’ recurring EPS is set to grow faster than recurring EPS.

Taking into account positive and negative carbon externalities on the entire value chain in financial disclosure will help investors to make better investment decisions for the long-term and drive corporate to accelerate their transformation.

(1) Carbon-adjusted recurring EPS is equal to the recurring EPS less an estimate financial cost for carbon / number of shares after dilution. The estimated financial cost for carbon is based on Danone’s full scope (1, 2 and 3) carbon emissions of 27.2 mT for 2019 (26.3 mT for 2018) x a constant carbon cost estimate of 35€/ton, aligned with CDP disclosure. Scopes 1 and 2 emissions result from activities under the operational control of Danone assets (production, sites, warehouses, etc.) while Scope 3 emissions refer to Danone’s indirect emissions resulting from its value chain, upstream and downstream.

Investment to accelerate climate action of our brands and strengthen our growth model

In a context of shifting point in attitudes and expectations towards climate and nature issues and growing industry disruption, Danone is stepping up the speed and increase the depth of its transformation actions to put climate further at the core of its growth model, building truly recognized activist brands, moving from purpose to bold actions.

This will translate into an accelerated investment plan of around €2bn cumulative over the 2020-2022 period on brands, climate and agriculture, packaging and digitalization with the objective to build the most attractive business platform in the food industry, with greater recognition from consumers for climate-proofing actions, and create a virtuous cycle that fuels a superior growth model and unlocks value further and faster.

The accelerated investment will support new bold commitments to advance some of the Company’s Goals for 2030, including:

- **Sustaining current high level of innovation**, with increased resources to enable more powerful activations and scaled distribution, building on the portfolio progress made to date;

- **Accelerating B Corp™ Journey** with Waters business expected to be certified as a B Corp™ by 2022. In today’s world where big companies and their brands are fundamentally challenged as to whose interests they really serve, B Corp™ certification is a mark of trust for companies demonstrating highest standards of social and environmental performance;
• Building truly recognized activist brands, moving from purpose to bold actions towards responsible packaging, 
carbon neutrality and climate-efficient sourcing

Circular packaging: For Waters, in addition to the existing objective to reach 50% rPET worldwide by 2025, 
Danone is now committed to reaching 100% rPET in Europe from 2025. To serve this ambition, evian and Volvic 
brands will act to offer, starting from April 2020. 100% rPET bottles: Volvic full range in Germany, all evian and 
Volvic small and XXL formats in France, and all evian on the go formats in the UK. In order to accelerate the 
elimination of single-use plastics, Danone will pursue its investments to innovate other packaging alternative to 
plastics (such as glass, cans, and paper) and rethink business models for hydration. Danone will also act to 
increase the recyclability of Essential Dairy and Plant-Based cups, targeting zero polystyrene worldwide by 
2025, and zero polystyrene in Europe by 2024, starting with Alpro brand by 2021. Those initiatives will be 
supported by the launch a dedicated fund to explore next generations of packaging materials and models.

Climate, diets and agriculture: Danone will accelerate the carbon neutrality trajectory of its flagship Waters 
brands in Europe evian and Volvic to become fully carbon neutral in 2020 on all their ranges (full scope), by 
cutting emissions throughout the product life cycle as well as protecting, restoring and funding projects to 
sequester carbon in natural ecosystems. The company will also further invest to support regenerative agriculture 
and pivot large brands for preferred and climate-efficient sourcing.

Digital, end-to-end connected value chain: Danone will also invest in a ‘data, tech and agile’ enabled 
transformation, leveraging data and technology to strengthen execution, better serve people needs in a cost 
and climate-efficient way, to ultimately seize growth and efficiency opportunities.

This accelerated investment plan for 2020-2022 will include around €600 million of accelerated recurring costs 
behind brands, technology and capabilities (c. €200 million in 2020) as well as an accelerated capital expenditure 
plan of around €1bn. It will include on top material ‘other income and expenses’ dedicated to the transformation 
of our operations, notably in EDP. These ‘other operating income and expenses’ will, as usual, be determined and 
communicated in the course of the investment plan. We consider today they could amount to around €500 million 
costs in 2020.

Danone is confident that those advanced commitments and accelerated investments behind its growth model will 
allow it to deliver in the mid-term a consistent mid-to-high single digit recurring EPS growth with like-for-like sales 
growth to be in the 3% to 5% range. The accelerated transformation of the company will continue to be supported 
by very disciplined capital strategy, with a leverage Net Debt/EBITDA ratio that the company expects to maintain 
in the 2.5x-3.0x range.

III. 2020 OUTLOOK AND GUIDANCE

Danone assumes that economic conditions in 2020 will remain particularly volatile and uncertain overall, including 
specific contextual difficulties in a few major markets including the CIS and Argentina, with an additional pressure 
on the world economy since the beginning of the year related to the COVID-19 outbreak that began in Wuhan in 
China last December.

For the year 2020, Danone is targeting a mid-single-digit growth of recurring EPS. This assumes a like-for-like sales 
growth between +2% and +4% (vs. +4% to +5% previously) and a recurring operating margin above 15% (vs. above 
16% previously), reflecting both the strategic steps the company is taking from 2020 to transform the business for the 
long-term and unlock value further and faster, and the impact of external environment factors.

Full-year guidance factors include:
- an assessment to date of the COVID-19 impact on 
  (1) the company’s sales and margin in the first quarter, which the company currently estimates at around €100 
million lost sales, mostly in Waters China business, expecting to bring Q1 like-for-like sales growth broadly flat;
  (2) timing of Mizone’s repositioning plan initially planned in March, putting at risk its summer season;
  (3) time to market of Early Life Nutrition innovations in China
- a year-on-year mid-single digit rise in the cost of its strategic raw materials, although the impact of COVID-19 on commodities price in 2020 remains uncertain at this stage.

While we cannot currently predict the duration and extent of the impact of COVID-19, we remain extremely vigilant and are closely monitoring the situation every day, working hand in hand with the local authorities.

Danone is strong and resilient, and, confident in its strategy, will continue in this context to promote in 2020 strategic growth investments over short-term tactical allocations.

IV. OTHER

Financial transactions and developments

- February 2020: Danone and Harrogate Water Brands announced that they have entered into a final agreement under which Danone will acquire a majority stake in Harrogate Water Brands, the parent company of British water brand, Harrogate Spring Water, and ethical brand Thirsty Planet. With revenues of approximately £20 million, Harrogate Spring Water is one of the fastest growing players in the sector, holding strong positions in Foodservice and On Premise channels. The closing of the transaction is subject to regulatory approval.

Governance and Financial Statements

- At its meeting on February 25, 2020, the Board of Directors approved draft resolutions that will be submitted to the approval of the Annual General Meeting on April 28. Acting upon the recommendation of the Governance Committee, the Board proposes that shareholders renew the appointments of Gregg L. Engles, Gaëlle Olivier, Isabelle Sellier, Jean-Michel Séverino and Lionel Zinsou-Derlin, whose current term of office will expire on the next General Meeting. The Board noted that these renewals fall within the framework of the Board’s diversity policy and that this stability ensures the quality and the continuity of its work.

- At its meeting on February 25, 2020, the Board of Directors closed statutory and consolidated financial statements for the 2019 fiscal year. Regarding the audit process, the statutory auditors have substantially completed their examination of financial statements as of today.

IFRS Standards

IFRS16: applicable starting January 1, 2019, no restatement of 2018 financial statements

Danone applies IFRS 16 on leases starting January 1, 2019 and elected for the modified retrospective approach for its implementation:

- lease assets and lease liabilities are calculated as of January 1, 2019 based on discounted future lease payments,
- they are recognized in the consolidated balance sheet as of January 1, 2019 and prior-period financial information are not restated (i.e. IAS17 is applied).

<table>
<thead>
<tr>
<th>2018 IAS 17</th>
<th>January 1, 2019</th>
<th>2019 IFRS 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets: +€664m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liabilities : +€664m</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

IFRS 16 has no significant impact on the recurring operating income, recurring operating margin and recurring net income.

IAS29 impact on reported data

Danone has been applying IAS 29 in Argentina from July 1st, 2018 (with effect from January 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
€ million except %

<table>
<thead>
<tr>
<th></th>
<th>Q4 2019</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>-0.9</td>
<td>-15</td>
</tr>
<tr>
<td>Sales growth (%)</td>
<td>-0.0%</td>
<td>-0.1%</td>
</tr>
<tr>
<td>Recurring Operating Income</td>
<td></td>
<td>-36</td>
</tr>
<tr>
<td>Recurring Net Income – Group share</td>
<td></td>
<td>-46</td>
</tr>
</tbody>
</table>

Breakdown by quarter of FY 2019 sales after application of IAS29
FY 2019 sales correspond to the addition of:
- Q4 2019 reported sales;
- Q1, Q2 and Q3 2019 sales resulting from the application of IAS29 until December 31 to sales of Argentinian entities (application of the inflation rate until December 31, 2019 and translation into euros using December 31, 2019 closing rate) and provided in the table below for information (unaudited data).

<table>
<thead>
<tr>
<th></th>
<th>Q1 2019(1)</th>
<th>Q2 2019(2)</th>
<th>Q3 2019(3)</th>
<th>Q4 2019</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>EDP</td>
<td>3,309</td>
<td>3,276</td>
<td>3,243</td>
<td>3,335</td>
<td>13,163</td>
</tr>
<tr>
<td>Specialized Nutrition</td>
<td>1,828</td>
<td>1,864</td>
<td>1,921</td>
<td>1,943</td>
<td>7,556</td>
</tr>
<tr>
<td>Waters</td>
<td>1,003</td>
<td>1,344</td>
<td>1,259</td>
<td>962</td>
<td>4,568</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,139</strong></td>
<td><strong>6,485</strong></td>
<td><strong>6,423</strong></td>
<td><strong>6,241</strong></td>
<td><strong>25,287</strong></td>
</tr>
</tbody>
</table>

(1) Results from the application of IAS29 until December 31, 2019 to Q1 sales of Argentinian entities.
(2) Results from the application of IAS29 until December 31, 2019 to Q2 sales of Argentinian entities.
(3) Results from the application of IAS29 until December 31, 2019 to Q3 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.

Financial indicators not defined in IFRS

**Like-for-like changes** in sales 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, starting 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 year).

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

<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
<th>Impact of changes in scope of consolidation</th>
<th>Impact of changes in exchange rates and others, including IAS29</th>
<th>Argentina organic contribution</th>
<th>Like-for-like growth</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>24,651</td>
<td>-1.0%</td>
<td>+0.7%</td>
<td>+0.4%</td>
<td>+2.6%</td>
<td>25,287</td>
</tr>
<tr>
<td>Recurring margin</td>
<td>14.45%</td>
<td>+20 bps</td>
<td>+6 bps</td>
<td>-21 bps</td>
<td>+71 bps</td>
<td>15.21%</td>
</tr>
</tbody>
</table>

**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.

**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.

### Net income-Group share

<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recurring</td>
<td>2,304</td>
<td>2,156</td>
</tr>
<tr>
<td>Total</td>
<td>2,349</td>
<td>1,929</td>
</tr>
<tr>
<td>Coupon related to hybrid financing net of tax (million)</td>
<td>(14)</td>
<td>(14)</td>
</tr>
<tr>
<td>Number of shares</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Before dilution</td>
<td>642,721.076</td>
<td>648,250.543</td>
</tr>
<tr>
<td>After dilution</td>
<td>643,450.446</td>
<td>649,106.039</td>
</tr>
<tr>
<td>EPS (€)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Before dilution</td>
<td>3.56</td>
<td>3.86</td>
</tr>
<tr>
<td>After dilution</td>
<td>3.56</td>
<td>3.85</td>
</tr>
</tbody>
</table>

**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.

For more information, please contact:

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Danone: 17, Boulevard Haussmann, 75009 Paris, France
<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
<th>FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash-flow from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash-flow from operating activities</td>
<td>3,111</td>
<td>3,444</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>(941)</td>
<td>(951)</td>
</tr>
<tr>
<td>Disposal of tangible assets &amp; transaction fees related to business combinations(^1)</td>
<td>61</td>
<td>17</td>
</tr>
<tr>
<td><strong>Free cash-flow</strong></td>
<td>2,232</td>
<td>2,510</td>
</tr>
</tbody>
</table>

\(^1\) 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.

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2018</th>
<th>December 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current financial debt(^1)</td>
<td>14,343</td>
<td>12,906</td>
</tr>
<tr>
<td>Current financial debt(^1)</td>
<td>3,546</td>
<td>4,474</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>(4,199)</td>
<td>(3,631)</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>(839)</td>
<td>(644)</td>
</tr>
<tr>
<td>Derivatives — non-current assets(^2)</td>
<td>(81)</td>
<td>(271)</td>
</tr>
<tr>
<td>Derivatives — current-assets(^2)</td>
<td>(27)</td>
<td>(16)</td>
</tr>
<tr>
<td><strong>Net debt</strong></td>
<td>12,744</td>
<td>12,819</td>
</tr>
<tr>
<td>• Liabilities related to put options granted to non-controlling interests — non-current</td>
<td>(46)</td>
<td>(13)</td>
</tr>
<tr>
<td>• Liabilities related to put options granted to non-controlling interests — current</td>
<td>(463)</td>
<td>(469)</td>
</tr>
<tr>
<td><strong>Net financial debt</strong></td>
<td>12,235</td>
<td>12,337</td>
</tr>
</tbody>
</table>

Note: The application of IFRS16 increased Danone’s net debt as of January 1, 2019 by €0.7 billion; 2018 comparative information has not been restated.

\(^1\) Including derivatives-liabilities. As from January 1\(^{st}\) 2019, also include debt related to leases in compliance with IFRS16

\(^2\) Managing net debt only

**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 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.

For more information, please contact:
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Danone: 17, Boulevard Haussmann, 75009 Paris, France
The presentation to analysts and investors, held by Chairman and CEO Emmanuel Faber, and CFO Cécile Cabanis, will be broadcast live today from 8:30 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 1 – Sales by reporting entity and by geographical area (in € million)

<table>
<thead>
<tr>
<th></th>
<th>First quarter 2018</th>
<th>Second quarter 2018</th>
<th>Third quarter 2018</th>
<th>Fourth quarter 2018</th>
<th>Full Year 2018</th>
<th>Full Year 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BY REPORTING ENTITY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EDP</td>
<td>3,296</td>
<td>3,308</td>
<td>3,257</td>
<td>3,283</td>
<td>3,214</td>
<td>3,240</td>
</tr>
<tr>
<td>Specialized Nutrition</td>
<td>1,812</td>
<td>1,828</td>
<td>1,831</td>
<td>1,866</td>
<td>1,723</td>
<td>1,920</td>
</tr>
<tr>
<td>Waters</td>
<td>976</td>
<td>1,002</td>
<td>1,325</td>
<td>1,346</td>
<td>1,248</td>
<td>1,258</td>
</tr>
<tr>
<td><strong>BY GEOGRAPHICAL AREA</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Europe &amp; Noram¹</td>
<td>3,311</td>
<td>3,381</td>
<td>3,453</td>
<td>3,471</td>
<td>3,468</td>
<td>3,451</td>
</tr>
<tr>
<td>Rest of the World</td>
<td>2,774</td>
<td>2,757</td>
<td>2,961</td>
<td>3,025</td>
<td>2,719</td>
<td>2,966</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6,085</td>
<td>6,138</td>
<td>6,414</td>
<td>6,496</td>
<td>6,009</td>
<td>6,241</td>
</tr>
</tbody>
</table>

APPENDIX 2 – Focus on Danone in China

- China is the second largest country of Danone, representing ~10% of the company’s sales in 2019, with ~1/3 of its revenues from Waters and ~2/3 from Specialized Nutrition.

- It employs around 8,200 employees and runs 8 production sites: 7 for Waters (of which one in Wuhan) and 1 for Medical Nutrition.

¹North America (Noram): United States and Canada