



2018 First-Quarter Sales
Press release – Paris, April 18, 2018

Strong start to the year: +4.9% like-for-like sales growth¹

- Consolidated sales of €6,085m, up +10.8% on a reported basis and +4.9% like-for-like¹
- Positive contribution in volume (+1.1%) and value (+3.8%)¹
- Very strong performance in Specialized Nutrition driven by Early Life Nutrition in China, solid start in Waters and ongoing recovery of Essential Dairy and Plant-Based activities
- 2018 guidance confirmed

2018 First-quarter sales

€ million except %	Q1 2017	Q1 2018	Sales Growth ¹	Volume Growth ¹
BY REPORTING ENTITY				
EDP International	2,131	2,105	+0.8%	-3.2%
EDP Noram ²	642	1,192	-0.2%	+1.7%
Specialized Nutrition	1,694	1,812	+14.5%	+5.6%
Waters	1,026	976	+4.2%	+2.4%
BY GEOGRAPHICAL AREA				
Europe & Noram ¹	2,649	3,311	-0.3%	+0.5%
Rest of the World	2,844	2,774	+11.7%	+2.4%
Total	5,493	6,085	+4.9%	+1.1%

All references in this document 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 on pages 4 to 6. Q1 2017 sales figures have been restated for IFRS 15 and are unaudited – see details in page 6.

Emmanuel Faber: Chairman and Chief Executive Officer statement

"I am very pleased with the strong results we have achieved in the first quarter. With organic growth of almost 5%, this start to the year confirms the strength of our portfolio, reflects our relentless focus on execution and delivery, and our continued investment in brands and innovations. We have achieved further progress in developing a more sustainable platform of growth and in the premiumization of our offering in Early Life Nutrition in China, broad-based growth in Waters, and gradual improvement in our Essential Dairy and Plant-Based activities. With the issuance of the first social bond by a multinational company and the B Corp certification of its subsidiaries in North America, Danone has also reached in the first quarter important milestones in its ambition to lead the way in creating and sharing value for all. We are reaffirming our confidence in the agility of our model to navigate a volatile environment to deliver our 2018 guidance and to accelerate towards our 2020 ambition."

¹ Like-for-like New Danone

² North America (Noram): United States and Canada

In the first quarter 2018, consolidated sales stood at €6,085 million, up +4.9% on a like-for-like New Danone basis, reflecting a positive contribution from both volume and value growth, up +1.1% and +3.8% respectively. Reported sales were up +10.8%, including (i) the base effect (+16.2%), corresponding to the contribution of WhiteWave over the period from January 1 to March 31, 2017, (ii) other changes in the scope of consolidation (-1.4%) resulting primarily from the disposal of Stonyfield in August 2017, (iii) a negative currency impact of -8.9% reflecting an unfavorable currency context with the appreciation of the euro against the US dollar, the Argentinian peso, the Indonesian rupiah, and the Russian ruble.

ESSENTIAL DAIRY AND PLANT-BASED (EDP) INTERNATIONAL

EDP International reported sales up +0.8% on a like-for-like New Danone basis, including a -3.2% decline in volume and a +4.0% rise in value, reflecting an improvement in all regions.

Europe posted encouraging results and continued its improving trend with slightly negative sales growth. Notably, *Activia* continued its recovery supported by innovation plans, especially in France, Spain, UK and Italy. *Alpro* maintained its high-single-digit growth, increasing in its core markets while proceeding with geographical expansion in France and Spain and product diversification such as ice creams, organic beverages and coffee drinks. Continued growth in young and local brands, notably *Light and Free* in the UK and *Les Deux Vaches* in France, was driven by investment in product innovations and brand support. In the **CIS** region, Danone posted strong sales growth, continuing to benefit from the enhancement of its brand and product mix. Growth was overall slightly positive in the other regions, despite the expected double-digit sales decline in Brazil.

ESSENTIAL DAIRY AND PLANT-BASED (EDP) NORAM

EDP Noram reported sales down -0.2% on a like-for-like New Danone basis, including a +1.7% increase in volume and a -1.9% decrease in value. Excluding Fresh Foods business, sales growth was up +0.5%.

Danone continued in the first quarter to work on executing competitive plans to consolidate its leadership. In **Yogurts**, sales declined slightly. Danone marginally outperformed a category that remained soft in Q1. Outperformance resulted from well-performing innovations and favorable mix across a multitude of sub-categories (notably probiotics, organic, kids, and plant-based) and formats, while promotional intensity increased in the Greek yogurt segment. **Plant-based** foods and beverages again delivered strong sales growth, driven by the ongoing rebound in nut-based beverages, successful media and marketing campaigns and premium innovations (*Silk* prebiotics almond and cashew milks, *SoDelicious* crafted organic almond milk). *Vega* nutritional products grew presence and market share. **Coffee Creamers** posted strong growth both in whiteners and refrigerated coffee creamers, outpacing the category, benefitting from the continued expansion of *Stok* coffeehouse-inspired ready-to-drinks through new product launches (protein coffee, tea) and distribution gains. Market dynamics remained challenging for **Premium Dairy** as a result of the industry oversupply of organic milk and sales continued to decline strongly in the first quarter.

SPECIALIZED NUTRITION

Specialized Nutrition reported sales up +14.5% on a like-for-like New Danone basis, including a +5.6% increase in volume and a +8.9% rise in value

Early Life Nutrition (ELN) reported high-teen sales growth, with the very strong momentum continuing in China (over 50% like-for-like growth). This benefitted from particularly strong market demand following the peak in births in H2 2016, market share gains, and from positive mix as a result of *Aptamil Platinum* expansion in the ultra-premium segment, and further progress in building a sustainable direct sales model in China. Outside China, all other regions performed well, with North and Latin America posting double-digit sales growth, and solid growth in Europe. **Advanced Medical Nutrition** posted a solid quarter, driven by emerging markets, notably Latin America and CIS.

WATERS

Waters reported sales up +4.2% on a like-for-like New Danone basis, including a +2.4% growth in volume and a +1.8% rise in value.

Danone continued to grow in all regions and segments, supported by strong category fundamentals, successful premium innovation and brand activation plans. **Europe** delivered low-to-mid-single digit growth, with local brands such as *Fontvella* in Spain or *Zywiec zdroj* in Poland being the main contributors to growth. **Asia** posted strong growth on the back of *Mizone* performance, but in low season. **North America** delivered double-digit growth driven by the continued expansion of *evian*. Q1 performance also reflected a slightly slow start to the year in **Latin America** which was impacted by unfavorable weather conditions in Mexico.

2018 OUTLOOK

(From press release issued February 16, 2018)

In the current year, Danone will make further progress towards its 2020 ambition through its separate focuses on both mid-term growth and short-term efficiency. It will also start rolling out the 'Protein' efficiency program and continue to capture the synergies from the WhiteWave acquisition. These activities will underpin its ability to deliver sustainable growth in sales and profits.

Macroeconomic outlook

Danone assumes that market volatility will continue.

In 2018, Danone expects further cost-inflation with mid-single digit cost increases of raw and packaging materials, including:

- milk price inflation of low to mid-single digit overall,
- a double-digit increase of PET pricing driven by the crude oil price rebound and,
- inflationary conditions in other raw materials, including sugar and fruits.

Danone also expects an ongoing impact from currency volatility, particularly the UK pound.

2018 guidance

Danone's focus will remain on accelerating growth and maximizing efficiencies, including the first year of delivery of its Protein program's savings. In 2018, the Company will progress towards its 2020 ambition through further sales growth and an improved recurring operating margin.

As a result, Danone continues to target double-digit recurring EPS growth at constant exchange rate for 2018, excluding Yakult Transaction Impact.

MAJOR FINANCIAL TRANSACTIONS AND DEVELOPMENTS OVER THE PERIOD

- **On February 1, 2018** Danone Manifesto Ventures announced it has taken a stake in Harmless Harvest, a leader in U.S. refrigerated premium coconut water and a Fair for Life certified organic producer.
- **On February 12, 2018** Danone amended its €2 billion syndicated credit facility, in order to include global environmental and social criteria directly impacting, upwards or downwards, the margin payable to its banks over the entire duration of the facility.
- **On March 19, 2018** Danone announced the successful launch of a €300 million Social Bond to finance and refinance projects that include positive social impacts. This innovative Social Bond is the first issued by a multinational aligned with the new Social Bond Principles, as set out in June 2017 by the International Capital Market Association.
- **On March 27, 2018** Danone announced the completion of the sale of part of its stake in Yakult (communicated on February 14, 2018) for an aggregate amount of JPY175 billion gross proceeds, representing c.€1.3 billion. As a result of the transaction, Danone's stake in Yakult's outstanding share capital is reduced from 21.29% to 6.61%. Yakult Transaction Impact amounts to -1,5% on 2017 Recurring EPS.

FINANCIAL INDICATORS NOT DEFINED IN IFRS AND IFRS 15 RESTATEMENT

Due to rounding, the sum of values presented may differ from totals as reported. Such differences are not material. See Methodology note on page 6.

Additional indicator of like-for-like changes: "like-for-like New Danone" changes

Since the completion of the WhiteWave 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 decided to monitor and then report its performance by integrating the contribution of WhiteWave as a whole into its organic growth from the time of the acquisition by using an additional indicator - "like-for-like New Danone" changes.

This indicator is a variation on the "like-for-like" changes indicator used by Danone which integrates WhiteWave's performance starting at the date of acquisition:

- for periods in previous years compared, and
- based on WhiteWave reported data after restatement to allow comparison with Danone data.

This indicator is used starting with the second quarter of 2017 and running through the end of 2018. Danone does not publish like-for-like New Danone changes for prior periods given the way they are computed. Finally, Danone does not monitor internally nor publish like-for-like changes and will not do so until year-end 2018. Indeed like-for-like changes would not reflect accurately the Company's real performance, which is reflected in like-for-like New Danone changes and, by extension, the difference between like-for-like changes and like-for-like New Danone changes would not accurately reflect the contribution to this real performance of WhiteWave and its companies.

Financial indicators not defined in IFRS

These indicators are calculated as follows:

Like-for-like changes in sales 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 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).

"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.

Bridge from reported data to like-for-like New Danone data

(€ million except %)	Q1 2017 ^(a)	WhiteWave base effect ^(b)	Impact of other changes in scope of consolidation	Impact of changes in exchange rates	Like-for-like New Danone growth ^(c)	Q1 2018 ^(d)
Sales	5,493	+16.2%	-1.4%	-8.9%	+4.9%	6,085

(a) Consolidated data as reported by Danone after restatement for IFRS15

(b) WhiteWave **base effect** corresponds primarily to the contribution of WhiteWave in Q1 2017.

(c) Like-for-like growth of Danone and WhiteWave combined, including the contribution of WhiteWave as a whole in Q1 2017 and Q1 2018.

(d) Consolidated data as reported for Danone and WhiteWave combined, including the contribution of WhiteWave as a whole in Q1 2018.

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Financial data used to calculate “like-for-like New Danone” changes are as follows:

- Financial data post acquisition date are extracted from the historical statements of Danone (after restatement for IFRS15) and WhiteWave combined, prepared in euros under IFRS (thus after allocation of WhiteWave’s provisional acquisition price in consolidated financial statements for 2017).
- Financial data prior to the acquisition 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 comparability with the income statement of Danone and WhiteWave combined, the following adjustments are performed:
- WhiteWave’s income statements for periods prior to the closing date have been restated to reconcile them with Danone’s accounting principles;
- The effect of the WhiteWave purchase price allocation is also reflected in periods prior to the acquisition so as to neutralize its impact on the improvement in recurring operating margin on a like-for-like New Danone basis.

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.

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.

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.

Methodology note

Unless otherwise indicated, amounts are expressed in millions of euros and rounded to the nearest million. In general, figures presented in this press release are rounded to the nearest full unit. As a result, the sum of rounded amounts may show non-material differences with the total as reported. Note that ratios and differences are calculated based on underlying amounts and not on the basis of rounded amounts.

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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,” “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.

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.

The presentation to analysts and investors, held by 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.