

Q1 2016 SALES

April 19, 2016

Cécile CABANIS, CFO



DISCLAIMER

This document contains certain forward-looking statements concerning 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 section "Risk Factors" in 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.

All references in this presentation to like-for-like changes, trading operating income, trading operating margin, recurring net income, recurring income tax rate, recurring EPS, free cash-flow, free cash-flow excluding exceptional items, and net financial debt correspond to financial indicators not defined by IFRS used by Danone, which are defined at the end of this presentation.

Due to rounding, the sum of values presented in this document may differ from totals as reported. Such differences are not material.



DANONE

Q1 2016 KEY MESSAGES

Growth in line
with expectations

+3.5%⁽¹⁾

Progress on
key priorities



Re-acceleration



Return to profitable
growth



Mizone transition



Another step towards
sustainable growth

Challenging
context



Continue to re-balance Danone's model of growth

GROWTH

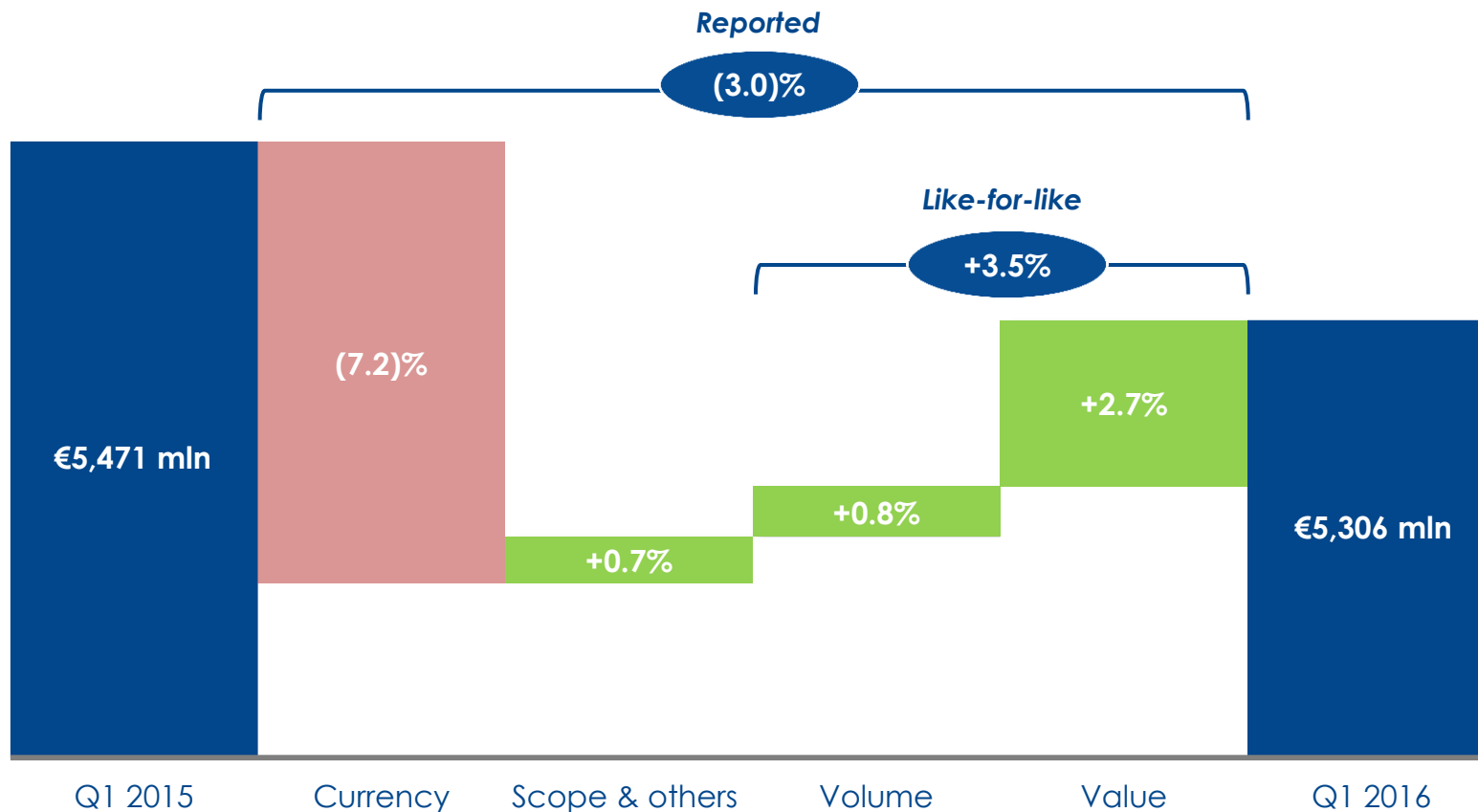
PROFIT

AGILITY

CONSISTENCY

⁽¹⁾ Like-for-like sales growth

Q1 2016 LIKE-FOR-LIKE SALES GROWTH AT +3.5%



- Organic sales growth in line with company guidance
- Reported sales impacted by currencies

Q1 2016 GEOGRAPHICAL DYNAMICS⁽¹⁾

EUROPE

+0.0%

- Unchanged underlying trend
- Sequential improvement in Dairy

NORAM
CIS

USA+Canada+CIS

+5.1%

- Confirmed successful re-acceleration in the USA
- Resilient CIS platform in a challenging context

ALMA

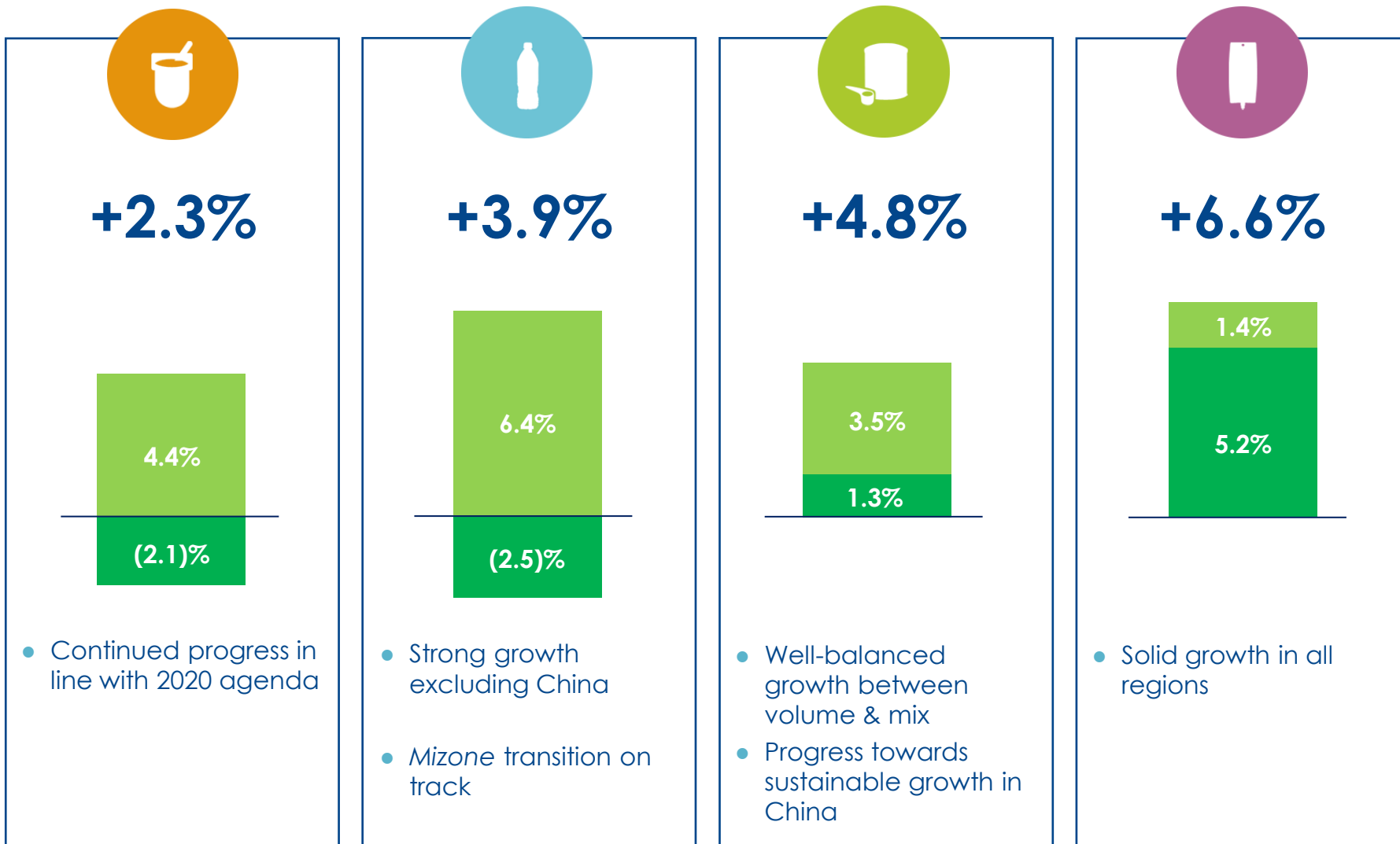
AsiapacLatamMiddleEastAfrica

+6.3%

- Broad-based growth
- Continued Mizone transition
- Difficult context in Brazil

⁽¹⁾ Like-for-like sales growth

Q1 2016 DIVISIONAL DYNAMICS⁽¹⁾



■ Price/mix ■ Volume

⁽¹⁾ Like-for-like sales growth

FRESH DAIRY PRODUCTS

staystrong.com



8 STOPS DOWN.
17 TO GO.
#staystrong





USA: CONFIRMED SUCCESSFUL RE-ACCELERATION

Clear roadmap to fuel growth

- Increase investments
- Winning the stores
- Accelerate innovations

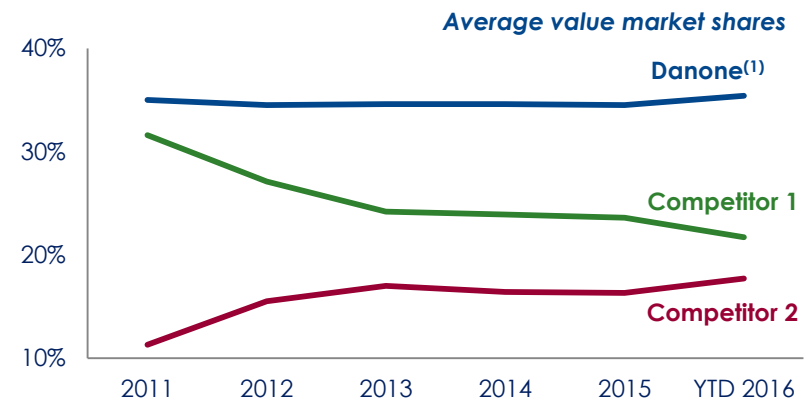


Strong recovery

Q1 16 sales growth⁽¹⁾

Mid-single digit

Strengthened leadership



⁽¹⁾ Danone : including Stonyfield and YoCrunch

Source: IRI Multi Outlet

⁽¹⁾ Like-for-like



EUROPE: CONTROLLED RETURN TO PROFITABLE GROWTH



2014

2015

2016

PLAN FOR SAVINGS
& ADAPTATION

CONTINUOUS COST OPTIMIZATION



STRUCTURAL PORTFOLIO OPTIMIZATION



MILK MID-TERM / LONG-TERM STRATEGY



PRIORITIZE VALUE-
ADDED BRANDS

BRAND REFOCUS



RELAUNCH PLAN

New recipe - New packaging - New emotional space

H1 16

H2 16





World premiere,
evian gets undressed!





STRONG GROWTH EXCLUDING CHINA, MIZONE TRANSITION ON TRACK



Leverage our platforms worldwide

- Plain bottled water > +9%⁽¹⁾



- Aquadrinks w/o China > +10 %⁽¹⁾



China: transition in line with agenda

- Nurture brand equity
- Leverage innovations
- Adjust distributor inventories
- Adapt the cost base



⁽¹⁾ Like-for-like sales growth

EARLY LIFE NUTRITION





CHINA: TOWARDS A MORE SUSTAINABLE MODEL OF GROWTH

Solid underlying market trends



Mom & Baby specialized stores

≈ **50%** of IMF market



E-Commerce

≈ **30%** of IMF market



Modern Trade

≈ **20%** of IMF market

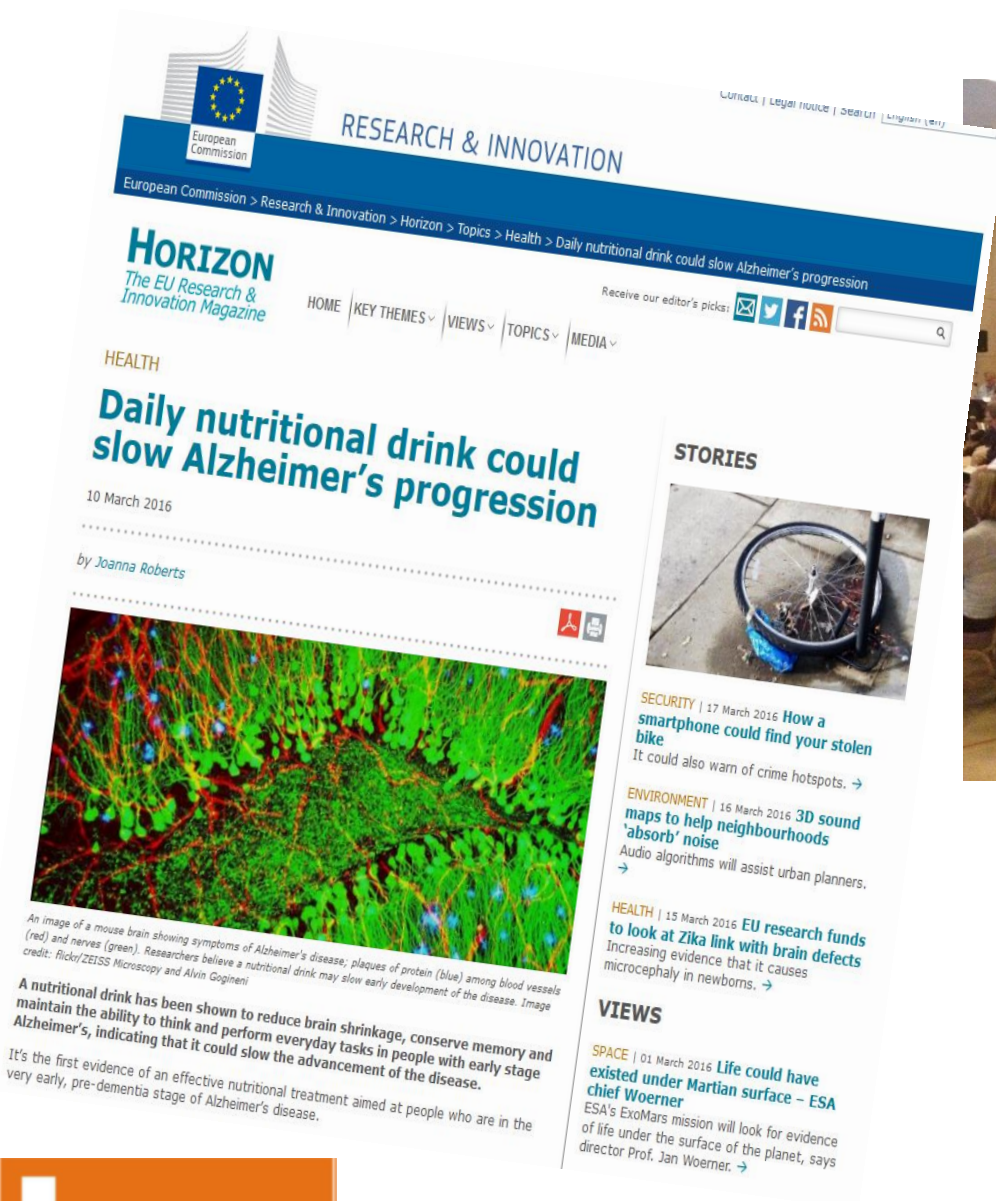


Strong brand equities



- Leverage the international brands
- Continue to convert indirect to direct sales
- Grow in MBS
- Prepare the transition of Dumex to Yashili

MEDICAL NUTRITION

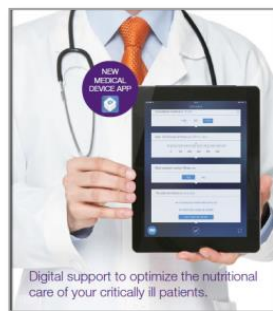




STRONG DYNAMICS IN ALL REGIONS & CATEGORIES



Innovations as fuel for sustainable growth



Establish advanced nutrition as an integral part of healthcare



Strong balanced growth...

- ... across geographies

Europe & CIS/Noram



ALMA



- ... across categories

Pediatrics



Adult



2016 GUIDANCE: ANCHORING A PROFITABLE & SUSTAINABLE MODEL

Sales ⁽¹⁾

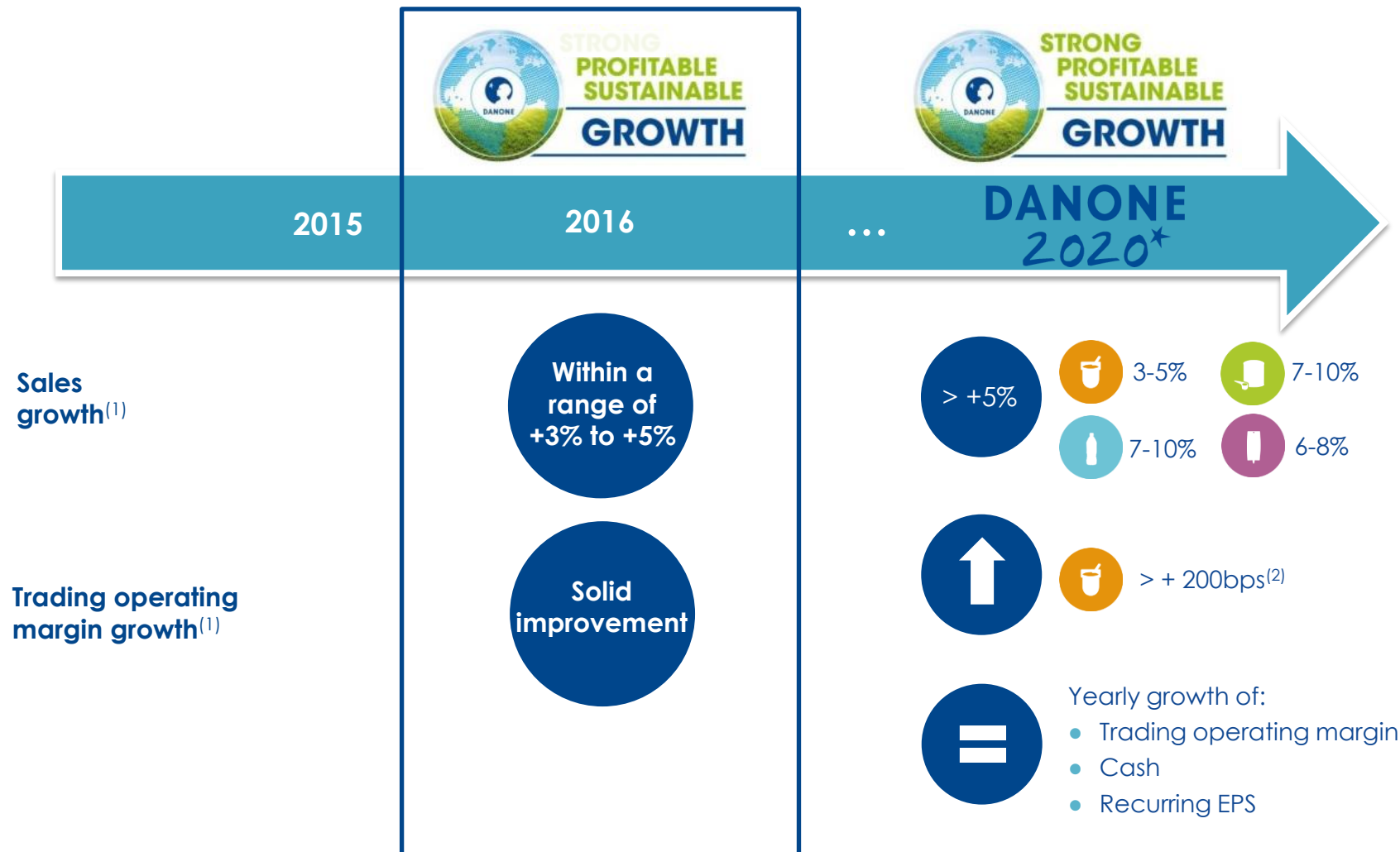
**Within a range
of +3% to +5%**

**Trading operating
margin ⁽¹⁾**

**Solid
improvement**

⁽¹⁾ Like-for-like growth

2016: THE TRANSFORMATION CONTINUES TOWARDS OUR 2020 AMBITION



⁽¹⁾ Like-for-like

⁽²⁾ Cumulative trading operating margin improvement (2015 - 2020), at constant exchange rates

APPENDIX



Q1 2016 IMPACT OF CURRENCIES & SCOPE

	Fresh Dairy Products	Waters	Early Life Nutrition	Medical Nutrition	Total
Reported sales growth	(4.7)%	(4.2)%	+0.5%	+1.2%	(3.0)%
Currency	(8.5)%	(7.9)%	(4.5)%	(3.8)%	(7.2)%
Scope of consolidation	+1.5%	(0.2)%	+0.2%	(1.6)%	+0.7%
Like-for-like sales growth	+2.3%	+3.9%	+4.8%	+6.6%	+3.5%

CHANGES IN EXCHANGE RATES

28.2% OF SALES DENOMINATED IN €

	% total Q1 16 sales	Q1 16 vs Q1 15 (avg)
US dollar	12.9%	(0.2)%
Indonesian rupiah	6.3%	(3.8)%
Russian ruble	6.1%	(9.0)%
British pound	5.7%	(5.4)%
Chinese yuan	5.4%	(3.9)%
Mexican peso	4.8%	(14.4)%
Argentine peso	4.5%	(40.6)%
Brazilian real	3.7%	(22.7)%
Moroccan dirham	2.6%	(0.9)%
Polish zloty	2.5%	(2.1)%

FINANCIAL INDICATORS NOT DEFINED IN IFRS



Like-for-like changes in Sales, Trading operating income, Trading operating margin, Recurring net income and recurring EPS 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 the Company 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.

Trading 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, and (iii) changes in earn-outs relating to business combinations and subsequent to acquisition date.

Trading operating margin is defined as the Trading operating income over Net sales ratio.

Recurring EPS (or Recurring net income – Group Share, per share after dilution) is defined as the Recurring net income over Diluted number of shares ratio.

Free cash-flow represents cash-flows provided or used by operating activities less capital expenditure net of disposals and, in connection with of 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.

Free cash-flow excluding exceptional items represents free cash-flow before cash-flows related to initiatives deployed within the framework of the plan to generate savings and adapt Danone's organization in Europe.