



DANONE

2012 First-Quarter Sales

April 17, 2012

Strong start to the year: organic growth +6.9% in the first quarter

Full-year targets for 2012 confirmed

- **Danone reported sales up +7.6% in Q1 2012, while the like-for-like increase was +6.9%^[1]**
- **Volume growth up +2.2%^[2], in line with the previous quarter**
- **Growth in all divisions and all regions**
- **2012 full-year targets confirmed**

[1] See page 6 for details of financial indicators not defined in IFRS

[2] Like for like (see definition page 6)

Chairman's comment

“2012 got off to a strong start at Danone, with our solid 6.9% increase in net sales reflecting an all-out focus on Group priorities.

We are continuing to actively build our operations in the countries driving our growth. Momentum in Asia and Latin America remains strong, while in Russia and the United States our action plans already show the first clear signs of paying off, confirming a return to growth.

In Europe, where consumer demand remains sluggish, particularly in the south, we've focused on supporting our brands and our product categories.

The pace achieved by our growth drivers, the strength of our brands, and the drive and commitment of Danone teams around the globe make me confident and enable us to confirm our full-year 2012 targets.”

Sales by business line and geographical area in Q1 2012

€ millions	Q1 11	Q1 12	Change ^[1]	Volume growth ^[1]
BY BUSINESS LINE				
Fresh Dairy Products	2,851	2,960	+3.8%	-0.1%
Waters	718	841	+16.4%	+7.7%
Baby Nutrition	910	1,014	+9.0%	+3.8%
Medical Nutrition	278	302	+6.4%	+7.1%
BY GEOGRAPHICAL AREA				
Europe	2,697	2,710	+ 0.9%	-2.4%
Asia	661	829	+19.4%	+14.5%
Rest of World	1,399	1,578	+12.7%	+4.3%
Group	4,757	5,117	+6.9%	+2.2%

[1] Like for like. See page 6 for details on calculation of financial indicators not defined in IFRS.

Overview of sales performance — Q1 2012

Consolidated sales rose +7.6% to €5,117 million in the first quarter of 2012. Excluding the impact of changes in the basis for comparison, which include changes in exchange rates and scope of consolidation, total sales were up +6.9%. This organic growth reflects a +2.2% increase in sales volume and a +4.7% increase in sales value.

The +1.1% exchange-rate effect reflects favorable trends in certain currencies including the Chinese yuan and the US dollar.

Fresh Dairy Products

Fresh Dairy Products division sales increased by +3.8% on a like-for-like basis in the first quarter of 2012, reflecting volume steady at -0.1% and a +3.9% rise in sales value.

Growth in sales value continues to benefit from the impact of competitive price increases applied in most countries in the first half of 2011.

Markets in Latin America and the Africa/Middle-East region remained extremely vigorous, with continued double-digit growth, while Europe fell back slightly during the quarter due to deteriorated conditions in southern countries.

In the CIS region and the United States, our action plans are beginning to pay off, with sales up in both volume and value this quarter.

Sales volume in the CIS region has now stabilized for the first time in four quarters, while the impact of price hikes introduced in late 2010 and early 2011 has begun to taper off. After focusing on improving profitability, integrating its teams and segmenting its product portfolio in 2011, Danone-Unimilk put the first quarter of 2012 to use by activating key brands. The Prostokvashino brand is the region's top growth driver.

In the United States, our Oikos brand continued to gain market share in the booming Greek yogurt market, consolidating Danone's leading position in the Fresh Dairy Products category as a whole.

Waters

Waters turned in another very strong showing, with sales up +16.4% on a like-for-like basis, reflecting a good balance between +7.7% volume growth and an +8.7% price/mix effect.

Rising sales volumes were underpinned by sound underlying trends: momentum in emerging markets, and performances in mature markets that remain sound despite a difficult basis for comparison in Japan for the entire first half of 2011.

Strong growth in value continues to reflect the effect of price increases introduced since the second quarter of 2011, mainly in emerging markets, as well as the mix effect linked to aquadrinks.

Baby Nutrition

The Baby Nutrition division maintained momentum with first-quarter sales up +9.0% like for like despite the unfavorable date of the Chinese New Year compared with 2011. Growth reflected a +3.8% rise in volume and a +5.2% increase in value.

Sales of growing-up milks continued to show double-digit growth, while weaning food declined.

The steep rise in value was driven by a balanced combination of a favorable mix, in terms of both products and geographical markets, and the impact of price increases introduced over the past twelve months.

All regions reported gains, with Asia, the Middle East, Turkey and the United Kingdom remaining the prime drivers for division growth.

Medical Nutrition

Medical Nutrition reported +6.4% like-for-like rise in sales in the first quarter of 2012, driven by higher volumes (+7.1%).

As in Q4 2011, main contributors to growth were China, Brazil, Turkey, the United Kingdom and the Netherlands.

However early 2012 was affected by difficult market conditions in Southern Europe and by distributors running down their inventories in North America.

2012 Outlook

Backed by sustained growth in 2011, Danone is moving into 2012 with confidence.

For 2012, the Group expects no significant improvement or decline in the macro-economic environment from the second half of 2011:

- consumer spending to remain under pressure in Western Europe,
- raw material prices to hold at levels similar to those observed at the end of 2011, implying inflation in our raw material costs remaining strong in the first half and at mid-single digit for the full-year.

Against this backdrop, the Group's priorities will remain the same: developing its product categories, pursuing investment in countries with high growth potential, particularly those that Danone calls "MICRUB^[2]", and supporting operations and brands in Western Europe.

Drawing on its experience of 2010 and 2011, Danone will continue to manage increases and volatility in raw material costs by focusing on sustained productivity and using selective pricing to maintain its competitive edge.

Altogether, the Group's targets for 2012 are:

- a +5% to 7% increase in net sales on a like-for-like basis^[1]
- stable full-year trading operating margin^[1] like for like
- a continued rise in free cash flow^[1], reaching €2 billion

[1] See page 6 for details on calculation of financial indicators not defined in IFRS

[2] Mexico, Indonesia, China, Russia, the US and Brazil

Our presentation to analysts and investors will be broadcast live from 9.00 a.m. on Tuesday, April 17, 2012. Related slides will be available on our website (www.finance.danone.com) from 7.30 a.m. today.

FORWARD-LOOKING STATEMENTS

This press release 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 "Risk Factors" section of Danone's Registration Document (available on www.danone.com)

APPENDIX – Sales Overview

€ millions	First Quarter	
	2011	2012

BY BUSINESS LINE

Fresh Dairy Products	2,851	2,960
Waters	718	841
Baby Nutrition	910	1,014
Medical Nutrition	278	302

BY GEOGRAPHICAL AREA

Europe	2,697	2,710
Asia	661	829
Rest of World	1,399	1,578

Group	4 757	5 117
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€ millions	First Quarter 2012	
	Reported change	Like-for-like change [1]

BY BUSINESS LINE

Fresh Dairy Products	+ 3.8%	+3.8%
Waters	+17.1%	+16.4%
Baby Nutrition	+11.4%	+9.0%
Medical Nutrition	+8.3%	+6.4%

BY GEOGRAPHICAL AREA

Europe	+0.5%	+0.9%
Asia	+25.4%	+19.4%
Rest of World	+12.8%	+12.7%

Group	+7.6%	+6.9%
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[1] See page 6 for details on calculation of financial indicators not defined in IFRS

APPENDIX – Financial indicators not defined in IFRS

Information published by Danone uses financial indicators that are not defined by IFRS. These are calculated as follows:

Like-for-like changes in net sales, trading operating income, trading operating margin and net income - Group share essentially exclude the impact of: (i) 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 the Group for the current year), and (ii) changes in consolidation scope, with previous year indicators calculated on the basis of current-year scope.

Trading operating income and expense is defined as the Group operating income excluding other operating income and expense. Other operating income and expense is defined under Recommendation 2009-R.03 of the French CNC, and comprises significant items that, because of their exceptional nature, cannot be viewed as inherent to current 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 acquisitions, and costs related to major litigation. Since application of IFRS 3 (Revised), they have also included acquisition fees related to business combinations.

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

Free cash flow represents cash flows provided or used by operating activities less capital expenditure net of disposals and excluding acquisition costs related to business combinations (since the application of IFRS 3 (Revised)).