PRESS RELEASE

DANONE

2012 First-Half Results

July 27, 2012

Solid +5.9% growth in sales in H1 2012, driven by emerging markets

Trading operating margin of 13.85% (-61 basis points)
Net earnings per share up +4.7%
Free cash flow at €890 million

New full-year targets for 2012 confirmed

- **Solid growth in H1 2012 sales[1] of +7.7% as reported and +5.9% like-for-like[2]**
- **Second quarter in line with expectations, marked by a high basis for comparison in 2011 in the Waters division; reported sales[1] up +7.8% and like-for-like sales[2] up +5.0%**
- **Sales up in all divisions, with variations from one region to the next including a decline in Europe and double-digit growth[3 in the rest of the world**
- **Trading operating margin[3] in line with expectations at 13.85% (-61bps)[2]**
- **Underlying fully diluted earnings per share[3] up +4.7% at €1.51 as reported, and up +2.5% like-for-like[2]**
- **Free cash flow[3] at €890 million**
- **New full-year targets for 2012 confirmed: sales growth of 5-7%[2], operating margin down 50 bps[2], and free cash flow at €2 billion.**

[1] Net sales
[2] Like-for-like; see pages 8 and 9 for details on calculation of financial indicators not defined in IFRS
[3] See pages 8 and 9 for details on calculation of financial indicators not defined in IFRS

Chairman's comment

"The consumer environment definitely got tougher in Europe, particularly Southern Europe, in the first half of this year. At Danone, we moved quickly to manage this new situation in line with our strategic priorities: strengthening our brands and pursuing sustainable, profitable growth.
Our first-half organic growth in sales stands at nearly 6%, in line with our full-year objectives. In the United States and Russia, our Oikos and Prostokvashino brands are continuing to expand rapidly. In emerging markets, we are continuing to grow at a very brisk pace and are expanding our presence, as we did recently in Morocco and India. Finally, everywhere we operate we are

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innovating to offer consumers new experiences, adapted to their expectations; examples include Yolado in Spain and the renovation of Dumex in China. These initiatives and results testify to the commitment and determination of our Group and our teams. And they allow me to move into the second half with confidence."

Key financial data in H1 2012

Key figures	**H1 2011** *(restated)* [1]	**H1 2012**	**Change**
Sales[2] *(€ millions)*	9,728	**10,475**	**+5.9%**[3]
Free cash flow[4] *(€ millions)*	925	**890**	**-3.8%**[5]
Trading operating income[4] *(€ millions)*	1,407	**1,451**	**+1.4%**[3]
Trading operating margin[4]	14.47%	**13.85%**	**-61pbs**[3]
Underlying net income[4] *(€ millions)*	874	**911**	**+2.1%**[3]
Underlying EPS (fully diluted)[4] *(€)*	1.44	**1.51**	**+4.7%**[5]

[1] See Note 2 of consolidated financial statements at June 30, 2012 concerning restatement of consolidated accounts published on June 30, 2011
[2] Net sales
[3] Like-for-like; see pages 8 and 9 for details on calculation of financial indicators not defined in IFRS
[4] See pages 8 and 9 for details on calculation of financial indicators not defined in IFRS
[5] Reported figures

Sales by business line and geographical area in Q2 and H1 2012

€ millions	Q2 11	Q2 12	**Change** *Like-for-like*[1]	**Volume growth** *Like-for-like*[1]	H1 11	H1 12	**Change** *Like-for-like*[1]	**Volume growth** *Like-for-like*[1]
BY BUSINESS LINE								
Fresh Dairy Products	2,821	2,946	2.1%	-0.3%	5,672	5,906	2.9%	-0.2%
Waters	949	1,014	4.6%	3.1%	1,667	1,855	9.6%	5.2%
Baby Nutrition	907	1,076	13.6%	7.0%	1,818	2,090	11.3%	5.4%
Medical Nutrition	293	323	6.7%	7.1%	571	624	6.6%	7.1%
BY GEOGRAPHICAL AREA								
Europe	2,845	2,839	-1.0%	-2.8%	5,543	5,548	-0.1%	-2.6%
Asia	734	933	17.2%	13.8%	1,395	1,762	18.2%	14.2%
Rest of World	1,391	1,587	10.7%	3.9%	2,790	3,165	11.7%	4.1%
Total	4,970	5,359	5.0%	2.1%	9,728	10,475	5.9%	2.2%

[1] Like-for-like; see pages 8 and 9 for details on calculation of financial indicators not defined in IFRS

Overview of sales performance – H1 2012

Consolidated sales increased +7.7% to €10,475 million in the first half of 2012. Excluding the impact of changes in the basis for comparison, which include exchange rates and scope of consolidation, sales were up +5.9%. This organic growth reflects a +2.2% increase in sales volume and a +3.7% increase due to the price/mix effect.
Exchange-rate effects of +2.0% reflect favorable trends in currencies including the US dollar and the Chinese yuan, primarily from the second quarter on.

Overview of sales performance – Q2 2012

Consolidated sales increased +7.8% to €5,359 million in the second quarter of 2012. Excluding the impact of changes in the basis for comparison, including changes in exchange rates and scope of consolidation, sales were up +5.0%. This organic growth reflects a +2.1% increase in sales volume and a +2.9% increase due to the price/mix effect.

The +2.8% exchange-rate effect reflects favorable trends in currencies including the Chinese yuan and the US dollar.

Fresh Dairy Products

Fresh Dairy Products division sales increased by +2.1% like-for-like in the second quarter of 2012, reflecting a slight -0.3% decline in volume and a +2.4% increase in value.

The price/mix effect declined from the first quarter as the impact of price increases introduced in the first part of 2011 tapered off in most countries.

Sales in Europe were down this quarter, affected by a rapid deterioration in consumer demand in Southern Europe, particularly Spain.

Sales in Latin America and the Africa-Middle East region remained extremely robust with continued double-digit growth.

The CIS region and North America are on track for their plans and second-quarter sales were up once again in both volume and value.

The CIS confirmed its return to a growth model built on balanced gains in volume and value. Volume growth continues to expand whereas the impact of price increases introduced in early 2011 faded. Initiatives aimed at activating key Unimilk brands are producing the expected results. Children's brands and Bio Balance reported double-digit growth in the first half of 2012, as did Prostokvashino, which remains the top contributor to growth.

In the United States, the Oikos brand continued to win market share in the very fast-growing Greek yogurt segment, strengthening Danone's leading position in fresh dairy products overall. The Group is heading into the second half of 2012 with additional production capacity and ambitious plans for innovation.

Waters

The Waters division reported a +4.6% like-for-like increase in sales in the second quarter of 2012, driven by a +3.1% increase in sales volumes and a +1.5% increase due to the price/mix effect.

Both volumes and mix were adversely affected by the high basis of comparison established in Q2 2011, when demand was boosted by the earthquake in Japan as well as very favorable weather in Western Europe and Latin America. In contrast, Western Europe experienced poor weather in the second quarter of the current year. The division's structural trends nonetheless remain solid, with double-digit growth in emerging markets.

Growth in value continues to benefit from the positive price/mix effect of aquadrinks, as well as past price increases in emerging countries, starting in the second quarter of 2011, even though the impact is starting to taper off.

Baby Nutrition

The Baby Nutrition division reported excellent growth with sales up 13.6% like-for-like in the second quarter of 2012. Business is led by a very strong performance in Asia, particularly China, where Danone's market share increased this quarter. The Group also benefited from a build-up of

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inventories prior to the renovation of the Dumex line scheduled for July. This sales growth comprises +7.0% growth in volume and +6.6% growth in value.

The growing-up milk segment reported double-digit growth once again, while weaning foods continued to decrease.

Strong growth in value shows a balanced distribution between the favorable growth mix by product and geographical market on the one hand, and the impact of price increases on the other.

All regions are up; with Asia, the Middle East, Turkey and the United Kingdom remaining the division's prime drivers.

Medical Nutrition

Medical Nutrition sales increased +6.7% like-for-like in the second quarter of 2012, driven by volume growth (+7.1%).

As in the previous quarter, main contributors are China, Brazil, Turkey, the United Kingdom and the Netherlands. Market conditions nonetheless remain tough in Southern Europe and North America.

All product categories gained ground, with pediatric care including the Neocate and Nutrini brands and the division as a whole once again showing above-average growth.

Trading operating margin[1] of 13.85% down -61 bps like-for-like[2] from the first half of 2011

	H1 2011 *(restated)[3]*	H1 2012	**Change** *Like-for-like[2]*
BY BUSINESS LINE			
Fresh Dairy Products	12.17%	11.23%	**- 85 bps**
Waters	14.02%	13.67%	**-35 bps**
Baby Nutrition	19.86%	19.97%	**-9 bps**
Medical Nutrition	21.44%	18.70%	**-252 bps**
BY GEOGRAPHICAL AREA			
Europe	14.16%	11.93%	**-201 bps**
Asia	20.64%	22.57%	**+168 bps**
Rest of World	12.00%	12.36%	**+36 bps**
Total	14.47%	13.85%	**-61 bps**

[1] See pages 8 and 9 for details on calculation of financial indicators not defined in IFRS
[2] Like-for-like; see pages 8 and 9 for details on calculation of financial indicators not defined in IFRS
[3] See Note 2 of consolidated financial statements at June 30, 2012, concerning restatement of consolidated accounts published on June 30, 2011

Danone's H1 2012 trading operating margin is down -61 bps like-for-like at 13.85%.

This decrease mainly reflects raw material costs that are still high compared with the first half of 2011, which benefited from hedging, particularly for packaging and powdered milk. Moreover, the cost of some raw materials — including whey, milk proteins, fruit and sugar — continued to outpace our projections.

Ongoing initiatives to optimize costs generated savings of a significant €246 million in the first half, partially offsetting the rise in raw materials.

Moreover, the decline in sales in Southern Europe, plus the additional resources deployed to support consumption in this region, cut profitability significantly, and higher margins outside Europe, where investment programs were maintained, did not entirely offset the decline.

Advertising expenses held steady in the first half of 2012 to keep Group brands' profile high. Expenditure on digital marketing continues to grow apace.

The Group also continued to invest heavily in other growth drivers, in particular in its sales force and R&D costs, which increased over 10%.

Underlying fully diluted EPS[1] rose +2.5% like-for-like[2] to total €1.51 in the first half of 2012

€ millions	H1 2011 *(restated)[3]*	H1 2012
Trading operating income[1]	**1,407**	**1,451**
Other operating income (expense)	(4)	(40)
Operating income	**1,403**	**1,411**
Cost of net debt	(88)	(76)
Other financial income (expense)	(51)	(68)
Income tax expense	(333)	(341)
Net income from fully consolidated companies	**931**	**926**
Share of profit of associates	23	39
Net income	954	965
Non-controlling interests	89	84
Group share	**865**	**881**
of which non-current net income[1]	(9)	(30)
Underlying net income[1]	**874**	**911**
Underlying fully diluted EPS[1] (€)	**1.44**	**1.51**

[1] See pages 8 and 9 for details on calculation of financial indicators not defined in IFRS
[2] Like-for-like; see pages 8 and 9 for details on calculation of financial indicators not defined in IFRS
[3] See Note 2 of consolidated financial statements as of June 30, 2012, concerning restatement of consolidated accounts published on June 30, 2011

The balance of other operating income and expense was -€40 million, reflecting in particular charges relating to the integration of Unimilk.

The cost of net debt declined compared with the first half of 2011, due primarily to the positive impact of managing our bond financing and, to a lesser extent, the decline in interest rates.

The change in other financial income and expense results primarily from a rise in the cost of hedging exchange rates for emerging economies.

The underlying tax rate[1] for the first half of 2012 was 26.7%.

Net income from companies consolidated on an equity basis is up, reflecting the higher profit of our associates in Asia and in the Africa-Middle East region in the first semester of 2012.

Underlying net income, Group share, increased by +4.3% as reported to €911 million, or a like-for-like increase of +2.1%. Underlying net income per share after dilution was +4.7% higher than in the first half of 2011 at €1.51, and up +2.5% like-for-like.

[1] See pages 8 and 9 for details on calculation of financial indicators not defined in IFRS

Financing

Free cash flow[1] stood at €890 million, or 8.5% of sales. This is a -3.8% decline from the first half of 2011 and was due to a very steep +23.4% rise in capital expenditures, against a low basis for comparison in H1 2011 resulting from a marked concentration of 2011 investments in the second half of the year.

[1] See pages 8 and 9 for details on calculation of financial indicators not defined in IFRS

Debt

Generation of substantial free cash flow allowed the Group to pay a total €835 million in dividends while pursuing its aim of holding debt ratios steady. Net debt[1] increased by €166 million to total €3,177 million (excluding put options totaling €3,621 million granted to minority shareholders on June 30, 2012).

[1] See pages 8 and 9 for details on calculation of financial indicators not defined in IFRS

Adjustment in 2012 financial outlook (from press release issued June 19, 2012)

In February this year, Danone set clear priorities for 2012: developing its product categories, pursuing investment in countries with high growth potential, particularly those that Danone calls "MICRUB[1]" and supporting operations and brands in Western Europe.

Since the end of the first quarter, the Group has faced a swift deterioration in consumption in Southern Europe that has proven steeper than anticipated, especially in Spain.

In these markets, Danone has chosen to respond with a combination of support for its brands and steps to make its products more competitive.

In addition, inflation in the Group's raw material costs has been stronger than anticipated since the beginning of the year.

As a result, the Group has decided to adjust its targets for 2012 as follows:

• the target for sales growth is unchanged at +5-7% on a like-for-like basis[2], with the robust performance of operations in Asia, the Americas, Africa/Middle East and the CIS continuing to help offset pressure on Western Europe
• the target for trading operating margin[3] is reduced from "stable" to "down 50 basis points on a like-for-like basis"[2]. This adjustment is aimed at deploying initiatives needed in Southern Europe, while continuing to develop Group sales and profitability in the rest of the world
• the free cash flow[3] target is unchanged at €2 billion, with the Group continuing to make progress, in particular in its management of working capital.

[1] Mexico, Indonesia, China, Russia, the US and Brazil
[2] Like-for-like; See pages 8 and 9 for details on calculation of financial indicators not defined in IFRS
[3] See pages 8 and 9 for details on calculation of financial indicators not defined in IFRS

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Key financial transactions and events in H1 2012 (from press releases issued in the past quarter)

On May 30, 2012, Danone announced the successful launch of its first US bond issue in an amount of $850 million and maturing in ten years.
This issue was carried out by way of a private placement with institutional investors.
Funds raised will enable Danone to diversify its sources of financing geographically and extend the maturity of its debt at favorable market conditions.

On June 27, 2012, Danone announced it was raising its interest in Centrale Laitière du Maroc from 29.2% to 67.0% by acquiring part of SNI's shareholding for a total €550 million[1], thus becoming the majority shareholder.
The transaction represents a key step in Danone's development in Morocco. It will allow the Group to invest more in a market with major potential, and thus support growth of the local dairy industry. The move also confirms the strategic appeal of markets in North Africa for Danone. Finally, with a majority interest, Danone will be able to fully integrate Centrale Laitière into its consolidated accounts, and the transaction will be accretive for Danone net earnings per share from the first year.

[1] or 6,050 million dirhams, equal to €550 million at an exchange rate of 11 dirhams / 1 euro.

Change in Danone SA shareholder base in Spain

On July 26, Danone completed the purchase from two minority shareholders of a total 1,416,368 shares of its subsidiary Danone SA (Spain), raising its equity interest from 57.05% to 65.62%.

These acquisitions were made through a cash payment of €91.5 million plus the contribution of 6,110,039 Danone treasury shares earmarked for external growth initiatives and representing around 0.95% of Danone's total share capital. An equal number of shares will be purchased over the next three months by the Group as part of a share buyback program to offset dilution caused by this transaction.

The two minority shareholders receiving the Danone shares in exchange for their interests in Danone SA (Spain) have undertaken to hold these shares for a minimum of three years.

This operation will be accretive for Danone net earnings per share from the first year and will have a positive €81 million[1] impact on Group debt.

Following the transaction, put options granted by the Group to other Danone SA (Spain) minority shareholders are recorded in Group accounts as financial debt in an amount of €1,693 million.

Discussions are now under way with remaining minority shareholders. These discussions may or may not lead to an agreement.

[1] Based on a price of €47.15 per Danone share, corresponding to the opening price on July 26, 2012.

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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 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 external growth operations, 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.

Underlying net income attributable to the Group (or current net income - Group share) measures the Group's recurring performance and excludes significant items that, because of their exceptional nature, cannot be viewed as inherent to the Group's current performance. Such non-current income and expense mainly include capital gains and losses on disposals and impairments of non fully-consolidated equity interests and tax income, and expense related to non-current income and expense. Non-current net income—Group share is defined as non-current income and expense excluded from Net income—Group share.

In € millions	H1 2011 (Restated) [1]			H1 2012		
	Underlying	**Non-current items**	**Total**	**Underlying**	**Non-current items**	**Total**
Trading operating income	**1,407**	**0**	**1,407**	**1,451**	**0**	**1,451**
Other operating income (expense)	0	-4	-4	0	-40	-40
Operating income	**1,407**	**-4**	**1,403**	**1,451**	**-40**	**1,411**
Cost of net debt	-88	**0**	-88	-76	**0**	**-76**
Other financial income (expense)	-45	-6	-51	-62	-6	-68
Income before tax	**1,274**	**-10**	**1,264**	**1,313**	**-46**	**1,267**
Income tax expense	-331	-2	-333	-351	10	-341
Effective taxe rate	26.0%		26.3%	26.7%		26.9%
Net income from fully consolidated companies	**943**	**-12**	**931**	**962**	**-36**	**926**
Share of profit of associates	23	0	23	39	0	39
Net income	**966**	**-12**	**954**	**1,001**	**-36**	**965**
• Group share	874	-9	865	911	-30	881
• Non-controlling interests	92	-3	89	90	-6	84

[1] See Note 2 of consolidated financial statements at June 30, 2012, concerning restatement of consolidated accounts published on June 30, 2011

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Underlying fully diluted earnings per share or underlying net income per share after dilution is defined as the underlying net income over diluted number of shares ratio.

In € millions	H1 2011 (Restated) [1]			H1 2012		
	Underlying	**Non-current items**	**Total**	**Underlying**	**Non-current items**	**Total**
Number of shares						
• Before dilution	603,778,591		603,778,591	600,877,199		600,877,199
• After dilution	605,693,135		605,693,135	603,149,367		603,149,367
Net Income - Group share, per share						
• Before dilution	1.45		1.43	1.52		1.47
• After dilution	1.44		1.43	1.51		1.46

[1] See Note 2 of consolidated financial statements at June 30, 2012, concerning restatement of consolidated accounts published on June 30, 2011

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).

In € millions	H1 2011 (Restated) [1]	H1 2012
Cash flow from operating activities	**1,168**	**1,255**
Capital expenditures	-337	-416
Disposal of tangible assets	92	51
Transaction fees related to business combinations	2	0
Free cash flow	**925**	**890**

[1] See Note 2 of consolidated financial statements at June 30, 2012, concerning restatement of consolidated accounts published on June 30, 2011

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 (ii) net of Cash and cash equivalents, Short term investments and Derivatives - assets.

In € millions	H1 2012
Non-current financial debt	6,848
Current financial debt	2,952
Short term investments	-1,644
Cash and cash equivalents	-1,143
Derivatives - assets	-215
Net debt	**6,798**
Liabilities related to put options granted to non-controlling interests - Non-current	-3,160
Liabilities related to put options granted to non-controlling interests - Current	*-461*
Financial debt excluded from net financial debt	-3,621
Net financial debt	**3,177**

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Our presentation to analysts and investors will be broadcast live at 9.30 am (Paris time) this Friday, July 27, 2012. Related slides will be available on our website (www.finance.danone.com) from 7.30 am (Paris time) 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 section "Risk Factors" in Danone's Annual Report (available on www.danone.com)

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APPENDIX – Sales by division and by region

€ millions	First quarter 2011	First quarter 2012	Second quarter 2011	Second quarter 2012	First half 2011	First half 2012
BY BUSINESS LINE						
Fresh Dairy Products	2,851	2,960	2,821	2,946	5,672	5,906
Waters	718	841	949	1,014	1,667	1,855
Baby Nutrition	910	1,014	907	1,076	1,818	2,090
Medical Nutrition	278	302	293	323	571	624
BY GEOGRAPHICAL AREA						
Europe	2,697	2,710	2,845	2,839	5,543	5,548
Asia	661	829	734	933	1,395	1,762
Rest of World	1,399	1,578	1,391	1,587	2,790	3,165
Group total	**4,757**	**5,117**	**4,970**	**5,359**	**9,728**	**10,475**

€ millions	**First quarter 2012**		**Second quarter 2012**		**First half 2012**	
	Reported change	*Like-for-like change[1]*	*Reported change*	*Like-for-like change[1]*	*Reported change*	*Like-for-like change[1]*
BY BUSINESS LINE						
Fresh Dairy Products	3.8%	3.8%	4.4%	2.1%	4.1%	2.9%
Waters	17.1%	16.4%	6.9%	4.6%	11.3%	9.6%
Baby Nutrition	11.4%	9.0%	18.6%	13.6%	15.0%	11.3%
Medical Nutrition	8.3%	6.4%	10.3%	6.7%	9.3%	6.6%
BY GEOGRAPHICAL AREA						
Europe	0.5%	0.9%	-0.2%	-1.0%	0.1%	-0.1%
Asia	25.4%	19.4%	27.1%	17.2%	26.3%	18.2%
Rest of World	12.8%	12.7%	14.1%	10.7%	13.5%	11.7%
Group	**7.6%**	**6.9%**	**7.8%**	**5.0%**	**7.7%**	**5.9%**

[1] Like-for-like; see pages 8 and 9 for details on calculation of financial indicators not defined in IFRS

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