



2011 First-Quarter Sales

April 14, 2011

Very strong start to the year, with 8.5% sales growth in Q1 2011

Full-year targets for 2011 confirmed

- Danone reported sales rose +19.6% in Q1 2011, while the like-for-like^[1] rise was +8.5%, making this the best quarterly performance since Q1 2008
- Growth was balanced, underpinned by rises in volume (+5.0% in Q1 2011^[2]) and in value (+3.5% in Q1 2011^[2])
- Business accelerated in all divisions and all regions^[3]
- Double-digit growth in Danone's priority markets: Russia, the USA, Indonesia, China, Mexico and Brazil
- Excellent performance in Waters and Baby Nutrition

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

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

[3] Europe, Asia, Rest of World

Chairman's comment

"Danone teams have done a truly remarkable job over the past few quarters, reflected in the steep 8.5% rise in our net sales for Q1 2011. All four business lines and all the regions we operate in contributed to this acceleration, benefiting from very healthy pace in volumes. Waters and Baby Nutrition put in an exceptionally good showing, reporting growth of over 10% this quarter.

Since January, we have begun integrating Danone-Unimilk, our joint venture in Russia, with several initiatives already under way. These include portfolio segmentation and trading-up, but also measures to increase productivity and realize synergies. Continued progress here will remain a priority in the months ahead.

The competitive management of rising raw material prices will also be a priority for the rest of the year.

In an environment which remains complex our current sales trend allows us to stand by our targets".

Sales by business line and geographical area in Q1 2011

€ millions	Q1 10	Q1 11	Change ^[1]	Volume growth ^[1]
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BY BUSINESS LINE

Fresh Dairy	2 319	2 851	+6.5%	+2.9%
Waters	620	718	+13.3%	+10.7%
Baby Nutrition	797	910	+11.2%	+5.8%
Medical Nutrition	242	278	+9.3%	+9.7%

BY GEOGRAPHICAL AREA

Europe	2 275	2 697	+3.7%	+0.9%
Asia	527	661	+18.0%	+14.6%
Rest of World	1 176	1 399	+14.6%	+8.7%

Group	3 978	4 757	+8.5%	+5.0%
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^[1] Like for like: at constant scope of consolidation and exchange rates. See page 6 for details on calculation of financial indicators not defined in IFRS.

Overview of sales performance – Q1 2011

Consolidated sales rose +19.6% to €4,757 million in the first quarter of 2011. Excluding the impact of changes in exchange rates (+2.5%) and the scope of consolidation (+8.6%), sales were up +8.5%. This organic growth reflects a +5.0% rise in sales volume and a +3.5% increase in value.

Exchange-rate effects reflect favorable trends in currencies including the Russian ruble, the Brazilian real, the Indonesian rupiah and the Chinese yuan. Main changes in the scope of consolidation were the integration of Unimilk (Russia) for the full quarter and, to a lesser extent, that of two new European fruit-drink subsidiaries (Danone-Chiquita and Proviva) and of Medical Nutrition USA, Inc.

Fresh Dairy

Fresh Dairy division sales increased by +6.5% on a like-for-like basis in the first quarter of 2011, reflecting volume growth of +2.9% and a +3.6% rise in value.

This takes into account a steep +15.3% like-for-like rise at Unimilk in the first quarter, led by a significant rise in average price per kilo due to higher sales prices and trading-up within the product mix. Integration of Unimilk made rapid progress in the first quarter, with reinforcement of the management team and deployment of a program to optimize its product portfolio.

Excluding Unimilk, Fresh Dairy division sales continued the robust trend observed in the previous two quarters, rising +5.5% like for like with a combination of +4.1% volume growth and a positive price effect of +1.4%.

Growth in sales value reflects a policy of competitive price increases that got under way across most countries during the quarter.

The division's priority markets — including Latin America (Brazil, Mexico and Argentina), the USA, Russia, France and the UK — continued to drive growth. Activia, children's brands and indulgent brands were the main drivers; innovation continued at a steady pace.

These results illustrate once again sustained sales momentum, especially in view of a particularly high basis for volume comparisons over the first half.

Waters

The Waters division posted a very strong +13.3% like-for-like rise in sales in the first quarter of 2011, driven by a robust +10.7% rise in volumes. All regions contributed to volume growth, especially emerging economies.

A +2.6% rise in sales value reflects the division's improved mix, with a shift to positive growth in mature economies and very strong showings from aquadrinks in emerging markets.

This trend got an additional boost from short-term factors, including the low basis for comparison in Japan and unfavorable weather in Latin America in the first quarter of 2010.

Baby Nutrition

The Baby Nutrition division got off to a strong start this year, with sales up +11.2% like for like and volume growth reaching +5.8%. A robust +5.4% rise in sales value reflects two factors: the decision to discontinue non-strategic commodity milk powder business in the Middle East, an activity with low added value, and price increases in some regions.

All regions reported growth, with China and Indonesia again the division's main drivers. Growing-up milks continued to deliver double-digit growth, while weaning foods saw another slight rise in the first quarter due to strong performances in the United Kingdom, Poland and Russia.

Danone also announced the opening in Singapore of a research center specializing in child and maternal nutrition. This is the first specialized unit of its type in Asia and will study the impact of nutrition on gut bacteria, the immune system, the development of babies and young children, and the impact on their future health.

Medical Nutrition

Medical Nutrition reported +9.3% like-for-like rise in sales in the first quarter of 2011, entirely attributable to a rise in volumes (+9.7%). Once again all regions contributed to growth, with Western Europe and new geographical regions contributing equally. All product categories gained ground, with pediatric care and metabolic control showing above-average growth.

2011 Outlook

Backed by steady growth in the first quarter of 2011, Danone stands by its targets.

It expects 2010 trends to continue in the months ahead:

- consumer spending in both the industrialized world and emerging economies shows no sign of significant improvement or worsening,
- raw material prices remain on a volatile upward path.

More specifically, in view of developments since the beginning of 2011, the Group expects total raw material and packaging costs to increase by 6 to 9% on average over the year, with a steeper increase in the first half reflecting the comparison with figures recorded in 2010.

Danone will be drawing on its experience of 2010 to manage these increases through consistently high productivity. The Group will also continue to use pricing to maintain competitive edge, benefiting from increased room for maneuver thanks to repositioning in 2009 (Reset program).

Another priority for 2011 will be the integration of Unimilk's operations in Russia and CIS countries, with sales and cost synergies set to boost Unimilk's operating margin from the second half on.

Altogether, targets for 2011 include:

- a 6% to 8% rise in sales^[1] on a like-for-like basis^[2],
- an increase of around 0.20% in trading operating margin^[2], like for like. This will be fueled by all Group's activities, but especially by Unimilk and synergies from its integration. As a result, the rise will only take shape in the second half, with first-half trading operating margin down slightly from the same period of 2010,
- a rise in free cash flow^[2] in keeping with the €2 billion target set for 2012.

[1] Net sales

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

Our presentation to analysts and investors will be broadcast live from 9.00 a.m. on Thursday, April 14, 2011. 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 section "Risk Factors" in Danone's Annual Report (available on www.danone.com)

APPENDIX – Sales Overview

<i>€ millions</i>	First Quarter	
	2010	2011

BY BUSINESS LINE

Fresh Dairy	2 319	2 851
Waters	620	718
Baby Nutrition	797	910
Medical Nutrition	242	278

BY GEOGRAPHICAL AREA

Europe	2 275	2 697
Asia	527	661
Rest of World	1 176	1 399

Group	3 978	4 757
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<i>€ millions</i>	First Quarter 2011	
	<i>Reported change</i>	<i>Like-for-like change(1)</i>

BY BUSINESS LINE

Fresh Dairy	22,9%	6,5%
Waters	15,9%	13,3%
Baby Nutrition	14,1%	11,2%
Medical Nutrition	15,2%	9,3%

BY GEOGRAPHICAL AREA

Europe	18,6%	3,7%
Asia	25,5%	18%
Rest of World	18,9%	14,6%

Group	19,6%	8,5%
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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 and trading operating margin exclude the impact of changes in (i) exchange rates, with both previous-year and current-year indicators calculated using the same exchange rates; and (ii) scope of consolidation, 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, concerning the format for financial statements of businesses reporting under international accounting standards, and comprises significant items that, because of their exceptional nature, cannot be viewed as inherent to current (ordinary) 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 on business combinations), 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 acquisition fees related to business combinations (since the application of IFRS 3 (Revised)).