



Press Release – Paris, 19 December 2016

Danone adjusts its 2016 guidance

- Danone continues to increase the resilience of its economic model and expects FY 2016 like-for-like improvement of recurring operating margin to be above target
- Dairy Europe below expectations in Q4 due to Spain and *Activia's* performance: Danone anticipates FY 2016 like-for-like sales growth to be slightly below target

All references in this document to like-for-like changes and recurring operating margin correspond to financial indicators not defined by IFRS that are used by Danone. Their definitions, as well as their reconciliation with financial statements, are described in Danone 2016 Press releases.

In February this year, Danone set a priority for 2016: continuing to build a more balanced and resilient model towards strong, sustainable and profitable growth.

Throughout the year and in an increasingly volatile and complex environment, Danone has consistently focused on disciplined resource allocations to support strategic growth opportunities, avoiding short term tactical allocations. In addition, Danone has continued to work on its efficiencies and cost optimization.

In the 4th Quarter, *Activia's* performance as well as aggravated market conditions in Spain have impacted Europe Dairy results.

The implementation of *Activia's* new brand identity across Europe has been well received by consumers and Danone will continue to build on it. Nevertheless, local execution plans are being reworked and teams have already started to implement them country by country.

As a result, Danone now expects 2016 sales growth to be slightly below target (initially ranging from +3% to +5%¹) and to deliver recurring operating margin improvement above target (previously ranging from +50bps to +60bps¹).

Uniquely positioned in food and beverage categories with the best long-term potential, Danone is fully committed to continuing to build a more resilient and balanced model for a strong, sustainable and profitable growth. This commitment is the fundamental principle of the equation to create value for all its stakeholders.

A conference call for analysts and investors, held by CFO Cécile Cabanis, will be broadcast live today from 8.30 a.m. (Paris time) on Danone's website (www.danone.com).

¹ Like-for-like

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 Factor" section of Danone's Registration Document (available at www.danone.com).