



2021 Full-Year Results
Press release – Paris, February 23, 2022

A solid set of Full-Year 2021 results A strong finish to the year

- **Net sales of €24,281m in FY 2021, up +3.4%** on a like-for-like (LFL) basis and +2.8% on a reported basis
- **Strong growth in Q4 at +6.7% on a like-for-like basis**, and +10.9% on a reported basis
- **Return to profitable growth in H2, with FY2021 recurring operating margin at 13.74%** despite an increasingly volatile supply and cost environment, thanks to productivity step-up, pricing actions and mix management
- **Recurring EPS at €3.31 in 2021**, -1.1% vs last year; **€2.5bn free-cash-flow**
- **Proposed dividend: €1.94 payable in cash**
- **Local First implementation on track**; Europe transformation completed
- **Capital market event to take place on March 8, 2022**

2021 Full-Year Key Figures

<i>in millions of euros except if stated otherwise</i>	2020	2021	Reported Change	Like-for-like (LFL)
Sales	23,620	24,281	+2.8%	+3.4%
Recurring operating income	3,317	3,337	+0.6%	+2.8%
Recurring operating margin	14.0%	13.7%	-30 bps	-9 bps
Non-recurring operating income and expenses	(519)	(1,080)	(560)	
Operating income	2,798	2,257	-19.3%	
Operating margin	11.8%	9.3%	-255 bps	
Recurring net income – Group share	2,189	2,165	-1.1%	
Non-recurring net income – Group share	(233)	(241)	(7)	
Net income – Group share	1,956	1,924	-1.6%	
Recurring EPS (€)	3.34	3.31	-1.1%	
EPS (€)	2.99	2.94	-1.7%	
Free cash flow	2,052	2,489	+21.3%	
Cash flow from operating activities	2,967	3,474	+17.1%	

All references in this document to Like-for-like (LFL) changes, Recurring operating income and margin, Recurring net income, Recurring income tax rate, Recurring EPS, Carbon-adjusted recurring EPS, Free cash-flow, and net financial debt, correspond to financial indicators not defined in IFRS. Their definitions, as well as their reconciliation with financial statements, are listed on pages 6 to 9.

Antoine de Saint-Affrique: CEO statement

“With Q4 sales up +6.7% on a like-for-like basis and volumes at +0.4%, we ended the year on a strong note. This led to FY growth of +3.4% on a like-for-like basis, underpinned by a sound mix component. All categories contributed to this solid performance.

We delivered on our commitment to return to profitable growth in H2, with recurring operating margin at 13.7% in 2021. This was enabled by a strong focus on execution and a step-up in productivity, a pro-active approach to pricing and the disciplined implementation of Local First.

I am grateful to all Danone employees, who have brought in these results in unprecedented and challenging circumstances. Their passion and commitment are, together with the strength of our brands and the relevance of our purpose, at the heart of our resilience.

We have, over the last months, moved forward with determination on our transformation agenda, deploying Local First pragmatically and strengthening key capabilities, with the addition of globally recognized professionals in HR, Operations and R&I to Danone’s leadership team. We still have much more to do, and I look forward to our CME on March 8 when we will be in a position to share more on the next steps in our growth and renewal journey”.

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I. FOURTH QUARTER AND FULL-YEAR RESULTS

Fourth quarter and full-year sales

In 2021, consolidated sales stood at €24.3 bn, up +3.4% on a like-for-like basis, led by +4.0% in value and -0.6% in volume. On a reported basis, sales increased by +2.8%, penalized by the negative impact of exchange rates that resulted from the depreciation of currencies against the euro in Latin America, Indonesia, Turkey, Japan and Russia (-2.0%). On the other hand, reported sales benefited from the +0.7% organic contribution to growth of hyperinflation geographies, as well as a slightly positive scope effect (+0.4%), mainly resulting from the combined effects of the integration of Harmless Harvest and Follow Your Heart, as well as the disposal of Vega.

In the fourth quarter, sales increased by +6.7% on a like-for-like basis, with volume back in positive territory (+0.4%), and value up +6.3%. Reported sales rose by +10.9%, benefiting from the positive effect of exchange rates (+2.6%), and the positive organic contribution of hyperinflation geographies (+1.0%). In terms of regional dynamics, growth was broad-based in the fourth quarter. Europe and North America grew +4.3% on a like-for-like basis, led by the continued recovery in Waters and a sustained solid momentum for EDP. Sales in the Rest of the World increased by +10.0% on a like-for-like basis, driven by the expected sequential improvement in Specialized Nutrition from the third quarter, by strong growth in EDP, and by the Mizone and Aqua brands' return to positive growth.

€ million except %	Q4 2020	Q4 2021	Reported change	LFL Sales Growth	Volume Growth	FY 2020	FY 2021	Reported change	LFL Sales Growth	Volume Growth
BY REPORTING ENTITY										
EDP	3,131	3,386	+8.1%	+4.3%	-0.4%	12,823	13,090	+2.1%	+3.7%	+0.7%
Specialized Nutrition	1,753	1,931	+10.1%	+6.4%	+0.1%	7,192	7,230	+0.5%	+1.0%	-3.5%
Waters	743	925	+24.5%	+17.3%	+4.3%	3,605	3,961	+9.9%	+7.2%	+0.5%
BY GEOGRAPHICAL AREA										
Europe & Noram ¹	3,252	3,480	+7.0%	+4.3%	+0.7%	13,408	13,762	+2.6%	+2.9%	+0.7%
Rest of the World	2,376	2,762	+16.2%	+10.0%	+0.9%	10,212	10,520	+3.0%	+4.1%	-1.4%
TOTAL	5,628	6,242	+10.9%	+6.7%	+0.4%	23,620	24,281	+2.8%	+3.4%	-0.6%

¹North America (Noram): United States and Canada

Recurring Operating Margin

Danone's recurring operating income reached €3.3 bn in 2021. Recurring operating margin stood at **13.7%**, down -30 basis points (bps) on a reported basis and -9 bps on a like-for-like basis. The margin from operations decreased by -81 bps: input cost inflation, which had a negative impact of around -480 bps, was partially offset by the positive impact of around +120 bps from topline acceleration, led by mix and price, and a step-up in productivities and other mitigation plans (around +280 bps).

A&P investments were in line with last year in absolute value, in a context where the company maintained a dynamic and selective resource allocation, while the positive impact of overheads on margin was mostly driven by the first wave of savings from Local First.

In addition to the like-for-like effects, reported margin also includes the impacts of changes in scope (-12 bps), Forex and others (-14 bps) and organic contribution from hyperinflation geographies (+5 bps).

Recurring operating profit (€m) and margin (%)	FY 2020		FY 2021		Change	
	€m	Margin (%)	€m	Margin (%)	Reported	Like-for-like

BY REPORTING ENTITY

EDP	1,303	10.2%	1,287	9.8%	-33 bps	-37 bps
Specialized Nutrition	1,763	24.5%	1,697	23.5%	-105 bps	-25 bps
Waters	251	7.0%	353	8.9%	+194 bps	+189 bps

BY GEOGRAPHICAL AREA

Europe & Noram ¹	1,823	13.6%	1,862	13.5%	-7 bps	+21 bps
Rest of the World	1,494	14.6%	1,475	14.0%	-61 bps	-52 bps

Total	3,317	14.0%	3,337	13.7%	-30 bps	-9 bps
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¹North America (Noram): United States and Canada

Performance by reporting entity

▪ ESSENTIAL DAIRY AND PLANT-BASED (EDP)

Essential Dairy & Plant-based posted sales growth of +3.7% in 2021 on a like-for-like basis, and recurring operating margin decreased by -33 bps to 9.8%.

In the fourth quarter, sales rose by +4.3% on a like-for-like basis, reflecting a slight decline in volume (-0.4%), and an increase of +4.7% in value. The dairy portfolio delivered sustained solid growth while the plant-based portfolio registered solid mid-single-digit growth amid supply challenges. **Europe & Noram** posted another quarter of solid sales growth, with positive volumes. In Europe, sales were sustained by the plant-based, probiotics and protein platforms, with *Alpro*, *Actimel* and *Yopro* continuing to deliver exceptional growth. In Noram, sales were driven by *Oikos* and *Two Good* in Greek yogurt, continued momentum in *Activia*, and *International Delight* in Creamers. Plant-based sales improved sequentially, supported by tight management of supply and demand in a challenging environment. Platforms in the **Rest of the World** posted strong sales growth, led by price and mix, while volumes were down. Latin America and Africa showed further sales recovery, while in CIS, growth was low-single-digits, led by pricing, in a still challenging macroeconomic context.

▪ SPECIALIZED NUTRITION

Specialized Nutrition sales increased by +1.0% in 2021 on a like-for-like basis and recurring operating margin decreased by -105 bps to 23.5%.

In the fourth quarter, sales improved sequentially, reaching +6.4% on a like-for-like basis, with volume and value up +0.1% and +6.3% respectively. **Infant Nutrition** posted very strong growth this quarter, driven by China and the Rest of the World. China delivered growth in the mid-teens, with resilient market shares. Domestic labels and International Labels sold through cross-border platforms maintained their growth and competitiveness momentum, with notably an outstanding performance for the *Aptamil* brand at 11:11, an online sales event in China. Sales of International Labels sold through indirect cross-border platforms (daigous, friends and family) were slightly negative on a low base, with travel and trade with mainland China still very limited. In Europe, category dynamics remained soft, while in the Rest of the World sales were back to strong mid-single-digit growth, driven by both volume and value. Sales in **Adult Nutrition** were penalized in the fourth quarter by inventory management amid supply challenges, notably in Europe.

▪ WATERS

Waters sales increased by +7.2% in 2021 on a like-for-like basis and recurring operating margin was up +194 bps to 8.9% despite the strong inflationary environment, notably driven by volume recovery, improved product mix and record-high productivity.

In the fourth quarter, sales were up +17.3% on a like-for-like basis, led by volumes up +4.3% and value +13.0%. **Europe** posted sales growth in the mid-teens on a like-for-like basis, closing the quarter above 2019 levels. Growth was led by France, the United Kingdom, Germany, Spain and Poland, where Danone brands have been gaining market shares. In the **Rest of the World**, Mizone was back in positive territory, with stable market shares. Latin America registered another quarter of recovery, led by plain water and HOD, while South-East Asia posted low-single-digit growth, with mobility still under pressure but improving sequentially compared to the third quarter.

Net income and Earnings per share

Other operating income and expense reached -€1,080 million vs -€519 million in the prior year, mostly driven by the one-off implementation costs of the Local First project and by the investments related to the transformation of Danone's operations. As a result, reported operating margin was down -255 bps from 11.8% to 9.3%.

Net financial costs were down by €49 million to -€261 million, resulting from the issuance of bond in June 2021 at 0% coupon and from the decrease in the cost of net debt driven by two bond reimbursements in 2020 issued at higher interest rates. The **Recurring income tax rate** stood at 27.4%, in line with the prior year. **Recurring net income from associates** decreased significantly from €85 million to €7 million, reflecting the disposal of Danone's stakes in Mengniu and Yakult. Danone is also engaged in a disposal process of its 20% stake in the Fresh Dairy JV with Mengniu, which is thus classified as an asset held for sale under IFRS 5 as of December 31, 2021. **Recurring minority interests** stood at €70 million, broadly in line with the prior year.

As a result, **Recurring EPS** was down -1.1% to €3.31, and Reported EPS decreased by -1.7% to €2.94.

<i>in millions of euros except if stated otherwise</i>	FY 2020			FY 2021		
	Recurring	Non-recurring	Total	Recurring	Non-recurring	Total
Recurring operating income	3,317		3,317	3,337		3,337
Other operating income and expense		(519)	(519)		(1,080)	(1,080)
Operating income	3,317	(519)	2,798	3,337	(1,080)	2,257
Cost of net debt	(207)		(207)	(167)		(167)
Other financial income and expense	(103)	0	(103)	(100)	5	(95)
Income before taxes	3,007	(519)	2,488	3,070	(1,075)	1,995
Income tax	(828)	66	(762)	(841)	252	(589)
Effective tax rate	27.5%		30.6%	27.4%		29.5%
Net income from fully consolidated companies	2,179	(453)	1,726	2,229	(822)	1,406
Net income from associates	85	219	304	7	578	585
Net income	2,264	(234)	2,030	2,235	(244)	1,992
• Group share	2,189	(233)	1,956	2,165	(241)	1,924
• Non-controlling interests	75	(1)	74	70	(3)	67
EPS (€)	3.34		2.99	3.31		2.94

Cash flow and Debt

Capex stood at €1,043 million, up +8.4% compared to last year while Working Capital improved to -4.8% of Net Sales in a context of progressive and sequential normalization of channel mix and payment terms. **Free cash flow** reached €2,489 million in 2021, up +21.3% from the prior year. The delivery in Free Cash Flow was also positively impacted by the rephasing of one-off cash flows related to Local First from 2021 to 2022 and 2023.

As of December 31, 2021, **Danone's net debt stood at €10.5 billion**, down €1.4 billion from December 31, 2020.

Dividend

At the Annual Shareholders' Meeting on April 26, 2022, Danone's Board of Directors will propose a dividend of €1.94 per share in cash in respect of the 2021 fiscal year, in line with last year. Assuming this proposal is approved, the ex-dividend date will be May 10, 2022 and dividends will be payable on May 12, 2022.

II. CAPITAL MARKET EVENT

On the occasion of a Capital Market Event hosted on March 8, 2022, Danone will share its vision, strategy and priorities. The company will also take this opportunity to unveil guidance for 2022 and for the mid-term.

III. SUSTAINABILITY FOOTPRINT

In 2021, Danone maintained its leadership position in ESG by reaching top scores for several ratings and rankings, with continued progress in each sustainability dimension. Today, 62% of Danone's revenue is covered by B Corp™ certification, vs. approximately 50% last year, and the company is fully on track to meet its 2025 goal of becoming a global B Corp™.

In line with its mission to bring health through food to as many people as possible, Danone placed first in the Product Profile ranking of the Access To Nutrition Index. This reflects the 90% of its volume sold in healthy categories¹ (for the third year in a row) and the 83% of volumes sold without added sugar².

The company has been awarded a AAA score by CDP for the third consecutive year, highlighting its progress in the fight against climate change, in forest preservation and in water security. In its journey to reach Net-Zero across its full value chain in 2050, Danone reduced its GreenHouse Gas (GHG) emissions by 0.8 million tons CO₂ eq. compared to 2020 on a like-for-like basis, totaling in 2021 24.7 million tons CO₂ eq., with more than 0.35 million tons CO₂ eq. reduction linked to the roll-out of regenerative agriculture initiatives within Danone's supply-chain. Overall and on a like-for-like basis, Danone has reduced its full scope GHG emission intensity³ by 27.1%⁴ since 2015.

Danone continues to disclose a carbon-adjusted recurring EPS evolution that takes into account an estimated financial cost for absolute GHG emissions across its entire value chain⁵. Carbon-adjusted recurring EPS grew by +2% to reach €1.97 in 2021.

As regards the circular economy, 84% of Danone's packaging is now recyclable, reusable or compostable, vs. 81% in 2020.

On inclusive diversity, Danone was recognized for the fourth time in a row as one of the 418 companies in the 2022 Bloomberg Gender-Equality Index, which recognizes companies committed to transparency in gender reporting and advancing women's equality. Danone is also committed to supporting employees who need to acquire new skills. In 2020, the Company worked with the IUF to develop an innovative approach called "FutureSkills", designed to better prepare employees who need new skills for the jobs of tomorrow. In 2021, the program was fully deployed⁶.

¹ In operational terms, 'healthy product categories' for Danone refers to packaged water, yogurts, milks and other daily dairy products, daily plant-based products, beverages with 0% sugar, and specialized nutrition products (except the following early life nutrition products: foods for children over 3 years old as well as biscuits and beverages for children under 3 years old). The remaining categories are mainly low sugar beverages and indulgent products.

² All volumes in the One Health Scorecard, only excluding plant-based products and adult medical nutrition.

³ Grams of CO₂ equivalent per kilo of products sold

⁴ The data is based on a constant consolidation scope and a constant methodology. The GreenHouse Gas protocol defines three scopes for carbon footprint assessment: Scope 1 covers direct emissions from equipment that is company-owned or under the operational control of Danone, scope 2 refers to indirect energy emissions related to the generation of electricity, steam, heat or cold purchased and consumed by Danone and scope 3 covers all indirect emissions due to Danone's activities, including emissions from raw materials used, the transport and distribution of products, the use and the end-of-life of products. For more information, please refer to the chapter 5 of Danone Universal Registration Document.

⁵ Carbon-adjusted recurring EPS is equal to the recurring EPS less an estimate financial cost for carbon / number of shares after dilution. Please refer to the methodological note in the chapter 5.8 of the Universal Registration Document for more details on the calculation of the carbon-adjusted recurring EPS.

⁶ All subsidiaries with eligible people have proposed the program to our social partners, or directly to employees.

IV. SHARE BUYBACK

Danone has terminated its existing share buyback program announced on July 29, 2021. The Company repurchased an aggregate market value of €800 million in the second half of 2021.

V. MAJOR DEVELOPMENTS OVER THE PERIOD

Governance and leadership changes

- **December 10, 2021:** Valérie Chapoulaud-Floquet was appointed to join Danone's Board of Directors from March 1, 2022, replacing Isabelle Seillier who decided to step down for personal reasons from December 31, 2021. This was a first step in Danone's overhaul of its Board of Directors, which will lead the Company to renew the totality of its Board of Directors by 2023 – except for the positions held by the Chairman, the Chief Executive Officer and the two Directors representing Employees.
- **January 6, 2022:** Danone completed its leadership team with three appointments at Executive Committee level: a Chief Operations Officer (Vikram Agarwal, starting in January 2022); a Chief Research, Innovation, Quality and Food Safety Officer (Isabelle Esser, starting in April 2022); and a Chief Sustainability and Strategic Business Development Officer (Henri Bruxelles, starting in January 2022). These three globally recognized professionals – two from outside Danone and one internal – complete the leadership team and represent an important step in strengthening Danone's execution and innovation, over the short and long-term.

Major financial transactions

- **November 2, 2021:** Danone successfully issued a €700 million bond with a 9-year maturity and a 0.52% coupon. The settlement took place on November 9, 2021 and the bonds are listed on Euronext Paris.
- **November 16, 2021:** Danone announced it has agreed to sell Aqua d'Or, its Water and Beverage business in Denmark, to Royal Unibrew, a Denmark-based brewing and beverage company. This sale was part of Danone's strategic portfolio review and the continuous optimization of its capital allocation.

VI. FINANCIAL STATEMENTS

At its meeting on February 22, 2022, the Board of Directors closed statutory and consolidated financial statements for the 2021 fiscal year. Regarding the audit process, the statutory auditors have substantially completed their examination of financial statements as of today.

VII. IFRS STANDARDS AND FINANCIAL INDICATORS NOT DEFINED IN IFRS

IAS 29: impact on reported data

Danone has been applying IAS 29 in hyperinflation countries as defined in IFRS. Adoption of IAS 29 in these hyperinflationary countries requires its non-monetary assets and liabilities and its income statement to be restated to reflect the changes in the general pricing power of its functional currency, leading to a gain or loss on the net monetary position included in the net income. Moreover, its financial statements are converted into euros using the closing exchange rate of the relevant period.

IAS 29: impact on reported data € million except %	Q4 2021	FY 2021
Sales	2.6	67
Sales growth (%)	+0.04%	+0.28%
Recurring Operating Income		(33)
Recurring Net Income – Group share		(46)

Breakdown by quarter of 2021 sales after application of IAS 29

FY 2021 sales correspond to the addition of:

- Q4 2021 reported sales;
- Q1, Q2 and Q3 2021 sales resulting from the application of IAS 29 until December 31, 2021 to sales of entities of hyperinflation countries (application of the inflation rate until December 31, 2021 and translation into euros using December 31, 2021 closing rate) and provided in the table below for information (unaudited data).

€ million	Q1 2021 ¹	Q2 2021 ²	Q3 2021 ³	Q4 2021	FY 2021
EDP	3,165	3,265	3,275	3,386	13,090
Specialized Nutrition	1,723	1,797	1,780	1,931	7,230
Waters	795	1,127	1,114	925	3,961
Total	5,683	6,189	6,168	6,242	24,281

¹Results from the application of IAS29 until December 31, 2021 to Q1 sales of entities of hyperinflation countries.

²Results from the application of IAS29 until December 31, 2021 to Q2 sales of entities of hyperinflation countries.

³Results from the application of IAS29 until December 31, 2021 to Q3 sales of entities of hyperinflation countries.

Financial indicators not defined in IFRS

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

Like-for-like changes in sales, recurring operating income and recurring operating margin 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, both previous-year and current-year scopes excluding entities in countries under hyperinflation according to IAS 29 during the previous year (as for Argentinian entities since January 1st, 2019);
- changes in applicable accounting principles;
- 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 Danone for the current year and applied to both previous and current years).

Bridge from reported data to like-for-like data

(€ million except %)	FY 2020	Impact of changes in scope of consolidation	Impact of changes in exchange rates and others, including IAS29	Organic contribution from hyperinflation countries	Like-for-like growth	FY 2021
Sales	23,620	+0.4%	-1.6%	+0.7%	+3.4%	24,281
Recurring operating margin	14.0%	-12 bps	-14 bps	+5 bps	-9 bps	13.7%

Recurring operating income is defined as Danone's operating income excluding Other operating income and expenses. Other operating income and expenses comprise items that, because of their significant or unusual nature, cannot be viewed as inherent to Danone's recurring activity and have limited predictive value, thus distorting the assessment of its recurring operating performance and its evolution. These mainly include:

- capital gains and losses on disposals of fully consolidated companies;
- impairment charges on intangible assets with indefinite useful lives;
- costs related to strategic restructurings or transformation plans;
- costs related to major external growth transactions;
- costs related to major crisis and major litigations;
- in connection with of IFRS 3 (Revised) and IAS 27 (Revised) relating to business combinations, (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.

Recurring operating margin is defined as Recurring operating income over Sales ratio.

Other non-recurring financial income and expense corresponds to financial income and expense items that, in view of their significant or unusual nature, cannot be considered as inherent to Danone's recurring financial management. These mainly include changes in value of non-consolidated interests.

Non-recurring income tax corresponds to income tax on non-recurring items as well as tax income and expense items that, in view of their significant or unusual nature, cannot be considered as inherent to Danone's recurring performance.

Recurring effective tax rate measures the effective tax rate of Danone's recurring performance and is computed as the ratio income tax related to recurring items over recurring net income before tax.

Non-recurring results from associates include items that, because of their significant or unusual nature, cannot be viewed as inherent to the recurring activity of those companies and thus distort the assessment of their recurring performance and its evolution. These mainly include (i) capital gains and losses on disposal and impairment of Investments in associates, and (ii) non-recurring items, as defined by Danone, included in the net income from associates.

Recurring net income (or Recurring net income – Group Share) corresponds to the Group share of the consolidated Recurring net income. The Recurring net income excludes items that, because of their significant or unusual nature, cannot be viewed as inherent to Danone's recurring activity and have limited predictive value, thus distorting the assessment of its recurring performance and its evolution. Such non-recurring income and expenses correspond to Other operating income and expenses, Other non-recurring financial income and expenses, Non-recurring income tax, and Non-recurring income from associates. Such income and expenses, excluded from Net income, represent Non-recurring net income.

Recurring EPS (or Recurring net income – Group Share, per share after dilution) is defined as the ratio of Recurring net income adjusted for hybrid financing over Diluted number of shares. In compliance with IFRS, income used to calculate EPS is adjusted for the coupon related to the hybrid financing accrued for the period and presented net of tax.

	FY 2020		FY 2021	
	Recurring	Total	Recurring	Total
Net income-Group share (€ million)	2,189	1,956	2,165	1,924
Coupon related to hybrid financing net of tax (€ million)	(15)	(15)	(26)	(26)
Number of shares				
• Before dilution	649,331,592	649,331,592	646,155,699	646,155,699
• After dilution	649,968,844	649,968,844	646,445,829	646,445,829
EPS (€)				
• Before dilution	3.35	2.99	3.31	2.94
• After dilution	3.34	2.99	3.31	2.94

Carbon-adjusted recurring EPS is defined in the methodological note in the chapter 5.8 of the Universal Registration Document.

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

(€ million)	FY 2020	FY 2021
Cash-flow from operating activities	2,967	3,474
Capital expenditure	(962)	(1,043)
Disposal of tangible assets & transaction fees related to business combinations ¹	47	58
Free cash-flow	2,052	2,489

¹ Represents acquisition costs related to business combinations paid during the period.

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 and earn-outs on acquisitions resulting in control and (ii) net of Cash and cash equivalents, Short term investments and Derivatives – assets managing net debt.

(€ million)	December 31, 2020	December 31, 2021
Non-current financial debt	12,343	12,537
Current financial debt	4,157	4,048
Short-term investments	(3,680)	(5,197)
Cash and cash equivalents	(593)	(659)
Derivatives — non-current assets ¹	(259)	(120)
Derivatives — current-assets ¹	(27)	(91)
Net debt	11,941	10,519
<ul style="list-style-type: none"> • Liabilities related to put options granted to non-controlling interests — non-current • Liabilities related to put options granted to non-controlling interests and earn-outs on acquisitions resulting in control — current 	(7) (355)	(76) (280)
Net financial debt	11,579	10,163

¹ Managing net debt only

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FORWARD-LOOKING STATEMENTS

This press release contains certain forward-looking statements concerning Danone. In some cases, you can identify these forward-looking statements by forward-looking words, such as “estimate”, “expect”, “anticipate”, “project”, “plan”, “intend”, “objective”, “believe”, “forecast”, “guidance”, “foresee”, “likely”, “may”, “should”, “goal”, “target”, “might”, “will”, “could”, “predict”, “continue”, “convinced” and “confident,” the negative or plural of these words and other comparable terminology. Forward looking statements in this document include, but are not limited to, predictions of future activities, operations, direction, performance and results of 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 Universal Registration Document (the current version of which is available at 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 securities

The presentation to analysts and investors will be broadcast live today from 9:00 a.m. (Paris time) on Danone’s website (www.danone.com).
Related slides will also be available on the website in the Investors section.

APPENDIX – Sales by reporting entity and by geographical area (in € million)

	First quarter		Second quarter		Third quarter		Fourth quarter		Full Year	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
BY REPORTING ENTITY										
EDP	3,364	3,149	3,238	3,254	3,108	3,269	3,131	3,386	12,823	13,090
Specialized Nutrition	1,949	1,719	1,792	1,793	1,698	1,777	1,753	1,931	7,192	7,230
Waters	928	790	925	1,125	1,015	1,112	743	925	3,605	3,961
BY GEOGRAPHICAL AREA										
Europe & Noram ¹	3,469	3,273	3,352	3,510	3,334	3,498	3,252	3,480	13,408	13,762
Rest of the World	2,772	2,384	2,602	2,661	2,486	2,660	2,376	2,762	10,212	10,520
Total	6,242	5,657	5,954	6,171	5,821	6,158	5,628	6,242	23,620	24,281

	First quarter 2021		Second quarter 2021		Third quarter 2021		Fourth quarter 2021		Full Year 2021	
	Reported change	Like-for-like change	Reported change	Like-for-like change	Reported change	Like-for-like change	Reported change	Like-for-like change	Reported change	Like-for-like change
BY REPORTING ENTITY										
EDP	-6.4%	+1.6%	+0.5%	+4.8%	+5.2%	+4.1%	+8.1%	+4.3%	+2.1%	+3.7%
Specialized Nutrition	-11.8%	-7.7%	+0.1%	+2.8%	+4.6%	+2.9%	+10.1%	+6.4%	+0.5%	+1.0%
Waters	-14.9%	-11.6%	+21.6%	+19.5%	+9.6%	+4.6%	+24.5%	+17.3%	+9.9%	+7.2%
BY GEOGRAPHICAL AREA										
Europe & Noram ¹	-5.6%	-2.8%	+4.7%	+6.4%	+4.9%	+3.9%	+7.0%	+4.3%	+2.6%	+2.9%
Rest of the World	-14.0%	-4.2%	+2.3%	+6.9%	+7.0%	+3.7%	+16.2%	+10.0%	+3.0%	+4.1%
Total	-9.4%	-3.3%	+3.6%	+6.6%	+5.8%	+3.8%	+10.9%	+6.7%	+2.8%	+3.4%

¹North America (Noram): United States and Canada