



Chr. Hansen Holding A/S Annual General Meeting 2018

November 29, 2018

Agenda

1. Report on the Company's activities
2. Approval of the 2017/18 Annual Report
3. Resolution on the appropriation of profit
4. Resolution on remuneration of members of the Board of Directors
5. Proposal from the Board of Directors
6. Election of members to the Board of Directors
7. Election of a company auditor
8. Authorization of the Chairman of the Annual General Meeting



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Another successful year for Chr. Hansen

9% organic growth

10% in 16/17

29.2% EBIT margin b.s.i.¹

28.9% in 16/17

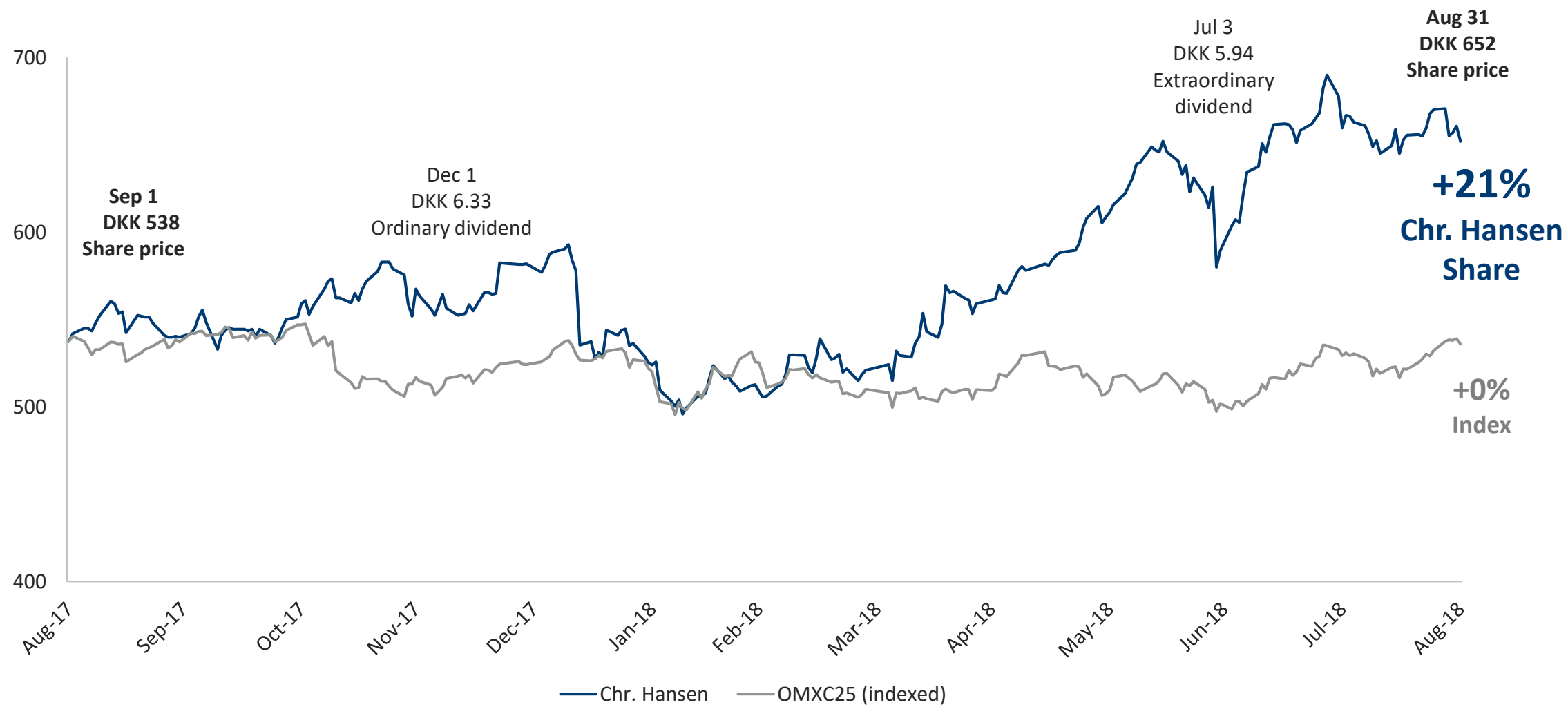
EUR **196m** FCF b.s.i.a.²

EUR 188m in 16/17

¹ Before special items.

² Before special items and acquisitions.

Positive performance outperforming OMXC25



Our Nature's no. 1 strategy: Evolution since 2013



FOCUS AREAS FOOD CULTURES & ENZYMES

Leverage the
full potential



FOCUS AREAS HEALTH & NUTRITION

Develop the
microbial platform



FOCUS AREAS NATURAL COLORS

Create
further value

Drive penetration of new innovation

- ▶ Continue to prioritize core dairy business
- ▶ Develop adjuncts and adjacencies
- ▶ Drive bioprotection lighthouse to EUR 200m by 2025

- ▶ Drive new products for Human Health (incl. Microbiome) and Animal Health
- ▶ Invest in Plant Health platform to unlock potential of EUR 100m by 2025

- ▶ Expand FRUITMAX® range of coloring foodstuff

Reinforce position in growth markets

- ▶ Further strengthen global market presence
- ▶ Application support in core adjacencies

- ▶ Human Health: Expansion into emerging markets and growth segments
- ▶ Strengthen route-to-market in Ag businesses

- ▶ Drive US conversion and secure APAC growth

Generate fuel for growth

- ▶ Drive scalability in supply chain
- ▶ Digitalize core processes

- ▶ Reinvest in future growth

- ▶ Continue drive to restore profitability



Strong growth in core markets and bioprotection

Drive penetration of new innovation

- ▶ Strong growth driven by cheese, fermented milk, meat and enzymes
- ▶ 35% growth in bioprotection; 2nd generation successfully introduced

Reinforce position in growth markets

- ▶ Regional growth led by EMEA and Latin America; APAC and North America with solid dynamics
- ▶ Expanded local customer support teams and infrastructure in growth markets

Generate fuel for growth

- ▶ Avedøre expansion completed
- ▶ Investing in freeze dried & powder packaging capacity





Good developments on strategic priorities

Drive penetration of new innovation

- ▶ New partnership to develop treatment for peanut allergies
- ▶ Chr. Hansen-led clinical trial demonstrates effectiveness of probiotic strain against gut damage cause by use of household painkillers
- ▶ Plant Health benefited strongly from product launches in Brazil

Reinforce position in growth markets

- ▶ Human Health with strong momentum in infant formula in APAC and North America
- ▶ Double-digit growth in Animal Health despite difficult US farmer market

Generate fuel for growth

- ▶ Scalability and efficiencies in production
-





NATURAL COLORS

New leadership and investments for the future

Drive penetration of new innovation

- ▶ Strong momentum in coloring foodstuff
- ▶ Launched FRUITMAX® oil soluble range

Reinforce position in growth markets

- ▶ Successful expansion into food service segment

Generate fuel for growth

- ▶ Streamlining of product portfolio completed
 - ▶ New divisional leadership: Klaus Bjerrum joined in August
 - ▶ Investments into new state-of-the-art facility in Milwaukee (US) and upgrade of R&D facility in Montpellier (France)
-



Enterprise risk management remains a key priority

Key risk areas are:

- ▶ Products and production
- ▶ Technology and IP
- ▶ Customers and consumers
- ▶ Partners
- ▶ Markets including financial, legal and IT-related risks (e.g. cyber attacks)

For 2018/19, we see a risk of increased political and economic uncertainty – e.g. the economic climate in the Middle East and Latin America, and trade tensions between large economies.



Workplace responsibility

- ▶ Increased employee engagement clearly outperforming Gallup benchmark
- ▶ Global leadership development program CONNECT launched and Core Scientist program strengthened
- ▶ Ongoing efforts to increase diversity
- ▶ Continued focus on safety mindset
- ▶ Chr. Hansen culture model launched

Workforce: Average number of employees

16/17 3,111

17/18 3,304

Safety: Incidents per 1 million working hours

16/17 2.50

17/18 2.46

Diversity: Share of diverse teams

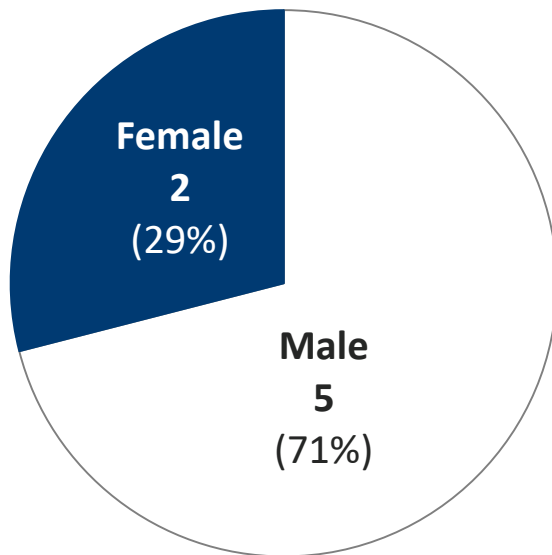
16/17 66

17/18 78

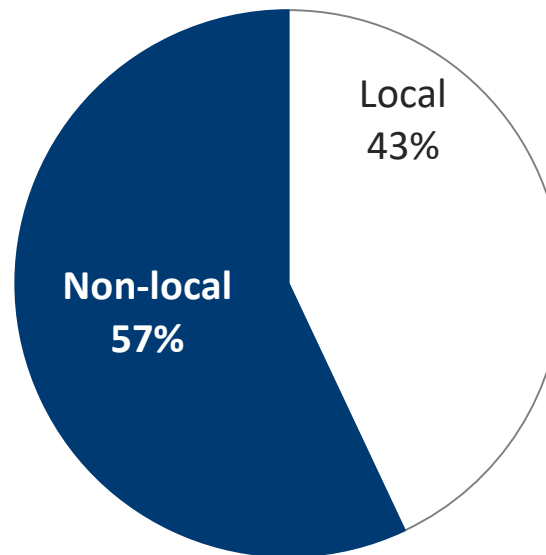
Board diversity to further increase by 2021/22

- Target of at least 3 women in the Board by 2021/2022¹

Gender¹



Non-local¹



¹ Measures in relation to number of board members elected by the Annual General Meeting and based on the Board proposals for re-elections.



Overall impression of a well-functioning Board

- ▶ Annual review of Board performance conducted by external consultant; similar evaluations undertaken by Committees
- ▶ Result for 2017/18 shows an effective and well-functioning Board
- ▶ Minor areas for improvement were identified
- ▶ Chr. Hansen complies with the Danish Recommendations on Corporate Governance¹, with one exception
 - ▶ Section 3.1.4 – Retirement age for Board members: the articles of association do not stipulate a retirement age for members of the board of directors

This recommendation is no longer applicable after the latest update of the Danish Recommendations on Corporate Governance in November 2017, to which Chr. Hansen shall report after with effect from the financial year 2018/19.

¹ The Danish Recommendations on Corporate Governance of May 6 2013, amended in May 2014.



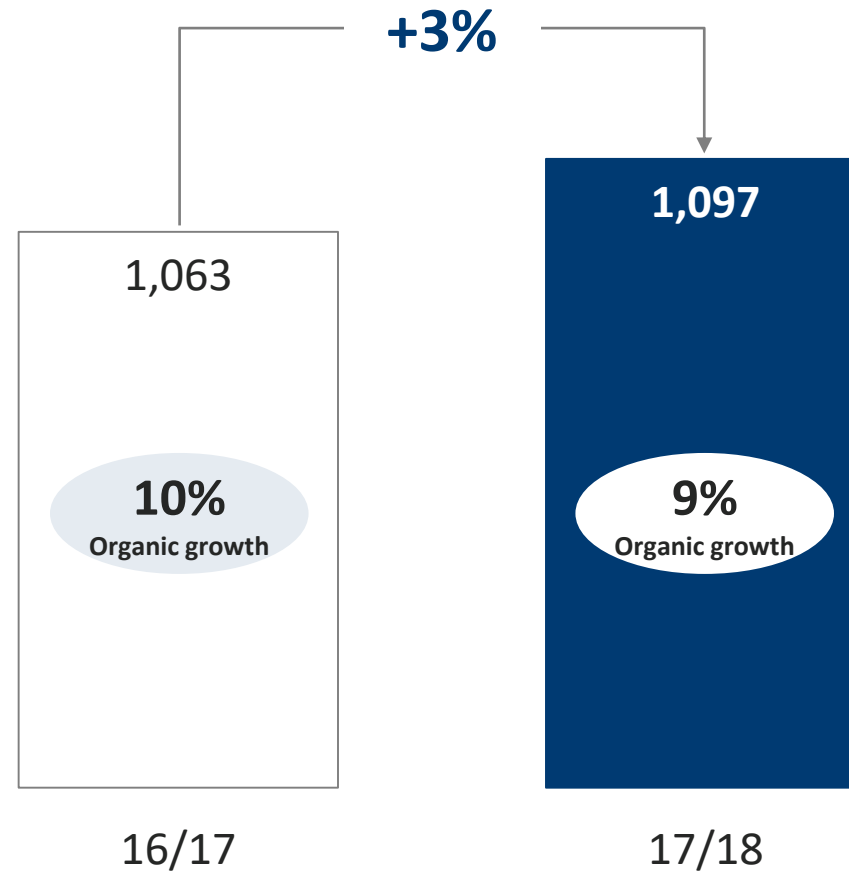
Remuneration of the Executive Board

Management remuneration is approved by the Board and is in line with the remuneration policy and the overall guidelines for incentive-based remuneration approved by the Annual General Meeting.

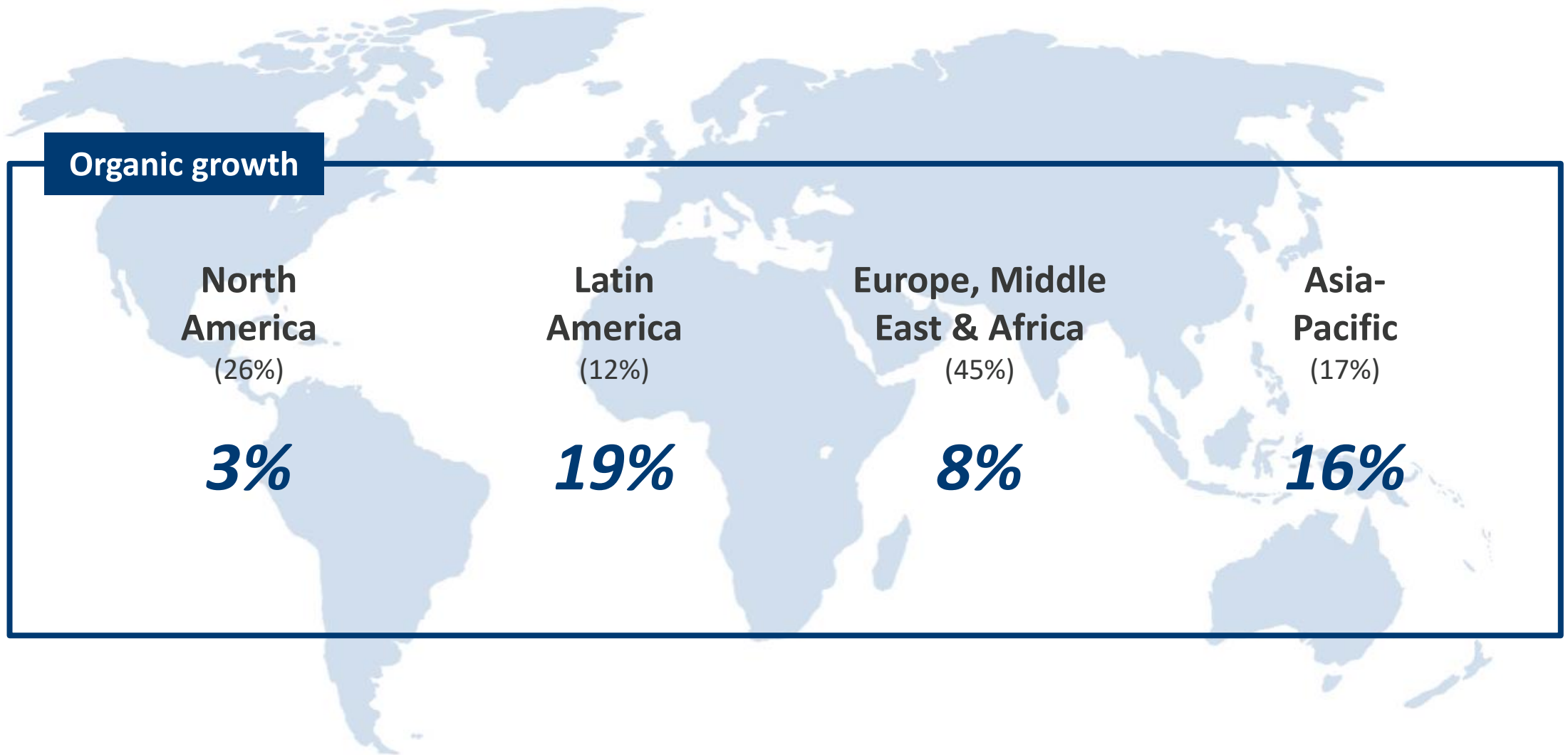
Management remuneration in EUR million	2016/17	2017/18
Base salary & pension	1.7	2.0
Bonus	0.8	0.6
Value of options & “matching shares” programs	0.8	0.6
Extraordinary incentive-based remuneration	No pay-out	No pay-out



Group revenue increased by 3% despite heavy headwind from currency



EMEA, Asia-Pacific and Latin America driving global organic growth





Double-digit growth driven by all product segments

Revenue

EUR **647** million
(EUR 618 million in 2016/17)

Organic growth

12%
(9% in 2016/17)



EBIT

EUR **222** million
(EUR 213 million in 2016/17)

EBIT margin

34.3%
(34.5% in 2016/17)



Solid performance driven by Animal Health Plant Health

Revenue

EUR **231** million
(EUR 225 million in 2016/17)

Organic growth

8%
(14% in 2016/17)



EBIT

EUR **72** million
(EUR 66 million in 2016/17)

EBIT margin

31.0%
(29.2% in 2016/17)



Improved momentum in the second half of the year

Revenue

EUR **219** million
(EUR 220 million in 2016/17)

Organic growth

5%
(10% in 2016/17)



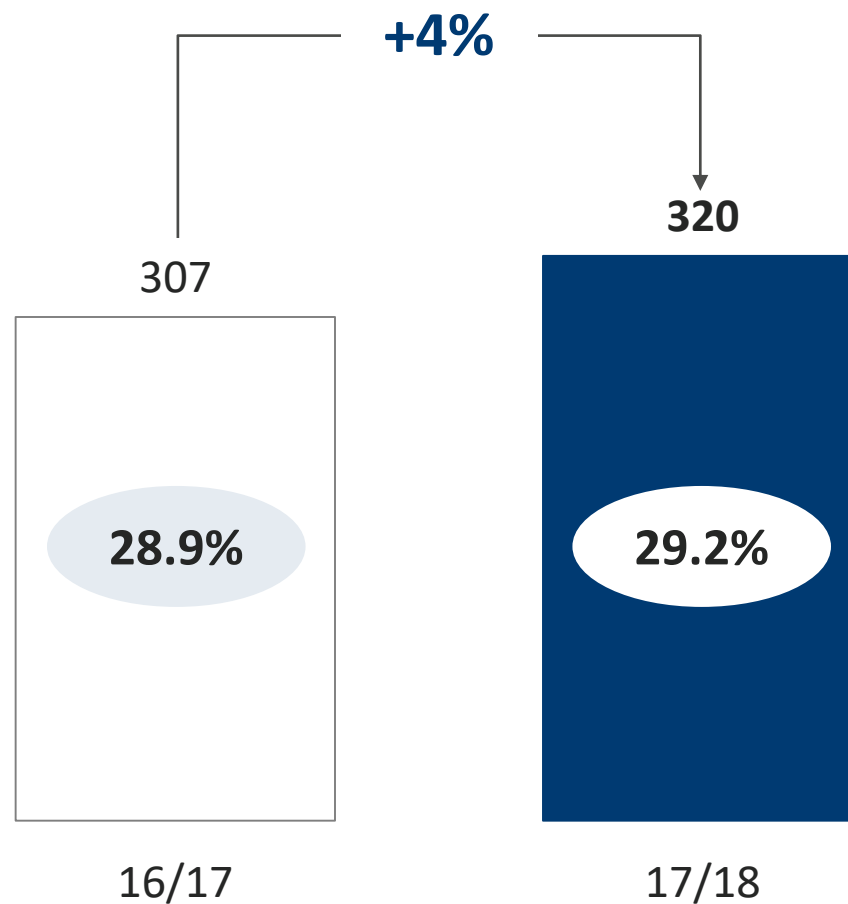
EBIT

EUR **26** million
(EUR 29 million in 2016/17)

EBIT margin

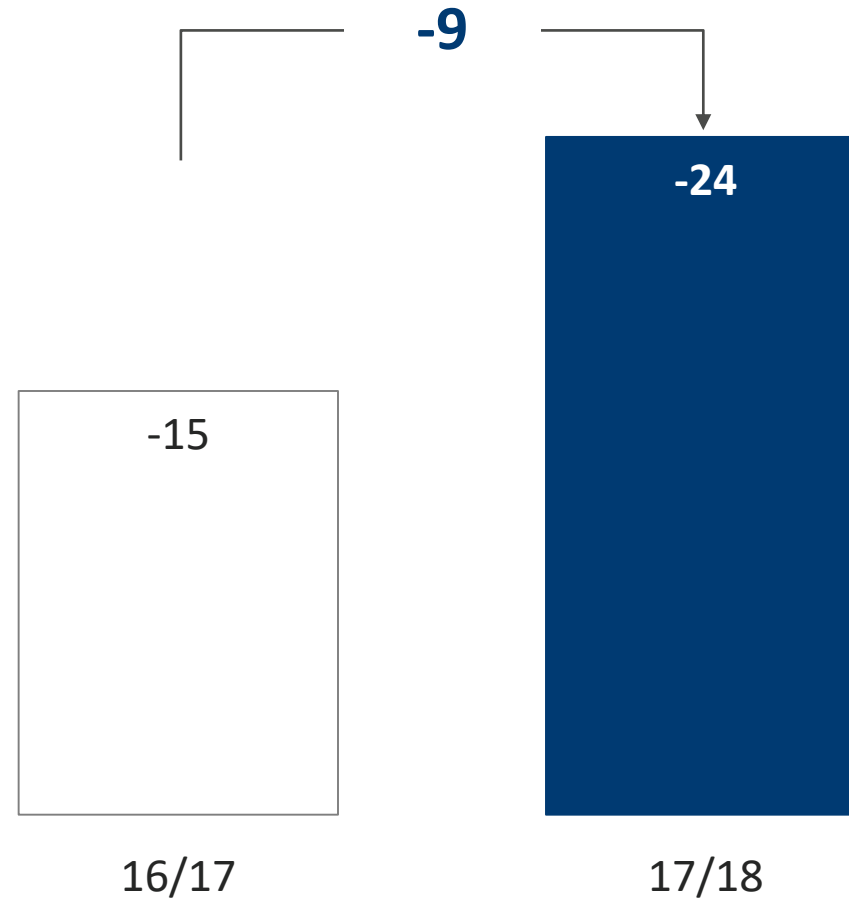
12.0%
(12.9% in 2016/17)

Favorable product mix in H&N offsetting adverse currency

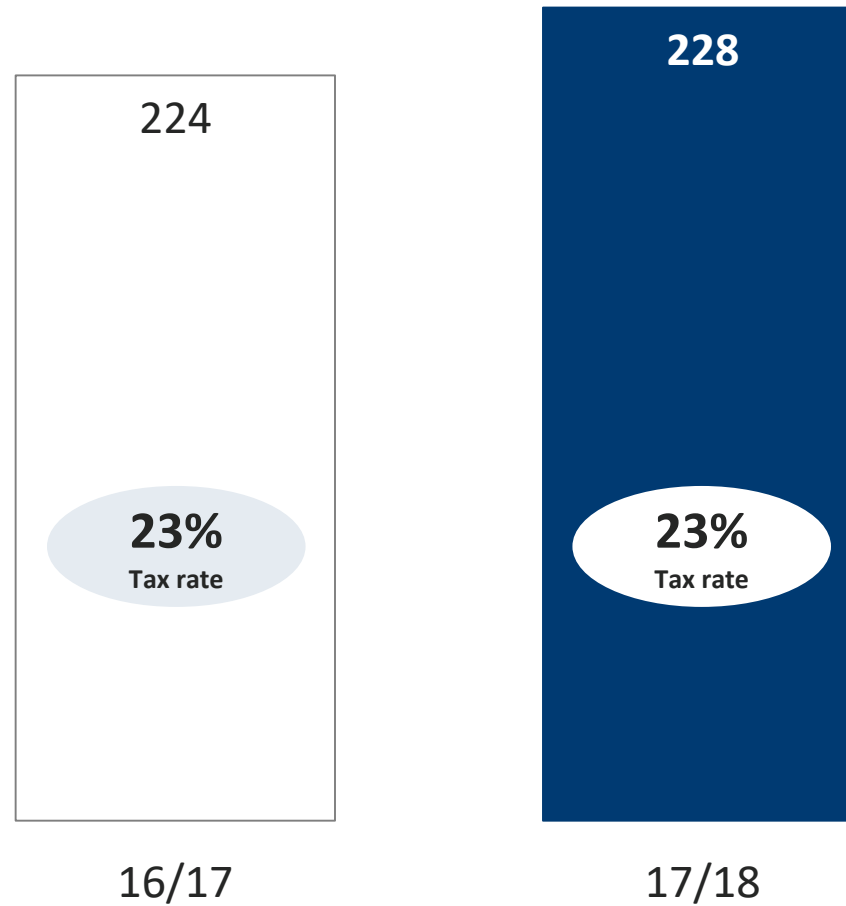


¹ Before special items.

Unrealized currency losses impacted financial items



Net profit on prior year level – tax rate stable



Operating cash flow up +6%

Operating
cash flow
284

Operating investing
cash flow
-104

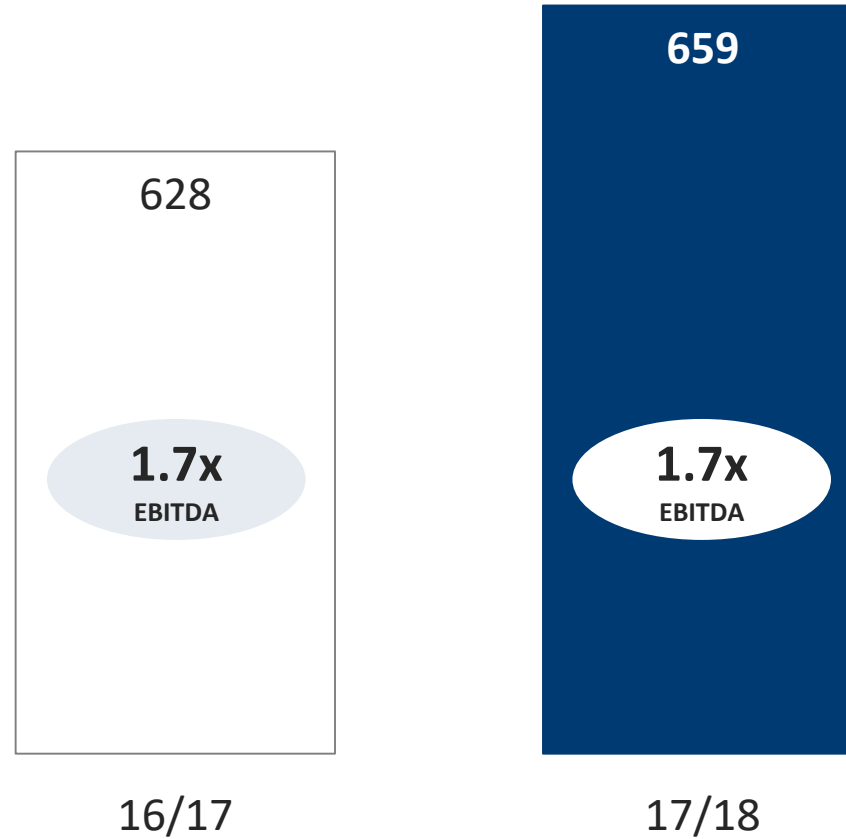
16/17

Operating
cash flow
302

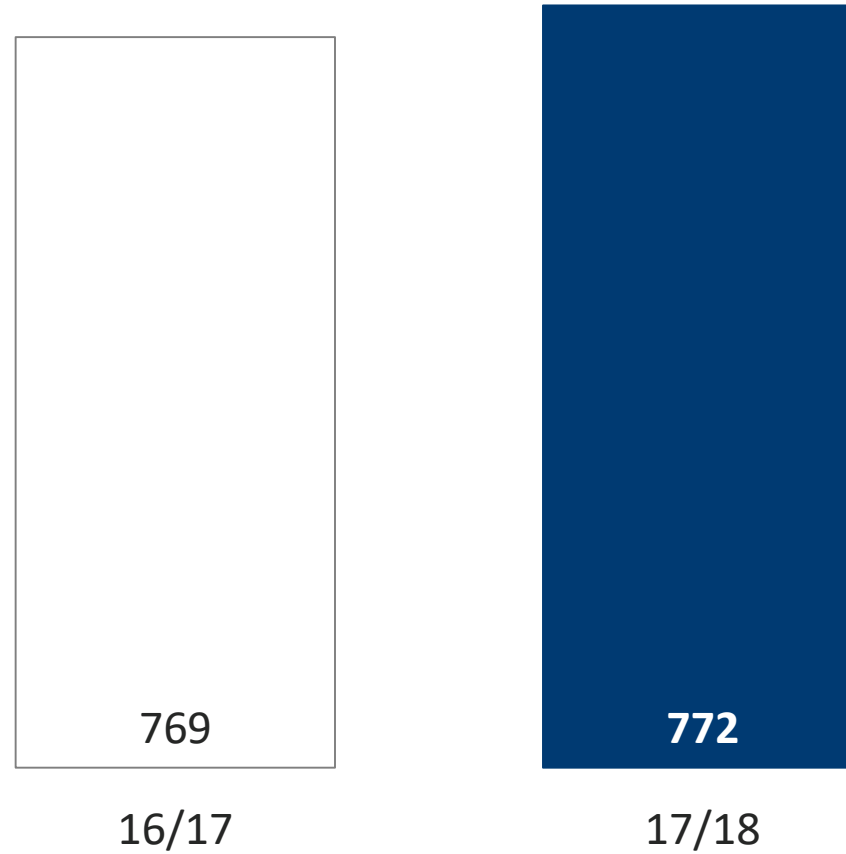
Operating investing
cash flow
-107

17/18

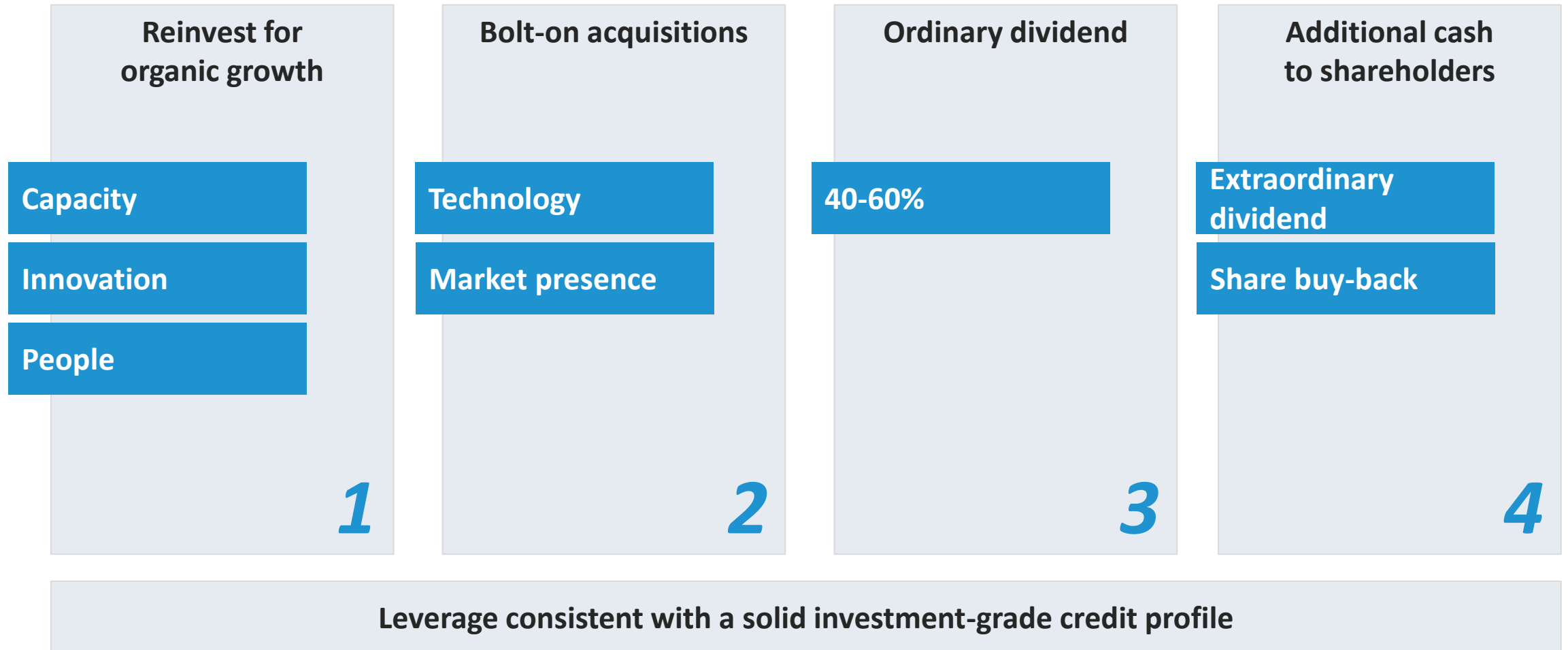
Net interest-bearing debt slightly increased – leverage on prior year



Equity remained stable in 2017/18



Priorities unchanged with organic growth remaining no. 1



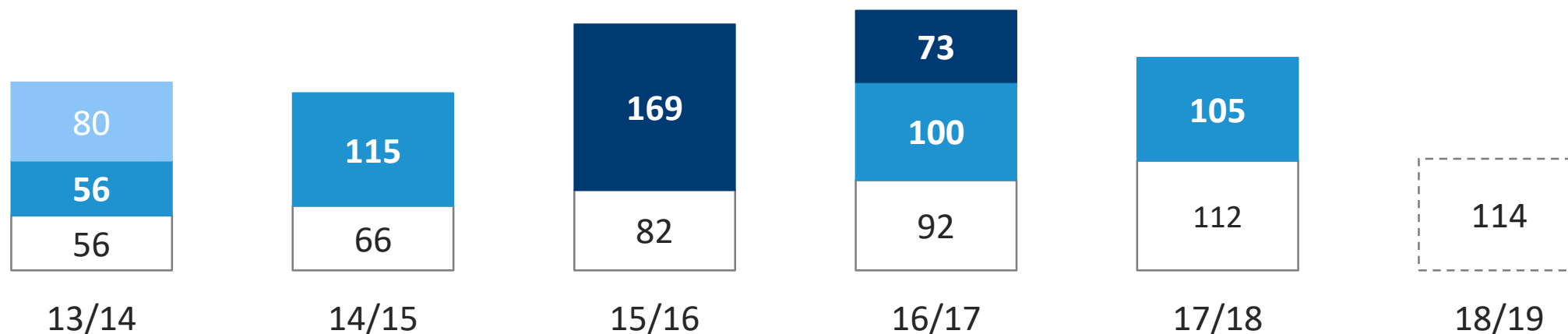
Ordinary dividend of DKK 6.47 per share proposed

The Board of Directors proposes to the Annual General Meeting to pay out:

Ordinary dividend of DKK 6.47 (EUR 0.87) per share




= Total amount of DKK 853 million (EUR 114 million) = 50% of the profit for the year

Cash returned to shareholders and acquisitions in EUR million



□ Ordinary dividend ■ Extraordinary dividend ■ Share buy-back ■ Acquisitions

Strong organic growth with EUR price list effect and free cash flow impacted by peak capex expected for 2018/19

	Realized 2017/18	Outlook 2018/19 ¹ As per Oct 15, 2018	Long-term financial ambition ²
Organic revenue growth	+9%	9-11%	8-10%
 <i>Food Cultures & Enzymes</i>	+12%	<i>Above long-term ambition</i>	7-8%
 <i>Health & Nutrition</i>	+8%	<i>10% or above</i>	<i>n.a.</i>
 <i>Natural Colors</i>	+5%	6-10%	<i>n.a.</i>
EBIT margin b.s.i.	29.2%	Around 29.5%	30+%
Free cash flow b.s.i.a.	EUR 196m +4% yoy	Around the same level as in 17/18³	+10% CAGR

¹ Based on constant currencies and stable raw material prices, and assumes no acquisitions. The outlook is also based on the current political and economic environment, although there is a risk of increased political and economic uncertainty – e.g. the economic climate in the Middle East and Latin America, and trade tensions between large economies. Any deterioration in these situations might impact the outlook.

² Baseline 2016/17, updated at Capital Market Day on April 18, 2018.

³ Assumes lower growth in cash flow from operating activities than growth of EBIT before special items, due to a higher level of taxes to be paid in 2018/19, mainly related to the absence of acquisition-driven tax benefits realized in 2017/18. Cash flow used for operational investment activities will be at a relatively high level, and is expected to be between EUR 110-130 million. This includes multiple investments across the group, and also assumes a successful sale-and-lease-back of the company's main site in Hørsholm in Q4 2018/19.

Strategic priorities in 2018/19



FOCUS AREAS FOOD CULTURES & ENZYMES

Leverage the
full potential



FOCUS AREAS HEALTH & NUTRITION

Develop the
microbial platform



FOCUS AREAS NATURAL COLORS

Create
further value

Drive penetration of new innovation

- ▶ Continue to drive penetration of new products e.g. bioprotection
- ▶ Cross-sell and develop adjacent areas

- ▶ Launch new products in Human Health
- ▶ Further expand Animal Health commercial footprint in Asia-Pacific and Latin America

- ▶ Portfolio expansion within coloring foodstuff

Reinforce position in growth markets

- ▶ Strengthen attention to key accounts and invest in and strengthen local footprints
- ▶ Push market-specific new product development

- ▶ Expand Plant Health business to new countries and crops
- ▶ Continue growth momentum in all segments

- ▶ Driving conversion projects in partnerships with our customers

Generate fuel for growth

- ▶ Leverage new expansion
- ▶ Upgrade e-commerce solution
- ▶ New digital services

- ▶ Scalability and efficiencies in production

- ▶ Investments in new capacity (US) and continuation of efficiency programs

82% of our revenue contributes to UN Global Goals

82%

of revenue contributes to
UN Global Goals

2

ZERO HUNGER

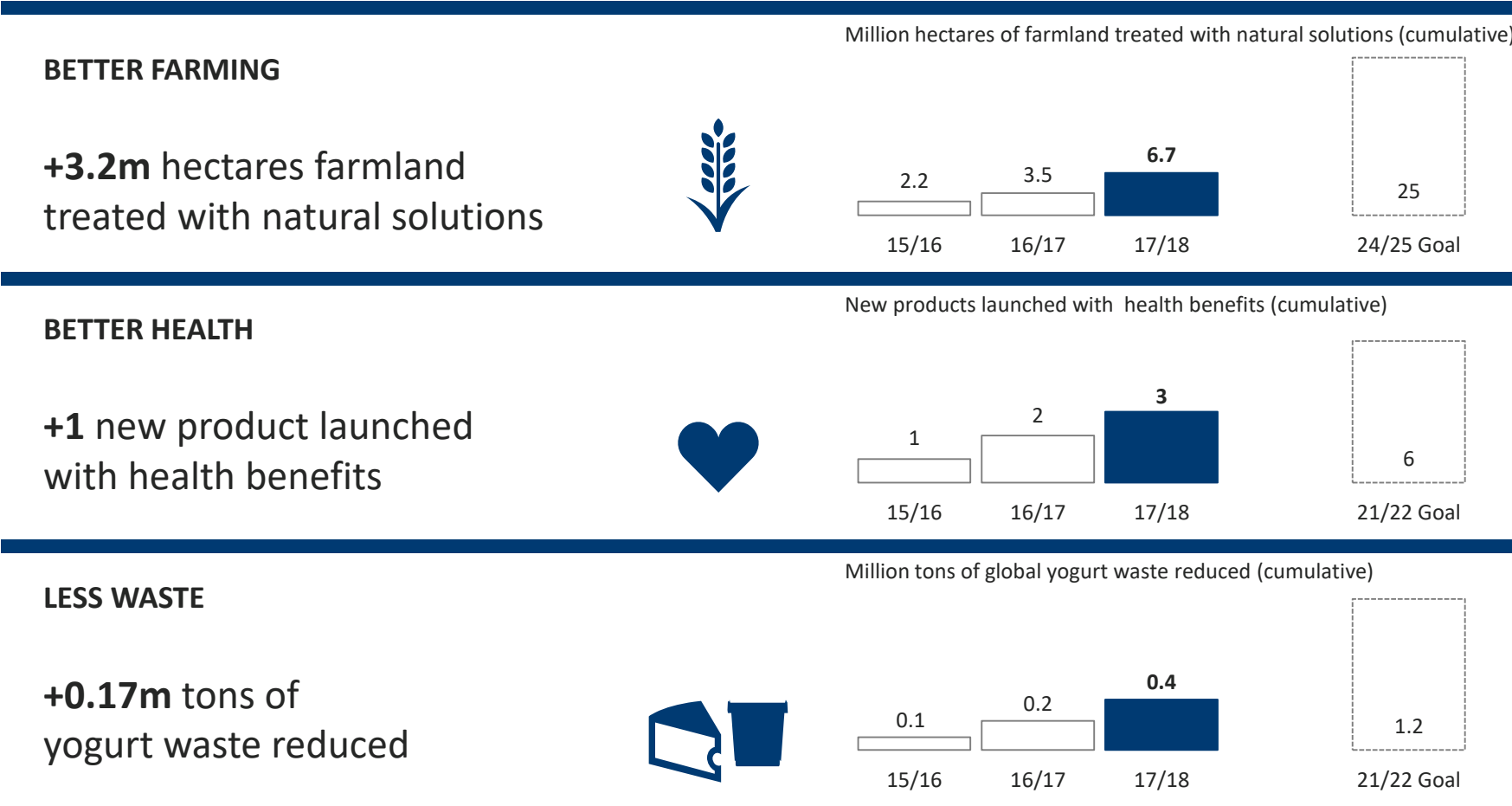
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GOOD HEALTH AND WELL-BEING

12

RESPONSIBLE CONSUMPTION AND PRODUCTION

- Reviewed by PwC





First 180 days

Mauricio Graber, President & CEO

Mauricio Graber

- ▶ Born March 1963. Mexican national
- ▶ Joined Chr. Hansen as CEO and member of the Executive Board in June 2018
- ▶ 25+ years of global experience in ingredients sector
- ▶ Education:
 - ▶ Master of Business Administration from Kellogg Graduate School of Management, Northwestern University, US
 - ▶ Bachelor of Science in Electronic Engineering, Universidad Autonoma Metropolitana, Mexico



Mauricio Graber



JUNE

01

CHR HANSEN

Improving food & health



Nature's TM 1 no. 1

Sustainably

CHR HANSEN

Improving food & health

**We work for
a better world**

**We rely on
each other**

**We act with
freedom**

**We deliver
results**









CHR HANSEN

Improving food & health

Approval of items 1-3

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Resolution on remuneration of members of the Board of Directors

In DKK	2017/18	2018/19 Proposal
Board of Directors		
Members	400,000	400,000
Chairman	x3	x3
Vice chairman	x2	x2
Committee chairmen		
Audit	250,000	300,000
Scientific & Remuneration	250,000	250,000
Nomination	150,000	200,000
Committee members		
Audit, Scientific	150,000	150,000
Nomination, Remuneration	125,000	125,000

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Proposed amendment to the Articles of Association: company announcements in English

Considering the composition of the Board of Directors, the Executive Board, and the investor base of the Company, the Board of Directors proposes that company announcements be published in English with discretion to the Board of Directors to also publish Danish translations thereof.

If approved, the following new Article 11.2 will be inserted into the Company's Articles of Association:

"Company Announcements may be prepared in English only, if decided by the Board of Directors."

The Company will continue to publish Danish translations of company announcements.

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Proposal to elect Dominique Reiniche as Chairman of Board of Directors

- ▶ Professional board member. Born July 1955. French national
- ▶ Independent. Member of the Board since November 2013; re-elected 2017. Vice chairman since 2015
- ▶ Member of the Nomination, Remuneration and Scientific Committees
- ▶ Board memberships: PayPal Luxembourg, Mondi plc, Severn Trent plc
- ▶ Board competencies:
 - ▶ Professional experience from positions in the food, beverage and hygiene/beauty care industries at, among others, Procter & Gamble and Jacobs-Suchard (now Mondelez International)
 - ▶ 22 years in senior leadership positions, including the CEO position within Coca-Cola Enterprises and The Coca-Cola Company in France and Europe



Dominique Reiniche

Proposal to re-elect following members to Board of Directors



Jesper Brandgaard



Luis Cantarell



Heidi Kleinbach-Sauter



Kristian Villumsen



Mark Wilson

Proposal to elect Niels Peder Nielsen as new member of the Board of Directors

- ▶ Born November 1965. Danish national
- ▶ Nominated for election as a member of the Board of Directors
- ▶ Independent board member
- ▶ Present managerial positions:
 - ▶ Niels Peder Nielsen serves as deputy-CEO of Novo Nordisk Fonden, Denmark.
- ▶ Board competencies:
 - ▶ International experience in managing and developing large international companies from his positions as partner with Bain & Company and McKinsey & Co., both global management consultant firms operating in various industries, including healthcare and biological solutions. Mr. Nielsen also has experience in digital strategy and business development.
- ▶ Educational background
 - ▶ Mr. Nielsen holds a Bachelor of Science degree from Copenhagen Business School, Denmark, and a Master of Science degree from Massachusetts Institute of Technology, US.



Niels Peder Nielsen

Elected employee representatives



Lisbeth Grubov
Project Manager



Charlotte Hemmingsen
Senior Regulatory Manager



Kim Ib Sørensen
Senior Principal Scientist



Per Poulsen
Senior Technology Specialist

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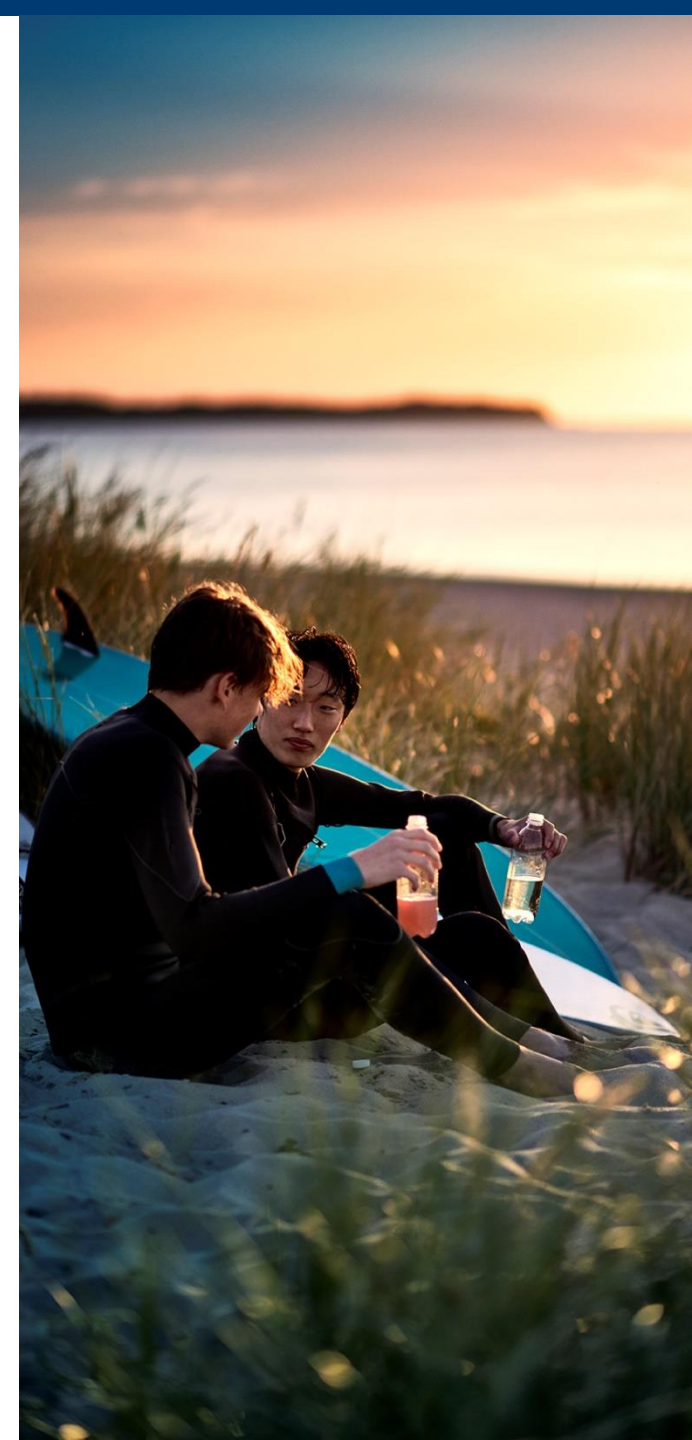


Proposal to re-elect PwC as Company Auditor

The Board of Directors proposes to re-elect:

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab



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Authorization of the Chairman of the AGM

The Board of Directors proposes that the Annual General Meeting authorizes the Chairman of the Annual General Meeting to:

- File the resolutions passed with the Danish Business Authority and to make any such changes as the Danish Business Authority may require registering or approving the resolutions passed



