Chr. Hansen

Virtual Capital Markets Day

August 2020
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## Content overview

| STRATEGY | Unlocking the next wave of value creation | Mauricio Graber  
Chief Executive Officer |
| --- | --- | --- |
| FOOD CULTURES & ENZYMES | Reinvesting in the core while investing into new areas for growth | Jacob Vishof Paulsen  
EVP Food Cultures & Enzymes |
| HEALTH & NUTRITION | Leveraging the power of good bacteria for health and sustainable agriculture | Christian Barker  
EVP Health & Nutrition |
| R&D | Accelerating microbial innovations | Thomas Schäfer  
Chief Scientific Officer |
| GLOBAL OPERATIONS | Driving scalability and operational efficiencies | Torsten Steenholt  
EVP Global Operations |
| FINANCIALS | Continued value creation through profitable growth | Søren Westh Lonning  
Chief Financial Officer |
| APPENDIX | Additional slides for roadshow discussions | --- |
Unlocking the next wave of value creation

Mauricio Graber
Chief Executive Officer
Key messages

With our 2025 Strategy we will form a differentiated bioscience player with a strong purpose that pioneers microbial science to improve food and health, for a sustainable future.

To drive industry-leading profitable growth, we will continue to reinvest in the core while extending our technology platform and growing our lighthouses.

Capital allocation framework unchanged; organic growth remains number one priority followed by acquisitions to strengthen microbial and fermentation technology platforms.
Chr. Hansen has delivered a strong organic growth track record clearly outperforming peers and underlying markets since the launch of Nature’s no. 1
Underlying markets remain attractive
supported by megatrends and a global sustainability agenda

Market growth rates (CAGR 2019/20-2024/25) and key drivers

**FOOD CULTURES & ENZYMES**
Driven by increasing dairy consumption in emerging markets

- **Dairy**
  - ~2%

**HEALTH & NUTRITION**
Driven by increasing use of probiotics as supplements and in infant formula, as animal feed ingredients and in crop protection

- **Human Health**
  - ~5-7%

- **Animal Health**
  - ~7-8%

- **Plant Health**
  - ~15-18%

**NATURAL COLORS**
Driven by clean label trend and regulation

- **Natural colors and coloring foods**
  - ~6%

---

**Megatrends**

- Growing world population and resource scarcity
- Real foods consumerism
- Aging population and increasing health awareness
- Sustainable agriculture and attention to CO2 emissions
- Technology breakthroughs


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Purpose and mission

Grow a better world. Naturally.

By pioneering microbial science to improve food and health, for a sustainable future.

- 25m Hectares covered with plant health and silage solutions
- 200m People consuming Chr. Hansen’s probiotic strains
- 2m Tons of yogurt waste reduced
Unlocking the next wave of value creation for Chr. Hansen
Strategic ambition until 2024/25

Creating a **differentiated bioscience** company with focus on **microbial** and **fermentation** technology platforms

**Where to play**

**LEVERAGE**
Microbial Platform to grow lighthouses and expand into new areas

**REINVEST**
in core platforms in Food Cultures & Enzymes, Human and Animal Health

**EXTEND**
Microbial Platform through M&A and partnerships

**REVIEW**
strategic options for non-microbial assets

---

2012/13 – 2018/19
Nature’s no. 1
Continued focus on leading profitable organic growth & strong cash flow
Financial ambition until 2024/25

LONG-TERM FINANCIAL AMBITION UNTIL 2024/25

Mid- to high single-digit organic growth CAGR

Underlying expansion in EBIT margin b.s.i. before portfolio changes and FX

Free cash flow b.a.s.i. to grow faster than absolute EBIT b.s.i.
REINVEST in core platforms
to defend and further strengthen market positions in dairy and meat, Human and Animal health

**FOOD CULTURES & ENZYMES**
- Dairy and meat
- Probiotics for fermented milk

**NEW:** Probiotics in food

**HEALTH & NUTRITION**
- Human Health
  - Dietary supplements and infant formula
- Animal Health
  - Cattle, swine and poultry

**NEW:** Pet food
LEVERAGE Microbial Platform to grow lighthouses and build strong foothold in exciting, new growth areas

FOOD CULTURES & ENZYMES

Bioprotection
Reduce food spoilage and increase food safety

Fermented Plant Bases
‘Fermented milk’ alternatives and fermented beverages

HEALTH & NUTRITION

Plant Health
Microbial crop protection for more sustainable farming

Bacthera
Contract manufacturing for live biotherapeutics (Lonza JV)

Estimated addressable markets

<table>
<thead>
<tr>
<th></th>
<th>EUR 200m</th>
<th>EUR 1bn</th>
<th>EUR &lt;100m</th>
<th>EUR &gt;100m</th>
<th>EUR 400m</th>
<th>EUR &gt;1bn</th>
<th>EUR 150-200m</th>
<th>EUR &gt;1bn</th>
</tr>
</thead>
</table>

Lighthouse: New business area of strategic importance with minimum revenue potential of EUR 100m per year and above Group growth rates.

1 Management estimates.
EXTEND Microbial Platform through M&A and partnerships
to further enhance our microbial and fermentation capabilities
REVIEW strategic options for non-microbial assets for optimal resource allocation and value creation

NATURAL COLORS

STRONG FINANCIALS
+9% organic growth (five-year average) and mid-teens EBIT margin

ATTRACTIVE MARKET
growing at ~6% until 2025 driven by consumer demand for naturals

MARKET LEADING OFFERING
with +900 products across 15 pigments and ~40 applications

A GLOBAL PLAYER
with ~600 employees and strong regional presence in +120 countries
2025 Strategy implemented across five dimensions

How to win

1. CUSTOMERS
   Further expand customer base and global reach
   ... and excel in customer centricity by expanding route-to-market, adding resources in application, sales and marketing and advancing our digital agenda.

2. INNOVATION
   Accelerate new product development and commercialization
   ... with dedicated project management and a new governance set-up, as well as through the expansion of R&D partner network and digitalization.

3. OPERATIONS
   Realize scalability benefits and operational efficiencies
   ... through future capacity expansions, process innovations, robotics and automation.

4. PEOPLE
   Safeguard culture and invest in talent management
   ... with a commitment to diversity, creating a safe workplace, driving a mindset of best and attracting millennials.

5. PURPOSE
   Drive sustainability agenda to Grow a better world. Naturally.
   ... and committing to limit global temperature rise to 1.5 degrees.
Safeguard culture and invest in talent management and diversity

SAFEGUARD CULTURE & SUCCESSFUL ONBOARDING OF NEW EMPLOYEES
- Top 25% score in employee engagement survey
- 100% introduced to culture model

COMMITMENT TO TALENT MANAGEMENT AND DIVERSITY
- 1:1 ratio between female employees and managers

SAFE PLACE TO WORK
- <1.5% lost-time incident frequency

ATTRACTIVE COMPENSATION FOR MANAGEMENT
- Performance metrics aligned with shareholder interests
- In line with industry benchmarks
Creating shareholder value
by reinvesting in organic growth complemented with acquisitions; capital allocation framework unchanged

CAPITAL ALLOCATION PRIORITIES

<table>
<thead>
<tr>
<th>Priority</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Organic growth</td>
</tr>
<tr>
<td>2</td>
<td>Bolt-on acquisitions</td>
</tr>
<tr>
<td>3</td>
<td>Ordinary dividend(^1)</td>
</tr>
<tr>
<td>4</td>
<td>Distribution of excess cash</td>
</tr>
</tbody>
</table>

\(^1\) The dividend proposed will depend on the Board of Directors’ assessment of factors such as business development, growth strategy, current leverage and financing needs, and there is no guarantee that an ordinary dividend will be proposed or declared in any given year.

WHAT WE WILL NOT DO

- Pursue acquisitions in unrelated areas
- Expand outside microbial and fermentation platform
- Expand enzyme business outside food enzymes
- Become an integrated solutions provider
- Become a full value-chain pharma company
Global COVID-19 pandemic does not change Chr. Hansen’s strategic agenda but short-term headwinds likely to pose challenges for the business

**SHORT-TERM HEADWINDS**

- Consumer price sensitivity during recession, especially in emerging markets
- Focus on cost and business continuity
- Challenges in conducting trials during COVID-19 travel restrictions

**LONG-TERM OPPORTUNITIES**

- Driving global health agenda forward
- Accelerator for a more sustainable future
- Hyper-connectivity and digital as the ‘new norm’
2025 Strategy: Unlocking the next wave of value creation
by pioneering microbial science to improve food and health, for a sustainable future

Where to play

How to win

1. CUSTOMERS  Further expand customer base and global reach and excel in customer centricity
2. INNOVATION  Accelerate new product development and commercialization
3. OPERATIONS  Realize scalability benefits and operational efficiencies
4. PEOPLE  Safeguard culture and invest in talent management
5. PURPOSE  Drive sustainability agenda to Grow a better world. Naturally.
Key messages

With our 2025 Strategy we will form a differentiated bioscience player with a strong purpose that pioneers microbial science to improve food and health, for a sustainable future.

To drive industry-leading profitable growth, we will continue to reinvest in the core while extending our technology platform and growing our lighthouses.

Capital allocation framework unchanged; organic growth remains number one priority followed by acquisitions to strengthen microbial and fermentation technology platforms.
Reinvesting in the core while investing into new areas for growth

Jacob Vishof Paulsen
EVP Food Cultures & Enzymes
Key messages

Food Cultures & Enzymes operates in an attractive space and is well positioned to continue to outgrow its underlying markets.

Dairy and meat remain a strategic priority and we will invest more in fueling innovation and application resources while continuing to drive efficiencies.

Our fermentation expertise and technology platform is not limited to dairy! Fermented plant bases, bioprotection and probiotics offer attractive growth prospects.
**Food Cultures & Enzymes operates in an attractive space**
transforming proteins into great food and beverages products

### PROTEIN SOURCES

<table>
<thead>
<tr>
<th>MILK BASES</th>
<th>MEAT BASES</th>
<th>PLANT BASES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fermented milk</td>
<td>Cheese</td>
<td>Dairy &amp; meat ‘alternatives’</td>
</tr>
<tr>
<td>Fermented meat</td>
<td>Other meats &amp; fish</td>
<td>Ready-to-eat salads</td>
</tr>
<tr>
<td>Fermented meat</td>
<td>Other meats &amp; fish</td>
<td>Fermented beverages</td>
</tr>
</tbody>
</table>

### MICROBIAL SOLUTIONS

- **FERMENTATION** for texture, taste, other (e.g. sugar reduction)
- **BIOPROTECTION** for shelf life extension, clean labelling and food safety
- **PROBIOTICS** for gut health, immunity, novel indication areas
- **ENZYMES** for coagulation, lactose reduction, productivity (e.g. yield)

With our microbial expertise we cater to consumer demand for safe, tasty, healthy and sustainable foods and beverages
We are the preferred partner
for strategic value-added ingredients

LOW COST – HIGH STRATEGIC VALUE

1-5% of cost depending on complexity of product recipe

Strategic value e.g. quality, productivity, sustainability

“ Innovative, high quality products that are always delivered on time with incredible customer service and technical support – that’s what I think about when I hear the name Chr. Hansen.”

Quote from 2020 customer survey

HIGH CUSTOMER SATISFACTION AND LOYALTY

Net promotor score

<table>
<thead>
<tr>
<th>Year</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>54%</td>
</tr>
<tr>
<td>2018</td>
<td>62%</td>
</tr>
<tr>
<td>2020</td>
<td>70%</td>
</tr>
</tbody>
</table>
Creating value with customers is essential
by supporting our customers in driving efficiencies and making their products stand out from competition

We have product solutions for both driving efficiencies and product differentiation

<table>
<thead>
<tr>
<th>Product</th>
<th>Benefit</th>
<th>Saving in % of COGS¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>YIELDMAX®</td>
<td>Yield improvement</td>
<td>1-1.5%</td>
</tr>
<tr>
<td>CHY-MAX® Supreme</td>
<td>Yield improvement</td>
<td>1-1.5%</td>
</tr>
<tr>
<td>ACIDIFIX®</td>
<td>Savings on protein</td>
<td>2-3%</td>
</tr>
<tr>
<td>YOFLEX® Premium</td>
<td>Protein savings due to better texture</td>
<td>~1%</td>
</tr>
<tr>
<td>SWEETY®</td>
<td>Sugar saving</td>
<td>~0.5%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Yogurt example</th>
<th>Regular</th>
<th>Lactose-free</th>
<th>Probiotic</th>
<th>Lactose-free clean-label probiotic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail price per liter</td>
<td>~1 EUR</td>
<td>~2.5 EUR</td>
<td>3 EUR</td>
<td>&gt;3 EUR</td>
</tr>
<tr>
<td>Number of Chr. Hansen products included (illustrative)</td>
<td>DVS®</td>
<td>DVS® NOLA® Fit</td>
<td>DVS® LGG®</td>
<td>DVS® NOLA® Fit LGG® FRESHQ®</td>
</tr>
</tbody>
</table>

¹ Management estimates. Examples for illustrations, may differ depending on product type and production.
2025 Strategy: Reinvesting in the core and developing new growth areas to support 5-7% organic growth during the strategy period

EXISTING CUSTOMERS/ MARKETS

NEW

EXISTING

TECHNOLOGIES

Innovation and upselling in core 2-3%

Expansion into new growth areas ~1%

Market growth, pricing and market share 2-3%

Further conversion of dairies <1%
Dairy: Fundamental market growth driven by emerging markets

Past growth 2015-19 CAGR
~2-3%

Current growth 2020-21 CAGR
~0-1%

Future growth 2022-25 CAGR
~1-2%

Past growth 2015-19 CAGR
~4-5%

Current growth 2020-21 CAGR
~0-1%

Future growth 2022-25 CAGR
~2-2.5%

Current conversion: ~55% (potential: 75%)

Current conversion: ~80% (potential: 90%)

Source: IDF, GIRA, management estimates.

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We will build on our strength in emerging markets by protecting and further expanding our local presence and go-to-market.

Most significant emerging industrial dairy markets worldwide still offer significant volume growth upside.

### Industrially processed milk in tons

- **2-10m**
- **>10m**

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>RETAIL YOGURT CONSUMPTION In kg per capita (2019)</th>
<th>INDUSTRIALLY PROCESSED MILK In million tons (2018)</th>
<th>UNDELIVERED NON-INDUSTRIAL MILK In million tons (2018)</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>1</td>
<td>50</td>
<td>~140</td>
</tr>
<tr>
<td>China</td>
<td>7</td>
<td>30</td>
<td>5-7</td>
</tr>
<tr>
<td>Brazil</td>
<td>6</td>
<td>25</td>
<td>10</td>
</tr>
<tr>
<td>Argentina</td>
<td>7</td>
<td>10</td>
<td>&lt;1</td>
</tr>
<tr>
<td>Mexico</td>
<td>6</td>
<td>10</td>
<td>1-2</td>
</tr>
<tr>
<td>Turkey</td>
<td>27</td>
<td>10</td>
<td>10</td>
</tr>
</tbody>
</table>

**INITIATIVES TO FURTHER STRENGTHEN POSITION IN EMERGING MARKETS:**

- Targeted product development
- Local application
- Strengthen go-to-market

Source: FAOSTAT, Euromonitor, IDF, national statistics, IFCN, other news search, management estimates.
Global COVID-19 pandemic does not change business fundamentals
Addressing short-term headwinds from lower market growth and COVID-19 restrictions while capturing new opportunities in probiotics

ACCELERATING INVESTMENTS IN PROBIOTICS
NEW WAYS OF ENGAGING WITH CUSTOMERS DIGITALLY
PROMOTING PRODUCTS THAT DRIVE YIELD & COST SAVINGS
COST DISCIPLINE & PRUDENT RESOURCE ALLOCATION
Bioprotection: We continue our journey
by driving new product development and expanding our application capabilities outside dairy

ACHIEVEMENTS TO DATE

- Proven technology with strong IP protection ✓
- Accepted by customers ✓
- On trend with consumer trends ✓
- Attracting new customer groups outside core ✓
- Expansion into emerging markets ✓
- Labelling regulation ×
- Performance in APAC ×

ROADMAP UNTIL 2024/25

- Further increase penetration and expand customer base
- Accelerate new product development
- Speed up advocacy efforts in EU to get clarity on labelling
- Build application know-how in new areas

VISION

LIGHTHOUSE: Bioprotection

- EUR 1bn long-term potential in core applications (dairy, meat)
- EUR 200m addressable market in 2025
Fermented Plant Bases: New emerging lighthouse captures trend towards alternative protein sources and healthier beverage choices

GROWTH DRIVERS

- Changing consumer preferences with focus on health and more sustainable consumption
- Government and NGO support driven by global climate agenda and increasing protein demand
- Improving product quality, availability and pricing

NEW LIGHTHOUSE: Fermented Plant Bases

- EUR >100m long-term potential
- EUR <100m addressable market in 2025

ACCELERATE

- ‘FERMENTED MILK’ ALTERNATIVES
  Solutions for spoonable and drinkable formats

EXPLORE

- ‘MEAT’ ALTERNATIVES
- ‘CHEESE’ ALTERNATIVES
With our distinct capabilities and leading competitive positions we are extremely well positioned.
Our customer centric commercial model forms a competitive advantage providing unique value to customers as well as internal effective utilization of resources and sharp priorities

MORE LOCAL, SPECIALIZED AND DIRECT SALES FORCE VS. COMPETITION

- Deep and longstanding customer relations

  - Direct and focused sales force
  - Experienced sales force with ~8 years of average tenure
  - 95% of sales force holding technical master degrees
  - Green belt six sigma certified for “trial excellence”

TECHNICAL EXPERTISE AND LABORATORIES LOCATED CLOSE TO CUSTOMERS

- World class technical and application support

  - State of the art laboratories strategically located around the world manned by experts
  - Fast mobilization of technical expertise and testing close to customer sites
  - Fast activation of global application experts

DIGITAL SERVICE OFFERING TO CUSTOMERS

- Seamless data interactions with augmented services

  - Web-portal for order management and documentation
  - Scale expertise and leverage data to develop value-adding services like Coagusens® or Phagewatch®
  - Effective data and knowledge sharing within Chr. Hansen

ONE GLOBAL COMMERCIAL COLLABORATION PLATFORM

- Working effective as one team across value chain

  - Same roles, concepts, tools and training across the world resulting in one joint vocabulary
  - Effective innovation process from opportunity-to-launch
  - Efficient activation of global experts around the world
  - Effective knowledge sharing, decision making and performance management
Key messages

Food Cultures & Enzymes operates in an attractive space and is well positioned to continue to outgrow its underlying markets.

Dairy and meat remain a strategic priority and we will invest more in fueling innovation and application resources while continuing to drive efficiencies.

Our fermentation expertise and technology platform is not limited to dairy! Fermented plant bases, bioprotection and probiotics offer attractive growth prospects.
Leveraging the power of good bacteria for health and sustainable agriculture

Christian Barker
EVP Health & Nutrition
Key messages

Health & Nutrition is uniquely positioned to contribute to the global health agenda and more sustainable agriculture.

We will deliver organic growth above market levels by driving adoption of microbial solutions through a broader market presence and product offering.

While organic growth remains our number one priority, we will continue to assess focused acquisitions to strengthen our technology platform and build scale.
Health & Nutrition holds leading positions in attractive markets across health & well-being, animal and crop farming

COMPETITIVE STRENGTHS
- Microbial pureplay
- Leading market positions
- Industry leading product portfolio backed by strong science
- World class manufacturing and highest quality standards

WHERE WE ARE DIFFERENT FROM FOOD CULTURES & ENZYMES
- Lower penetration rates
- More partnership and inorganic opportunities
- Higher customer concentration
- Exposure to commodity prices
- More diverse competitive landscape
- Long registration timelines


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Health & Nutrition markets estimated to grow ~7% through 2025 supported by megatrends and ample headroom to further drive adoption of microbial solutions.

<table>
<thead>
<tr>
<th>HUMAN HEALTH</th>
<th>ANIMAL HEALTH</th>
<th>PLANT HEALTH</th>
<th>BACTHERA (50/50 JV WITH LONZA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated market growth</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015-19</td>
<td>2022-25</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10%</td>
<td>5-7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015-19</td>
<td>2022-25</td>
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<tr>
<td>7-8%</td>
<td>7-8%</td>
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<td></td>
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<tr>
<td>2015-19</td>
<td>2022-25</td>
<td></td>
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<tr>
<td>15-18%</td>
<td>15-18%</td>
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<tr>
<td>Attractive market growth driven by megatrends</td>
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</tbody>
</table>

Current penetration rates of microbial solutions

| Today |
| 5-15% |

1 Management estimates.

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**Global COVID-19 pandemic does not change business fundamentals**

Different implications across businesses with negative short-term impact on AH and PH but underlying drivers intact

<table>
<thead>
<tr>
<th><strong>HUMAN HEALTH</strong></th>
<th><strong>ANIMAL HEALTH</strong></th>
<th><strong>PLANT HEALTH</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Long-term</strong></td>
<td><strong>Short-term</strong></td>
<td><strong>Need for more diverse toolbox and alternatives to chemical pesticides</strong></td>
</tr>
<tr>
<td>• Increased consumer interest in immune solutions</td>
<td>• Reduced household economics put downward pressure on consumption in some markets</td>
<td>• Potential product registration delays</td>
</tr>
<tr>
<td></td>
<td>• Increased consumer interest in immune solutions</td>
<td>• Low commodity prices (incl. oil) force farmers to prioritize and potentially rationalize new technologies</td>
</tr>
<tr>
<td></td>
<td>• Continued push from consumers and regulators for less antibiotic usage in livestock production</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Packing plant closures led to animal protein price volatility</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Temporary decline in meat consumption, channel shift and consumer preference changes</td>
<td></td>
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</tbody>
</table>
2025 Strategy: Three businesses with different strategies
Reinvesting in core platforms Human and Animal Health while advancing our Plant Health lighthouse

**Human Health:** Shape the global probiotics market through scientific leadership and expansion into new customer groups and segments

**Animal Health:** Increase market presence and drive science differentiation, contributing to reduced usage of antibiotics in livestock production while developing new business in pet probiotics

**Plant Health:** Roll out pipeline and drive diversification geographically and on crop level for more sustainable crop farming

### ABSOLUTE GROWTH DRIVERS UNTIL 2024/25

<table>
<thead>
<tr>
<th>Year</th>
<th>Human</th>
<th>Animal</th>
<th>Plant</th>
<th>2024/25</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018/19</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2024/25</td>
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<td></td>
<td>+M&amp;A?</td>
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Human Health: Probiotics market remains attractive with strong predicted future growth and untapped opportunities

**HUMAN HEALTH MARKETS ESTIMATED TO GROW 5-7%**
Probiotics market forecast by ingredient value, in EUR

**CHANGING MARKET DYNAMICS OPEN UP NEW OPPORTUNITIES**

- Rising consumer interest in probiotics and human microbiome driven by health awareness and better access to information
- Very high future growth opportunities in APAC
- Increasing opportunities within indication beyond gut health and growing multi-species segment
- Speed and agility crucial to serve growing online channel and e-commerce players
- Regulatory complexity and undocumented products continue to cause consumer confusion

**5-7% CAGR FY21-25**
~1bn
Infant formula
Dietary supplements
~1.3bn
Est. CAGR 2019-2025
~10%
~4-6%

**HUMAN HEALTH MARKETS ESTIMATED TO GROW 5-7%**
Probiotics market forecast by ingredient value, in EUR

**5-7% CAGR FY21-25**
~1bn
Infant formula
Dietary supplements
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Est. CAGR 2019-2025
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~1bn
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~4-6%

**HUMAN HEALTH MARKETS ESTIMATED TO GROW 5-7%**
Probiotics market forecast by ingredient value, in EUR

**5-7% CAGR FY21-25**
~1bn
Infant formula
Dietary supplements
~1.3bn
Est. CAGR 2019-2025
~10%
~4-6%

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**5-7% CAGR FY21-25**
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Dietary supplements
~1.3bn
Est. CAGR 2019-2025
~10%
~4-6%

Sources: BCG, Euromonitor, management estimates.

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We will shape the global probiotics markets for the future through scientific leadership and expansion into new customer groups and market segments.

**Where to play**
- Gut health
- Immune health
- Women’s health
- Infant & young children
- Novel indication areas

**How to win**
1. Expand position across all life stages, more indication types, and new product formats leveraging recent acquisitions.
2. Continue to build science and invest in clinical trials, documentation & marketing.
3. Build on strength in fast-growing Asian market.
Extend our position with an unparalleled offering in supplements bolstered by the recent acquisitions of UAS Labs and HSO Health Care.

INDUSTRY-LEADING PRODUCT OFFERING FOR A WIDE RANGE OF INDICATION AREAS, LIFE STAGES AND A BROADER CUSTOMER BASE

Gut health

- BB-12
- LA-5
- DDS-1

Immune health

- LGG®
- L.CASEI 431®
- DDS-1

Women’s health

- UREX®
- ASTARTE

Infant & young children

- BB-12
- LA-5
- DDS-1
- PPLP 247®

Novel indication areas

- Skin care F-10®
- Oral care LGG®
- Sports nutrition PCC®
- Weight management
- Health health
- Spore forming

WITH THE ACQUISITIONS OUR INTERNAL CAPABILITIES COVER THE ENTIRE VALUE CHAIN FROM STRAIN TO SOLUTION

Innovation

- Strain safety and characterization
- Clinical trials and documentation
- Mode of action and microbiome research

Product development

- Strain selection
- Formulation and dosage forms
- Product grade

Manufacturing

- State-of-the-art fermentation facilities
- In-house finished goods manufacturing

Services

- Global regulatory and legal support
- Customer insights and marketing
- Health care professional education

43

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We will continue to invest in science and documentation and engage with key opinion leaders and health care professionals.

Our strains are the best documented in the world and we continue to invest in science and documentation.

The Probiotic Institute² launched to educate health care professionals and consumers on the benefits of probiotics.

Number of hits by strain name¹

<table>
<thead>
<tr>
<th>Strain</th>
<th>Hits</th>
</tr>
</thead>
<tbody>
<tr>
<td>LGG®</td>
<td>700</td>
</tr>
<tr>
<td>BB-12®</td>
<td>300</td>
</tr>
<tr>
<td>LA-5®</td>
<td>200</td>
</tr>
<tr>
<td>GR-1®</td>
<td>100</td>
</tr>
<tr>
<td>RC-14®</td>
<td>1</td>
</tr>
</tbody>
</table>

¹ Source: PubMed.
² Disclaimer: The Probiotic Institute is an online platform from Chr. Hansen’s US subsidiary Chr. Hansen Inc. And is intended for U.S. audiences only.
Bacthera: Pioneering live biotherapeutics through JV with Lonza
Helping customers to bring life-changing treatments to patients

RAPIDLY EMERGING MARKET FOR LIVE BIOThERAPEUTICS

+100 THERAPIES TARGETING MICROBIOME IN DEVELOPMENT

- Depression, Alzheimer’s, Parkinson’s
- Psoriasis, acne, atopic dermatitis
- Crohn’s disease, IBD, C. diff. infection
- Urinary infection, fertility issues
- Cancer (with immunotherapy), diabetes, obesity, allergy

PROGRESSING WELL WITH OUR LIGHTHOUSE

LIGHTHOUSE: Bacthera
EUR >1bn
long-term potential
EUR 150-200m addressable market in 2025 (clinical trial only)

Achievements
- Organization established (+50 FTEs)
- Management team in place
- First customer contracts signed; strong pipeline
- Supply chain build-out progressing well

Next steps
- Complete first phase of investments by end of Q1 FY21 (EUR 90m in total FY20-22 split between CHR and Lonza)
- First revenue in FY20
- Largely self-funding after FY22

Depression, Alzheimer’s, Parkinson’s
Psoriasis, acne, atopic dermatitis
Crohn’s disease, IBD, C. diff. infection
Urinary infection, fertility issues
Cancer (with immunotherapy), diabetes, obesity, allergy
Animal Health: Increase market presence & scientific differentiation contributing to reduced usage of antibiotics in livestock production while expanding into pet products.

**Where to play**

- Cattle & Silage
- Swine
- Poultry
- New: Pet

**How to win**

- Increase market presence and strengthen value of local sales partners across the world
- Strengthen scientific differentiation through continued research & trials
- Further roll-out product portfolio globally and commercialize new innovations
We continue to expand our market presence working with partners and direct accounts and rolling our products out globally.

EXPANDING OUTSIDE OF NORTH AMERICA
Animal Health revenue vs. global meat and dairy production volumes by regions¹

GLOBAL ROLL-OUT OF PRODUCT PORTFOLIO
Example: Countries with (expected) registrations for GALLIPRO® Fit

1 FAOSTAT (2018).

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Capturing growth in pet health
First pet probiotic developed in 2019

THE PET FOOD MARKET IS GROWING WITH PREMIUM LEADING THE WAY

+30% Increase in annual pet food household spending in US 2007-17

+7% Growth in premium pet food 2020-25 CAGR

PRODUCT TRENDS SUPPORT THE ADOPTION OF PROBIOTICS IN PET FOOD

Shift to premium and super-premium products

‘Pet parents’ follow human nutrition trends

Pet food retail market by segment (2018)

- Premium
- Mid-priced
- Economy

Limited current adoption of probiotics in premium pet food

Sources: Nielsen Company, Lightspeed & Mintel; Euromonitor.
Plant Health: Roll out pipeline and drive diversification geographically and on crop level to enable more sustainable farming

Where to play

LIGHHOUSE: Plant Health
EUR >1bn long-term potential
EUR 400m addressable market in 2025

How to win

Penetrate soy and sugarcane in LATAM and advance current products in new markets including US

Register and launch FMC Alliance pipeline globally

Develop new partnerships globally
We have a strong product pipeline and will be launching several new products over the coming years.

**TARGET CROPS**

*In-furrow applications:*
- Sugarcane
- Coffee
- Fruits & vegetables

*Seed coating:*
- Soy
- Corn
- Beans
- Cotton

**PRODUCT PIPELINE**

- **QUARTZO®**
  - Drive penetration in sugarcane in Brazil and expand in LATAM

- **ACCUDO®**
  - Biostimulant recently launched in South Korea; awaiting EU registration (FY21)

- **First biofungicide**
  - First biofungicide to be launched (FY21)
  - Further products in development and registration

- **PRESENCE®**
  - Drive penetration in soy in Brazil and expand in LATAM

- **AVODIGEN®**
  - Drive adoption in North America and register for other geographies
  - Further products in development and registration
We will continue to assess acquisitions to strengthen our technology platform and build scale, but organic growth remains number one priority.

- Clear focus on synergistic microbial and fermentation-based technologies
- Strengthen technology platform or market access in attractive segments across Human, Animal or Plant Health
- Continue strong value creation track record and maintain financial discipline

<table>
<thead>
<tr>
<th>PAST</th>
<th>CURRENT</th>
<th>FUTURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016 NPC</td>
<td>2017 LGG®</td>
<td>2020 HSO Health Care, UAS Labs</td>
</tr>
</tbody>
</table>

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Key messages

Health & Nutrition is uniquely positioned to contribute to the global health agenda and more sustainable agriculture.

We will deliver organic growth above market levels by driving adoption of microbial solutions through a broader market presence and product offering.

While organic growth remains our number one priority, we will continue to assess focused acquisitions to strengthen our technology platform and build scale.
Accelerating microbial innovations

Thomas Schäfer
Chief Scientific Officer
**Key messages**

- Our Microbial Platform is unique and fully aligned with megatrends. It provides a strong competitive edge and we will continue to develop it.

- Under our 2025 Strategy we will accelerate commercialization of new products with a sustainable impact while driving efficiency gains in R&D and production.

- We have a well-balanced R&D pipeline that reflects continued investments to grow the core while unleashing the full potential of our lighthouses.
Microbial powerhouse with leading capabilities across R&D value chain
supporting Food Cultures & Enzymes, Health & Nutrition and Global Operations

From genotype…
  ...to phenotype

From strain…
  ...to culture

From culture…
  ...to product

From sample size…
  ...to industrial scale

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Working closely across R&D and Application ensures fast development close to customer needs

STRONG INTERPLAY BETWEEN R&D AND APPLICATION

<table>
<thead>
<tr>
<th>DISCOVERY</th>
<th>CULTURES DEVELOPMENT</th>
<th>ANALYTICAL SOLUTIONS</th>
<th>PROCESS DEVELOPMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fermented milk, cheese and meat applications</td>
<td></td>
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<tr>
<td>Fermented beverage applications</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dietary supplement and infant formula applications</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Animal feed applications</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plant applications</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Research & development expertise

THREE R&D HUBS AND GLOBAL NETWORK OF APPLICATION CENTRES

1 New application center or further expansion/investments during strategy period.
Competitive advantages
as a specialized leading microbial player with longstanding experience

Expertise & customer insights
Unrivalled capabilities across the entire R&D value chain and unique customer insights thanks to customer proximity and long-lasting relationships

Culture collection
Generating commercial value from a constantly growing collection of ~40k strains

Masters of complexity
Handling microbial diversity with more than 400 strains produced at industrial scale

Innovating in core & new areas
Innovating in the core after more than 145 years of working with microbes while translating and applying know-how to expand into new applications

Diverse & highly engaged teams
With +30 nationalities and 54% women in managerial roles; high engagement record

Strong network of partners
No ‘not invented here’ mentality working with academia and business partners
In R&D we have three main strategic priorities

- New governance set-up for faster decision-making and resourcing of critical projects
- Digitize internal core processes and simplify complexity of workflows (e.g. ‘idea to sales’)
- Miniaturization and automatization of experiments for more rapid prototyping
- Foster mindset of agility and project culture

- Process innovations to improve existing production processes in terms of yield, capacity, cost & quality
- Drive digitalization to link R&D and large-scale production processes for faster scale-up and ‘first-time-right’
- Further invest in technology center in India

- Continuous improvements of existing technology base (e.g. analytics, microbial physiology, strain improvement)
- Develop newly defined technology target areas:
  - Data empowered R&D
  - Modes of interactions
  - Molecular toolbox, e.g. genome editing for faster prototyping
- Extend partnerships with external centers of expertise
**Strong and well-balanced R&D pipeline**
across core businesses and lighthouses to drive growth during strategy period until 2025 and beyond

<table>
<thead>
<tr>
<th>DAIRY &amp; MEAT</th>
<th><strong>Short-term</strong></th>
<th><strong>Mid- to long-term</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>PROBIOTICS</td>
<td>Maintain lead in core range e.g. next generation dairy enzymes, sugar reduction</td>
<td>Probiotic solutions for new food applications (beyond traditional yogurt)</td>
</tr>
<tr>
<td>BIOPROTECTION</td>
<td>Fermented plant bases</td>
<td>3rd gen fermented milk</td>
</tr>
<tr>
<td>FERMENTED PLANT BASES</td>
<td>Yogurt alternatives</td>
<td>Non-alcoholic beer</td>
</tr>
<tr>
<td>HUMAN HEALTH</td>
<td>New strains for infant and dietary supplements</td>
<td></td>
</tr>
<tr>
<td>ANIMAL HEALTH</td>
<td>Pet health</td>
<td>Next generation probiotic strains for swine and cattle</td>
</tr>
<tr>
<td>PLANT HEALTH</td>
<td>New biostimulant/biofungicide</td>
<td>Next generation bionematicides</td>
</tr>
</tbody>
</table>
Full focus on accelerating commercialization of new innovations with a sustainable impact

- 75% of R&D resources dedicated towards new product development
- 100+ projects in R&D pipeline all contributing to sustainable development goals 2, 3 and 12
- 75% of R&D pipeline value in 2024/25 related to core businesses
Key messages

Our Microbial Platform is unique and fully aligned with megatrends. It provides a strong competitive edge and we will continue to develop it.

Under our 2025 Strategy we will accelerate commercialization of new products with a sustainable impact while driving efficiency gains in R&D and production.

We have a well-balanced R&D pipeline that reflects continued investments to grow the core while unleashing the full potential of our lighthouses.
Driving scalability and operational efficiencies

Torsten Steenholt
EVP Global Operations
Key messages

Scale in production and ambitious efficiency program incl. robotics, automation and sustainability to deliver continued gross margin expansion.

Phasing of major capex projects due to efficiency gains, synergies from the integration of UAS Labs and updated volume projections.

Product quality and on-time delivery to customers is a key competitive advantage for Chr. Hansen, and takes precedence over anything.
One plant – many locations
Global Operations has around 1,500 employees across 12 production sites

USA
- West Allis/New Berlin: Animal Health, Food Cultures, Enzymes
- Madison/Wausau: Human Health (UAS Labs)

~1,000 employees

GERMANY
- Nienburg: Animal Health, Plant Health, Enzymes
- Pohlheim: Meat Cultures, Animal Health

FRANCE
- Arpajon: Food Cultures

BRAZIL
- Valinhos: Animal Health, Plant Health, Enzymes

CZECH REPUBLIC
- Hustopece: Animal Health

+ 20 DISTRIBUTION CENTERS WORLDWIDE

DENMARK
- Copenhagen: Food Cultures, Human Health
- Roskilde: Human Health
- Graasten: Enzymes

~400 employees

~<50 employees
Competitive advantages
Proven ability to deliver high quality products at expanding margins

- **Cost leadership**: Driving economies of scale through capacity utilization and continuous improvements
- **Masters of complexity**: Producing more than 400 strains and 2,200 finished products
- **Robustness**: Best-in-class delivery performance, quality and supply security
- **Commercialization**: Fast upscaling of new innovations
- **Automation**: State-of-the-art manufacturing using highly specialized robotics and automation across our footprint
- **Partnering for advantage**: Working with network of strategic partners for optimal supply chain
Two main strategic priorities in Global Operations

SECURING QUALITY AND BEST-IN-CLASS DELIVERY TO CUSTOMERS

• Secure production capacity for organic growth
• Lead the industry in quality & delivery performance
• Further advance plant specialization while maintaining flexibility
• Fast implementation of new products into scalable manufacturing
• Investments in sustainability initiatives to also drive efficiency

IMPROVING YIELD AND PRODUCTIVITY FROM SCALABILITY

• Lower unit cost and reduce capex spend as % of sales
• Drive process innovations together with R&D
• Leverage digitalization, robotics and automatization
• Advance sustainability initiatives to support cost savings
• Integrate recent acquisitions to unleash production synergies
Securing production capacity for organic growth while realizing optimization initiatives and synergies from UAS Labs integration

MOST OF OUR CAPEX PROJECTS ARE CENTERED AROUND BUILDING CAPACITY

Illustrative based on capex spend in the last 5 fiscal years

![Diagram showing the distribution of capex projects]

UAS LABS ACQUISITION AND PRODUCTION OPTIMIZATION ALLOW FOR PHASING OF CAPEX PROJECTS TO BEYOND THE STRATEGY PERIOD

<table>
<thead>
<tr>
<th>Selection of large capex projects</th>
<th>Expected completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capacity upgrade, Roskilde</td>
<td>2021/22</td>
</tr>
<tr>
<td>Freeze dried &amp; powder packaging, Copenhagen</td>
<td>2022/23</td>
</tr>
<tr>
<td>Additional fermentation capacity upgrades, US</td>
<td>2022/23</td>
</tr>
<tr>
<td>Additional fermentation capacity upgrades, Germany</td>
<td>2024/25</td>
</tr>
<tr>
<td>Innovation campus incl. application center &amp; new pilot plant, Denmark</td>
<td>2022/23</td>
</tr>
<tr>
<td>Next large-scale dairy expansion</td>
<td>After 2024/25</td>
</tr>
</tbody>
</table>

Postponements of capex due to UAS Labs acquisition:

- Expansion of Human Health facility, Roskilde
- Dairy alternatives production
We commit to further reducing our environmental footprint through targeted initiatives in the areas of renewables, circular management of bio waste and recycling.

**INITIATIVES**

- **RENEWABLE ENERGY**
  - Use electricity from renewable sources for all global operations
  - 40% for 2018/19, 100% for 2024/25

- **CIRCULAR MANAGEMENT OF BIO WASTE**
  - Recycle or reuse biowaste generated from our operations
  - 69% for 2018/19, 100% for 2024/25

- **KEY PACKAGING MATERIALS RECYCLABLE**
  - Deliver all products with recyclable packaging materials
  - 67% for 2018/19, 100% for 2024/25

**SCIENCE-BASED TARGETS INITIATIVE JOINED COMMITTING TO LIMIT GLOBAL TEMPERATURE RISE TO 1.5 DEGREES**
Scale in production & efficiency program
to deliver continued gross margin expansion

Operational efficiencies driven by process innovation and economies of scale

COST OF MICROBIAL PRODUCTION
% of revenue (illustrative)

Global Operations will continue to deliver significant cost savings
We continue to drive operational efficiencies through ambitious efficiency programs across LEAN, process innovations and digitalization

EXAMPLES OF EFFICIENCY INITIATIVES

**FERMENTATION YIELDS**
Increasing fermentation yield of Animal and Plant Health production strains via fed-batch process

**DOWNSTREAM OPTIMIZATION**
Optimizing separation techniques to reduce energy consumption and increase yields

**ROBOTS AND AUTOMATION**
Reduce repetitive workload and manning e.g. via intelligent internal transportation system

**HARMONIZED PACKAGING**
Harmonized packaging format designed for higher quality, improved efficiency and more scalable operations

**FREIGHT EFFICIENCIES**
Optimize place of production and global transport contracts

**BENEFIT-DRIVEN DIGITALIZATION**
Internet-of-Things for live production data on mobile devices supporting performance culture
Key messages

Scale in production and ambitious efficiency program incl. robotics, automation and sustainability to deliver continued gross margin expansion.

Phasing of major capex projects due to efficiency gains, synergies from the integration of UAS Labs and updated volume projections.

Product quality and on-time delivery to customers is a key competitive advantage for Chr. Hansen, and takes precedence over anything.
Continued value creation through profitable growth

Søren Westh Lonning
Chief Financial Officer
Key messages

Ambitious agenda towards 2025 across all key financial metrics.

Underlying expansion in EBIT margin b.s.i. before portfolio changes and FX, as efficiencies and synergies will fuel strategic investments.

Strong cash generation remains a priority with growth in free cash flow expected to outgrow absolute EBIT growth.
Strong track record of delivering profitable growth and cash generation

**ORGANIC GROWTH**
- 9% CAGR from 2012/13-2018/19
- 8% CAGR since last CMD (Guidance: 8-10%)

**EBIT & EBIT MARGIN B.S.I.**
- +3.5%-points from 2012/13-2018/19
- +0.7%-point since last CMD

**FREE CASH FLOW B.A.S.I.**
- FCF b.a.s.i.
- Sale-and-lease back

---

1 10% CAGR in EBIT before special items.
2 Includes EUR 68 million from sale-and-lease-back of main campus property.
We will continue to create value through profitable growth
Financial ambition until 2024/25

ORGANIC GROWTH CAGR OF MID- TO HIGH SINGLE-DIGIT maintaining preliminary ambition

UNDERLYING EXPANSION IN EBIT MARGIN B.S.I. BEFORE PORTFOLIO CHANGES AND FX

FREE CASH FLOW B.A.S.I. TO OUTGROW ABSOLUTE EBIT B.S.I.

1 From 2018/19.
Organic growth expected to be mid- to high single-digit with the core business as largest absolute driver.
Underlying EBIT margin expansion

driven by scalability, efficiencies and synergies, while investing in future growth opportunities

Underlying expansion in EBIT margin b.s.i. before portfolio changes and FX

Expansion over the period, not necessarily every year

Excludes potential portfolio choices and acquisitions

Latest FX developments imply negative impact in 2020/21

**EBIT MARGIN DRIVERS**

- **2018/19**: 29.6%
- **2024/25**: POTENTIAL NCD DIVESTMENT

**RECENT ACQUISITIONS**

**FX**

**SCALABILITY & OPERATIONAL EFFICIENCIES**

**SYNERGIES FROM ACQUISITIONS**

**LIGHTHOUSES AND STRATEGIC INVESTMENTS**
We will continue to drive scalability and efficiency in production and administrative functions, while investing in growth priorities.

**COST OF SALE % of revenue**

~4%-points improvement from 2012/13-18/19

<table>
<thead>
<tr>
<th>12/13</th>
<th>13/14</th>
<th>14/15</th>
<th>15/16</th>
<th>16/17</th>
<th>17/18</th>
<th>18/19</th>
<th>24/25</th>
</tr>
</thead>
<tbody>
<tr>
<td>47.9%</td>
<td>48.3%</td>
<td>48.0%</td>
<td>46.7%</td>
<td>45.6%</td>
<td>45.2%</td>
<td>44.0%</td>
<td></td>
</tr>
</tbody>
</table>

**SALES & MARKETING EXPENSES % of revenue**

Increased investments from 2012/13-18/19 for business development

<table>
<thead>
<tr>
<th>12/13</th>
<th>13/14</th>
<th>14/15</th>
<th>15/16</th>
<th>16/17</th>
<th>17/18</th>
<th>18/19</th>
<th>24/25</th>
</tr>
</thead>
<tbody>
<tr>
<td>13.0%</td>
<td>12.3%</td>
<td>11.8%</td>
<td>11.9%</td>
<td>12.6%</td>
<td>12.7%</td>
<td>13.7%</td>
<td></td>
</tr>
</tbody>
</table>

**ADMINISTRATIVE EXPENSES % of revenue**

+1.5%-point improvement from 2012/13-18/19

<table>
<thead>
<tr>
<th>12/13</th>
<th>13/14</th>
<th>14/15</th>
<th>15/16</th>
<th>16/17</th>
<th>17/18</th>
<th>18/19</th>
<th>24/25</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.6%</td>
<td>7.1%</td>
<td>7.1%</td>
<td>6.9%</td>
<td>6.7%</td>
<td>6.4%</td>
<td>6.1%</td>
<td></td>
</tr>
</tbody>
</table>

**R&D EXPENSES INCL. CAPITALIZATIONS % of revenue**

Increased investments from 2012/13-18/19
R&D expenditure for the Microbial Platform around 8%

<table>
<thead>
<tr>
<th>12/13</th>
<th>13/14</th>
<th>14/15</th>
<th>15/16</th>
<th>16/17</th>
<th>17/18</th>
<th>18/19</th>
<th>24/25</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.1%</td>
<td>6.1%</td>
<td>6.4%</td>
<td>7.1%</td>
<td>7.0%</td>
<td>7.3%</td>
<td>7.4%</td>
<td></td>
</tr>
</tbody>
</table>
Growth in free cash flow to exceed growth in absolute EBIT supported by strong cash generation and reduced investment needs until 2024/25

LONG-TERM FINANCIAL AMBITION UNTIL 2024/25

Average growth in free cash flow b.a.s.i. to exceed average growth in absolute EBIT b.s.i. from base year 2018/19

- FCF b.s.i.a. in 18/19 was EUR 161m (excluding EU 68m from sale-and-lease-back of main campus property)

CAPEC SPENDING % of revenue

- Future capex as a % of revenue to be reduced from peak year 18/19, partly supported by synergies from UAS Labs acquisition
- Average capex from 12/13-18/19 incl. 1-1.5% of capitalized R&D
Capital discipline to follow current allocation principles while allowing for acquisitions and deleveraging from current level

**DISTRIBUTING CASH TO SHAREHOLDERS** in EUR m

- More than **EUR 1.1 billion** paid out as dividends for 2012/13-18/19, while investing EUR 0.9 billion in acquisitions
- Dividend yield **>2%**
- Total shareholder return of **>300%**

<table>
<thead>
<tr>
<th>Year</th>
<th>Ordinary dividend</th>
<th>Extraordinary dividend</th>
<th>Share buy-back</th>
<th>Acquisitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>13/14</td>
<td>80</td>
<td>56</td>
<td>56</td>
<td></td>
</tr>
<tr>
<td>14/15</td>
<td>115</td>
<td>66</td>
<td>82</td>
<td></td>
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<tr>
<td>15/16</td>
<td>169</td>
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<td>114</td>
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<tr>
<td>18/19</td>
<td>10</td>
<td>110</td>
<td>125</td>
<td></td>
</tr>
<tr>
<td>19/20E</td>
<td>659</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**LEVERAGE RATIO** in net debt/EBITDA b.s.i.

- **2x**

- **13/14-18/19**
- **19/20E**

**CAPITAL ALLOCATION PRINCIPLES**
1. Organic growth
2. Bolt-on acquisitions
3. Ordinary dividend
4. Excess cash distribution

Ambition for leverage ratio to get back to investment grade credit rating

---

1 Measured from beginning of FY13/14 to end of July 2020.
2 The dividend proposed will depend on the Board of Directors’ assessment of factors such as business development, growth strategy, current leverage and financing needs, and there is no guarantee that an ordinary dividend will be proposed or declared in any given year.
Key messages

Ambitious agenda towards 2025 across all key financial metrics.

Underlying expansion in EBIT margin b.s.i. before portfolio changes and FX, as efficiencies and synergies will fuel strategic investments.

Strong cash generation remains a priority with growth in free cash flow expected to outgrow absolute EBIT growth.
Appendix

Additional slides for roadshow discussions
We are market and technology leaders in our core businesses

Business overview

- **CHEESE & FERMENTED MILK**
- **WINE & MEAT**
- **PROBIOTICS**
- **FERMENTED PLANT BASES**
- **BIOPROTECTION**

**FOOD CULTURES & ENZYMES**
59% of Group revenue 2018/19

**HEALTH & NUTRITION**
22%

**NATURAL COLORS**
19%

- **HUMAN HEALTH**
- **ANIMAL HEALTH**
- **PLANT HEALTH**
- **LIVE BIOTHERAPEUTICS**

**LEVERAGE**
**REVIEW**
**REINVEST**
**EXTEND**

**STRATEGY 2025**

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What makes us stand out
Market leader in attractive niche industries with unique technology platform

<table>
<thead>
<tr>
<th>INDUSTRY ATTRACTIONENESS</th>
<th>OUR COMPETITIVE EDGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defensive nature</td>
<td>Unique innovation capabilities</td>
</tr>
<tr>
<td>Strategic ingredient</td>
<td>Cost leadership through scalability</td>
</tr>
<tr>
<td>Aligned with megatrends</td>
<td>Close customer ties and high stickiness/switching costs</td>
</tr>
<tr>
<td>Consolidated industry in Food Cultures &amp; Enzymes</td>
<td>Strong purpose and performance culture</td>
</tr>
<tr>
<td>Innovation driven / low technology disruption risk</td>
<td>Contributing to United Nation’s Sustainable Development Goals</td>
</tr>
</tbody>
</table>

MARKET LEADER WITH HIGH ENTRY BARRIERS
Three complementary businesses
with strong fundamentals

FOOD CULTURES & ENZYMES
59% of Group
- Organic growth
- EBIT margin
- ROIC ex. goodwill

HEALTH & NUTRITION
22% of Group
- Organic growth
- EBIT margin
- ROIC ex. goodwill

NATURAL COLORS
19% of Group
- Organic growth
- EBIT margin
- ROIC ex. goodwill
Regionally balanced portfolio
with developed and emerging markets contributing to Group growth

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>EMEA</td>
<td>9%</td>
<td>8%</td>
<td>7%</td>
<td>3%</td>
<td>7%</td>
</tr>
<tr>
<td>NORTH AMERICA</td>
<td>9%</td>
<td>8%</td>
<td>7%</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>APAC</td>
<td>13%</td>
<td>16%</td>
<td>16%</td>
<td>4%</td>
<td>7%</td>
</tr>
<tr>
<td>LATAM</td>
<td>19%</td>
<td>17%</td>
<td>19%</td>
<td>21%</td>
<td>19%</td>
</tr>
</tbody>
</table>

Percentage of Group revenue by region 2018/19:
- EMEA: 44%
- NORTH AMERICA: 27%
- APAC: 17%
- LATAM: 12%

Percentage of Group organic growth by region 2014/15-2018/19:
- EMEA: 24%
- NORTH AMERICA: 16%
- APAC: 16%
- LATAM: 19%

Emerging Markets: ~40%
Developed Markets: ~60%
Executive compensation

closely aligned with shareholder interests; strong incentive component

SHORT TERM: ANNUAL INCENTIVE PROGRAM FOR CEO AND CFO

- Based on group financial targets and discretionary, personal goals
- Bonus is paid as 1/3 of the payout in Restricted Stock Units, and 2/3 in cash; normally accounts for 25-30% of total remuneration package
- Cap of max 50% of individual maximum in case of issuing profit warning

LONG TERM: PROGRESSIVE THREE-YEAR INCENTIVE PROGRAM

- Requires personal investment in Chr. Hansen shares to participate
- Grant value estimated (based on Black-Scholes) at 20-25% of the remuneration package
- Vest in full after three years

Matching shares per investment of one share

<table>
<thead>
<tr>
<th>Organic growth</th>
<th>EBIT</th>
<th>FCF</th>
<th>Non-financial</th>
<th>Group Financial Targets</th>
<th>Discretionary, Personal Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>40%</td>
<td>e.g. linked to sustainability, diversity</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>In % of fixed pay¹</th>
<th>Target</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>70%</td>
<td>100%</td>
</tr>
<tr>
<td>CFO/EVP</td>
<td>50%</td>
<td>71%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TSR relative to peers</th>
<th>Accumulated EBIT</th>
<th>Organic growth CAGR</th>
<th>Retention</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.5x</td>
<td>1.5x</td>
<td>1.5x</td>
<td>0.5x</td>
</tr>
</tbody>
</table>

GROUP FINANCIAL TARGETS

In % of fixed pay¹

<table>
<thead>
<tr>
<th>In % of fixed pay¹</th>
<th>Target</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>76%</td>
<td>114%</td>
</tr>
<tr>
<td>CFO/EVP</td>
<td>57%</td>
<td>86%</td>
</tr>
</tbody>
</table>
Sustainability targets
Non-financial ambition until 2024/25 at a glance

Products
Innovations with a sustainable impact

- >80% Revenue from sustainable products
- 25M Hectares covered with natural solutions
- 200M People consuming our probiotics
- 2M Tons of yogurt waste reduced

Planet
A commitment to limit global temperature rise to 1.5°C

- 1.5°C Climate commitment
- 100% Renewable energy
- 100% Circular management of biowaste
- 100% Key packaging materials recyclable

People
A diverse, engaged and safe workforce

- 100% Introduced to culture model in on-boarding
- 1:1 Female employees and women in management
- Top 25% Score in annual engagement survey
- < 1.5 Lost Time Incident (LTI) frequency
Well-positioned to continue to grow in China based on innovation and upselling despite current headwinds

**CHR. HANSEN’S CHINA STRATEGY**

| CORE                                                                 | • Defend existing business & increase share in affordable yogurt segment  
|                                                                     | • Market to grow 4-6% until 2025; muted in 2020 and 2021               |
| UP-/ CROSS-SELLING                                                  | • Promote product offering to drive efficiencies in environment of lower growth and cost pressure as well as solutions to differentiate |
| INNOVATION                                                          | • Expand share of wallet in yogurt with new concepts tailored to local market needs and consumer preferences |
| CUSTOMER BASE                                                       | • Intensify innovation and development partnership with key accounts  
|                                                                     | • Increase share with SME\(^1\) that stand for ~30% of market         |
| LOCAL PRESENCE                                                      | • Strengthen local application and commercial capabilities            |
| BEYOND YOGURT                                                       | • Build a market for cheese and dairy alternatives                   
|                                                                     | • Explore opportunities in fermented beverages and meat              |
| BEYOND CHINA                                                        | • Expand with Chinese dairies outside their home market              |

\(^1\) Small and medium-sized enterprises.
Further expanding our range of bioprotective cultures to extend shelf life and increase food safety across a number of applications

<table>
<thead>
<tr>
<th>APPLICATION</th>
<th>FERMENTED MILK</th>
<th>CHEESE</th>
<th>FERMENTED MEATS</th>
<th>OTHER MEATS &amp; FISH</th>
<th>DAIRY &amp; MEAT ALTERNATIVES</th>
<th>FRUITS &amp; VEGETABLES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value proposition</td>
<td>Extend shelf life &amp; reduce food waste</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Clean labelling &amp; food safety</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Capabilities</td>
<td>Product offering</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial/ market access</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opportunity</td>
<td>Penetration today</td>
<td>~10%</td>
<td>&lt;5%</td>
<td>~10%</td>
<td>&lt;1%</td>
<td></td>
</tr>
</tbody>
</table>
Chr. Hansen is well positioned in ‘fermented milk’ alternatives to drive innovation and capture meaningful share given unique fermentation expertise.

HIGHLY ATTRACTIVE MARKET NICHE

- A growing market
- Premium pricing
- Higher ingredient content
- Attractive cross-selling

SUCCESS FACTORS TO WIN

- Agility & speed-to-market
- Access to established players and emerging challengers (e.g. via MISTA)
- Managing complexity of different bases in application and R&D
- Innovations that improve quality or reduce cost
- Production capabilities for ‘vegan’ cultures & enzymes
Bacthera off to a strong start
First customer contracts signed, investments progressing as planned

FULL SUPPLY CHAIN OFFERING WITH TRUELY DISTINCTIVE CAPABILITIES IN DENMARK AND SWITZERLAND
Global footprint and infrastructure position us well
to serve our growing business and customer base and realize synergies

WE WILL LEVERAGE OUR GLOBAL COMMERCIAL CAPABILITIES TO ROLL OUT OUR PRODUCT OFFERING GLOBALLY....

...TO A BROADER CUSTOMER BASE IN DIFFERENT SEGMENTS, INDICATION AREAS AND CHANNELS

<table>
<thead>
<tr>
<th>Market segment</th>
<th>Multi-species</th>
<th>Single-species</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value proposition</td>
<td>Microbiome diversity</td>
<td>Specific health conditions</td>
</tr>
<tr>
<td>Indication areas</td>
<td>Gut health, immune health, women’s health, infant, novel indication areas</td>
<td></td>
</tr>
<tr>
<td>Customer groups</td>
<td>E-commerce specialists</td>
<td>FMCG/CHC</td>
</tr>
</tbody>
</table>

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1 Fast moving consumer good companies/Consumer health care companies.
Strain library
Generating commercial value from one of the industry’s largest culture collection

**MICROBIAL DIVERSITY**

- Range of similarity among *bacillus subtilis* strains
  - 82%
  - 99.9%
- Similarity between humans and mice or chimpanzees
  - 90%
  - 96%

There are sometimes more genetic material in common between a mouse and a human compared to *bacillus subtilis*

**CULTURE COLLECTION**

- Around 40,000 deposits (+8k last two years) of which 400 are produced at industrial scale
  - More than 70% is *lactic acid bacteria*
  - Continuously working on expansion via acquisitions (and isolation)
Financial calendar

October 8, 2020
Annual Report 2019/20

November 25, 2020
Annual General Meeting 2020

January 14, 2021
Interim Report Q1 2020/21

April 15, 2021
Interim Report Q2 2020/21

July 8, 2021
Interim Report Q3 2020/21

October 14, 2021
Annual Report 2020/21

November 24, 2021
Annual General Meeting 2021

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