

CHR HANSEN

Improving food & health

Chr. Hansen Holding A/S

Annual report 2009/10

Teleconference 9:30am CET



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Chr. Hansen - A bioscience based company

Cultures

- ▼ Cultures are living microorganisms which control fermentation processes in a range of food products

Enzymes

- ▼ Enzymes are proteins which catalyze naturally occurring processes
- ▼ Transforms milk to cheese

Probiotics

- ▼ Selected microorganisms recognized for their healthy properties
- ▼ Science progresses fast in this area

Natural colors

- ▼ A complete color range extracted from seeds, roots, and berries
- ▼ Natural alternative to synthetic colors

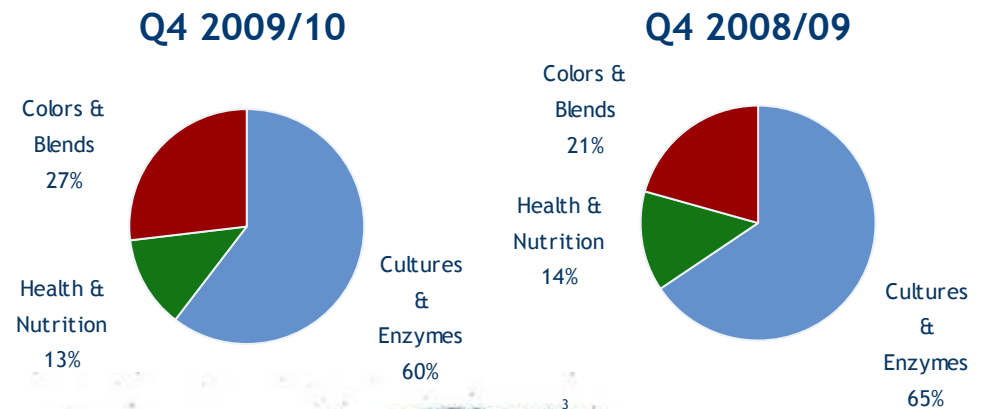


Highlights Q4 2009/10

- Revenue EUR 160 million; up 17%
- 11% Organic growth
 - High raw material costs for Carmine (+4.5%-point)
 - Effect from Euro price list in Eastern Europe countries (-2.5%-point)
- EBIT b.s.i. EUR 45 million
- EBIT margin b.s.i. 28%
- Special Items EUR -1.6 million related to reorganisation in Colors & Blends Division
- Reduced interest expenses from repayment and refinancing of debt
- Long term ambitions announced

| | Org. Growth | EBIT margin b.s.i. |
|------------|-------------|--------------------|
| Q4 2009/10 | 11% | 28% |
| Q4 2008/09 | 11% | 27% |

Revenue split by divisions





Highlights FY 2009/10

| | Org. Growth | EBIT margin b.s.i. | NWC (% of revenue) | Cap. Exp.* (% of revenue) | R/D Exp.* (% of revenue) | Tax rate | Net debt/ EBITDA |
|---------|-------------|--------------------|--------------------|---------------------------|--------------------------|----------|------------------|
| 2009/10 | 12% | 25% | 16.3% | 6.7% | 5.7% | 38% | 2.6 |
| 2008/09 | 10% | 22% | 15.2% | 5.2% | 5.8% | N/A | 5.3 |

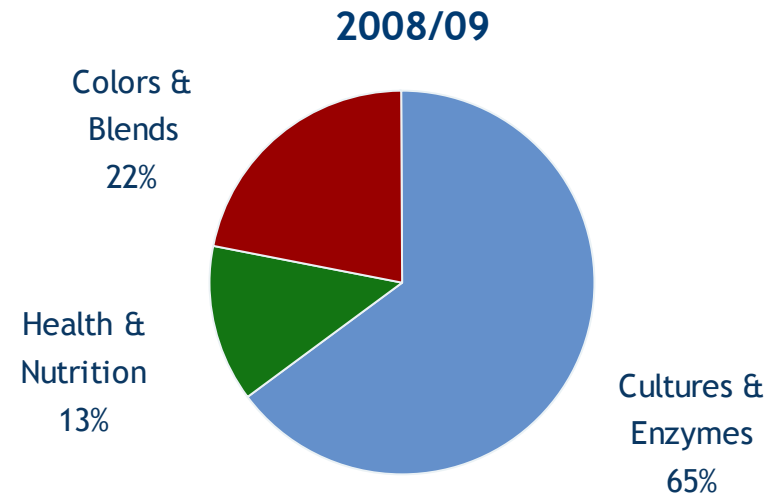
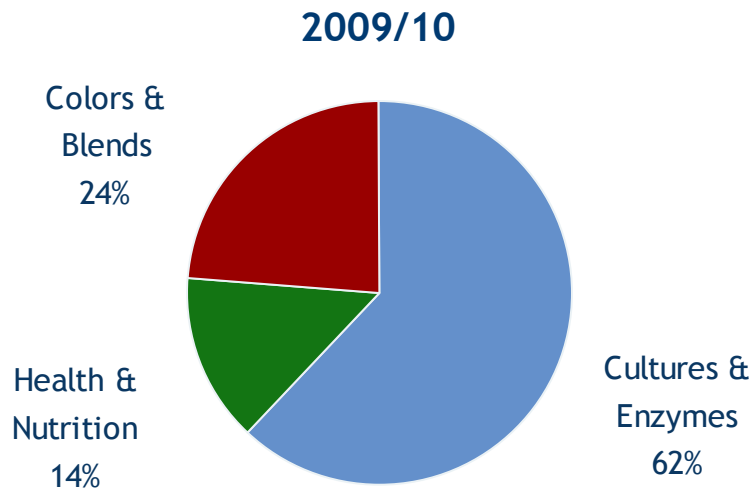
* Includes capitalised development costs

- 12% Organic growth
 - High raw material costs for Carmine (+2%-point)
- EBIT margin b.s.i. improved by 3%-point from scalable business model
- Including capitalised development costs capital expenses of EUR 39 million accounted for 6.7% of revenue
- R/D expenses amounted to EUR 33 million equal to 6% of revenue
- Net debt/EBITDA significantly down to 2.6 times due to repayment and refinancing of debt
- Dividend of DKK 0.64 per share equivalent to a payout ratio of 35%, adjusted for a capital contribution from Financière Star 1 to cover the net impact of an extraordinary bonus to all employees

Organic growth in all divisions in 2009/10...

| | | |
|--------------------|--------------------|-----------------|
| Cultures & Enzymes | Health & Nutrition | Colors & Blends |
| 6% | 14% | 29% |

Revenue split by divisions

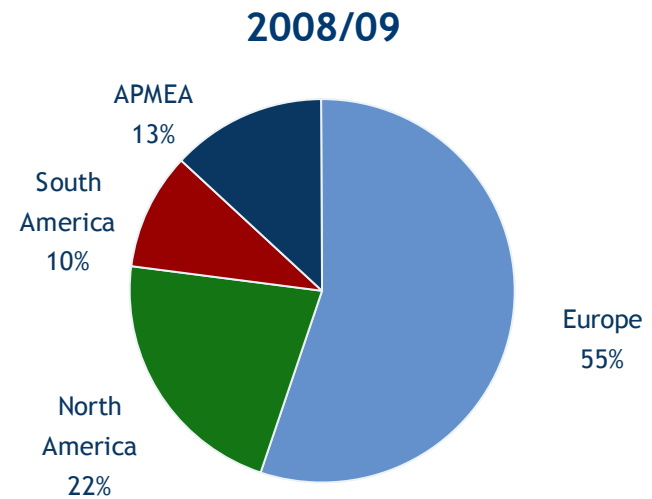
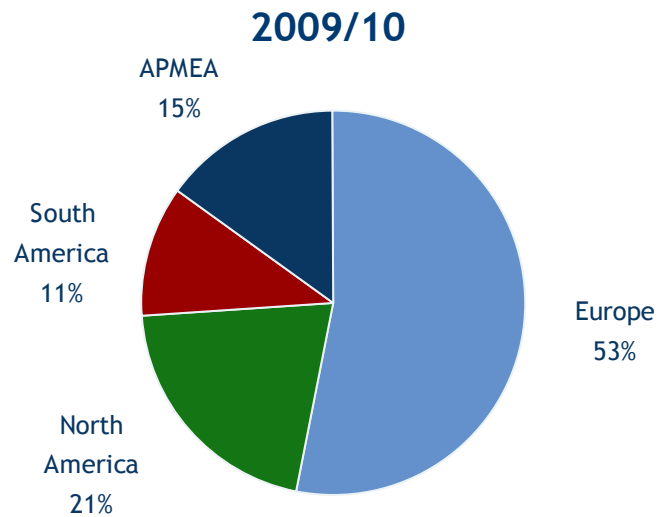


...and in all regions

| Europe | North America | South America | APMEA* |
|--------|---------------|---------------|--------|
| 10% | 10% | 14% | 24% |

*Asia, Pacific, Middle East & Africa

Revenue split by regions



Reduced interest expenses...

Profit & Loss statement

| EUR million | FY 09/10 | FY 08/09 | Index | Q4 09/10 | Q4 08/09 | Index |
|----------------|-------------|-------------|-------|-------------|-------------|-------|
| Revenue | 575.5 | 511.2 | 113 | 160.2 | 136.5 | 117 |
| Gross profit | 285.1 | 242.1 | 118 | 79.7 | 67.6 | 118 |
| EBITDA b.s.i. | 186.1 | 154.8 | 120 | 56.2 | 48.0 | 117 |
| EBIT b.s.i. | 143.3 | 113.9 | 126 | 44.9 | 36.8 | 122 |
| EBIT | 119.1 | 109.4 | 109 | 43.3 | 37.5 | 115 |
| Net financials | (67.0) | (106.5) | 63 | (4.8) | (10.1) | 48 |
| Tax | (32.4) | (18.9) | 171 | (11.0) | (9.4) | 117 |
| Net profit | 19.2 | (18.4) | N/A | 27.4 | 18.2 | 151 |

Key figures

| | | | | |
|---------------------------|-----|-----|-----|-----|
| Organic revenue growth, % | 12% | 10% | 11% | 11% |
| Gross margin, % | 50% | 47% | 50% | 50% |
| EBIT b.s.i. margin, % | 25% | 22% | 28% | 27% |
| EBIT margin, % | 21% | 21% | 27% | 28% |

...from strong decline in net interest-bearing debt

Balance sheet and cash flow

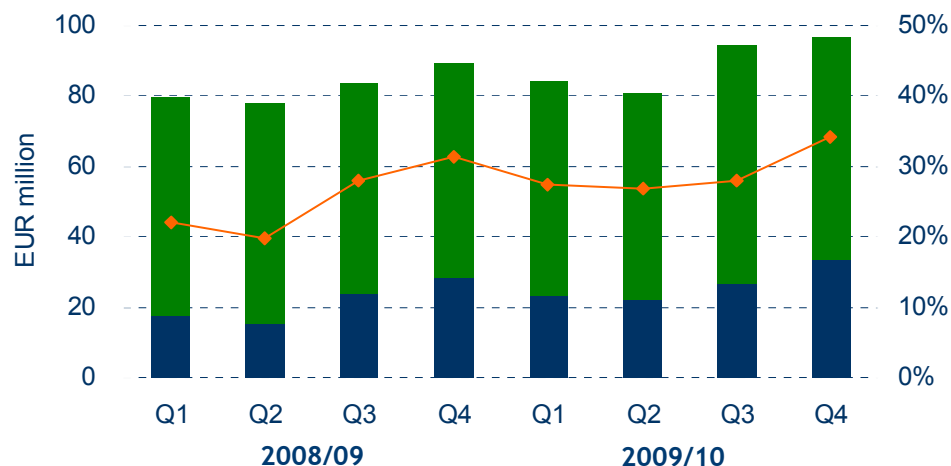
| EUR million | FY 09/10 | FY 08/09 | Index | Q4 09/10 | Q4 08/09 | Index |
|-------------------------------------|-------------|-------------|-------|-------------|-------------|-------|
| Financial position | | | | | | |
| Total assets | 1,316.3 | 1,278.6 | 103 | | | |
| Equity, excl. minorities | 542.0 | 91.0 | 596 | | | |
| Net working capital | 93.6 | 77.8 | 120 | | | |
| Net interest-bearing debt | 474.5 | 814.7 | 58 | | | |
| Cash Flow | | | | | | |
| Cash flow from operating activities | 101.5 | 105.0 | 97 | 46.1 | 56.0 | 82 |
| Cash flow from investing activities | (38.6) | (26.6) | 145 | (12.8) | (9.0) | 142 |
| Free cash flow | 62.9 | 78.4 | 80 | 33.3 | 47.0 | 71 |

Cultures & Enzymes

| EUR million | FY 09/10 | FY 08/09 | Index | Q4 09/10 | Q4 08/09 | Index |
|----------------|----------|----------|-------|----------|----------|-------|
| Revenue | 356 | 331 | 108 | 97 | 89 | 109 |
| Organic growth | 6% | 9% | | 2% | 9% | |
| EBITDA | 138 | 117 | 114 | 42 | 37 | 114 |
| EBITDA margin | 39% | 35% | 105 | 43% | 41% | 105 |
| EBIT | 104 | 85 | 118 | 33 | 28 | 118 |
| EBIT margin | 29% | 26% | 110 | 34% | 31% | 110 |

| | Org. Growth | EBIT margin |
|----------|-------------|-------------|
| FY 09/10 | 6% | 29% |
| Q4 09/10 | 2% | 34% |

■ Revenue
■ Operating profit (EBIT)
◆ Operating profit (EBIT) margin



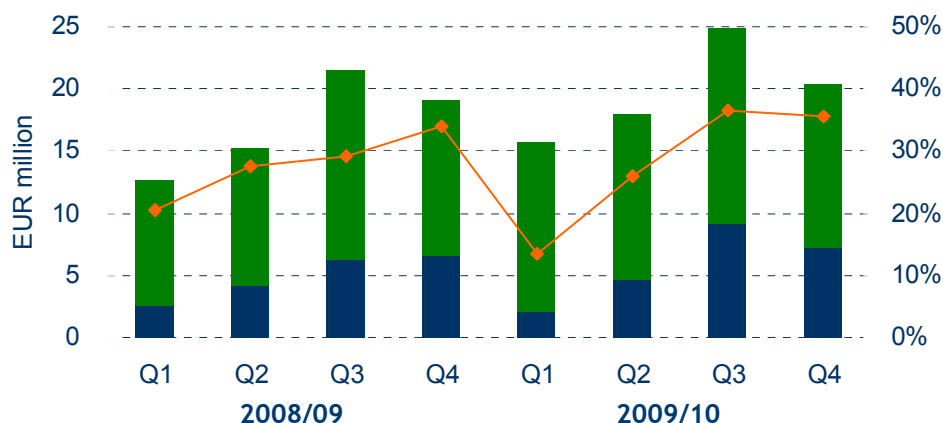
- ▼ Growth driven by fermented milk and probiotics
 - and primarily in Asia, South- and North America
- ▼ Enzymes sales negatively affected by decision to reduce sales of contract manufactured animal rennet and lower raw material prices (animal rennet)
- ▼ Positive impact from product mix and production efficiencies
- ▼ Organic growth in Q4 negatively affected by Euro pricing in Eastern European countries, timing of orders and EFSA uncertainty

Health & Nutrition

| EUR million | FY 09/10 | FY 08/09 | Index | Q4 09/10 | Q4 08/09 | Index |
|----------------|----------|----------|-------|----------|----------|-------|
| Revenue | 79 | 69 | 115 | 20 | 19 | 115 |
| Organic growth | 14% | 27% | | 2% | 29% | |
| EBITDA | 28 | 24 | 116 | 9 | 8 | 116 |
| EBITDA margin | 35% | 35% | 101 | 42% | 40% | 101 |
| EBIT | 23 | 20 | 118 | 7 | 6 | 118 |
| EBIT margin | 29% | 29% | 103 | 35% | 34% | 103 |

| | Org. Growth | EBIT margin |
|----------|-------------|-------------|
| FY 09/10 | 14% | 29% |
| Q4 09/10 | 2% | 35% |

■ Revenue
■ Operating profit (EBIT)
◆ Operating profit (EBIT) margin



Human health

- ▼ Growth driven by general market recovery, particularly in Eastern Europe and continued market growth in APMEA and North America

Animal health

- ▼ Lower sales of silages cultures, partly offset by growth in probiotics

Growth in Q4 negatively affected by

- Lower sales of silage cultures
- Lower growth rate in Human Health, due to timing of orders (however still double digit)

Colors & Blends

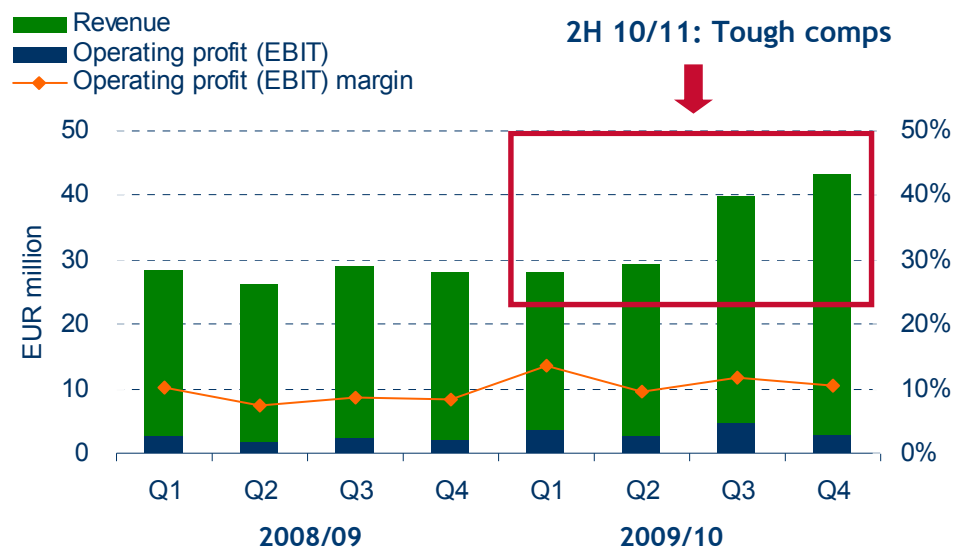
| EUR million | FY 09/10 | FY 08/09 | Index | Q4 09/10 | Q4 08/09 | Index |
|----------------|----------|----------|-------|----------|----------|-------|
| Revenue | 140.5 | 111.5 | 126 | 43.3 | 28.0 | 155 |
| Organic growth | 29% | 6% | | 45% | 7% | |
| EBITDA | 20.6 | 14.3 | 144 | 6.0 | 3.3 | 182 |
| EBITDA margin | 14.7% | 12.8% | 115 | 14% | 12% | 117 |
| EBIT | 15.8 | 9.6 | 165 | 4.6 | 2.3 | 200 |
| EBIT margin | 11.2% | 8.6% | 122 | 10.6% | 8.2% | 138 |

| | Org. Growth | EBIT margin |
|----------|-------------|-------------|
| FY 09/10 | 29% | 11.2% |
| Q4 09/10 | 45% | 10.6% |

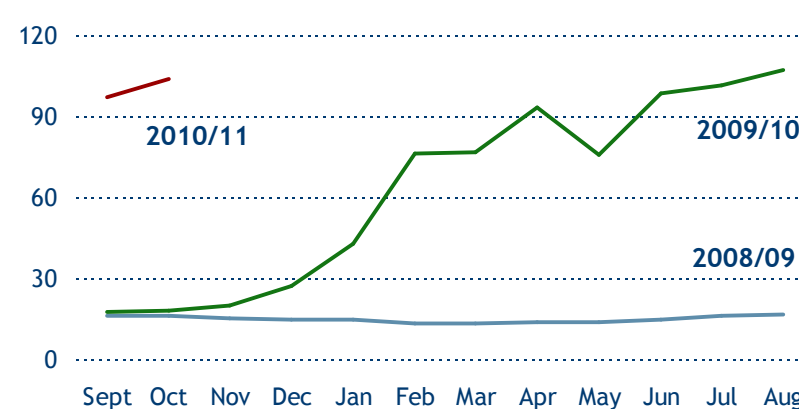
- ▼ Growth driven by conversion trend and carmine raw material price increases
- ▼ Organic growth affected by carmine raw material prices

FY: 8 %-point

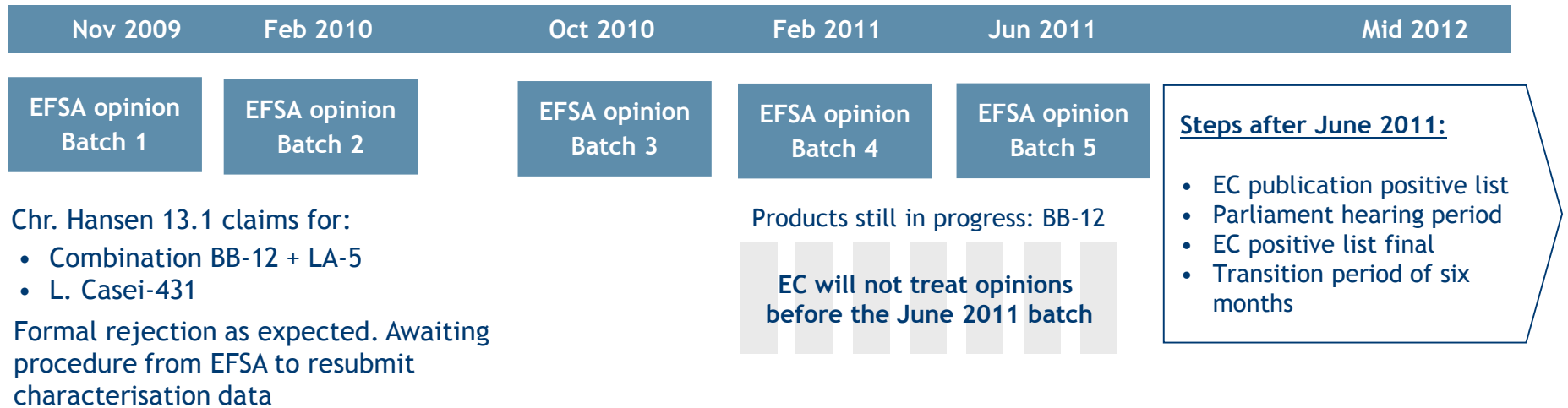
Q4: 22 %-point



Cochineal price USD/KG



Transition period for all Article 13.1 claims will extend at least into mid-2012



Latest development

- **EFSA** has issued a positive opinion on live cultures effect on lactose degradation
- **EFSA** has initiated a number of workshops with the industry to clarify issues on documentation
- **We** continue to build documentation and will file Article 13.5 claims in due time

Impact on Chr. Hansen

- **Short term:** Negative effect from uncertainty
- **Long term:** Chr. Hansen well positioned with well documented strains and resources to carry out necessary clinical studies for Article 13.5 claims



Outlook

Long term ambitions (3-5 years) based on unchanged business mix

| Org. Growth | EBIT margin b.s.i. | NWC (% of revenue) | Cap. Exp.* (% of revenue) | R/D Exp.* (% of revenue) | Tax rate (On operating profit) | Net debt/ EBITDA |
|-------------|--------------------|--------------------|---------------------------|--------------------------|--------------------------------|------------------|
| 8-10% | Gradual increase | 14-17% | 6.5-7.5% | ~6% | In line with outlook 2010/11 | 2-2.5 |

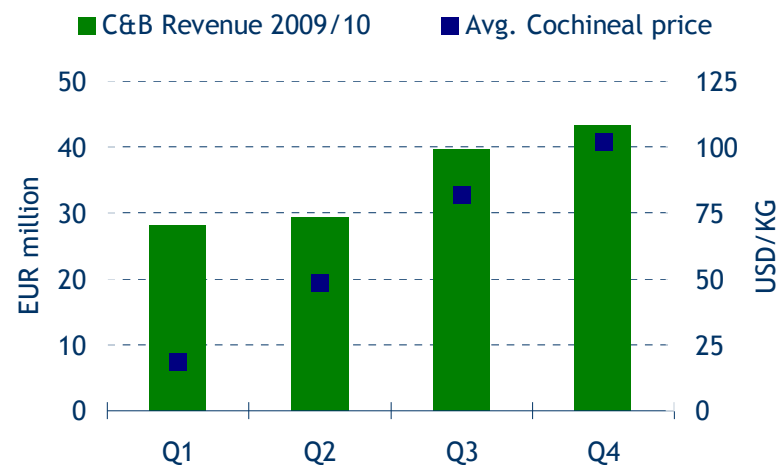
2010/11

| | | | | | | |
|-------|------|-------------------------------|-------------------------------|-------------------------------|-----|------|
| 8-10% | >25% | In line with long term target | In line with long term target | In line with long term target | 26% | ~2.0 |
|-------|------|-------------------------------|-------------------------------|-------------------------------|-----|------|

* Includes capitalised development costs

Due to the increased raw material prices for Carmine during 2009/10, the organic growth for the Colors & Blends Division is expected to decline in 2H 2010/11 compared to the first half of the financial year

The long term ambitions and 2010/11 outlook are sensitive to major changes in the global economy including the USD exchange rate, which could impact the operational and financial performance of the company. For 2010/11 a EUR/USD hedge has been established at around the 1.30 level

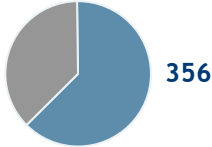
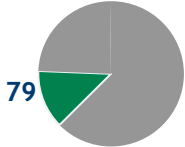
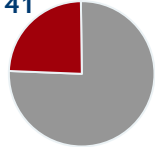
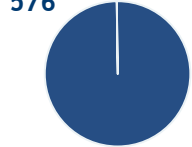






Appendix

Market leadership

| | Cultures & Enzymes | Health & Nutrition | Colors & Blends | Total Chr. Hansen |
|----------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
| Market position | Market leader | Market leader | Market leader | |
| Market share | c. 45% ¹ | c. 15% ¹ | c. 20% ¹ | |
| Revenue FY 2008/09 (EUR m) |  356 |  79 |  141 |  576 |
| Organic growth 3Y CAGR / FY 2009/10 | 8% / 6% | 21% / 14% | 13% / 29% | 11% / 12% |
| EBIT margin b.s.i. FY 2009/10 | 29% | 29% | 11% | 25% |
| ROIC· excl goodwill FY 2009/10 | 28% | 27% | 21% | 27% |

Note 1: Management estimates, based on market reports

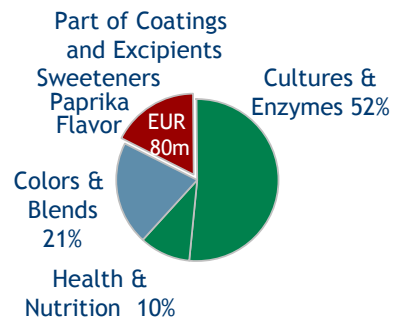
Transformation of the business under private ownership (2005-10)

Profile before (FY2005/06)

Transformation

Profile today (FY2009/10)

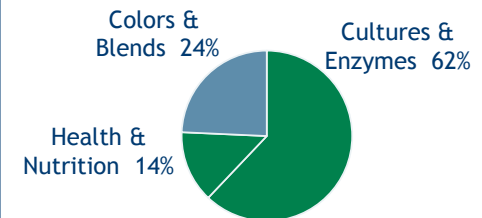
One-stop supplier



Revenue inc. disc.op.¹: EUR 505m
 Revenue²: EUR 425m
 EBIT margin b.s.i.: 13%

- ▼ Bioscience platform emphasised
- ▼ Increased investments in R&D creating a high level of product innovation
- ▼ Investment in state-of-the-art facilities
- ▼ Targeted acquisitions and divestments of non-core assets

Bioscience focus



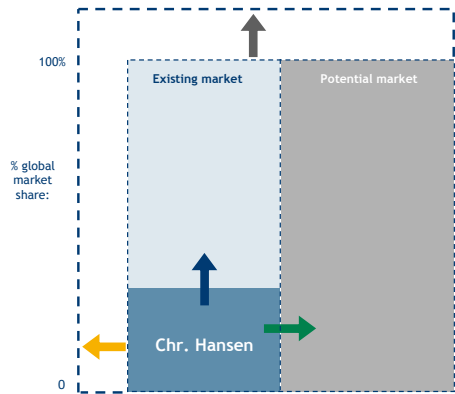
Revenue: EUR 576m
 EBIT margin b.s.i.: 25%

“Bioscience is the science that deals with the function of living organisms”

Note 1: Includes divestments such as the flavor division defined as “discontinued operations” under IFRS
 Note 2: Excluding divestments such as the flavor division defined as “discontinued operations” under IFRS, mentioned in note 1

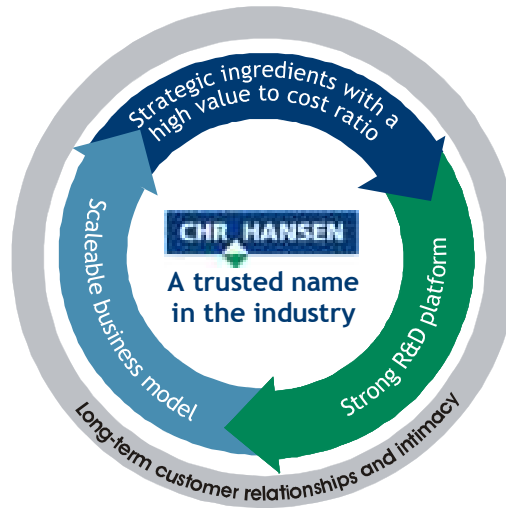
A compelling investment opportunity

Attractive growth story

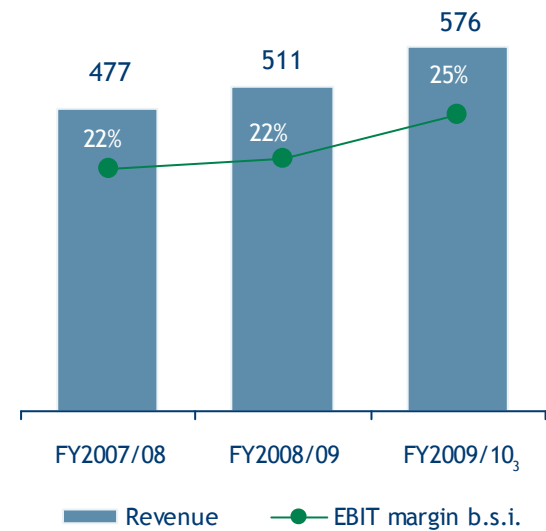


- Fundamental growth
- Market expansion through conversion
- Market expansion through greater functionality
- Market share growth

Market leader in segments with high barriers to entry



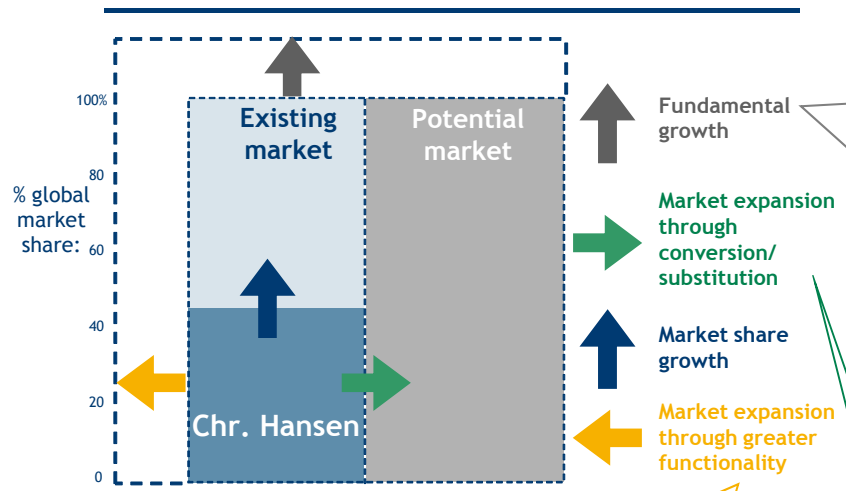
Strong financials



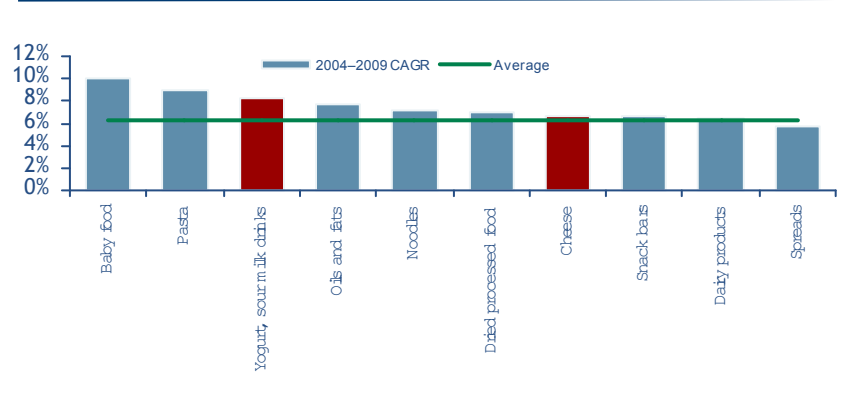
CED: A leading supplier of ingredients to a market worth an estimated EUR 690-760m¹



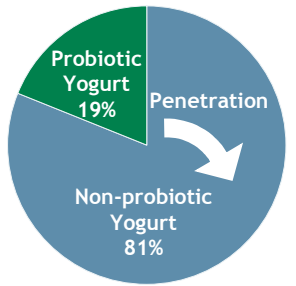
Growth dimensions



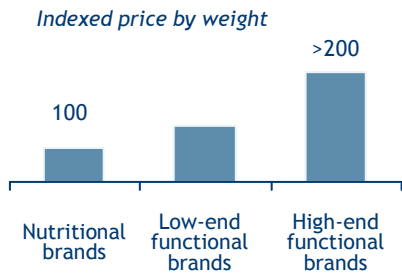
Top 10 highest growing food categories in 2004-09²



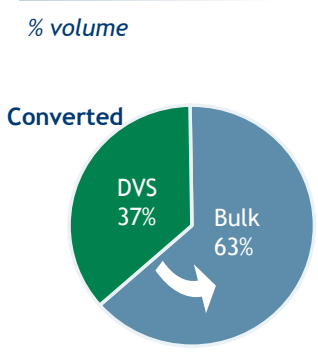
Probiotics penetration (volume)¹



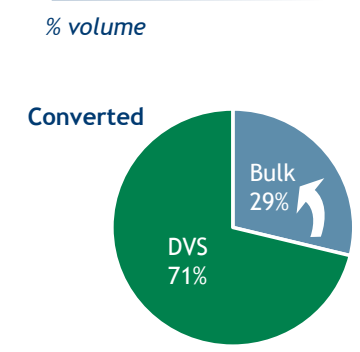
Price premium⁴



Cheese DVS conversion¹



Fermented milk (e.g. yogurt) DVS conversion^{1,3}



Note 1: Based on management estimates and market reports
 Note 2: Euromonitor
 Note 3: Volume excludes informal sector
 Note 4: Example provided by major dairy company

HND: Leveraging core technology and creating new growth opportunities

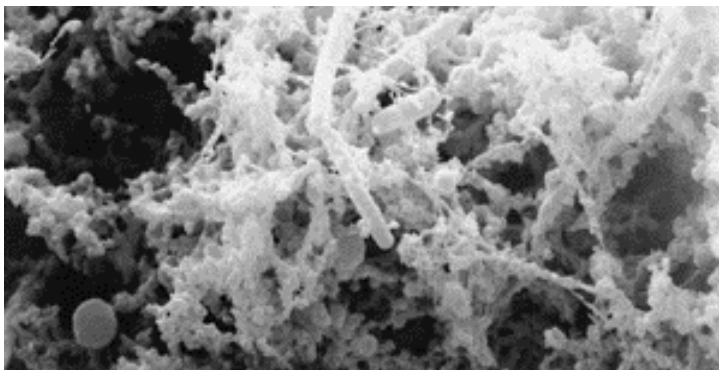


Our strong offer

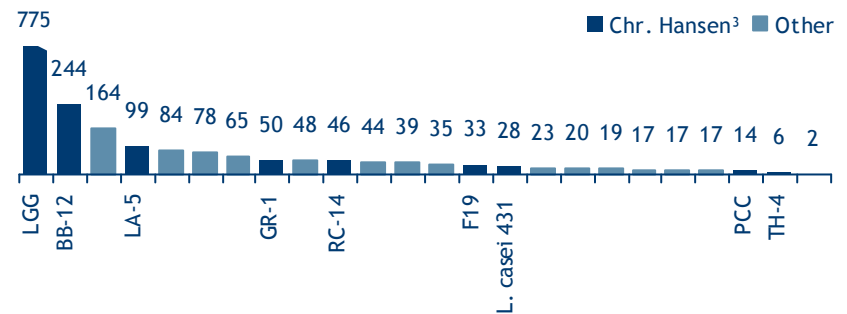
- ▼ Products based on probiotic cultures for
 - ▼ Human Health
 - ▶ Demonstrated health benefits
 - ▶ Increased consumer awareness
 - ▼ Animal Health
 - ▶ Increased efficiency of feed uptake
 - ▶ Non-antibiotic solution
- ▼ Ability to continue to expand

Key driver

- ▼ Human Health
 - ▼ Documentation & regulatory process an opportunity to differentiate (EFSA)
- ▼ Animal Health
 - ▼ Feed to meat conversion



of publications on leading probiotic strains²



Note 1: Survey done in United States since 2002 by the Natural Marketing Institute; Natural Marketing Institute (NMI, 2009)
 Note 2: Based on FSTA (Food Science and Technology Abstracts) and MEDLINE using standardized search terms (March 2010)
 Note 3: Including strains produced and sold under license
 Source: Management estimates, based on market reports

CBD: Natural solutions to consumers concerned with synthetic colors

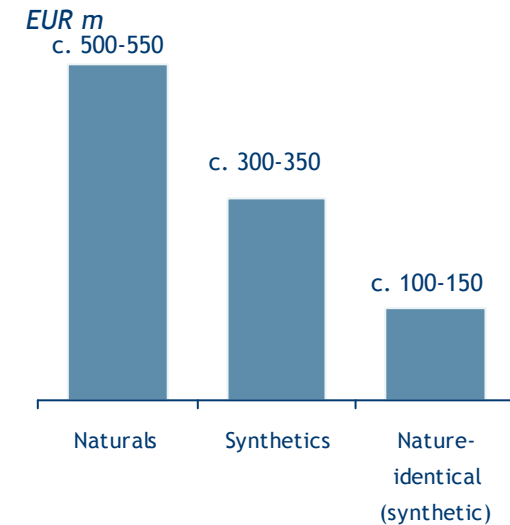


Label requirements in EU effective 1 July 2010

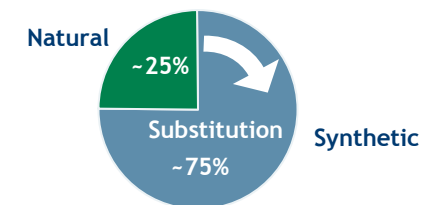
Southampton study

The Lancet September 2007
 “An adverse effect of food additives has been found on the hyperactive behaviour of children.”

Estimated worldwide food colors market size² (value)



Natural colors substitution potential (volume)



Theoretical market size assuming that the entire market substitutes to natural colors³



Note 1: Based on management estimates
 Note 2: Management estimates, based on market reports; Naturals market includes coloring foodstuff segment of EUR 50m-100m
 Note 3: Management estimates, based on market reports; Assuming a price ratio of approximately 5:1

Long term relationships ensure a loyal customer base

Strategic value of Chr. Hansen ingredient is much higher than ingredient cost

Illustrative example of Chr. Hansen ingredient costs

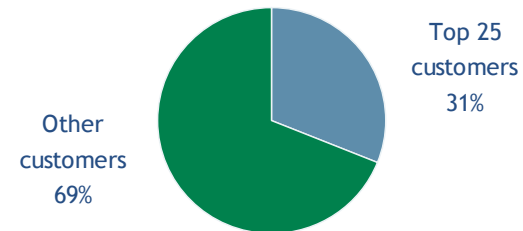


We build customer competitiveness



A diversified and loyal customer base

Top 25 customers¹ share of revenue
(2009/10: EUR 576m)



| Top customers ¹ | Avg. years with Chr. Hansen | 3yr revenue CAGR |
|----------------------------|-----------------------------|------------------|
| Top 5 | >20 | 19% |
| Top 10 | >20 | 15% |
| Top 25 | >20 | 13% |

Source: Chr. Hansen
Note 1: Includes distributors

Strong R&D platform for innovative product development

Platform based on deep technological knowledge and market understanding...

- ▼ Strains, Metrics, Process, Product and application, Probiotic screening and technology & Pigment
- ▼ Library of over 10,000 microorganisms
- ▼ Investment in documentation

...Strong basis for innovation...

- ▶ New products, applications, concepts (products)
- ▶ Stable processes, Better yields, Lower unit costs (processes)

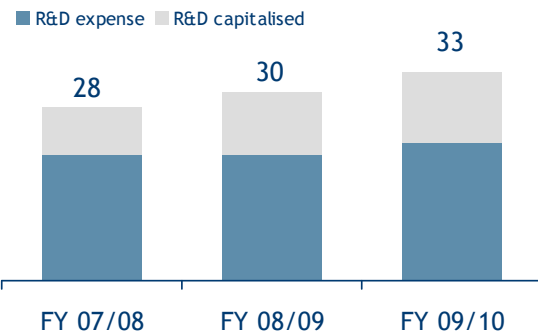
...in close cooperation with customers

- ▼ 19 application centers around the world with Focused customer service, Local adaptation, Trouble shooting

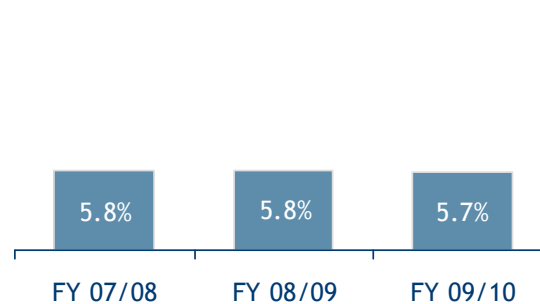
~1,100 patents and patent applications



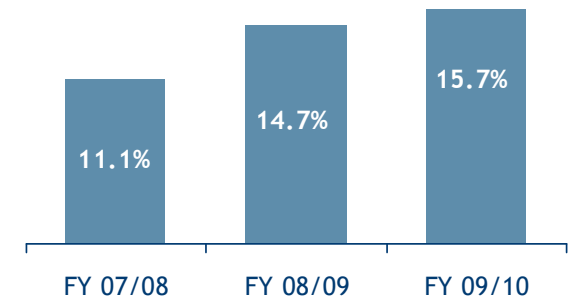
R&D costs in EUR m



R&D as percentage of revenue



% of revenue from products with a lifetime < 3 years



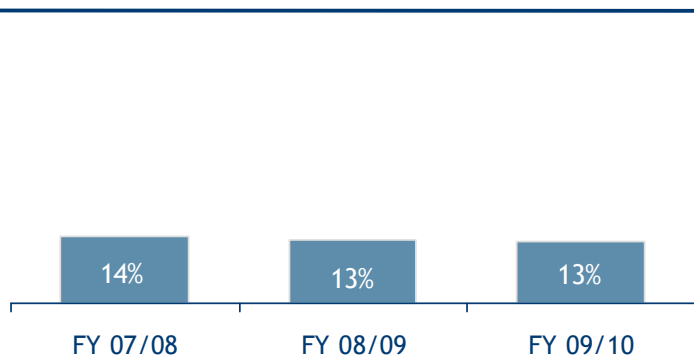
Source: Chr. Hansen

Growing sales faster than costs with a scalable business model

Sales platform

- ▼ Global platform with local presence
- ▼ Key account coverage
- ▼ Stable, technically skilled sales force

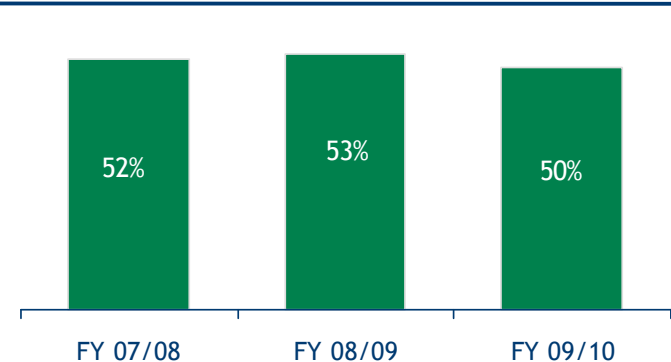
Sales and marketing percentage of revenue



Global supply chain

- ▼ Few and well invested production sites
- ▼ Highly scalable set-up allows leveraging of capacity costs
- ▼ Introduction of Lean principles reduces time to market

COGS¹ as percentage of revenue

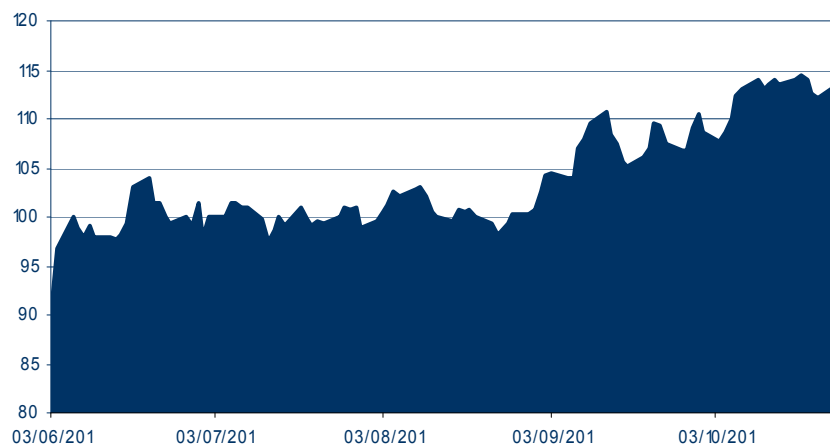


2008/09 negatively affected by implementation of Avedore facility

Note 1: Cost of sales includes depreciation and amortization, impairments and losses incurred from retirement of assets related to cost of sales
Source: Chr. Hansen

Share information

Share price development (DKK per share)



- ▼ Listed on NASDAQ OMX, Copenhagen
- ▼ Major investors (>5%)
 - ▼ Financière star 1 (55.6%)
 - ▼ Blackrock (UK) (5.9%)
- ▼ Strong institutional investor base
- ▼ Approx. 5,000 private shareholders

Proposed Dividend

Dividend of DKK 0.64 per share equivalent to a payout ratio of 35%, adjusted for a capital contribution from Financière Star 1 to cover the net impact of an extraordinary bonus to all employees

3

| | |
|--------------|--------------------------------|
| Trading code | CHR |
| ISIN | DK0060227585 |
| Shares | 138,034,220 |
| GICS | 15101050 |
| Sector | Materials, Specialty Chemicals |
| Segment | Large Cap |