

3 November 2011

Chr. Hansen Holding A/S

Annual Report 2010/11

Natural red

CHR HANSEN

Improving food & health

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Chr. Hansen - A Bioscience based Company

Founded in 1874

Cultures

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

Dairy 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



Three Global Megatrends supporting Growth

- Growth in the industrial food production
- Increased focus on health and wellness
- Increasing consumer demand in emerging markets

Highlights 2010/11

- Revenue EUR 636 million, up 15%
- Organic revenue growth of 14%
 - 10% adjusted for increased sales prices to reflect higher raw material prices for carmine
- EBIT b.s.i. EUR 159 million, up 14%
- EBIT margin b.s.i. 25%, unchanged
- Net profit EUR 119 million (EUR 19 million last year)
- Free cash flow EUR 125 million (EUR 60 million last year)
 - EUR 19 million related to sale of Functional Blends activities
- Proposed dividend of EUR 0.48 per share

	2010/11	2009/10
Organic growth	14%	13%
EBIT margin b.s.i.	25%	25%

Growth across Regions in 2010/11

Europe

- 14% organic growth
(10% adjusted*)

North America

- 10% organic growth
(7% adjusted*)

APMEA

- 19% organic growth
(16% adjusted*)

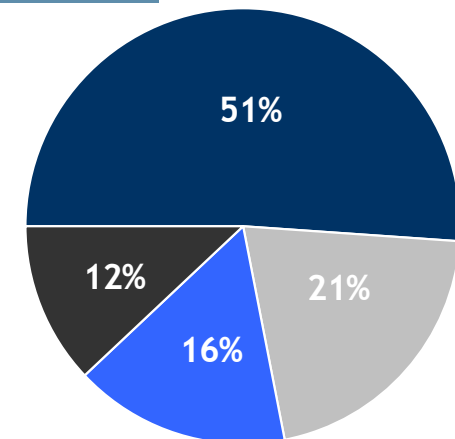
South America

- 19% organic growth
(7% adjusted*)



Share of revenue

- Europe
- North America
- APMEA
- South America



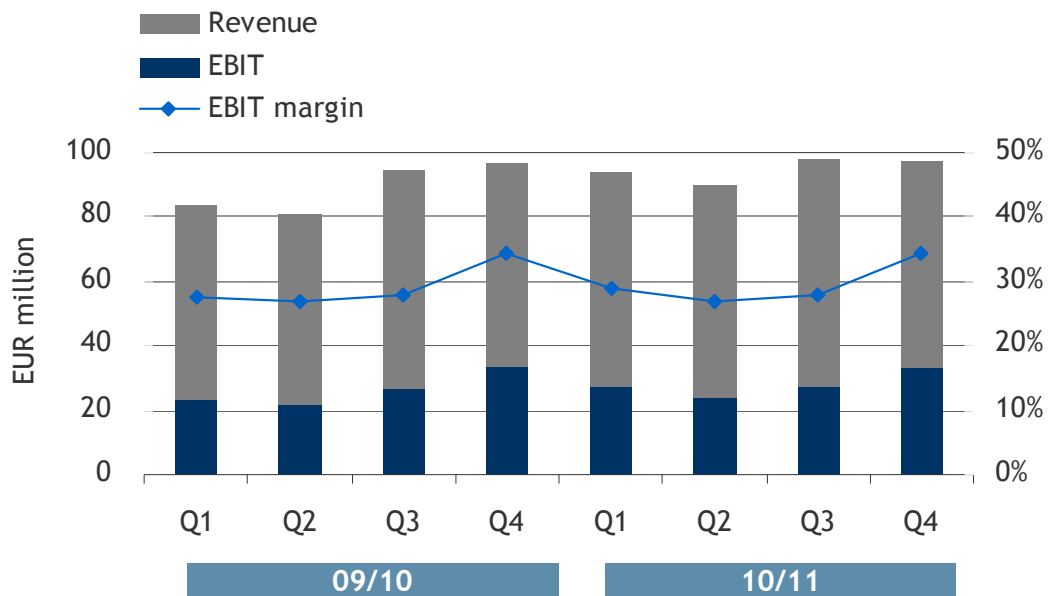
Highlights Q4 2010/11

- Revenue EUR 162 million, up 5%
- Organic revenue growth of 9%
 - 8% adjusted for increased sales prices to reflect higher raw material prices for carmine
 - Effect from euro pricing (+2%-points)
- EBIT b.s.i. EUR 46 million, up 4%
- EBIT margin b.s.i. 28% compared to 29% last year

	Q4 2010/11	Q4 2009/10
Organic growth	9%	12%
EBIT margin b.s.i.	28%	29%

Cultures & Enzymes

EUR million	Q4 2010/11	Q4 2009/10	2010/11	2009/10
Revenue	98	97	379	356
Organic growth	5%	2%	6%	6%
EBITDA	42	42	143	138
EBITDA margin	43%	43%	38%	39%
EBIT	34	33	111	104
EBIT margin	34%	34%	29%	29%



Organic growth

- Organic growth driven by increased sales of cultures for fermented milk and cheese products
- Probiotics remains negatively affected by uncertainty around EFSA assessment of documentation for health claims
- Euro pricing effect
 - Full year: Zero
 - Q4: +2%-point

EBIT margin

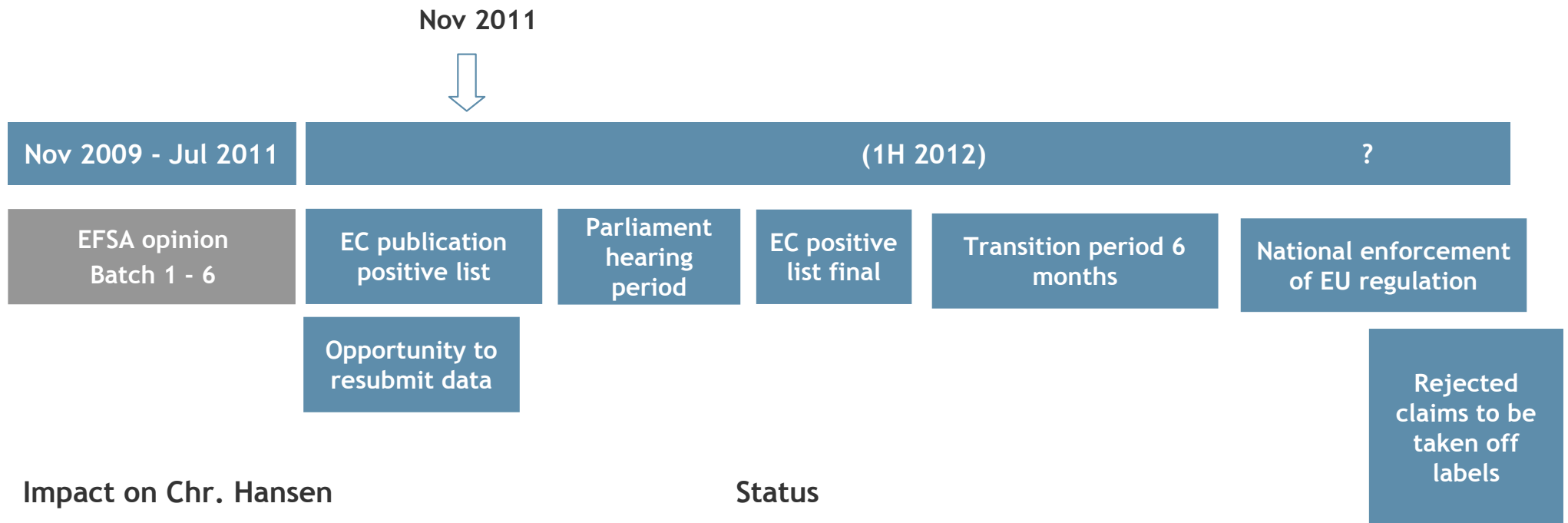
- Scalability gains offset by higher distribution cost and changed product mix
 - Cheese i/o probiotics
 - Freeze dried i/o frozen





EFSA Status

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



Impact on Chr. Hansen

- **Short term:** Negative effect from uncertainty
- **Long term:** Well positioned with documented strains and competencies to carry out necessary clinical studies

Status

- Positive results from Immune Study
- Three studies in the process
- Filing of 13.5 claims when sufficient data available and solid understanding of requirements

EFSA Status

April 2011:

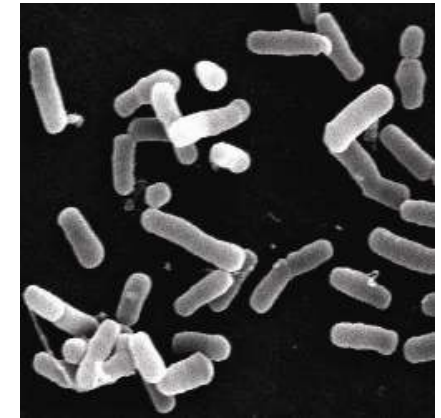
EFSA Guidance document on claims related to gastrointestinal and immune health

September 2011:

EFSA Scientific Opinion on Statistical Significance and Biological Relevance

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Information gained from negative opinions under 13.5 published by EFSA

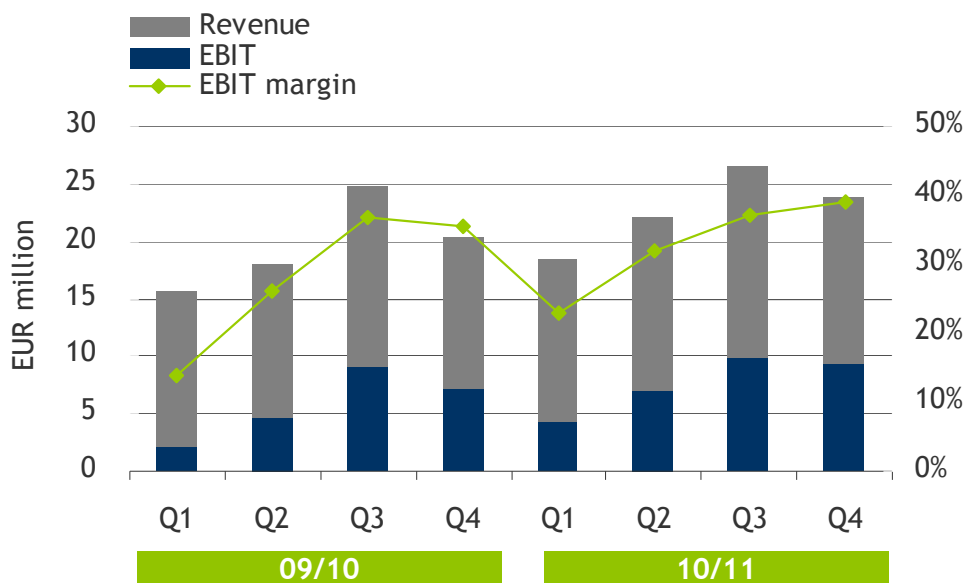


BB 12®

Chr. Hansen clinical studies aligned with current EFSA recommendations

Health & Nutrition

EUR million	Q4 2010/11	Q4 2009/10	2010/11	2009/10
Revenue	24	20	91	79
Organic growth	24%	2%	16%	14%
EBITDA	11	9	37	28
EBITDA margin	46%	42%	40%	35%
EBIT	9	7	30	23
EBIT margin	39%	35%	33%	29%



Organic growth

- Growth driven primarily by human health products
- Quarterly growth in the Health & Nutrition Division remains significantly affected by timing of orders

EBIT margin

- EBIT margin up 4%-points both full year and Q4 driven mainly by scalability effects from increased sales volume



Natural Colors Division



EUR million	Q4 2010/11	Q4 2009/10	2010/11	2009/10
Revenue	40	37	166	117
Organic growth	12%	66%	40%	42%
EBITDA	4	5	22	16
EBITDA margin	11%	14%	13%	14%
EBIT	3	4	18	12
EBIT margin	8%	10%	11%	11%

Organic growth

Growth driven by continued conversion trend, combined with our presence among market leading customers

Full year

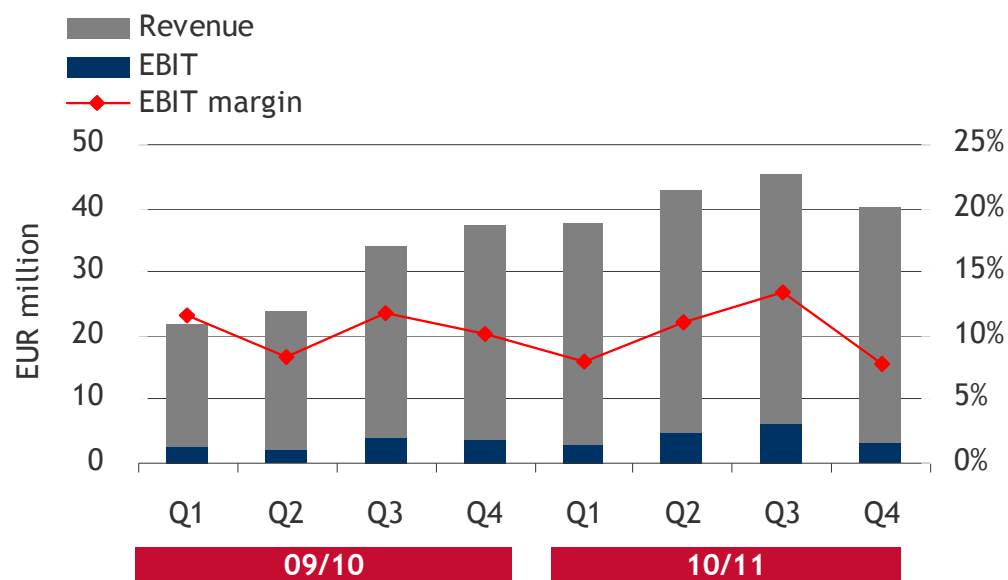
- Effect from higher raw material prices for carmine 21%-points
- Volume growth around 20%

Q4

- Effect from higher raw material prices for carmine 6%-points

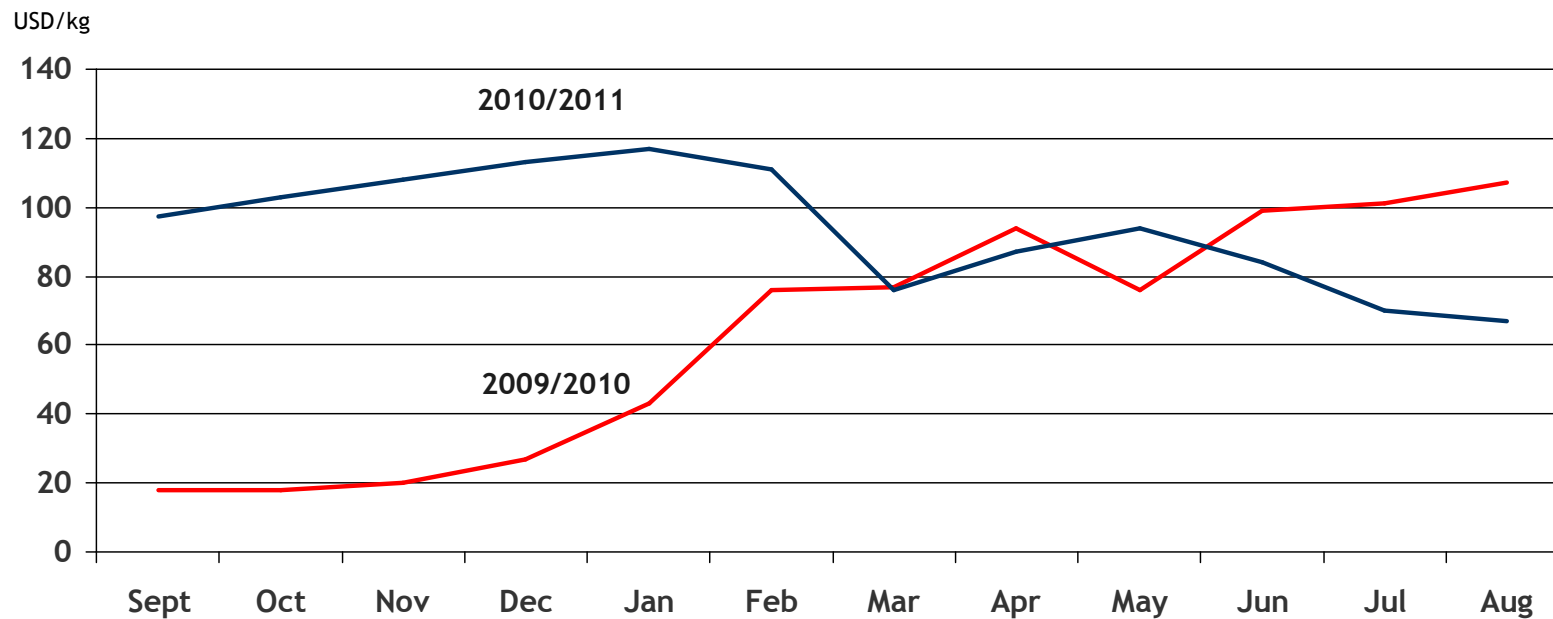
EBIT margin

- Full year EBIT margin unchanged. Margins diluted by the increased raw material costs
- Q4 EBIT margin decreased to 8% affected by inventory write-downs. Excluding write-downs margin would have been above last year



Raw Material Costs for Carmine on a Downward Trend

Purchase prices for carmine raw materials



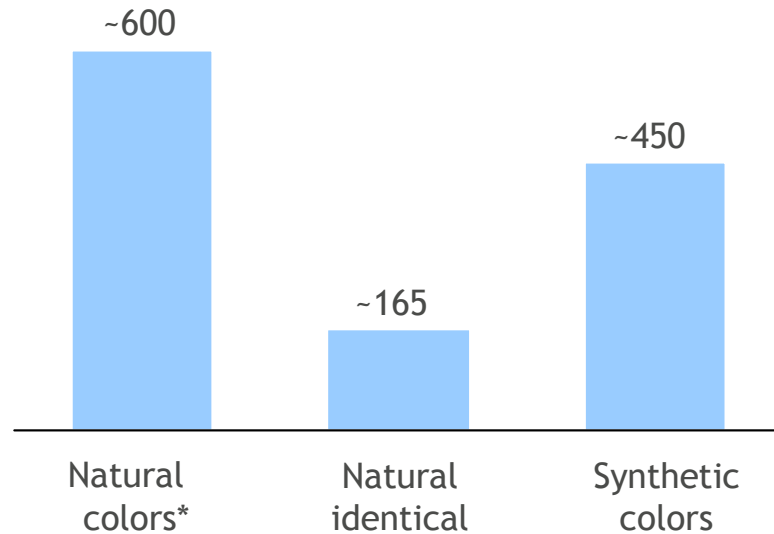
Raw material prices for carmine remained volatile but decreased to around USD 60/kilogram by the end of the financial year.



Strong Conversion Potential for Natural Colors in Food and Beverages

Est. global food & beverages color market

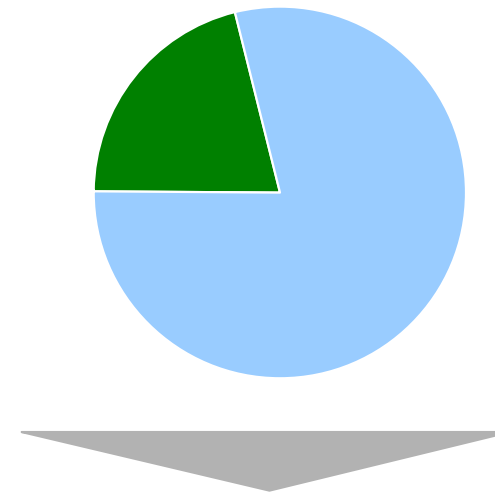
(EUR millions)



2011 Est. natural color penetration

(Volume)

Natural color ~20 %



Full potential

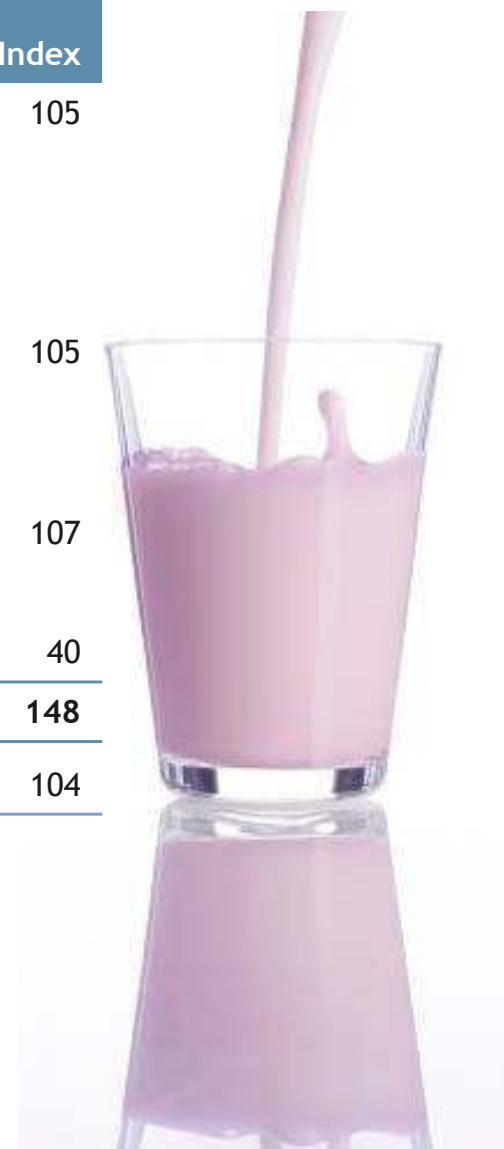
~ EUR 3.0 billion

* Natural market includes Coloring Foodstuff segment of EUR 50-100 millions. Source: Industry reports (SRI, F&S, RTS; The Food Group); EIU; Management estimates

Strong Revenue Growth and EBIT Margins

EUR million	2010/11			2009/10			Index
	2010/11	2009/10	Index	Q4 2010/11	Q4 2009/10	Index	
Revenue	636	552	115	162	154	105	
Organic growth	14%	13%		9%	12%		
Organic growth excl. carmine effect	10%	11%		8%	7%		
Gross margin	49%	51%		50%	51%		
EBIT b.s.i.	159	140	114	46	44	105	
EBIT b.s.i. margin	25%	25%		28%	29%		
Special items	-	(24)		-	(2)		
EBIT	159	116	137	46	43	107	
EBIT margin	25%	21%		28%	28%		
Net financials	(11)	(67)	16	(2)	(5)	40	
Net profit	119	19		40	27	148	
EPS continuing activities, diluted	0.86	0.16		0.27	0.26	104	

- Special items last year mainly related to extraordinary bonus to all employees reimbursed by Financière Star 1 through capital contribution
- Net financials EUR (11) million
 - Net interest expenses EUR (14) million compared to EUR (53) million last year
- Strong development in EPS



Strong Cash Generation

EUR million	2010/11	2009/10	Index
Cash flow			
Cash flow from operating activities	150	99	152
Cash flow from investing activities	(26)	(38)	68
Free cash flow	125	60	208
Balance sheet			
Total assets	1,353	1,316	103
Equity, excl. minorities	641	542	118
Net interest-bearing debt	(348)	(475)	73
ROIC excluding goodwill	30%	27%	
Net working capital	15%	16%	
Capital expenditure	7%	7%	
R/D	6%	6%	
Cash conversion	74%	72%	
NIBD/EBITDA	1.7	2.6	

Q4 2010/11	Q4 2009/10	Index
87	44	198
2	(13)	
89	31	287

- Free cash flow EUR 125 million
 - EUR 19 million related to sale of Functional Blends activities
- ROIC excluding goodwill up 3%-point
- Capex and R/D in line with guidance
- Cash conversion at 74%
- Gearing below our long term target

Outlook



2011/12

Org. Growth (Excl. carmine price effect)	Org. Growth	EBIT margin b.s.i.	R/D Exp.* (% of revenue)	Free cash flow (before acquisitions and divestments)
7-10%	5-8%	>26%	~7%	Above last year

Long term ambitions

Org. Growth	EBIT margin b.s.i.	NWC (% of revenue)	Cap. Exp.* (% of revenue)	R/D Exp.* (% of revenue)	Net debt/ EBITDA
8-10%	Gradual increase	14-17%	7.5-8.5%	6-7%	2.0-2.5

The 2011/12 outlook is sensitive to major changes in the global economy including the USD exchange rate and raw material prices for carmine which could impact the financial performance of the company

* Including capitalised development costs



