

Q3 2012/13

Chr. Hansen Holding A/S

3 July 2013

CHR HANSEN

Improving food & health

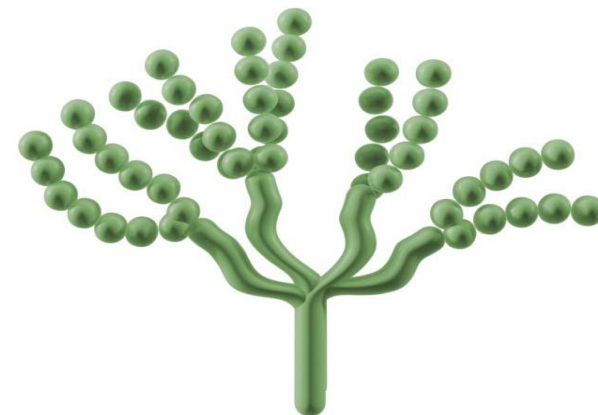
Highlights YTD 2012/13



- Revenue EUR 545 million, up 6%
- Impairment of EUR 8 million related to clinical studies in Q2
- EBIT EUR 133 million, down 1%
 - EBIT margin 24.4%, down from 26.2%
 - EBIT margin before impairment 25.9%
- Profit for the period EUR 88 million, down 4%
- EPS, diluted EUR 0.66
- R&D expenditures incurred EUR 35 million, 6.5% of revenue
- Free cash flow EUR 52 million compared to EUR 47 million last year
- NIBD EUR 407 million or 1.7x EBITDA
- Acquisition of remaining 50% in Turkish subsidiary

	YTD 12/13	YTD 11/12
Organic growth	6%	8%
Organic growth excl. carmine price	9%	10%
EBIT margin	24.4%	26.2%
EBIT margin before impairment	25.9%	26.2%

Highlights Q3 2012/13



- Revenue EUR 192 million, up 6%
- EBIT EUR 53 million, up 2%
 - EBIT margin 27.6%, down from 28.5%
- Profit for the period EUR 36 million, up 1%
- EPS, diluted EUR 0.26
- R&D expenditures incurred EUR 12 million
6.2% of revenue
- Free cash flow EUR 46 million compared
to EUR 36 million last year

	Q3 12/13	Q3 11/12
Organic growth	7%	5%
Organic growth excl. carmine price	8%	9%
EBIT margin	27.6%	28.5%

Revenue by regions YTD 2012/13

South America
(13%)



15% organic growth*

- Strong growth in fermented milk, cheese, enzymes and natural colors

North America
(25%)



15% organic growth*

- Strong growth in human and animal health, fermented milk and cheese
- Probiotics down
- Good growth in natural colors

Europe
(45%)



4% organic growth*

- Solid growth in fermented milk, cheese, meat and certain natural colors
- Probiotics down

APMEA
(17%)



8% organic growth*

- Strong growth in fermented milk, cheese, probiotics and human health
- Natural colors declining, however strong growth in Q3

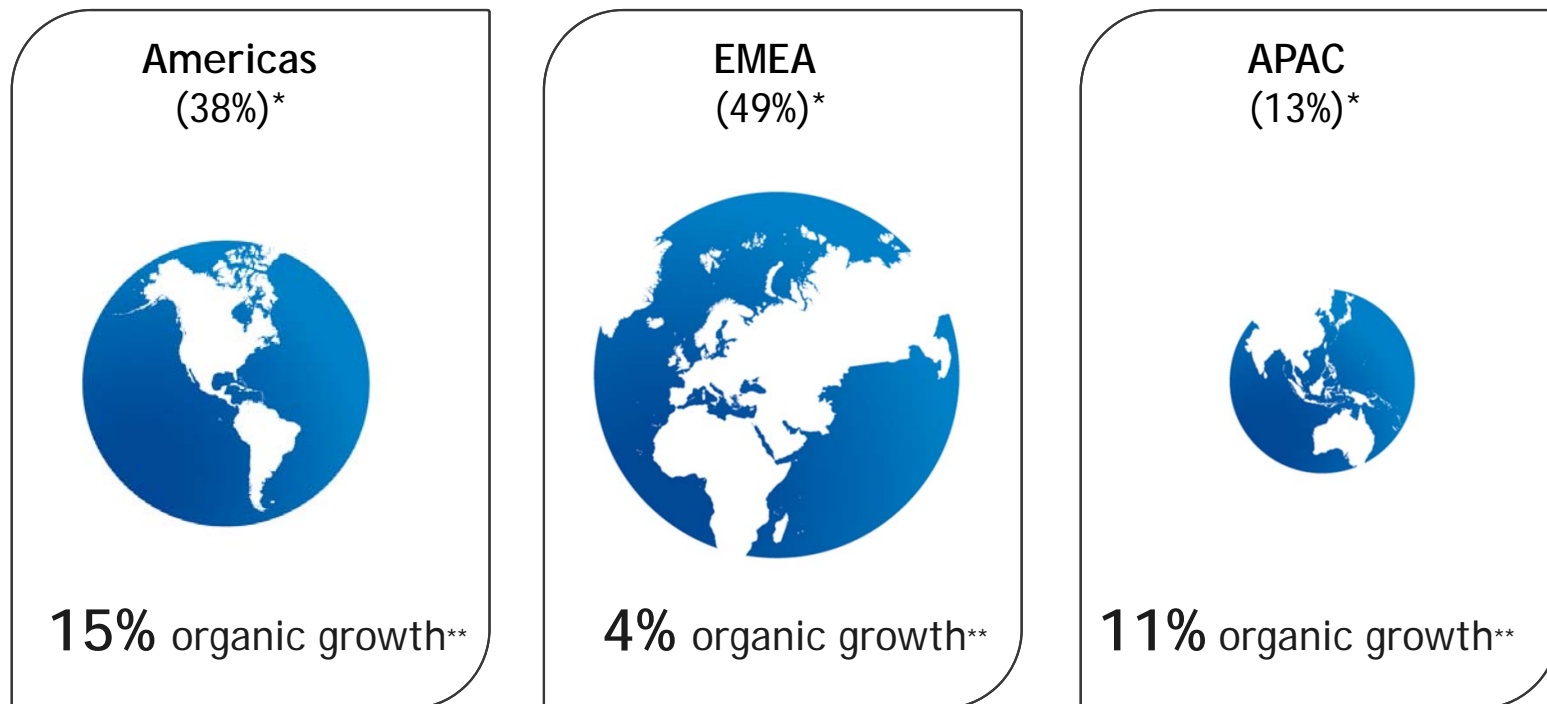
Change of commercial organization



In order to ensure a stronger customer focus the structure of the commercial organization has been changed and as a consequence a new regional structure has been established

With this change, the decision making at corporate leadership level is moved even closer to the local execution

The regional Group Vice Presidents will report to CEO Cees de Jong



5 *Share of revenue. Pro forma figures YTD 2012/13
**Excluding carmine price effect. Quarterly pro forma figures available on slide 17

Acquisition of Turkish subsidiary, Peyma Chr-Hansen's A.S.



Chr. Hansen has entered into an agreement of acquiring the remaining 50% of the Turkish subsidiary, Peyma Chr-Hansen's A.S.

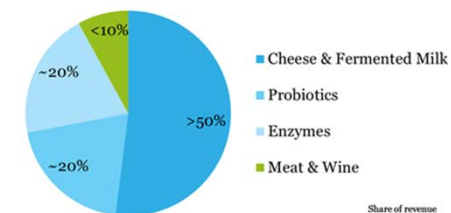
The acquisition will strengthen the company's activities in the strategically important Turkish market for cultures, enzymes and natural colors

Revenue and EBIT are already fully incorporated in the reporting for the Chr. Hansen Group

The acquisition is subject to approval from the relevant authorities and is expected to be finalized before the end of the financial year

EUR million	Reported Q3 12/13	Pro forma Q3 12/13	Reported YTD 12/13	Pro forma YTD 12/13	Reported FY 11/12	Pro forma FY 11/12
Profit/Loss						
Distributed to:						
Non controlling interests	0.6	0	1.4	0	2.0	0
Shareholders of Chr. Hansen	34.9	35.5	86.9	88.3	129.3	131.3
Cash flow						
Free cash flow (No changes)						
Financing activities						
- Non-controlling interests, dividend etc.*	0	0	(0.5)	0	(0.6)	0

Cultures & Enzymes Division

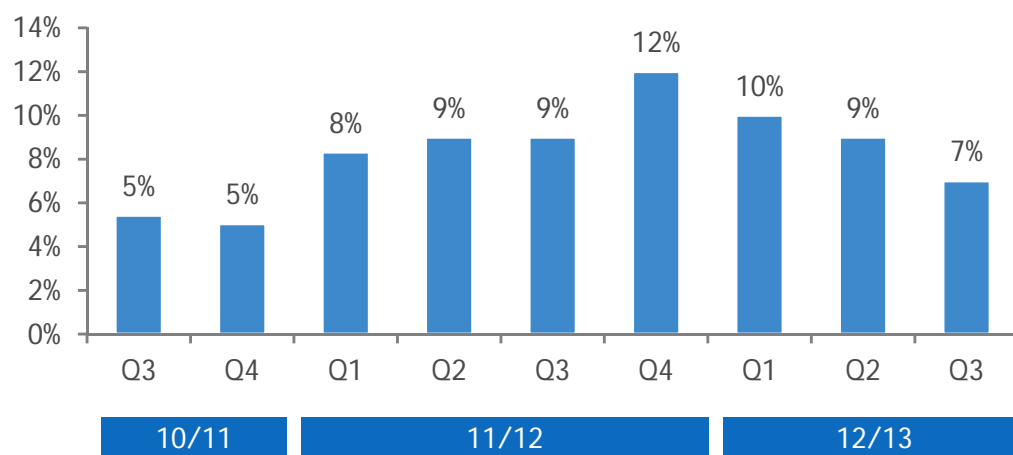


EUR million	Q3 12/13	Q3 11/12	YTD 12/13	YTD 11/12
Revenue	115.1	108.4	332.7	306.7
Organic growth	7%	9%	8%	9%
EBITDA	44.0	40.6	123.1	110.4
EBITDA margin	38.2%	37.5%	37.0%	36.0%
EBIT	34.9	32.5	92.3	86.3
EBIT margin	30.3%	30.0%	27.8%	28.1%
EBIT margin before impair.			29.1%	28.1%
ROIC excl. goodwill			31.7%	29.7%

YTD

- Organic growth driven by strong growth in fermented milk, cheese and meat
- Enzymes realized modest growth
- Growth in probiotics in APMEA and SAM was offset by the continued negative developments in Europe and NAM
- Impairment of EUR 4.3 million
- EBIT margin before impairment up 1.0%-point
- ROIC excl. goodwill up 2.0%-point

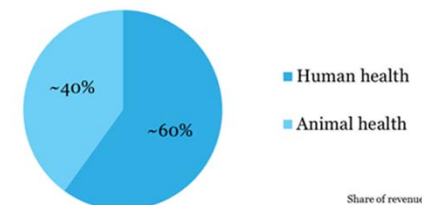
Organic growth



Q3

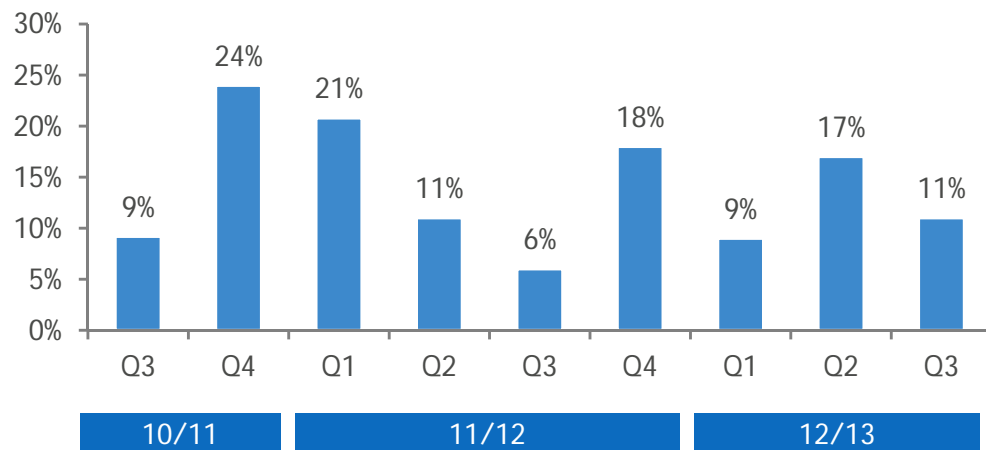
- Organic growth driven by strong growth in fermented milk, wine and meat. Cheese realized solid growth while enzymes delivered modest growth
- Probiotic cultures declined as growth in APMEA and SAM was more than offset by the negative development in Europe and NAM
- EBIT margin up 0.3%-point

Health & Nutrition Division



EUR million	Q3 12/13	Q3 11/12	YTD 12/13	YTD 11/12
Revenue	32.1	29.4	86.6	76.8
Organic growth	11%	6%	12%	12%
EBITDA	14.0	13.1	35.2	32.2
EBITDA margin	43.6%	44.7%	40.7%	41.9%
EBIT	12.0	11.3	25.8	26.7
EBIT margin	37.4%	38.3%	29.8%	34.8%
EBIT margin before impair.			34.2%	34.8%
ROIC excl. goodwill			32.8%	36.2%

Organic growth



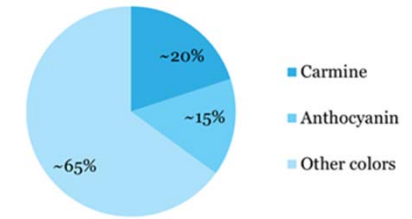
YTD

- Organic growth driven by strong growth in human health products (primarily dietary supplements in NAM) and animal health products (primarily silage and poultry)
- Impairment of EUR 3.8 million
- EBIT margin before impairment down 0.6%-point primarily due to changed product mix and investments in the sales platform
- ROIC excl. goodwill down 4.9%-point due to impairment

Q3

- Organic growth driven by dietary supplements and silage
- EBIT margin down 0.9%-point primarily due to changed product mix in human health

Natural Colors Division

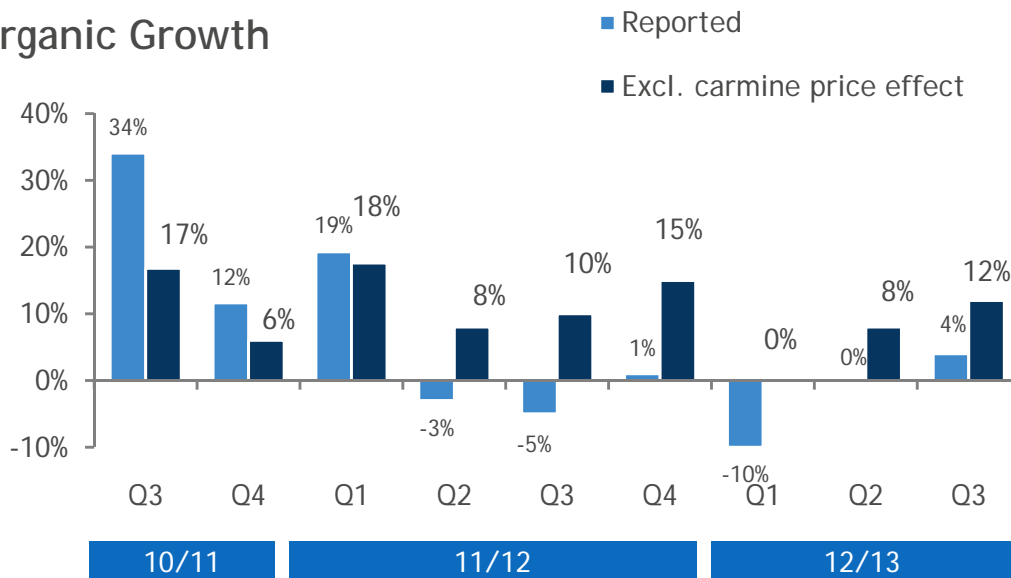


EUR million	Q3 12/13	Q3 11/12	YTD 12/13	YTD 11/12
Revenue	44.4	43.4	125.2	130.2
Organic growth	4%	(5%)	(2%)	3%
- excl. carmine price effect	12%	10%	7%	12%
EBITDA	7.2	9.0	18.5	25.1
EBITDA margin	16.1%	20.8%	14.8%	19.3%
EBIT	5.9	7.9	14.9	21.7
EBIT margin	13.4%	18.1%	11.9%	16.7%
ROIC			25.5%	40.1%

YTD

- Organic growth excluding carmine price effect driven by anthocyanin, natural carotene, annatto and FruitMax® products
- Carmine color experienced significantly declining sales prices. Volumes unchanged compared to last year
- EBIT margin down 4.8%-point driven by
 - Pricing initiatives to address earlier carmine volume losses
 - Investments in the sales platform
 - Tough comps from delayed carmine price reductions last year
- ROIC down 14.6%-point

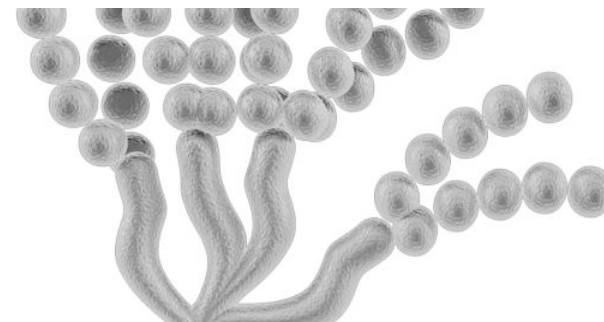
Organic Growth



Q3

- Organic growth driven by anthocyanin, natural carotene and annatto products
- Good growth in carmine volume as pricing initiatives to address earlier carmine volume losses were fully implemented
- EBIT margin down 4.7%-point

Profit & Loss



EUR million	Q3 12/13	Q3 11/12	Index	YTD 12/13	YTD 11/12	Index
Revenue	191.6	181.2	106	544.5	513.7	106
Organic growth	7%	5%		6%	8%	
Organic growth excl. carmine effect	8%	9%		9%	10%	
Gross margin	50.7%	51.8%		51.3%	50.7%	
EBIT	52.8	51.7	102	133.0	134.7	99
EBIT margin	27.6%	28.5%		24.4%	26.2%	
EBIT margin before impairment				25.9%	26.2%	
Net financials	(4.3)	(4.2)	102	(12.1)	(10.4)	116
Tax	(13.0)	(12.3)	106	(32.6)	(32.3)	101
Profit for the period	35.5	35.2	101	88.3	92.0	96
EPS, diluted	0.26	0.26		0.66	0.67	

Q3

- Gross margin down 1.1%-point
- EBIT margin down 0.9%-point by lower margins in the Natural Colors Division and to a lesser extent the Health and Nutrition Division

YTD

- Gross margin up 0.6%-point primarily driven by scale benefits
- Net financials up 16%. Exchange rate adjustments EUR (3) million compared to no impact last year
- Tax rate 27% compared to 26% last year

Research & Development



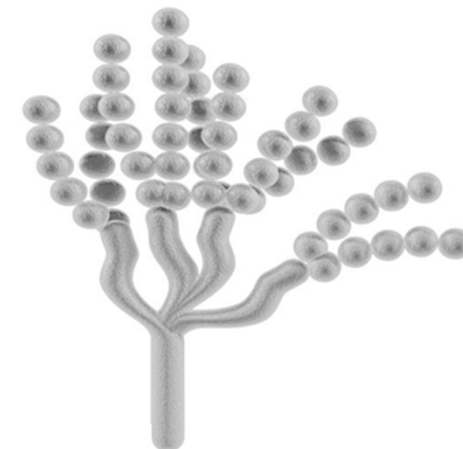
EUR million	Q3 12/13	Q3 11/12	YTD 12/13	YTD 11/12
R&D expenses	8.8	8.6	34.2	23.9
- Amortization	1.2	0.7	3.2	1.9
- Impairment	0	0	8.1	0.0
+ Capitalization	4.4	5.0	12.3	14.9
R&D expenditures incurred	12.0	13.0	35.2	36.9
Share of revenue	6.2%	7.2%	6.5%	7.2%
- of which capitalization	2.3%	2.8%	2.3%	2.9%

Clinical studies

Gastrointestinal health

- Based on analysis of clinical studies relating to gastrointestinal health Chr. Hansen assessed in March 2013 that data available were insufficient for approval of an EU health claim resulting in a EUR 8 million impairment of capitalized development costs in Q2 2012/13
- The data from the studies is currently being evaluated and based on the outcome of this evaluation a future strategy for clinical studies will be decided upon

Cash flow and Balance sheet



EUR million	Q3 12/13	Q3 11/12	YTD 12/13	YTD 11/12
Cash flow				
Cash flow - operating activities	62.3	52.5	98.6	89.8
Cash flow - investing activities	(16.6)	(16.5)	(46.9)	(43.1)
Free cash flow	45.7	36.0	51.7	46.7
Balance sheet				
Total assets			1,353	1,349
Equity, excl. minorities			648	654
Net interest-bearing debt			407	396
Key Figures				
ROIC excluding goodwill	35.8%	35.6%	31.0%	32.2%
Net working capital			18.9%	20.0%
Capital expenditure	8.7%	9.1%	8.6%	8.4%
Research & Development	6.2%	7.2%	6.5%	7.2%
NIBD/EBITDA			1.7x	1.8x

YTD

- Cash flow from operating activities improved by EUR 9 million
 - Operating profit and adjustments (EUR +9 million)
 - Working capital (EUR +3 million)
 - Interest payments (EUR +2 million)
 - Higher taxes paid (EUR -5 million)

- Increased CAPEX driven by
 - Investments in fermentation capacity for cultures

Outlook 2012/13

Adjusted



	3 July 2013	11 April 2013
<i>Organic revenue growth, excl. carmine price effect:</i>	8-9%	8-10%
<i>Organic revenue growth, incl. carmine price effect:</i>	6-7%	7-9%
<i>EBIT margin before special items and impairments:</i>	Around 27%	Above last year (27.2%)
<i>Free cash flow before acquisitions and divestments</i>	Around last year	Around last year

Changes to the Danish corporate tax rate from 2014 are expected to have a positive effect on the effective tax rate for 2012/13 of approx. 3-4%-point from adjustment of deferred taxes (no cash flow effect)

Forward-looking statements

This presentation contains forward-looking statements. Such statements are subject to risks and uncertainties as various factors, many of which are beyond the control of Chr. Hansen Holding A/S, may cause actual developments and results to differ materially from the expectations expressed in this report

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Capital Market Day



Chr. Hansen would like to invite institutional investors and analysts to a Capital Markets Day on 4 September 2013 at Hotel Hilton Copenhagen Airport

The agenda will include an update of the long-term strategy of Chr. Hansen

The program starts at 10:00 and ends at 15:15



Q & A



Disclaimers

This presentation contains forward-looking statements that reflect management's current views with respect to certain future events and potential financial performance.

Forward-looking statements are other than statements of historical facts. The words "believe," "expect," "anticipate," "intend," "estimate," "outlook," "will," "may," "continue," "should" and similar expressions identify forward-looking statements.

Forward-looking statements include statements regarding: objectives, goals, strategies, outlook and growth prospects; future plans, events or performance and potential for future growth; liquidity, capital resources and capital expenditures; economic outlook and industry trends; developments of the Company's markets; the impact of regulatory initiatives; and the strength of competitors. The forward-looking statements in this presentation are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management's examination of historical operating trends, data contained in records and other data available from third parties.

Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and may be beyond our control. Such risks, uncertainties, contingencies and other important factors could cause the actual results of the Company or the industry to differ materially from those results expressed or implied in this presentation by such forward-looking statements.

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New regions - Pro forma figures



Revenue (EUR million)	Q1 11/12	Q2 11/12	Q3 11/12	Q4 11/12	Q1 12/13	Q2 12/13	Q3 12/13	YTD 12/13
EMEA	87.1	83.4	91.8	92.8	85.6	84.7	95.2	265.6
Americas	59.4	60.8	65.4	68.8	69.2	67.6	69.8	206.5
APAC	21.1	20.7	24.0	23.3	23.7	22.1	26.6	72.4
Group	167.6	164.9	181.2	185.0	178.5	174.4	191.6	544.5

Organic growth	Q1 11/12	Q2 11/12	Q3 11/12	Q4 11/12	Q1 12/13	Q2 12/13	Q3 12/13	YTD 12/13
EMEA	10%	2%	-6%	5%	-3%	2%	4%	1%
Americas	22%	17%	20%	16%	14%	16%	8%	13%
APAC	1%	0%	19%	14%	7%	9%	11%	9%
Group	13%	6%	5%	10%	5%	8%	7%	6%

Organic growth adjusted for carmine price impact	Q1 11/12	Q2 11/12	Q3 11/12	Q4 11/12	Q1 12/13	Q2 12/13	Q3 12/13	YTD 12/13
EMEA	10%	6%	-2%	9%	0%	4%	7%	4%
Americas	20%	19%	24%	20%	17%	18%	9%	15%
APAC	1%	1%	23%	16%	8%	10%	13%	11%
Group	12%	9%	9%	14%	7%	10%	8%	9%

Chr. Hansen - A Bioscience based Company

Founded in 1874

Dairy Enzymes
(12% of revenue*)

CED

▼ Cheese

Cultures
(37% of revenue*)

CED

▼ Yogurt

▼ Meat

▼ Cheese

▼ Wine

Probiotic cultures
(26% of revenue*)

CED

▼ Yogurt

Human

▼ Food supplements

▼ Infant formula

Animal

▼ Animal health

Natural colors
(25% of revenue*)

N. Colors

▼ Beverage

▼ Confectionary

▼ Dairy & fruit preparation

▼ Prepared food

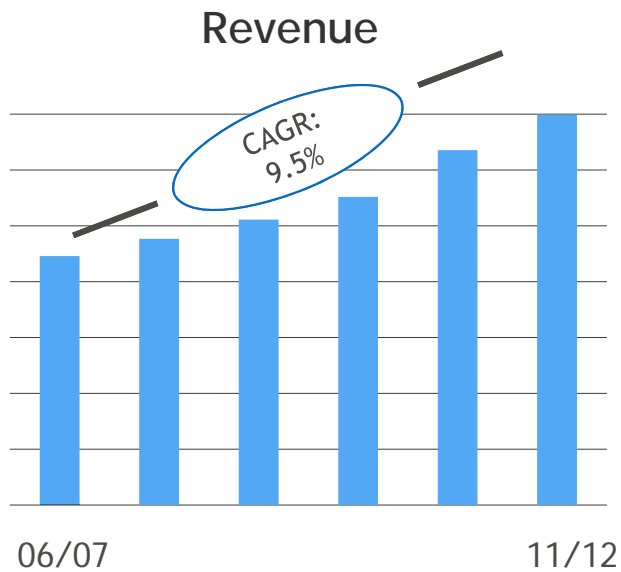


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Improving food & health

Three key characteristics

Attractive growth markets



Growth drivers

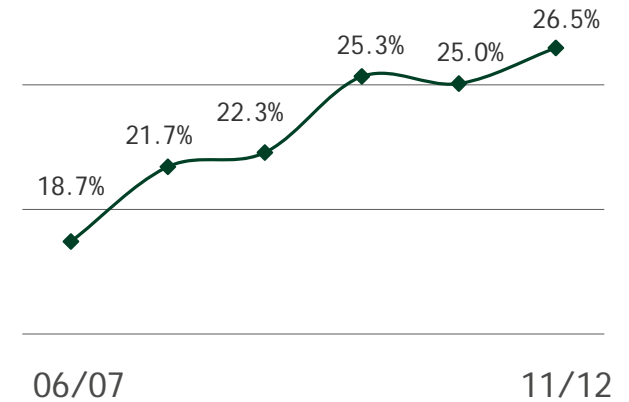
- Fundamental growth
- Conversion
- Greater functionality
- Market share

Market leader in niche segments with high barriers to entry

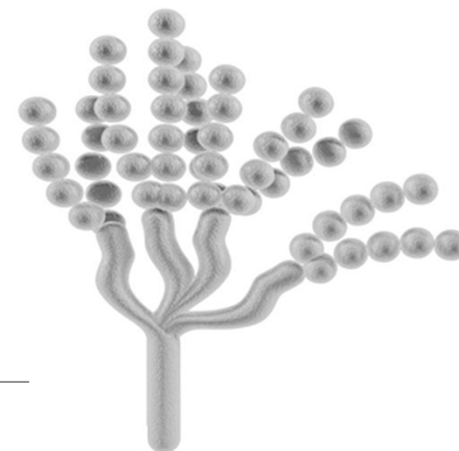


Strong returns

EBIT margin

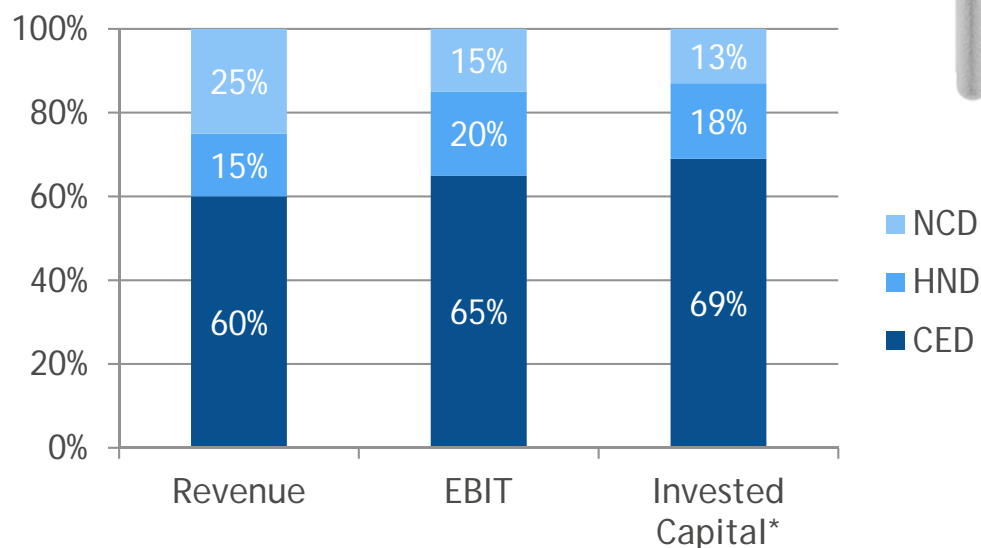


Chr. Hansen at a glance FY 2011/12



Chr. Hansen

Revenue	EUR 699m
Organic growth	8%/11%
EBIT	EUR 185m
EBIT margin	26.5%
Invested capital*	EUR 552m
ROIC*	34.1%



Cultures & Enzymes

Revenue	EUR 420m
Organic growth	10%
EBIT	EUR 120m
EBIT margin	28.5%
ROIC*	31.8%

Health & Nutrition

Revenue	EUR 107m
Organic growth	13%
EBIT	EUR 38m
EBIT margin	35.0%
ROIC*	39.1%

Natural Colors

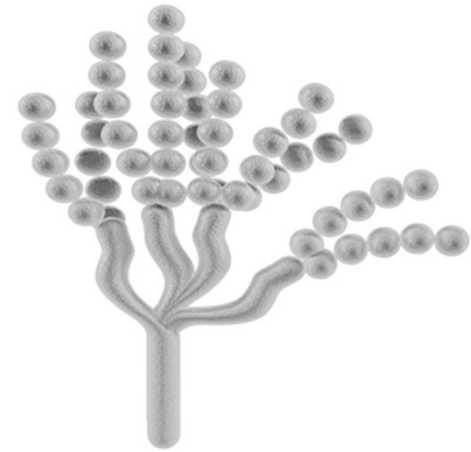
Revenue	EUR 172m
Organic growth	2%/12%
EBIT	EUR 28m
EBIT margin	16.0%
ROIC*	40.5%

Competitive landscape



Cultures	Dairy Enzymes	Human Health	Animal Health	Natural Colors
Chr. Hansen Market share ~45%*		Chr. Hansen Market share ~15%*		Chr. Hansen Market share ~20%*
Dupont (US)	DSM (NL)	Dupont (US)	Lallemand (CA)	Sensient (US)
DSM (NL)	Dupont (US)	Lallemand (CA)	Calpis (JP)	San-Ei-Gen (JP)
CSK (NL)	CSK (NL)	Biogaia (SE)	DSM (NL)	GNT (DE)
Clerici Sacco (IT)	Clerici Sacco (IT)			Wild (DE)
				Naturex (FR)

Cultures & Enzymes Division (60% of revenue)



Growth Drivers

Fundamental Market Growth

- GDP Growth
- Increased demand for healthy food products
- Increase in middle income groups in Asia, South America and Africa

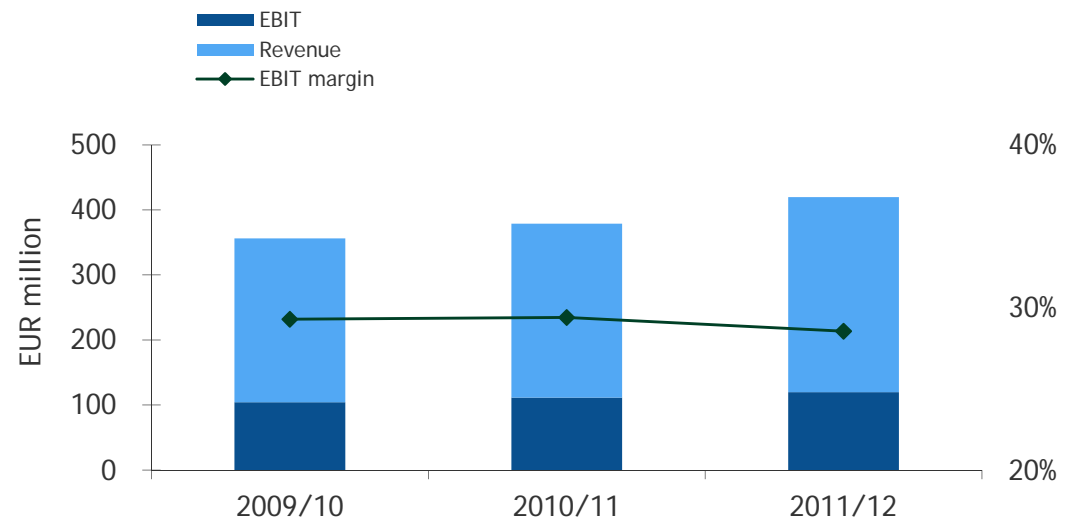
Conversion of Culture Production

- Dairies outsourcing production of cultures
 - Yogurt: approx. 75% converted*
 - Cheese: approx. 45% converted*

Increased functionality

- Probiotics
- Low fat, low sugar, low salt

Improved yield/efficiency



Health & Nutrition Division (15% of revenue)

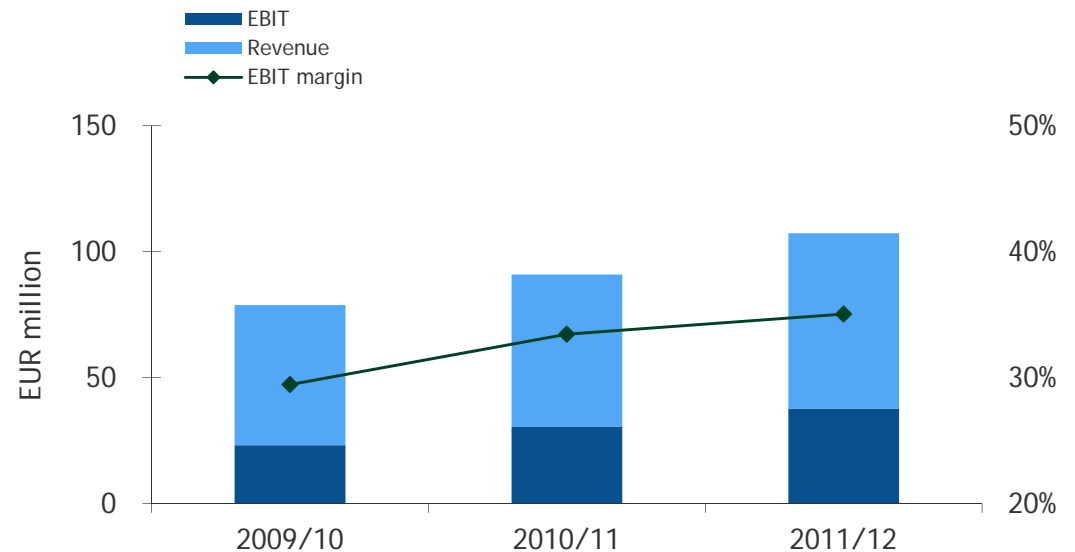


Human health

- Food supplements with documented health benefits on:
 - Intestinal flora
 - Immune system
- Ingredient in infant formula
- Customers: Pharmaceutical and health companies

Animal health

- Preserve nutritional value of silage
- Increased feed uptake and reduce mortality in livestock
- Customers: Agricultural industry, primarily within pigs, poultry and cattle



Natural Colors Division (25% of revenue)

Growth drivers

Increased Regulation

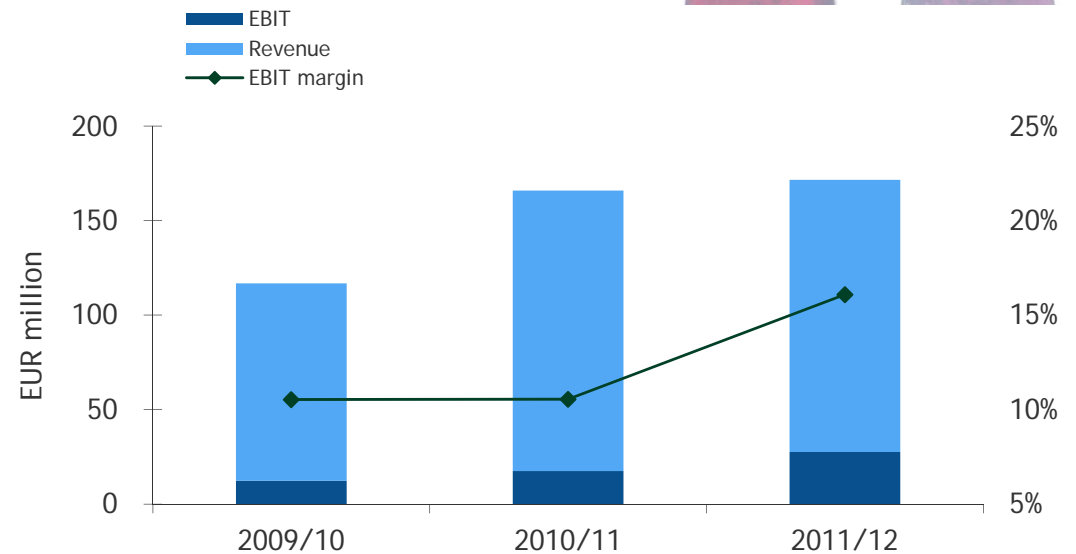
- Warning label on Southampton six colors in EU from July 2010 – latest adopted by Russia

Consumer Health Concerns

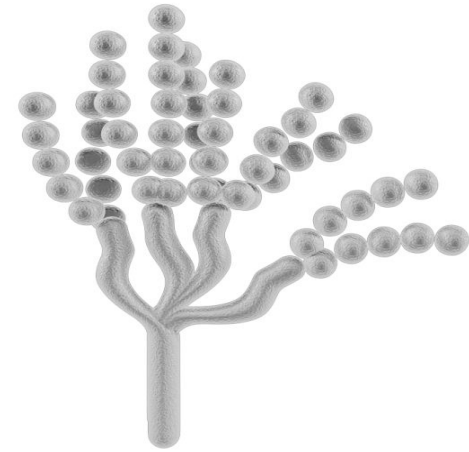
- Increased consumer demand for natural ingredients

Future Conversion opportunity

- Natural colors account for approx. 25-30% of volume in the total color market in food and beverages

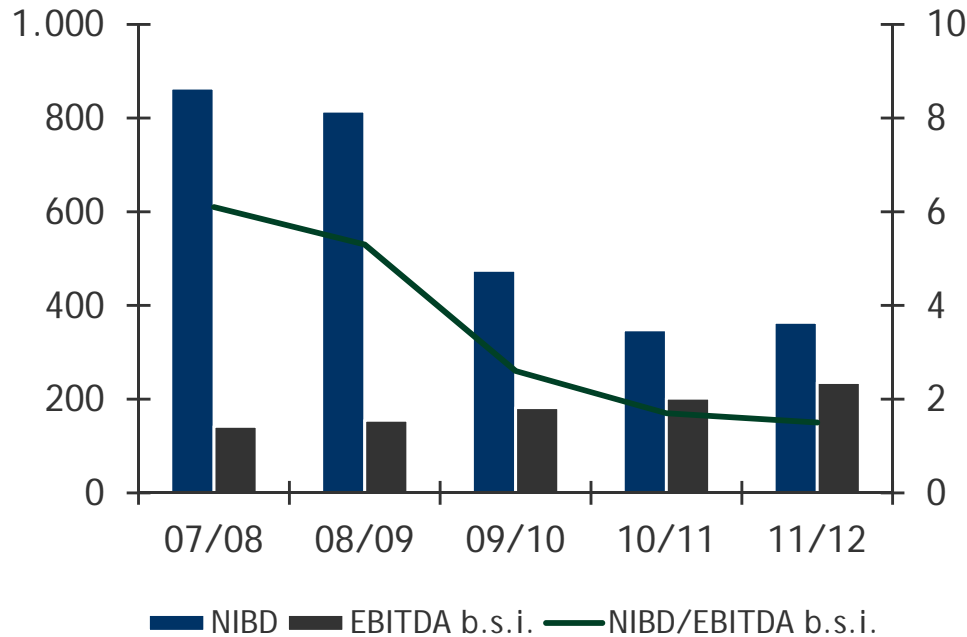


Gearing Level and Dividend Policy



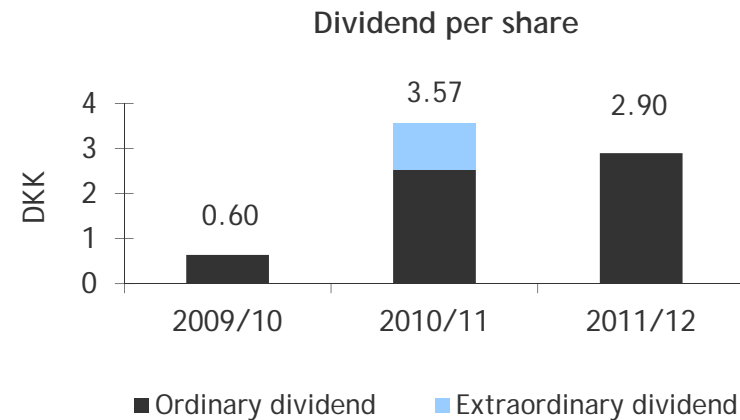
The Board of Directors is committed to maintaining leverage consistent with a solid investment grade credit profile while returning excess cash to shareholders either through normal and extraordinary dividends or share buy-back programs

Gearing Level



Dividend Policy

➤ Pay out ratio: 30-50% of net profit



Key risks



STRATEGIC RISKS

Product safety

Product safety is of utmost importance for Chr. Hansen. All products are procured in accordance with ISO 22000 while 12 production sites are FSSC 22000 certified. The remaining two production sites are expected to receive the certification by the end of calendar year 2013

Health claims

Chr. Hansen works diligently to further improve the documentation of health claims for our probiotic products

FINANCIAL RISKS

Chr. Hansen is exposed to a number of financial risks relating to currency and interest rate fluctuations, funding and liquidity, credit and counter party risk

Please refer to the Annual Report 2011/12 (p. 22-23) and relevant notes for more information on Chr. Hansen's known key risks

OPERATIONAL RISKS

Production

Chr. Hansen has five main production sites located in Denmark (2), France, Germany and USA. These sites represent the core of Chr. Hansen's business, and each site monitors safety and delivery performance to manage all potential risks

Legal Proceedings

Chr. Hansen were as of 31 August 2012 defendant in several diacetyl related lawsuits. The diacetyl lawsuits are not expected to have a material adverse effect on Chr. Hansen's financial position or results of operation. Chr. Hansen has an insurance covering loss from diacetyl claims against the Company at the time of production of products containing diacetyl. A condition for insurance is that the claims are based on the same liability entailing conduct. The insurance is expected to be adequate to cover any losses arising from the cases related to diacetyl exposure

Human Capital

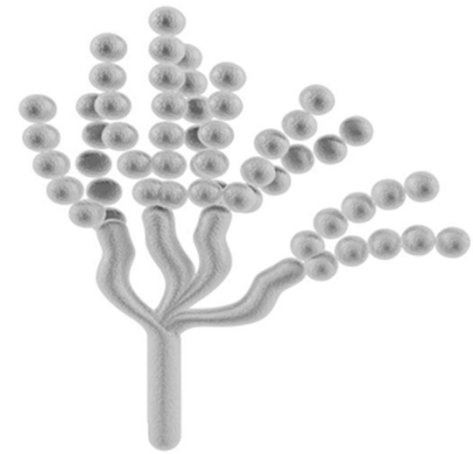
Human knowledge is instrumental to Chr. Hansen's business and there is a strong focus on building and expanding the knowledge base by actively developing the key competencies of the employees. In Chr. Hansen, a large number of field experts and scientists are employed

Tax and transfer pricing

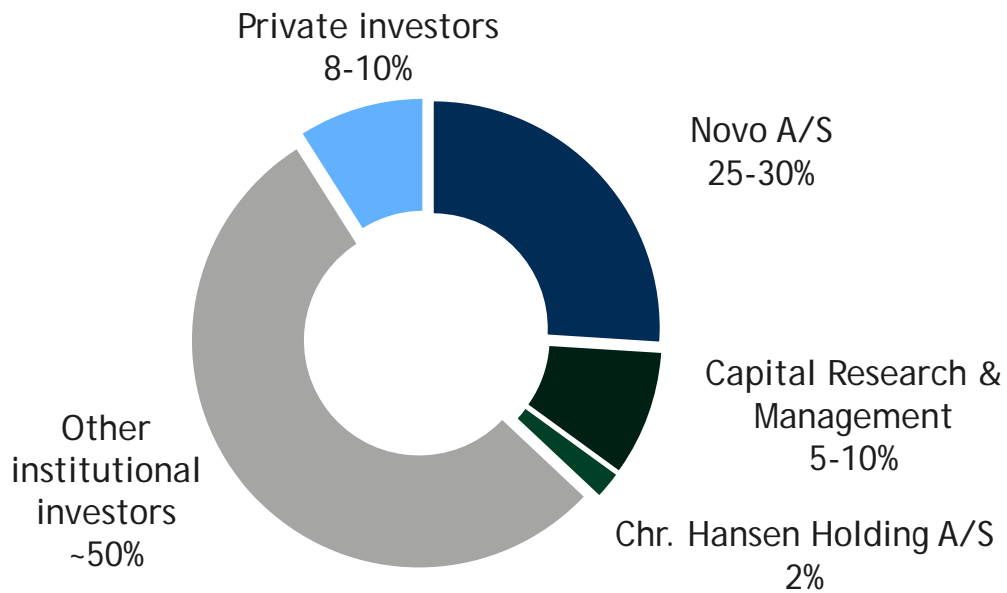
Chr. Hansen is a global company that operates in multiple jurisdictions with different tax rules and regulations. It is the Company's intention always to fulfill tax requirements in all the countries where business is conducted.

Shareholder Distribution*

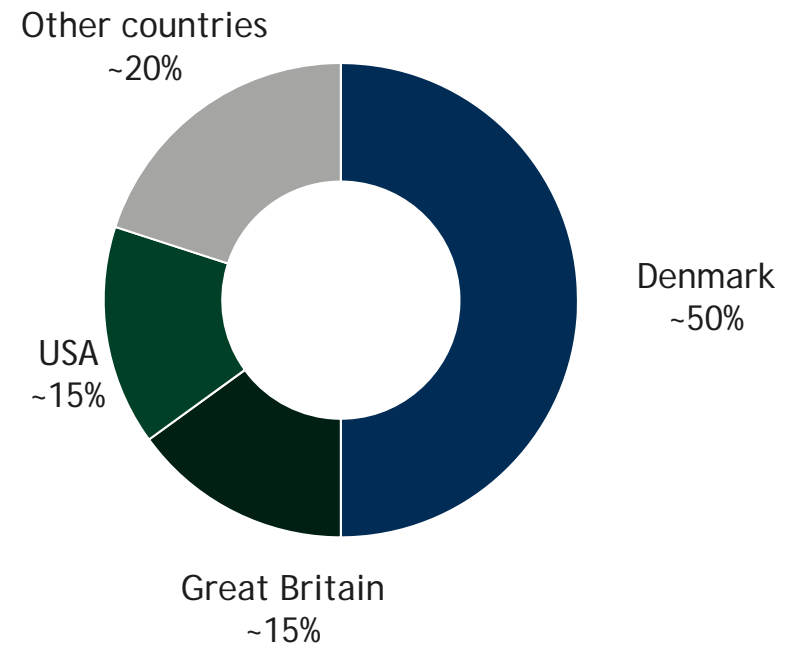
Jun 2013



Shareholder Type



Countries



Chr. Hansen



Financial Calendar 2012/13

23 October 2013 Annual Report 2012/2013

Interactive Annual Report 2011/12

<http://annualreport1112.chr-hansen.com>

Share Data

Share capital	1,344,999,760
Number of shares	134,499,976
Outstanding shares	131,624,177
Classes of shares	1
Voting & Ownership restrictions	None
Stock exchange	NASDAQ OMX Copenhagen
ISIN code	DK0060227585
Ticker symbol	CHR

Contact Chr. Hansen

Head of Investor Relations

Senior Director

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Definitions



Organic growth

Adjusted organic revenue growth is calculated based on the reported International Financial Reporting Standards revenue adjusted for sales reductions (such as commissions and sales discounts), further adjusted for acquisitions and divestitures in order to standardize year-on-year comparisons and measured in local currency.

EBIT (Earnings before Interest & taxes)

EBIT is calculated as profit for the period before financial income and expenses and corporate income taxes. EBIT also excludes income and expenses from discontinued operations.

Free cash flow

Free cash flow is a measure of financial performance calculated as operating cash flow less net capital expenditures.

Invested capital

Invested capital is calculated as intangible assets, property, plant and equipment, trade receivables and inventories less trade payables.

ROIC (return on invested capital) excluding goodwill

Operating profit as a percentage of average invested capital excluding goodwill.