Nature’s no. 1

Unique microbial solutions platform supports high organic growth

SUSTAINABLY
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Cees de Jong
President & CEO
Executive Board member

Mauricio Graber
President & CEO
Executive Board member

Thomas Schäfer
Executive Vice President & CSO
Executive Board member

Soeren Westh Lonning
Executive Vice President & CFO
Executive Board member

Cees de Jong joined Chr. Hansen in April 2013 as CEO. Prior to this Cees de Jong held various managerial and board positions within the biopharmaceutical and food industry. His professional career started in 1989 with Gist-Brocades (NL) where he held different positions including Managing Director for the Industrial Pharmaceutical division. Following Gist-Brocades’ acquisition by DSM in 1998, Mr. de Jong was appointed President of the Anti-Infectives division of DSM.

In 2000 he joined Campina as President for the Industrial Products Division, and from 2003 to 2007 he worked for Quest International and ICI as Group Vice President and member of the Board, heading up the Flavour Division. In 2007 Mr. de Jong joined Crucell as Chief Operating Officer and member of the Board, until 2011 when the company was acquired by Johnson & Johnson.

Cees de Jong will step down as President & CEO for Chr. Hansen on 1 June 2018.

Mauricio Graber was until 1 April 2018 President of the Flavours Division of Givaudan S.A. and a member of Givaudan’s Executive Committee. His professional career started in 1989 with The Nutrasweet Company in the USA as Business Development Manager. After two years in the role, he returned to Mexico in 1991 to become Regional Head of North Latin America.

In 1995, he joined the US-based flavour company Tastemaker as Regional President of Latin America. In 1997, Tastemaker was acquired by the industry leader Givaudan, and subsequently Mr. Graber was appointed Regional President of Latin America of the combined regional business. From his new base in Brazil, he continued in that role until 2006 when he was appointed President of the Flavours division based in Switzerland.

Mauricio Graber will take over as President & CEO for Chr. Hansen on 1 June 2018.

Thomas Schäfer joined Chr. Hansen in November 2017 as Executive Vice President & Chief Scientific Officer bringing with him 23 years of experience from Novozymes. As a German national, Thomas Schäfer’s professional career started in 1994 where he joined the enzyme division of Novo Nordisk (in 2000 split into Novozymes) in Microbial Screening as a PostDoc. Throughout his years in Novozymes, he has held various senior positions primarily within R&D and Business Development. In 2013 Thomas Schäfer played a key role in making the BioAg Alliance with Monsanto a reality. This led to three years of expatriation in North Carolina, US, where he established Novozymes’ BioAg Application Research unit in RTP.

Thomas Schäfer’s experience spans across both bacteria and enzymes under the umbrella of which he is further the co-inventor on a number of patents as well as publisher of several scientific papers and publications with WWF, WEF and the German Bioeconomy council.

Soeren Westh Lonning joined Chr. Hansen in October 2007 as Director of Corporate Development. In the period 2008-2013 he held various positions within Chr. Hansen’s finance organization incl. Vice President of Business Finance & Sourcing and Finance Director Cultures & Enzymes Division and Health & Nutrition Division. In 2013 Mr. Lonning was appointed Country Manager for South West Europe as well as Finance Responsible for the Europe, Middle East & African region working out of Paris, France. In August 2015 Mr. Lonning returned to Denmark and was appointed Executive Vice President and CFO of Chr. Hansen.

Prior to joining Chr. Hansen, Mr. Lonning was Investment Manager at Axcel Private Equity (2005-07) and Associate with McKinsey & Co. (2002-2004).
Jacob Vishof Paulsen joined Chr. Hansen in October 2006 as Sales & Business Development Director in Global Sales. He was later appointed Area Country Manager for Central East Europe and spent one year at the Chr. Hansen office in Parma, Italy. In April 2011 Mr. Vishof took up the position as Regional Vice President for Europe. In 2013 he was appointed Group VP and Head of the European, Middle Eastern and African regions with report to the CEO.

In 2016 Mr. Vishof was appointed EVP of the European, Middle Eastern, African & North American regions.

Christoffer Lorenzen joined Chr. Hansen as Director, Sales Development, Global Sales in 2008. In 2011, he was appointed Vice President, Area Country Manager, responsible for Central & Eastern Europe and in 2013 he assumed the position as Senior Vice President for Commercial Development (Marketing/Product Development/Product management) in the Cultures & Enzymes Division. As of 2016, Christoffer Lorenzen has headed up the largest business area at Chr. Hansen, Food Cultures & Enzymes, as Executive Vice President and since 2018 member of the Executive Board.

Besides his role in Chr. Hansen, he is the Vice Chairman of The Board in EFFCA (European Food and Feed Cultures Association) and he is a member of the board of directors in Hamlet Protein and Schultz.

Prior to joining Chr. Hansen, he held various positions in Lundbeck.

Christian Barker joined Chr. Hansen in May 2012, as head of a Corporate Strategic Development function reporting to the CEO. In August 2013 Mr. Barker was appointed EVP and Head of the Health & Nutrition Division.

Prior to joining Chr. Hansen, Mr. Barker was a partner at McKinsey & Company, where he spent 15 years serving global clients on a range of topics including growth strategy, M&A, business building, and restructuring.

Mr. Barker joined McKinsey in Copenhagen in 1996, worked for McKinsey in London and Buenos Aires, and was based in New York/New Jersey from 1999 to 2010 before returning to Copenhagen.
<table>
<thead>
<tr>
<th>Time</th>
<th>Presenter</th>
<th>Main topics</th>
</tr>
</thead>
<tbody>
<tr>
<td>12:30 – 12:50</td>
<td>Cees de Jong, CEO</td>
<td>Nature’s No. 1 – Sustainably</td>
</tr>
<tr>
<td>12:50 – 13:25</td>
<td>Christoffer Lorenzen, EVP</td>
<td>Leverage the full potential of Food Cultures &amp; Enzymes</td>
</tr>
<tr>
<td>13:25 – 14:00</td>
<td>Christian Barker, EVP</td>
<td>Develop the microbial platform in Health &amp; Nutrition</td>
</tr>
<tr>
<td>14:00 – 14:20</td>
<td>Break</td>
<td></td>
</tr>
<tr>
<td>14:20 – 14:40</td>
<td>Thomas Schäfer, CSO</td>
<td>R&amp;D as a competitive advantage</td>
</tr>
<tr>
<td>14:40 – 15:00</td>
<td>Jacob Vishof Paulsen, EVP</td>
<td>Commercial excellence and market mapping</td>
</tr>
<tr>
<td>15:00 – 15:20</td>
<td>Søren Westh Lonning, CFO</td>
<td>Financial targets</td>
</tr>
<tr>
<td>15:20 – 15:25</td>
<td>Cees de Jong, CEO</td>
<td>Closing remarks</td>
</tr>
<tr>
<td>15:25 – 15:35</td>
<td>Break</td>
<td></td>
</tr>
<tr>
<td>15:35 – 17:00</td>
<td>Q&amp;A break-out sessions</td>
<td>Team 1: Cees de Jong, Christoffer Lorenzen and IR</td>
</tr>
<tr>
<td>3 x 25 mins</td>
<td>Whole team participates in 3 groups</td>
<td>Team 2: Thomas Schäfer, Christian Barker and IR</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Team 3: Jacob Vishof Paulsen and Søren Westh Lonning</td>
</tr>
</tbody>
</table>
NN1 STRATEGY
Nature’s No. 1 – Sustainably

Cees de Jong
Together, we deliver natural innovative solutions that address global challenges by advancing food, health, and productivity.
We are market and technology leaders in our core business

Shared R&D platform – the Microbial Platform

Food Cultures & Enzymes and Health & Nutrition share a common research platform, and production method. The R&D platform is a process of screening, developing and upscaling of microbes. Production is the optimization of recipes, flows and infrastructure for the fermentation of microbes. Together: The Microbial Platform.
## Strong mega trends continue to support our business

<table>
<thead>
<tr>
<th>The trend</th>
<th>Our opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Growing world population and resource scarcity</strong></td>
<td>Need for innovation to improve productivity and reduce food waste</td>
</tr>
<tr>
<td><strong>“Real foods” and consumerism</strong></td>
<td>Optimization of recipes to meet clean label demands</td>
</tr>
<tr>
<td><strong>Aging population and increasing health care costs</strong></td>
<td>Need for cheaper and preventive solutions</td>
</tr>
<tr>
<td><strong>Urbanization and industrialization</strong></td>
<td>Enhanced value of potential markets</td>
</tr>
<tr>
<td><strong>Technology breakthroughs</strong></td>
<td>Scientific evidence of benefits from good bacteria</td>
</tr>
</tbody>
</table>
# How did we do since 2016?

<table>
<thead>
<tr>
<th>Segment</th>
<th>Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FOOD CULTURES &amp; ENZYMES</strong></td>
<td>Leverage the full potential of Food Cultures &amp; Enzymes</td>
</tr>
<tr>
<td>✓ Bioprotection as a new lighthouse</td>
<td>✓ Expand existing business</td>
</tr>
<tr>
<td>✓ New platforms for dairy</td>
<td>✓ Develop plant protection</td>
</tr>
<tr>
<td>✓ Commercial excellence</td>
<td>✓ Explore and develop Human Microbiome</td>
</tr>
<tr>
<td><strong>HEALTH &amp; NUTRITION</strong></td>
<td>Develop the microbial platform in Health &amp; Nutrition</td>
</tr>
<tr>
<td>✓ Establish direct market presence in key emerging markets</td>
<td>✓ Increase penetration of Human and Animal Health products</td>
</tr>
<tr>
<td>✓ Drive scalability through new capacity in Copenhagen</td>
<td>✓ Reinvest in future growth</td>
</tr>
<tr>
<td>✓ Drive US conversion and secure APAC growth</td>
<td>✓ Restored profitability</td>
</tr>
<tr>
<td><strong>NATURAL COLORS</strong></td>
<td>Create further value in Natural Colors</td>
</tr>
<tr>
<td>✓ Continued conversion</td>
<td>✓ Commercial excellence</td>
</tr>
<tr>
<td>✓ Commercial excellence</td>
<td>✓ Continued conversion</td>
</tr>
</tbody>
</table>

**Leverage the full potential of Food Cultures & Enzymes**

- Bioprotection as a new lighthouse
- New platforms for dairy
- Commercial excellence

**Develop the microbial platform in Health & Nutrition**

- Establish direct market presence in key emerging markets
- Increase penetration of Human and Animal Health products
- Drive scalability through new capacity in Copenhagen
- Commercial excellence

**Create further value in Natural Colors**

- Continued conversion
- Commercial excellence
- Drive US conversion and secure APAC growth
- Expanded FruitMax® range of coloring foodstuff
We have achieved our financial targets, except for organic growth in Health & Nutrition

<table>
<thead>
<tr>
<th>Organic revenue growth</th>
<th>Old long-term financial ambitions</th>
<th>Progress 2014/15 – 2016/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food Cultures &amp; Enzymes</td>
<td>8-10%</td>
<td>11% CAGR</td>
</tr>
<tr>
<td>Health &amp; Nutrition</td>
<td>7-8%</td>
<td>10% CAGR</td>
</tr>
<tr>
<td>Natural Colors</td>
<td>+10%</td>
<td>8% CAGR</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EBIT margin b.s.i.</th>
<th>Old long-term financial ambitions</th>
<th>Progress 2014/15 – 2016/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food Cultures &amp; Enzymes</td>
<td>Increasing</td>
<td>27.1% to 28.9%</td>
</tr>
<tr>
<td>Health &amp; Nutrition</td>
<td>Increasing</td>
<td>31.5% to 34.5%</td>
</tr>
<tr>
<td>Natural Colors</td>
<td>Around 30%</td>
<td>Avg. of ~29%</td>
</tr>
<tr>
<td></td>
<td>Increasing</td>
<td>8.3% to 12.9%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Free cash flow before acquisition, divestments and special items</th>
<th>Old long-term financial ambitions</th>
<th>Progress 2014/15 – 2016/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increasing</td>
<td></td>
<td>24% increase</td>
</tr>
</tbody>
</table>
Our Natural Colors business presents an attractive growth opportunity

Key messages

Attractive growth potential from conversion and coloring foodstuff
Transformation project completed
Limited synergies between Natural Colors and our microbial platform

Main trend and projected value

Demand for cleaner, healthier and more natural products
Projected 2030 market value of EUR 2.0 - 2.5bn

Current market overview

Source: Euromonitor and management estimates.
Note: Market value measured as Food & Beverages Natural Colors including Coloring Foods, and excluding Caramel colors (approximately EUR 200m)
Our three lighthouses address challenges within food safety, agriculture and public health

**FOOD CULTURES & ENZYMES**

- **Bioprotection**
  - Bacterial solutions for food safety and freshness

- **Plant Health**
  - Bacterial cultures for crop protection

- **Human Microbiome**
  - Next generation bacteria for Human Health

**HEALTH & NUTRITION**

Lighthouse

Potential revenue of minimum EUR 100m per year

Designated as lighthouse in 2013

Designated as lighthouse in 2013

Designated as lighthouse in 2016
In addition to the core dairy business, the microbial solutions platform is a key driver for strong growth.

<table>
<thead>
<tr>
<th>Microbial platform</th>
<th>1-2 years</th>
<th>3-5 years</th>
<th>+5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>FOOD CULTURES &amp; ENZYMES</td>
<td>Market dynamics and existing portfolio</td>
<td>Recent and near-term product launches</td>
<td>Pipeline</td>
</tr>
<tr>
<td>HEALTH &amp; NUTRITION</td>
<td>Bioprotection in dairy</td>
<td>Bioprotection outside dairy</td>
<td>New innovation, e.g. fermented beverages, lower sugars, non-lactose, etc.</td>
</tr>
<tr>
<td>NATURAL COLORS</td>
<td>Animal Health</td>
<td>Plant Health</td>
<td>Human Microbiome</td>
</tr>
<tr>
<td></td>
<td>Human Health</td>
<td></td>
<td></td>
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## Evolution, not revolution

### FOOD CULTURES & ENZYMES
- Leverage the full potential of Food Cultures & Enzymes

### HEALTH & NUTRITION
- Develop the microbial platform in Health & Nutrition

### NATURAL COLORS
- Create further value in Natural Colors

### Drive penetration of new innovation
- Continue to prioritize core dairy business
- Develop adjuncts and adjacencies
- Drive Bioprotection lighthouse to EUR 200m by 2025
- Drive new products for Human Health (incl. Microbiome) and Animal Health
- Invest in Plant Health platform to unlock potential of EUR 100m by 2025
- Expand FruitMax® range of coloring foodstuff

### Reinforce position in growth markets
- Further strengthen global market presence
- Application support in core adjacencies
- Human Health: Expansion into emerging markets and growth segments
- Strengthen route-to-market in Ag businesses
- Drive US conversion and secure APAC growth

### Generate fuel for growth
- Drive scalability in supply chain
- Digitalize core processes
- Reinvest in future growth
- Continue drive to restore profitability

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We are a front-runner on sustainability

**Better farming**

We help feed the growing population by promoting sustainable agriculture

Expand reach of natural plant protection by 25m hectares (2025)

**Good health**

We improve global health through healthier, safer and more products

Launch 6 new products with a documented health effect (2022)

**Less waste**

We help customers reduce food waste and improve yield and productivity

Reduce global yogurt waste by 1.2m ton (2022)

81% of Chr. Hansen’s revenue contributes to the UN Global Goals - validated by PWC

81% of Chr. Hansen’s revenue contributes to the UN Global Goals - validated by PWC
NN1 STRATEGY

Key Messages

- Nature’s No.1 Sustainably – evolution, not revolution
- Macro trends, including global focus on sustainability, will support Chr. Hansen
- Unique microbial solutions platform supports high organic growth
FC&E strategy
Leverage the full potential of Food Cultures & Enzymes

Christoffer Lorenzen
Key Messages

- Strong competitive position in the Dairy market
- Technology base relevant and ‘on trend’
- Growth opportunities in core and near adjacencies
Our business has seen robust growth performance ahead of guidance, supported by all growth drivers.

**Contribution of total organic sales growth (2012/13 – 2016/17)**

- **Fundamental (market) growth** accounted for roughly 1/3 of total growth.
- Innovation driven by:
  - Up-selling to new concept generations (superior functionality and performance)
  - New and more uses of cultures and enzymes (e.g., Bioprotection)
- Market share gains are not a primary target.
- Pricing performance is heavily impacted by currencies with an adjusted EUR growth CAGR of 8.2% for the 2012/13 – 2016/17.
### Evolution, not revolution

<table>
<thead>
<tr>
<th><strong>FOOD CULTURES &amp; ENZYMES</strong></th>
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<th><strong>NATURAL COLORS</strong></th>
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#### Generate fuel for growth
- Drive scalability in supply chain
- Digitalize core processes
- Reinvest in future growth
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FOOD CULTURES & ENZYMES

We have a focused commercial agenda and a technology that is highly relevant for customers in order to address market needs

FC&E focuses on three market agendas...

1. Drive improved freshness and safety of food products and counter food waste

2. Help food industry players meet consumer demand for tasty, healthy, nutritious, and affordable food with clean labels

3. Enable continued DVS penetration (bulk conversion) by delivering convenience, yield benefits, consistency, and value added services

... and help our customers solve important consumer dilemmas

1. How can we bridge the gap between convenient and ‘good for me’?

2. How can we make fresh foods and ‘ready-to’ meal solutions safer and help consumers trust them?

3. How can we bring more umami to foods in a safe way?

4. How can we help make authentic foods safe, and standardized food more relatable?
We retain our long term growth guidance with majority of growth coming from core customers and markets.

**Organic growth divisional target**
7-8%

**Technologies**

- **Upselling and innovation in core business**
  - 2-3% growth

- **Fundamental market growth, pricing and market share**
  - ~4% growth

- **Further conversion of dairies**
  - ~1% growth

- **Extension into new food categories and near adjacencies**
  - <1% growth
The fundamental market growth outlook is robust

Market growth in the segments served by Chr. Hansen will outgrow the global raw milk output

- **Global raw milk output**: <2% CAGR (5YR growth estimate)
- **Industrial milk output**: >2% CAGR (5YR growth estimate)
- **Cheese output**: 2.5-3% CAGR (5YR growth estimate)
- **Fermented milk output**: 3-4% CAGR (5YR growth estimate)

**Industrialization of Dairy**

- Consumption in markets like India and Iran support Chr. Hansen’s addressable market growth

**Non-Industrial milk output**

- **Cheese output**: Global cheese trade (import/export) growing
- **Cheese output**: Cheese growing as an ingredient
- **Fermented milk output**: Variation in growth across markets (emerging vs. mature)
- **Fermented milk output**: “Major food” being challenged by smaller players

- **Drinking milk**
- **Butter & Cream**
- **Milk & Whey powder**

50% of industrialized milk output goes into core FC&E business areas
Growing middle class drives higher consumption of dairy products

Source: International Monetary Fund, Euromonitor, and management estimates

Drivers of growth

Low consumption per capita

High consumption per capita

Affordability and availability enablers (e.g. ambient); nutritional potential of milk

Convenience, differentiated concepts and new occasions (building on ‘real foods’)

Drivers of growth

Low consumption per capita

High consumption per capita

Affordability, infrastructure and cheese functionality & taste

Category reinvention and differentiation (building on ‘real foods’); cheese functionality

Yoghurt consumption vs. GDP/Capita 2017

Cheese consumption vs. GDP/Capita 2017
Maintaining and growing our core business will require focus on core disciplines and continued conversion

Stay sharp on core disciplines and core offerings related to acidification and coagulation

Deliver productivity and consistency

Improve customer perception of value for money by adding new services and making it easier to do business with Chr. Hansen

Drive the DVS conversion and harvest value

Continue to serve customers broadly with strong local presence and regional/global support base

Fermented milk DVS® penetration (DVS and bulk starter market volume %)

- 2011: 80%
- 2013: 76%
- 2016: 78%
- Potential: 90%

Cheese DVS® penetration (DVS vs bulk share by volume %)

- 2011: 40%
- 2013: 44%
- 2016: 53%
- Potential: 75%
Upselling novel solutions and increasing wallet size with existing customers

Rejuvenate product offerings and up-sell customers to newer, higher priced solutions

Develop new adjunct uses of cultures and enzymes

Selling more solutions to each existing customer on average

Identify paths to outpace volume growth in mature fermented milk markets (France, Russia and US)
Leveraging core technology to address major consumer trends and build adjacent business opportunities

Adjacent market segments to be built with existing technologies

**Fermented Beverages**
- Non-alcoholic beer
  - Demand for low/no alcohol (occasions and geographies)
  - DVS*-type technology for breweries with strong IP
  - Building on competencies, processes, and people that already serve the Wine segment

**Dairy alternatives**
- Plant-based dairy alternatives
  - Small but growing niche in the yoghurts space
  - Address texture and flavour profiles through core fermentation solutions
  - Support incumbents and new entrants

**Meat adjacencies**
- Cooked Sausages, bacon, and Salmon
  - Demand for fresh, clean and safe meat products
  - Fermentation solutions (acidification and Bioprotection)
  - Expanding the remit of the existing Meat team

**Processed food**
- Ready to eat salads
  - Demand for fresh, clean and safe ready-to-eat formats
  - Surface fermentation (Bioprotection)
  - Supported by technologists and value chain that also support Meat adjacencies
### Bioprotection today and tomorrow – a EUR 200m business by 2025

Bioprotection has made strong progression since 2013, and will continue to create long-term revenue optionality.

<table>
<thead>
<tr>
<th>Category</th>
<th>Traditionally Fermented Food Products</th>
<th>Non Traditionally Fermented Food Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fresh Dairy</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Cheese</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Fermented Meat</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Animal products (meat adjacencies/fish)</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Vegetable products</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Food waste</strong></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Food Safety</strong></td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

- **Food waste**
  - Shelf Life Extension targeting yeasts/mould/LAB

- **Food Safety**
  - Additional protection against gram-positive food pathogens (Listeria, Clostridium)

6% of Food Cultures & Enzymes revenue in 2016/17
Key Messages

- Strong competitive position in the Dairy market
- Technology base relevant and ‘on trend’
- Growth opportunities in core and near adjacencies
H&N strategy

Develop the microbial platform in Health & Nutrition

Christian Barker
Microbial solutions have extraordinary potential to improve health and productivity for humans and agriculture

Chr. Hansen is exceptionally positioned to capture this potential

Health & Nutrition pursues three different strategies across three different areas with attractive growth fundamentals
H&N has a diverse portfolio with strong growth prospects

Three diverse business areas leveraging the same microbial and R&D platform

**Human Health** (including Microbiome)
- Dietary supplements
- Infant formula
- New microbiome products

**Animal Health**
- Cattle
- Swine
- Poultry
- Silage

**Plant Health**
- Sugar cane
- Soy bean
- Corn

**Strong historical growth, with some volatility in annual growth rates**

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (EURm)</th>
<th>Organic Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011/12</td>
<td>111</td>
<td>13%</td>
</tr>
<tr>
<td>2012/13</td>
<td>124</td>
<td>14%</td>
</tr>
<tr>
<td>2013/14</td>
<td>138</td>
<td>15%</td>
</tr>
<tr>
<td>2014/15</td>
<td>169</td>
<td>13%</td>
</tr>
<tr>
<td>2015/16</td>
<td>187</td>
<td>2%</td>
</tr>
<tr>
<td>2016/17</td>
<td>230</td>
<td>14%</td>
</tr>
</tbody>
</table>

Organic CAGR: 12%
### Evolution, not revolution

<table>
<thead>
<tr>
<th>FOOD CULTURES &amp; ENZYMES</th>
<th>HEALTH &amp; NUTRITION</th>
<th>NATURAL COLORS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leverage the full potential of Food Cultures &amp; Enzymes</td>
<td>Develop the microbial platform in Health &amp; Nutrition</td>
<td>Create further value in Natural Colors</td>
</tr>
<tr>
<td><strong>Drive penetration of new innovation</strong></td>
<td>- Continue to prioritize core dairy business</td>
<td>- Drive new products for Human Health (incl. Microbiome) and Animal Health</td>
</tr>
<tr>
<td></td>
<td>- Develop adjuncts and adjacencies</td>
<td>- Invest in Plant Health platform to unlock potential of EUR 100m by 2025</td>
</tr>
<tr>
<td></td>
<td>- Drive Bioprotection lighthouse to EUR 200m by 2025</td>
<td>- Expand FruitMax® range of coloring foodstuff</td>
</tr>
<tr>
<td><strong>Reinforce position in growth markets</strong></td>
<td>- Further strengthen global market presence</td>
<td>- Human Health: Expansion into emerging markets and growth segments</td>
</tr>
<tr>
<td></td>
<td>- Application support in core adjacencies</td>
<td>- Strengthen route-to-market in Ag businesses</td>
</tr>
<tr>
<td><strong>Generate fuel for growth</strong></td>
<td>- Drive scalability in supply chain</td>
<td>- Drive US conversion and secure APAC growth</td>
</tr>
<tr>
<td></td>
<td>- Digitalize core processes</td>
<td>- Reinvest in future growth</td>
</tr>
<tr>
<td></td>
<td>- Drive penetration of new innovation</td>
<td>- Continue drive to restore profitability</td>
</tr>
</tbody>
</table>

**HEALTH & NUTRITION**

- Evolution, not revolution

**NATURAL COLORS**
We participate in high growth markets with headroom to increase penetration

Attractive market growth driven by megatrends

Growing world population and rapid urbanization
Increasing scientific evidence of health benefits from "good bacteria" (and KOL/consumer awareness)
Resource scarcity creates productivity squeeze for customers
Need to reduce Antibiotic Growth Promoter usage in livestock production
Pressure to curb chemicals usage in crop production

Opportunities to increase penetration

Source: Euromonitor and management estimates
Probiotics remains an attractive market with strong fundamentals

Positive fundamentals in probiotic dietary supplements

- The market for probiotics keeps outgrowing adjacent categories
- CAGR expectations 2002-2021
  - OTC: 4.4%
  - Vitamins: 4.9%
  - Dietary Supplements: 6.5%

Changing market dynamics

- Key market dynamics
  - Growth increasingly driven by emerging markets
  - KOLs\(^1\), medical professionals
  - Consumers increasingly aware of microbiome and probiotics
  - Rapid online channel migration
  - Proliferation of undocumented products confusing consumers in some markets

- Our position
  - Strong presence and growth in emerging countries
  - Chr. Hansen offers the best documented strains in the highest quality
  - Current customers adapting to new channels at varying speed and success
  - Helping our customers differentiate and educate KOLs\(^1\)

\(^1\) Key Opinion Leaders (KOL)
Source: Euromonitor and management estimates
We are addressing current challenges in the U.S.

Challenge in North America for our Human Health business...

... is primarily driven by excess inventory

Excess inventory in 2018 at key NA accounts

Category slowdown from double digit to high single digit

Many new low end non-documented products being launched online

Current brand winners in a transition phase to online channels

Our actions

Expected to be back on track in the coming year as customers adapt to new market dynamics

Launching with 3 new brands/players in 2018

Helping our customers to better educate KOL\(^1\) and HCP\(^2\), while evaluating if we need new offerings in our portfolio

Current partners have strengthened their presence in online channels becoming top selling products

---

\(^1\) Key Opinion Leaders (KOL)

\(^2\) Health Care Professionals (HCP)
We will continue to deliver high growth in emerging markets

Key future growth drivers
► Growing consumer awareness
► High awareness with health care professionals
► Better product stability
► Strong launch pipeline

LATAM
+50%
(2013-17 CAGR²)

Key future growth drivers
► Growing consumer awareness
► Developing middle class with increased purchased power
► Partnering with local “winners”

MEA
+10%
(2013-17 CAGR²)

ASIA²
+20%
(2013-17 CAGR²)

Key future growth drivers
► Higher probiotic awareness in China
► Continuing growth in infant segment
► Partnering with local “winners”

1 Chr. Hansen growth compounded on organic growth basis
2 Excluding Japan, Korea, Australia, and New Zealand
New innovation, fueled by Microbiome concepts, will drive medium and long-term growth

1. **Microbiome is creating new opportunities within conventional strains and existing end markets**
   - **Infants in hospitals**: Reduce risk of gastrointestinal complications
   - **Infant**: Support infant gut microbiome for healthy development
   - **Adult**: Promote intestinal integrity
   - **Women**: Rebalance a healthy vaginal microbiome

2. **Recent partnership with Prota Therapeutics to treat peanut allergy with LGG®**

**End market**

- **Pharma**
  - Novel uses for existing bacteria (partnership model)
  - Long term potential but not a current investment focus

- **Supplements & Infant Nutrition**
  - Existing Human Health business
  - Opens new segments such as metabolic and skin health

**Conventional strains**

**Exotic strains**

**Fit to current capabilities**
Consumers and regulators are demanding natural alternatives to antibiotics in livestock production

Antibiotic resistance is one of main threats defined by the WHO

WHO continues to highlight the role of antibiotics in livestock in the rise of antibiotic resistance

Consumers started to demand Non-Antibiotic-Ever meat

Seasonal % of Birds fed Non-Antibiotic-Ever in the US

Source: Agri stats
Our Animal Health products are differentiated and well positioned to address changing market conditions

**BioPlus® YC**  
The reference swine probiotic on the market for 30 years

- Product for all Swine subsegments (from piglet to growth/finisher)
- Most documented dual strain product on the market
- 20% reduction in pre-wean mortality
- Flexible Feed Formulation concept

**SiloSolve® FC**  
Patented Silage inoculant providing unique flexibility and usability for farmers

- Offers best aerobic stability in the market
- Allows farmers to feed out early from bunker
- Broadest range applicability across crops and humidity levels

**GalliPro® Fit**  
Next generation poultry probiotic with best in class pathogen inhibition

- Blend of 3 unique new strains
- Best in class in inhibition of pathogens to support the health of poultry and securing food safety for consumer
- Superior digestibility of protein, carbs and non-starch poly-saccharides

**Differentiators**

- Launched in all major geographies
- Continued opportunities to deepen market penetration

- Global roll-out in progress

- Recently launched in US and Australia
- Global roll-out in the next 2 years
We are strengthening our route-to-market globally to bring our solutions to new customers

North America
- Direct route-to-market
- Introducing our newest innovations

>60% of revenue\(^1\)
16% of global meat and dairy production

EMEA
- Optimizing our business partner relationships
- Launching new products; Gallipro Fit and Bovamine

<20% of revenue\(^1\)
37% of global meat and dairy production

LATAM
- Combining direct sales and business partner network
- Launching new products in cattle and poultry

<10% of revenue\(^1\)
14% of global meat and dairy production

APAC
- New business partners
- More dedicated resources on the ground
- Growing portfolio

<10% of revenue\(^1\)
33% of global meat and dairy production

\(^{1}\) Fiscal Year 2017
Source: FAOSTAT, tons of meat/dairy produced in 2016 (cattle, poultry, swine)
Established 5 years ago, Plant Health is now a promising business with focus on expanding geography and crop targets.

**ENTERS Plant Health**
- First product (Nemix C®) registered in Brazil as an inoculant for sugarcane
- Chr. Hansen and FMC enters into global development and commercialization alliance

**ALLIANCE PROGRESSION**
- Nemix C® shows strong performance in field trials
- The alliance launches Capture™ VGR® for corn in US
- The alliance develops a promising pipeline aimed at new markets and crops

**NEW MARKET DEVELOPMENTS IN BRAZIL**
- Commercial launch of two bionematicide products that protect crops from nematodes
- Furadan, the leading chemical nematicide in sugarcane in Brazil, is taken off the market
- Trials initiated in new crop types to broaden reach of products and pipeline

**PRESENCE IN MAJOR GEOGRAPHIES**
- Unlock annual revenue of €100m by 2025

**HEALTH & NUTRITION**

- Established 5 years ago, Plant Health is now a promising business with focus on expanding geography and crop targets.

**2013**
- ENTERS Plant Health

**2016**
- ALLIANCE PROGRESSION

**2018**
- NEW MARKET DEVELOPMENTS IN BRAZIL

**2025**
- PRESENCE IN MAJOR GEOGRAPHIES

EUR 100m by 2025
Our recent alliance launches Quartzo and Presence have a nematocidal claim and effect

<table>
<thead>
<tr>
<th>Description</th>
<th>Bacillus based product</th>
<th>Bacillus based product</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applied</td>
<td>in-furrow or through drip irrigation</td>
<td>as seed treatment before planting</td>
</tr>
</tbody>
</table>

| Applicable crops                 | Sugarcane, F&V, other | Soybean, Corn, Cotton, beans, wheat |

| Registration                     | Bionematicide          | Bionematicide          |

| Benefits and yields              | Root colonization      | Root colonization      |
|                                  | Protection against nematodes and soil diseases | Protection against nematodes and soil diseases |
|                                  | Increase of plant robustness and yield          | Increase of plant robustness and yield          |

<table>
<thead>
<tr>
<th>Competing technologies</th>
<th>Chemicals Biocidal nematicide</th>
<th>Chemicals Biocidal nematicide</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Untreated</td>
<td>Untreated</td>
</tr>
</tbody>
</table>
Our products have shown very good results and we are working to add more crops

“It is incredible to see the effect. It’s normal to see treatments differentiation during the first month, but here we have the visual differentiation for the entire cycle.”

Brazilian soybean farmer

“Very consistent and positive yield effect”

Large Brazilian sugarcane farmer
Big and growing market

- 5% penetration of microbial products in the industry
- >10% expected growth of the bio-pesticide industry towards 2021
- 2.5% expected growth of the Crop protection industry towards 2021

Ambitions of Plant Health

- Today: On market primarily in South America (Brazil)
- 2019/20: Expansion in North America
- 2024/25: Presence in all major geographies
- Ramping up investments in capacity, discovery, and tech support

Hectares harvested in existing vs. potential markets, 2015

- Soybean: 108m in Latin America, 119m in North America
- Corn: 119m in Latin America, 119m in North America
- Sugarcane: 23m in Latin America, 23m in North America

EUR 100m
Unlocked potential by 2025

Source: Phillips McDougall, FaoStat, Markets & Markets
Key Messages

Microbial solutions have extraordinary potential to improve health and productivity for humans and agriculture

Chr. Hansen is exceptionally positioned to capture this potential

Health & Nutrition pursues three different strategies across three different areas with attractive growth fundamentals
The microbial platform
R&D as a competitive advantage

Thomas Schäfer
Our microbial solutions platform is unique.

Product launches over the next 5 years will support growth.

We will invest to continue to stay ahead in key competence areas.
R&D supports 80% of our current business

We leverage our unique technology platform across all applications in Food Cultures & Enzymes and Health & Nutrition.

1-2 years
Market dynamics and existing portfolio

- Bioprotection in dairy
- Bioprotection outside dairy
- New innovation, e.g. fermented beverages, lower sugars, non-lactose, etc.

3-5 years
Recent and near-term product launches

- Animal Health
- Plant Health
- Human Health

+5 years
Pipeline

- Make sure R&D maintains lead over competition on a 5-year horizon
What is the difference between microbes and enzymes?

Our success is built on world-class expertise in microbes

**Microbes**

*Microbes are living organisms*
*for example bacteria and fungi.*
*Industrially produced via fermentation*

At Chr. Hansen we focus on bacteria. Living bacteria are the building blocks of our cultures which are used in almost all our businesses. They create many different benefits for dairies, humans, animals and plants

**Enzymes**

*Enzymes are proteins*
*often industrially produced from microbes.*
*Enzymes catalyze specific biochemical reactions*

At Chr. Hansen we use enzymes to optimize cheese coagulation and ripening, so it helps cheese manufacturers to get right texture and flavor of the cheese
Beneficial co-existence with microbes form the basis of our business

Microbes are essential for all higher life on earth

- Legumes house Rhizobia to fix N2, microbes help with P-uptake
- Termites, ruminants digest cellulose with help of microbes
- Human microbiomes protect the skin, assist digestion, and ensures well-being

R&D is a microbial powerhouse ...

Discovery

Cultures Development

Emerging technologies

R&D Microbial Platform

Analytical Solutions

Process Development

Portfolio and project management

Production

Application Development
RESEARCH & DEVELOPMENT

... with a world leading technology base that we continuously improve ...

We are ahead of competition ...

- Discovery
- Cultures Development
- Process Development
- Analytical Solutions
- Applications (Dairy)

... and we are committed to invest to keep our leading position

- Bioinformatics
- Mode-of-action
- Automated assays to advance compounding across all applications
- Downscaled, predictive processes
- Advanced assays and technologies
- Downscaled, predictive application trials
- Builds solid understanding to develop better products
- Delivers unique products
- Improves efficiency, drives scalability and cost
- Improves scale-up from ml to m3
- Scalable, high quality QC
- Efficient performance selection for product development
- Customer proximity and fast turnaround of ideas to solutions
... via strong partnerships to accelerate our advancements

- University of Wisconsin, Madison
- Cornell University
- Wageningen University & Research Center
- University of Copenhagen

- University of California, Davis (#1)
- Cornell University (#2)
- Wageningen University & Research Center (#3)

- University of California, Davis (#1)
- Wageningen University & Research Center (#3)
- Ghent University (#5)

Source: U.S. NEWS Best Global Universities 2018, within Plant & Animal Science
www.usnews.com/education/best-global-universities
We see an unlimited potential of microbial diversity across all our businesses ...

Approximately ~13,000 bacterial species are described today.

Source: www.arb-silva.de and www.itol.embl.de
... especially, when we dig into “specific strains” rather than species

- Different individuals/strains have different properties, but belong to the same family/species
- Some individuals/strains are better suited to specific jobs than others

*Canis familiaris* Individuals

Relevance for Chr. Hansen

Chr. Hansen owns a unique Culture Collection of approximately 30,000 isolates
## RESEARCH & DEVELOPMENT

**Product launches over the next 5 years will support growth**

<table>
<thead>
<tr>
<th>Business unit</th>
<th>R&amp;D driving step changes in innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FOOD CULTURES &amp; ENZYMES</strong></td>
<td>New platforms for dairy</td>
</tr>
<tr>
<td></td>
<td>Grow the Bioprotection lighthouse: EUR 200m in 2025</td>
</tr>
<tr>
<td></td>
<td>Build basis for future growth by investments in adjacencies</td>
</tr>
<tr>
<td><strong>HEALTH &amp; NUTRITION</strong></td>
<td>Grow and strengthen the foundation for Animal &amp; Human Health</td>
</tr>
<tr>
<td></td>
<td>Grow the Plant Health lighthouse</td>
</tr>
<tr>
<td></td>
<td>Succeed with the Human Microbiome lighthouse</td>
</tr>
<tr>
<td><strong>PRODUCTION</strong></td>
<td>Deliver productivity improvements</td>
</tr>
<tr>
<td></td>
<td>Enable first-time-right scale up of novel microbes</td>
</tr>
</tbody>
</table>
We are uniquely positioned for continued high growth, powered by the microbial platform

<table>
<thead>
<tr>
<th>3-5 years</th>
<th>+5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Our microbial solutions platform is unique</strong></td>
<td><strong>We invest to continue to stay ahead in key competence areas</strong></td>
</tr>
<tr>
<td><strong>Product launches over the next 5 years will support growth</strong></td>
<td></td>
</tr>
</tbody>
</table>

**FURTHER BUILD OUR UNIQUE TECHNOLOGY BASE**

**PRODUCTION**
- Scalability
- Digitization

**GROW FOOD CULTURES & ENZYMES**
- Grow the core
- Innovate in adjacencies

**GROW HEALTH & NUTRITION**
- Grow the core
- Innovate in adjacencies
Our microbial solutions platform is unique

Product launches over the next 5 years will support growth

We will invest to continue to stay ahead in key competence areas
Sales excellence

Mapping opportunities and winning customer loyalty – a significant barrier to entry and a sustainable competitive advantage

Jacob Vishof Paulsen
CUSTOMER AND SALES EXCELLENCE

Key Messages

Our highly specialized, local and technical frontline provides unique customer value.

Our harmonized and structured commercial model manage complexity and turn opportunities into profitable and sustainable growth (mass-customization).

Our customer and market mapping is industry leading and enables both strategic decisions and project execution on same platform.
Highly fragmented and diverse customer base ...

- High fragmentation and degree of local customer base
- Largest global accounts have +100 factories
- Variation from high scale plants to specialty cheese producer
- Decision makers varies from owner-operator, to complex procedures with +50 involved stakeholders
- Local language and physical closeness are key

... with customers demanding specialized products

- Local preferences on taste and texture varies
- Differences in production methods across geographies
- Variations in milk base (e.g. protein level)
- Implementation of microbial solutions for dairy production is complicated and require expert attention

Local understanding is key

Expert competencies and customization are key

Sources: cheese.com and own estimates
Our frontline and commercial model form a competitive advantage

More local, specialized and direct sales force vs. competition

- Deep and longstanding customer relations
- Direct and focused sales force calling on largest customers
- Experienced salesforce with ~8 years of average tenure
- 95% of sales force holding master degrees and 86 commercial employees are green belt six sigma certified

Technical expertise and laboratories located close to customers

- World class technical support available globally
- State of the art laboratories strategically located around the world manned by experts
- Fast mobilization of technical expertise and testing close to customer sites

Global logistics capabilities services the entire world

- Strengthening sensitive customer supply chains
- Global coverage of logistics network enabling servicing of any customer site despite location
- Local warehouse centers securing reliable servicing of sensitive customer supply chains

One global commercial model = One commercial language

- Seamless connection between global and local
- Same roles, concepts, tools and training across the world resulting in one joint vocabulary
- Strong informal networks providing easy sharing of knowledge and replication of successes (local <=> local)
- Efficient activation of global experts around the world
- Optimal utilization of resources at customer and Chr. Hansen

CUSTOMER AND SALES EXCELLENCE
## Phases

### Planning
- **Innovation and marketing**
  - Customer mapping
  - Trends / insights
  - New products
  - New concepts
- **Customer opportunities**
- **Launch execution**

### Project execution
- **Global sales execution**
  - Build interest from insights
  - Qualify and plan project
  - Conduct trial and prove value
  - Negotiate and close sale

### Retention
- **Customer services**
  - Customer services
  - Logistics services
  - Application lab services

## Disciplines

### Sales project examples

- **New product development**
  - New product taste with clean base using Acidifix
- **Cost improvement**
  - Yield improvement of cheddar production using CHY-MAX® M
- **Quality improvement**
  - Extension of shelf-life using Bioprotection

---

CUSTOMER AND SALES EXCELLENCE

One commercial model in place globally ...
CUSTOMER AND SALES EXCELLENCE

... with one CRM system and harmonized training curriculum and tools

<table>
<thead>
<tr>
<th>Phases</th>
<th>Planning</th>
<th>Project execution</th>
<th>Retention</th>
</tr>
</thead>
<tbody>
<tr>
<td>One CRM system</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Harmonized training curriculum</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>One harmonized set of tools</td>
<td>MARKET / CUST. MAPPING • Mapping of focus customers • Market Mapping at country level</td>
<td>PLANNING COMPLEX PROJECTS • Identify buying influences and red flags</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>TRIAL EXCELLENCE • Trial charter • Involvement of application teams • Use of Salesforce.com</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>VALUE-BASED SELLING • Value-based sales approach • Value drivers and calculators</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>CUSTOMER SATISFACTION</td>
<td></td>
</tr>
</tbody>
</table>

Sales Excellence Manual and sales training curriculum

Salesforce.com
Market mapping

- Mapping of dairies providing overview of opportunity landscape
- Key input for strategy and innovation target areas (e.g. global consolidation of local business cases)
- Enables informed prioritization and planning of budgets, resources and competencies

Customer and factory mapping

- Mapping of factories incl. product lines, production quantities and cost-in-use data
- Mapping of key stakeholders and decision-making process
- Enables informed mobilization of resources to fit customer situation and specific customer activity planning

Market and customer mapping is done to a detailed level providing key information to business planning.

EXAMPLES FROM FC&E FOR ILLUSTRATION ONLY

95% of relevant dairy market mapped at product and country level - and 75% can even be ‘drilled down’ to specific factory level.

~95% of world volume mapped at product segment (e.g. cheddar, sour cream) and country level

~75% of world volume mapped at factory level
CUSTOMER AND SALES EXCELLENCE

Customer satisfaction and project wins reflect the success of our model

Customer satisfaction dashboard

Customer satisfaction higher than peers
Net promoter score – Chr. Hansen vs. peers

2/3 of our customers are promoters
Benchmark median Benchmark top 25% Chr. Hansen

Business Manager dashboard

Strong uptake in projects won
Number of projects won – example from FC&E EMEA

FOR ILLUSTRATIVE PURPOSES

Benchmark median Benchmark top 25% Chr. Hansen

FOR ILLUSTRATIVE PURPOSES

Live dashboards in salesforce with ‘drill-down’ opportunity to any organization unit, country, customer and product segment.
CUSTOMER AND SALES EXCELLENCE

Key Messages

Our highly specialized, local and technical frontline provides unique customer value

Our harmonized and structured commercial model manage complexity and turn opportunities into profitable and sustainable growth (mass-customization)

Our customer and market mapping is industry leading and enables both strategic decisions and project execution on same platform
Financial targets

Søren Westh Lonning
We have reached or exceeded our Group guidance for growth, EBIT and Free cash flow

Organic growth target exceeded with annual rates of 10-12%

Guidance: 8-10% from 2015/16

EBIT margin b.s.i. has increased with 1.8%-point to 28.9% in 2016/17

Guidance: Increase from 2014/15 level

Free cash flow has increased by 24% and >50% since 2013/14

Guidance: Increase from 2014/15 level
**FINANCIAL TARGETS**

Within the three business areas our guidance has been met or exceeded, except for growth in Health & Nutrition

---

**FOOD CULTURES & ENZYMES**

Annual growth between 9-12%, and a consistently increasing EBIT margin

- **Vert**: Org. growth
- **Horiz**: 2013/14, 2014/15, 2015/16, 2016/17

- **2013/14**: 8%
- **2014/15**: 9%
- **2015/16**: 12%
- **2016/17**: 9%

Guidance: 7-8% average organic growth, and an increasing EBIT margin

- **2013/14**: 30.2%
- **2014/15**: 31.5%
- **2015/16**: 34.3%
- **2016/17**: 34.5%

---

**HEALTH & NUTRITION**

Average organic growth of 8%, and average EBIT margin of ~29%

- **Vert**: Org. growth
- **Horiz**: 2013/14, 2014/15, 2015/16, 2016/17

- **2013/14**: 15%
- **2014/15**: 13%
- **2015/16**: 2%
- **2016/17**: 14%

Guidance: +10% average organic growth, and an EBIT margin of around 30%

- **2013/14**: 33.0%
- **2014/15**: 33.3%
- **2015/16**: 28.3%
- **2016/17**: 29.2%

---

**NATURAL COLORS**

Average organic growth of ~14%, and a margin increase of 4.6 %-points (doubling of absolute EBIT)

- **Vert**: Org. growth
- **Horiz**: 2013/14, 2014/15, 2015/16, 2016/17

- **2013/14**: 1%
- **2014/15**: 9%
- **2015/16**: 19%
- **2016/17**: 10%

Guidance: ~10% average organic growth, and an increasing EBIT margin

- **2013/14**: 13.0%
- **2014/15**: 8.3%*
- **2015/16**: 10.9%
- **2016/17**: 12.9%

---

* Natural Colors was made a fully independent division, which increased cost base in 2014/15
We will continue to pursue profitable growth through 2021/22

**FINANCIAL TARGETS**

8-10% Organic growth  
Pro anno from 2017/18 to 2021/22  
Supported by all business areas and with an average organic growth of 7-8% in Food Cultures & Enzymes

+30% EBIT margin  
Increasing to above 30%

~10% Growth in free cash flow  
CAGR growth from 2017/18 to 2021/22

Guidance assumes constant currencies, constant raw material prices, no acquisitions/divestments, and no special items
In addition to the core dairy business, the microbial solutions platform is a key driver for strong growth.

**FOOD CULTURES & ENZYMES**

- **1-2 years**
  - Market dynamics and existing portfolio
  - Bioprotection in dairy

- **3-5 years**
  - Recent and near-term product launches
  - Bioprotection outside dairy
  - New innovation, e.g. fermented beverages, lower sugars, non-lactose, etc.

- **+5 years**
  - Pipeline
  - Animal Health
  - Plant Health
  - Human Health
  - Human Microbiome

**HEALTH & NUTRITION**

- US conversion and coloring foodstuff

**NATURAL COLORS**
FINANCIAL TARGETS

We will drive scalability in production and Administration, and invest for growth in Sales & marketing and R&D

**Improved efficiency will drive scalability ...**

- **Cost of sales (% of sales)**
  - 2013/14: 48.3%
  - 2014/15: 48.0%
  - 2015/16: 46.7%
  - 2016/17: 45.6%

- **Administrative expenses (% of sales)**
  - 2013/14: 7.1%
  - 2014/15: 7.1%
  - 2015/16: 6.9%
  - 2016/17: 6.7%

**... While we invest for future growth**

- **Sales & marketing expenses (% of sales)**
  - 2013/14: 12.3%
  - 2014/15: 11.8%
  - 2015/16: 11.9%
  - 2016/17: 12.6%

- **R&D expenditure incl. capitalizations (% of sales)**
  - 2013/14: 6.1%
  - 2014/15: 6.4%
  - 2015/16: 7.1%
  - 2016/17: 7.0%
We will increase investment level to enable ambitious growth targets ...

**FINANCIAL TARGETS**

**CAPEX** (EURm and as % of sales)

Around 10% of sales will be directed to investments, including:

- Dairy fermentation
- Freeze drying value chain (also H&N)
- Capacity expansions
- Natural Colors US footprint
- R&D facility

Partly offset by sale and lease back of existing HQ facilities in Hørsholm
Group returns have increased to historic high, led by Food Cultures & Enzymes, and capital deployment will continue to ensure strong returns.

FINANCIAL TARGETS

... while maintaining high ROIC and a 10% CAGR in free cash flow for the period
Our capital priorities are unchanged with organic growth still being the top priority

1. Reinvest for organic growth
   - Capacity
   - Innovation
   - People

2. Bolt-on acquisitions
   - Technology
   - Market presence
   - EUR ~250m
     In acquisitions from 2013/14 - 2016/17

3. Ordinary dividend
   - 40-60%
   - EUR ~350m
     In ordinary dividend payout from 2013/14 - 2016/17

4. Additional cash to shareholders
   - Extraordinary dividend
   - Share buy-back
   - EUR ~300m
     In additional cash to shareholders from 2013/14 - 2016/17

Leverage consistent with a solid investment-grade credit profile
Executive compensation – closely aligned to key metrics and with 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

**Group financial targets**
- 20% Organic growth target
- 20% EBIT target
- 20% Free cash flow target
- 40% Individual non-financial targets

**Discretionary, personal goals**

**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

**Group financial targets**
- x0.5 Retention
- x1.5 Accumulated EBIT target
- x1.5 Organic growth target (CAGR)

**Matching shares per 1 invested share**

**Individual non-financial targets**
- x2 TSR performance relative to peers
What will we still not do?

- Cross out: Pursue acquisitions in unrelated areas
- Cross out: Lose focus on cost control and operational efficiency
- Cross out: Attempt to become a full fledged pharma player
- Cross out: Expand enzyme business outside dairy
- Cross out: Expand into products outside microbials/natural colors
FINANCIAL TARGETS

Key Messages

- Our financial targets are ambitious and supported by our track record
- We invest for growth and drive scalability through efficiency
- Executive compensation is closely aligned to key metrics and shareholder interests
Closing remarks

Cees de Jong
Key Messages

Nature’s No.1 Sustainably – evolution, not revolution

Macro trends, including global focus on sustainability, will support Chr. Hansen

Unique microbial solutions platform supports high organic growth
We are a front-runner on sustainability

81% of Chr. Hansen’s revenue contributes to the UN Global Goals - validated by PWC