

INTERIM REPORT 1 SEPTEMBER 2017 - 28 FEBRUARY 2018

YTD 2017/18 IN BRIEF

Solid organic revenue growth of 9% in the first half of 2017/18: Food Cultures & Enzymes 12%, Health & Nutrition 8% and Natural Colors 4%. EBIT before special items increased slightly to EUR 135.9 million, corresponding to an EBIT margin before special items of 26.2%. In Q2, organic growth was 9%, and EBIT before special items increased by 2% to EUR 71.2 million. The overall outlook for 2017/18 is unchanged.

EUR million	Q2 2017/18	Q2 2016/17	Growth	YTD 2017/18	YTD 2016/17	Growth
Revenue	263.7	259.4	2%	518.2	501.1	3%
EBIT before special items	71.2	70.1	2%	135.9	135.6	0%
Profit for the period	51.1	50.9	0%	97.6	97.9	0%
Free cash flow before acquisitions, divestments and special items	29.9	48.8	(39)%	11.0	29.8	(63)%
Organic growth, %	9%	9%		9%	10%	
Gross margin, %	53.4%	53.7%		53.0%	53.5%	
EBIT margin before special items, %	27.0%	27.0%		26.2%	27.1%	
ROIC excl. goodwill, %	32.8%	34.1%		32.1%	35.2%	

CEO Cees de Jong says: *"The solid development from Q1 has continued into Q2, with strong organic growth in Food Cultures & Enzymes from all product categories and regions. Sales of bioprotective solutions also continue to show impressive organic growth rates at around 45%. Strong sales in animal health were driven by an improved sales coverage in EMEA and APAC. In addition, we continue to benefit from the trend where farmers and feed manufacturers aim to use less antibiotics in livestock production. Probiotics for dietary supplements in North America are still impacted by changing market dynamics, and especially inventory reductions by a few large customers, which suppresses growth temporarily. Growth in both dietary supplements and infant formula in APAC was strong.*

"Our EBIT margin before special items in Q2 improved significantly compared with Q1, and was on par with last year despite an adverse impact from currencies of more than 1%-point. Higher depreciations related to the recent capacity expansion were offset by improved production efficiencies in Food Cultures & Enzymes and a better product mix in Health & Nutrition.

"We are satisfied by the progress in the first half of the year, and we maintain our overall guidance for the full year. Expectations to organic growth for Food Cultures & Enzymes and Health & Nutrition are unchanged, however, we lower our expectations to organic growth in Natural Colors for the full year to be below the long-term ambition of around 10%, due to the sales development in the first half of the year."

OUTLOOK FOR 2017/18

The overall outlook for 2017/18 is unchanged compared to the announcements of 25 October 2017 and 12 January 2018.

	11 April 2018	12 January 2018
Organic revenue growth	8-10%	8-10%
EBIT margin before special items	around 28.9%	around 28.9%
Free cash flow before acquisitions, divestments and special items	around EUR 188 million	around EUR 188 million

The guidance for EBIT margin before special items and for free cash flow before acquisitions, divestments and special items assumes constant currencies from the time of this announcement and for the remainder of the financial year.

This unaudited interim report has been prepared in accordance with IAS 34 and additional Danish regulations. The interim report has been prepared in accordance with the accounting policies set out in the Annual Report for 2016/17.

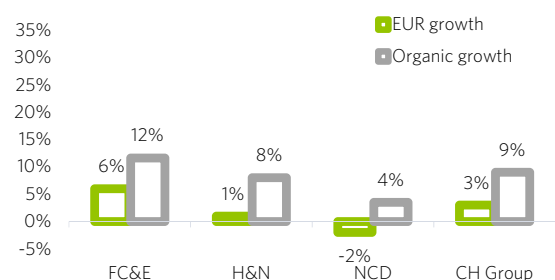
FINANCIAL HIGHLIGHTS AND KEY FIGURES

	Q2 2017/18	Q2 2016/17	Growth	YTD 2017/18	YTD 2016/17	Growth
Income statement, EUR million						
Revenue	263.7	259.4	2%	518.2	501.1	3%
Gross profit	140.9	139.3	1%	274.6	268.3	2%
EBITDA before special items	87.2	84.7	3%	167.2	164.2	2%
EBIT before special items	71.2	70.1	2%	135.9	135.6	0%
Special items	-	(0.1)	(100)%	-	(1.0)	(100)%
EBIT	71.2	70.0	2%	135.9	134.6	1%
Profit for the period	51.1	50.9	0%	97.6	97.9	(0)%
Financial position, EUR million						
Total assets				1,809.9	1,797.0	
Invested capital				1,641.8	1,617.4	
Net working capital				229.9	212.3	
Equity				747.9	762.0	
Net interest-bearing debt				732.7	691.1	
Cash flow and investments, EUR million						
Cash flow from operating activities	51.7	67.4	(23)%	55.9	69.8	(20)%
Cash flow used for investing activities	(21.8)	(24.7)	12%	(45.0)	(120.1)	63%
Free cash flow	29.9	42.7	(30)%	10.9	(50.3)	122%
Free cash flow before special items and acquisitions	29.9	48.8	(39)%	11.0	29.8	(63)%
Earnings per share, EUR						
EPS, diluted	0.39	0.38	3%	0.74	0.74	0%
Key ratios						
Organic growth, %	9	9		9	10	
Gross margin, %	53.4	53.7		53.0	53.5	
Operating expenses, %	26.4	26.7		26.8	26.5	
EBITDA margin before special items, %	33.1	32.7		32.3	32.8	
EBIT margin before special items, %	27.0	27.0		26.2	27.1	
EBIT margin, %	27.0	27.0		26.2	26.9	
ROIC excl. goodwill, %	32.8	34.1		32.1	35.2	
ROIC, %	17.4	17.5		16.9	17.8	
NWC, %	21.3	21.1		21.3	21.1	
R&D, %	7.4	7.1		7.6	7.2	
Capital expenditures, %	8.3	9.5		8.7	9.9	
Net debt to EBITDA before special items				2.0x	2.0x	

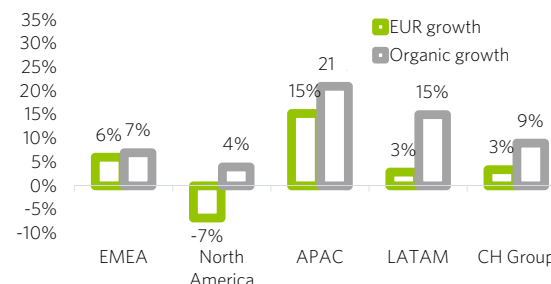
Organic growth: Increase in revenue adjusted for sales reduction, acquisitions and divestments, and measured in local currency.

YTD 2017/18 RESULTS

REVENUE GROWTH BY BUSINESS - YTD



REVENUE GROWTH BY REGION - YTD



MARKET DEVELOPMENT

During the first half of 2017/18, the end markets for fermented milk grew by 3-4%, driven by Asia-Pacific, the Middle East and Africa, while some key markets in the EU showed little or no growth, and the US a slight decline.

The global market for cheese grew by around 2%, driven by continued high production in the US.

The market for probiotic dietary supplements continues to grow, driven by increased consumer awareness leading to higher penetration in all regions, with Asia-Pacific seeing the highest growth. Market conditions in North America are challenging due to an increased number of suppliers and new sales channels, however, the category is still growing solidly.

The market for microbial-based solutions for animal health developed favorably, supported by increased focus on reducing the use of antibiotics in livestock production. The beef and dairy cattle markets in North America are slowly recovering after being under some pressure.

Conversion to natural colors continued across most segments, driven by increased consumer demand for more natural products, especially in newly launched products for the food and beverage industry.

REVENUE

Organic growth was 9%, corresponding to a revenue increase of 3% to EUR 518 million. The organic growth was primarily driven by volume/mix effects, with around 2% coming from price increases in local currencies. The price increases were mainly achieved by using EUR-based pricing in certain countries to protect EBIT from depreciating currencies.

In Q2, organic growth was 9%, corresponding to a revenue increase of 2%, primarily driven by volume/mix effects.

	Q2 2017/18	YTD 2017/18
REVENUE		
Organic growth (vol/mix)	7%	7%
Organic growth (price)	2%	2%
Organic growth	9%	9%
Currencies	-7%	-6%
EUR growth	2%	3%

REVENUE BY REGION

EMEA (Europe, Middle East and Africa)

Organic growth was 7%, corresponding to a revenue increase of 6%, driven by strong growth in bioprotection, animal health, cheese, enzymes, meat and fermented milk. Probiotics for fermented milk delivered good growth, while Natural Colors showed modest growth. Revenue from human health decreased compared to last year due to destocking at a key customer in infant formula.

In Q2, organic growth was 9%, corresponding to a revenue increase of 7%. Fermented milk, bioprotection, meat, enzymes and animal health delivered strong growth, while cheese and Natural Colors showed solid growth. Revenue from human health decreased compared to last year due to destocking at a key customer in infant formula..

North America

Organic growth was 4%, (but due to the significant currency impact, corresponded to a revenue decrease of 7% in EUR) driven by strong growth in bioprotection, cheese, fermented milk, meat, animal health and enzymes. Revenue from human health and Natural Colors decreased compared to last year. Human health was adversely impacted by lower sales to key customers, due to temporary impacts from inventory reductions, and to a lesser degree increased competition within dietary supplements containing probiotics, and a

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YTD 2017/18 RESULTS

consumer migration to new sales channels. Natural Colors was adversely impacted by a soft market for dairy & fruit preparations.

In Q2, organic growth was 1%, corresponding to a revenue decline of 12% due to the currency impact. Cheese, fermented milk, bioprotection, meat and animal health showed strong growth. Human health, Natural Colors and enzymes decreased compared to last year.

APAC (Asia-Pacific)

Organic growth was 21%, corresponding to a revenue increase of 15%, driven by strong growth in fermented milk, dietary supplements and infant formula, animal health and Natural Colors. Enzymes showed good growth, while revenue from cheese decreased compared to last year. Growth in fermented milk was mainly driven by strong growth in China, although at a lower growth rate than in previous years as the base increased.

In Q2, organic growth was 22%, corresponding to a revenue increase of 15%. Fermented milk, dietary supplements and infant formula, enzymes and Natural Colors delivered strong growth, while animal health, cheese and probiotics for fermented milk decreased compared to last year.

LATAM (Latin America)

Organic growth was 15%, corresponding to a revenue increase of 3%, driven by strong growth in bioprotection, cheese, meat, enzymes and plant health. Fermented milk showed solid growth, while Natural Colors showed modest growth. Revenue from animal health decreased compared to last year.

In Q2, organic growth was 14%, corresponding to a revenue decline of 1%. Cheese, bioprotection, human health and plant health delivered strong growth, while fermented milk and enzymes showed solid growth. Animal health and Natural Colors decreased compared to last year.

GROSS PROFIT

Gross profit was EUR 275 million, up 2% on the first half of 2016/17. The gross margin decreased by 0.5 %-point to 53.0%, driven by higher depreciations in Food Cultures & Enzymes from the new capacity and negative impacts from currencies.

In Q2, gross profit was EUR 141 million, up 1% on 2016/17. The gross margin decreased by 0.3 %-point to 53.4%, driven by higher depreciations in Food Cultures & Enzymes from the

new capacity and currencies, partly offset by improved production efficiencies, and product mix in Health & Nutrition.

OPERATING EXPENSES (% OF REVENUE)

Operating expenses totaled EUR 140 million (26.8%), compared to EUR 133 million (26.5%) in the first half of 2016/17.

Research & development (R&D) expenses including amortization and depreciation amounted to EUR 37 million (6.6%), compared to EUR 34 million (6.5%) in the first half of 2016/17.

Total R&D expenditures incurred amounted to EUR 39 million (7.6%), compared to EUR 36 million (7.2%) in the first half of 2016/17. The increase of EUR 3 million was driven by Nature's no. 1 initiatives, including bioprotection and LGG®.

EUR million	YTD 2017/18	YTD 2016/17
R&D expenses (P&L)	37.1	34.2
- Amortization	3.5	3.3
- Impairment	-	-
+ Capitalization	5.6	5.3
R&D expenditures incurred	39.2	36.2

Sales & marketing expenses amounted to EUR 66 million (12.7%), compared to EUR 65 million (13.0%) in the first half of 2016/17.

Administrative expenses amounted to EUR 37 million (7.1%), compared to EUR 37 million (7.3%) in the first half of 2016/17. Expenses associated with management changes incurred in Q2 were on par with similar costs in Q2 last year.

Net other operating income/expenses was an income of EUR 1 million, compared to an income of EUR 3 million in the first half of 2016/17. The income in the first half of 2016/17 was extraordinarily high driven by the sale of a property in Argentina in Q1.

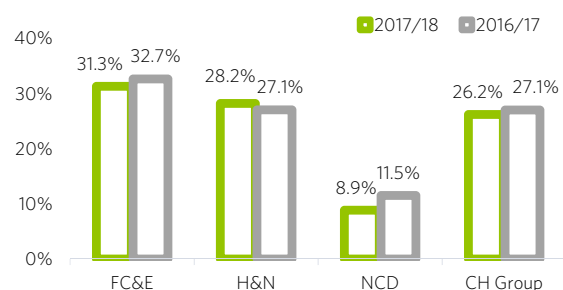
In Q2, operating expenses were EUR 70 million (26.4%), compared to EUR 69 million (26.7%) in 2016/17.

OPERATING PROFIT (EBIT) BEFORE SPECIAL ITEMS

EBIT before special items amounted to EUR 136 million, compared to EUR 136 million in the first half of 2016/17. The flat development was mainly due to a substantial adverse

YTD 2017/18 RESULTS

EBIT MARGIN B.S.I. - YTD



impact from currencies, costs related to starting up the new production capacity in Copenhagen, and the sale of a property in Argentina in Q1 2016/17. A decrease in Food Cultures & Enzymes and Natural Colors was partly offset by an increase in Health & Nutrition.

The EBIT margin before special items was 26.2%, down 0.9 %-points from 27.1% in the first half of 2016/17. The decrease was largely driven by an adverse currency impact of almost 1%-point.

In Q2, the EBIT margin before special items was 27.0%, unchanged from 2016/17. The flat development was despite a negative impact from currencies of more than 1%-point, which was largely offset by operating efficiencies and a positive product mix.

SPECIAL ITEMS

Special items were nil, compared to EUR 1 million in the first half of 2016/17, which concerned costs related to the acquisition and integration of LGG®.

OPERATING PROFIT (EBIT)

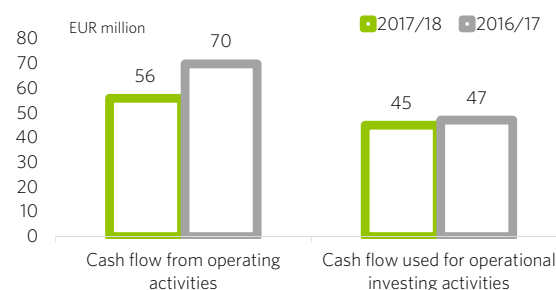
EBIT amounted to EUR 136 million, compared to EUR 135 million in the first half of 2016/17. The EBIT margin was 26.2%, compared to 26.9% in the first half of 2016/17.

In Q2, the EBIT margin was 27.0%, unchanged from 2016/17.

NET FINANCIALS AND TAX

Net financial expenses amounted to EUR 9 million, compared to EUR 6 million in the first half of 2016/17. The net interest cost was EUR 6 million, unchanged from the first half of 2016/17.

CASH FLOW - YTD



The net impact from exchange rate adjustments was a negative EUR 3 million, mainly caused by unrealized losses from depreciating currencies in Argentina and Brazil. Income taxes were EUR 29 million, equivalent to an effective tax rate of 23%, compared to 24% in the first half of 2016/17.

PROFIT FOR THE PERIOD

Profit for the period was EUR 98 million, unchanged from the first half of 2016/17. In Q2, profit was EUR 51 million, unchanged from 2016/17.

ASSETS

At 28 February 2018, total assets amounted to EUR 1,810 million, compared to EUR 1,797 million a year earlier. The increase was mainly due to investments in the microbial production platform.

Total non-current assets amounted to EUR 1,419 million, compared to EUR 1,413 million at 28 February 2017. Intangible assets decreased by EUR 35 million due to a negative currency impact on the accounting value of goodwill, while property, plant and equipment increased by EUR 42 million due to investments in capacity.

Total current assets amounted to EUR 391 million, compared to EUR 384 million at 28 February 2017. Inventories increased by EUR 17 million, or 12%, and receivables by EUR 6 million, or 3%. Cash decreased by EUR 16 million to EUR 45 million.

NET WORKING CAPITAL

Net working capital was EUR 230 million, or 21.3% of revenue, compared to EUR 212 million, or 21.1%, in the first half of 2016/17. The increase in percentage of revenue was driven by higher inventories.

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EQUITY

Total equity amounted to EUR 748 million at 28 February 2018, compared to EUR 762 million a year earlier.

In Q2, free cash flow before special items and acquisitions was EUR 30 million, compared to EUR 49 million last year.

An ordinary dividend for the financial year 2016/17 totaling EUR 112 million was paid out in December 2017.

NET DEBT

Net interest-bearing debt amounted to EUR 733 million, or 2.0x EBITDA, compared to EUR 691 million, or 2.0x EBITDA, at 28 February 2017.

RETURN ON INVESTED CAPITAL (ROIC) EXCLUDING GOODWILL

The return on invested capital excluding goodwill was 32.1%, compared to 35.2% in the first half of 2016/17. Invested capital excluding goodwill increased to EUR 880 million, compared to EUR 835 million at 28 February 2017, mainly due to investments in the microbial production platform.

CASH FLOW

Cash flow from operating activities was EUR 56 million, compared to EUR 70 million in the first half of 2016/17. The decrease was mainly due to the changed Danish export credit scheme, which impacted working capital negatively, and negative effect from currency.

Cash flow used for operational investing activities was EUR 45 million, or 8.7% of revenue, compared to EUR 47 million, or 9.4% of revenue, in the first half of 2016/17.

Development expenditures of EUR 6 million, or 1.1% of revenue, were capitalized, compared to EUR 5 million, or 1.1%, in the first half of 2016/17.

Free cash flow before special items and acquisitions was EUR 11 million, compared to EUR 30 million in first half of 2016/17.

Cash flow used for acquisitions was nil, compared to EUR 73 million in the first half of 2016/17, which related to the acquisition of LGG® in November 2016.

In Q2, cash flow from operating activities was EUR 52 million, compared to EUR 67 million last year. The decrease was mainly due to the changed Danish export credit scheme, which impacted working capital negatively, and negative effect from currency.

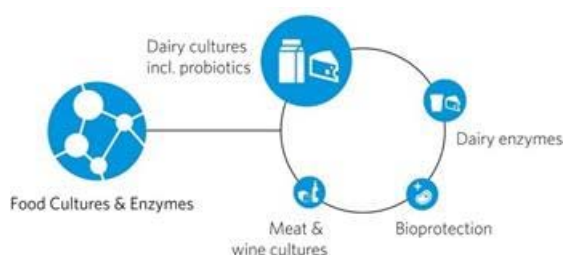
Cash flow used for operational investing activities was EUR 45 million, compared to EUR 47 million last year.

SEGMENT INFORMATION

FOOD CULTURES & ENZYMES

60% OF REVENUE

EUR million	Q2 2017/18	Q2 2016/17	YTD 2017/18	YTD 2016/17
Revenue	153.7	146.6	308.8	290.9
Organic growth	12%	8%	12%	9%
EBITDA	57.4	53.5	115.8	112.6
EBITDA margin	37.3%	36.5%	37.5%	38.7%
EBIT	47.6	44.7	96.8	95.1
EBIT margin	31.0%	30.5%	31.3%	32.7%
ROIC excluding goodwill			39.7%	42.0%



REVENUE

Organic growth for the first half of 2017/18 was 12%, corresponding to a revenue increase of 6% to EUR 309 million. Organic growth comprised 10% from volume/mix and 2% from price increases in local currencies. The price increases were mainly achieved by using EUR-based pricing in certain countries to protect EBIT from depreciating currencies.

The organic growth was primarily driven by strong growth in cheese, fermented milk, enzymes and meat cultures. Probiotics delivered modest growth.

Bioprotective cultures delivered organic growth of approximately 45%. Growth was driven by the existing segments within fermented milk, cheese and meat, with EMEA and North America being the main regions. However, strong growth was also achieved in LATAM, albeit from a low base. Organic growth rates from bioprotective cultures are expected to be lower in the second half of the year due to the increasing base. The launch of a range of second-generation bioprotective cultures has generated strong interest from customers, and initial ordering has been encouraging. However, revenue from this new product is still very limited.

Other launches included ProKids, an innovative product concept for a children's drinking yogurt containing the LGG® probiotic strain, and a new range of cultures for the emerging non-dairy (dairy alternatives) yogurt segments.

In Q2, organic growth was 12%, with 10% from volume/mix and 2% from prices. The organic growth was primarily driven by strong growth in bioprotection, cheese, fermented milk and meat cultures. Enzymes delivered solid growth, and probiotics delivered modest growth.

EBIT

EBIT amounted to EUR 97 million, compared to EUR 95 million in the first half of 2016/17. The EBIT margin was 31.3%, down 1.4 %-points on 2016/17, as a result of adverse currency impacts, inventory build last year, an unfavorable product mix, and the sale of a property in Argentina in Q1 2016/17. The ramp-up of the new capacity has progressed as planned, and a positive contribution from this is expected toward the end of the financial year.

In Q2, the EBIT margin increased by 0.5 %-point driven by operating efficiencies, offset by currencies and higher depreciations.

ROIC EXCLUDING GOODWILL

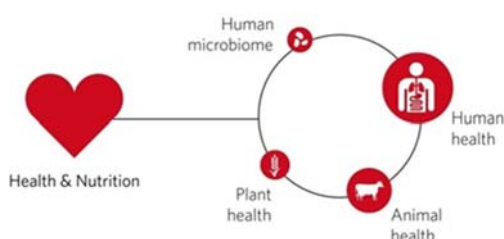
The return on invested capital excluding goodwill was 39.7%, compared to 42.0% in 2016/17. Invested capital excluding goodwill increased by EUR 31 million, or 7%, to EUR 504 million. The increase was mainly due to investments in production capacity.

SEGMENT INFORMATION

HEALTH & NUTRITION

20% OF REVENUE

EUR million	Q2 2017/18	Q2 2016/17	YTD 2017/18	YTD 2016/17
Revenue	57.2	58.6	105.5	104.5
Organic growth	7%	13%	8%	10%
EBITDA	23.0	22.7	38.6	36.2
EBITDA margin	40.2%	38.8%	36.6%	34.7%
EBIT	18.6	18.6	29.8	28.3
EBIT margin	32.5%	31.7%	28.2%	27.1%
ROIC excluding goodwill			24.6%	25.4%



REVENUE

Organic growth for the first half of 2017/18 was 8%, corresponding to a revenue increase of 1% to EUR 106 million, all from volume/mix. Human health showed low growth, while animal health delivered strong growth. Plant health delivered very strong growth, albeit from a low base.

Organic growth in human health was driven by both dietary supplements and infant formula in APAC, partly offset by North America being impacted negatively by inventory reductions and, to a lesser degree, a challenging market situation due to increased competition within dietary supplements containing probiotic products, and a consumer migration towards online sales channels.

Animal health was positively impacted by strong growth in silage and swine. Growth in poultry was modest, while cattle grew slightly.

Plant health benefited from the launch of Quartzo™ and Presence™, and the continued penetration of Nemix® C in Brazil. Quartzo™ and Presence™, both biological nematode

control products, are important products for future growth, and strong customer interest has resulted in a promising customer pipeline.

In Q2, organic growth was 7%, driven by volume/mix. Human health decreased slightly, driven by a decrease in North America, but more than offset by very strong growth in APAC. Animal health continued to deliver strong growth driven by improved sales coverage in EMEA and APAC.

EBIT

EBIT amounted to EUR 30 million, compared to EUR 28 million in the first half of 2016/17. The EBIT margin was 28.2%, up 1.1 %-points on the first half of 2016/17. The increase was driven by a positive product mix in human health, lower scrap, insourcing of NPC products, and the absence of royalty payments for LGG®, partly offset by currency.

In Q2, the EBIT margin was 32.5%, compared to 31.7% last year, mainly driven by a positive product mix in human health and lower scrap, partly offset by currency.

ROIC EXCLUDING GOODWILL

The return on invested capital excluding goodwill was 24.6%, compared to 25.4% in 2016/17. Invested capital excluding goodwill increased by EUR 3 million, or 1%, to EUR 247 million.

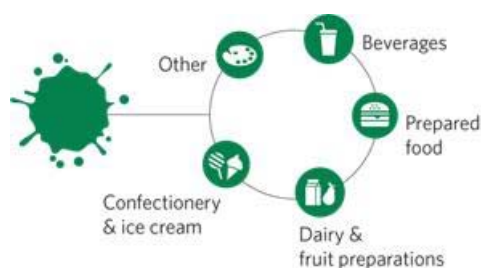
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SEGMENT INFORMATION

NATURAL COLORS

20% OF REVENUE

EUR million	Q2 2017/18	Q2 2016/17	YTD 2017/18	YTD 2016/17
Revenue	52.8	54.2	103.9	105.7
Organic growth	4%	9%	4%	11%
EBITDA	6.8	8.5	12.8	15.4
EBITDA margin	12.9%	15.6%	12.3%	14.6%
EBIT	5.0	6.8	9.3	12.2
EBIT margin	9.5%	12.5%	8.9%	11.5%
ROIC excluding goodwill			15.9%	24.1%



REVENUE

Organic growth for the first half of 2017/18 was 4%, corresponding to a revenue decrease of 2% to EUR 104 million. Organic growth comprised approximately 2% from volume/mix effects and 2% from price increases in local currencies. The price increases reflected increased raw material prices, general price increases and EUR-based pricing.

The organic volume growth was primarily driven by strong growth in coloring foodstuffs (Spirulina and Fruitmax®) and solid growth in annatto. Carmine declined compared to last year, partly due to a dedicated effort to focus on higher value customer segments.

Globally, Prepared Food grew strongly, whereas dairy and fruit preparations in North America declined, as did the sales to the Beverage industry due to a tough comparable in the Middle East.

APAC delivered strong growth, while LATAM and EMEA delivered modest growth. Revenue from North America

decreased compared to last year, mainly due to a soft market for dairy & fruit preparations.

In 2017/18, Natural Colors has launched a number of innovative solutions globally. These include a complete range of oil-soluble solutions for multiple applications, as well as new innovations for beverage applications.

In Q2, organic growth was 4%, driven equally by volume/mix and prices. Growth was driven by EMEA and APAC, while dairy and fruit preparations in North America declined, and LATAM decreased compared to last year due to focus on higher value customer segments.

EBIT

EBIT amounted to EUR 9 million, compared to EUR 12 million in the first half of 2016/17. The EBIT margin was 8.9%, down 2.6 %-points on the first half of 2016/17. The decrease was mainly caused by a negative impact from raw materials, including timing of inventories, and lower sales, partly offset by a positive impact from ongoing optimization initiatives and improved operating efficiencies.

In Q2, the EBIT margin was 9.5%, compared to 12.5% last year. The decrease was driven by negative raw material impacts, including timing of inventories, and a one-time impact from management changes.

ROIC

The return on invested capital was 15.9%, compared to 24.1% in 2016/17. Invested capital increased by EUR 11 million, or 9%, to EUR 129 million, driven by higher working capital.

OUTLOOK FOR 2017/18

ORGANIC REVENUE GROWTH

For 2017/18, organic revenue growth for the Group is unchanged and expected to be 8-10%, which is in line with the long-term ambition.

Food Cultures & Enzymes is expected to grow above the long-term ambition of 7-8%, while Health & Nutrition is expected to grow below the long-term ambition of >10%. Natural Colors is now expected to grow below the long-term ambition of around 10%.

EBIT MARGIN BEFORE SPECIAL ITEMS (B.S.I.)

The EBIT margin b.s.i. is expected to be around the 28.9% achieved in 2016/17.

In the first half of the year, as expected, costs to start and ramp up production using the new capacity in Copenhagen have impacted the EBIT margin unfavorably. Positive impacts to the margin from scalability benefits are expected in the second half of the year.

FREE CASH FLOW

Free cash flow before acquisitions, divestments and special items is expected to be around the EUR 188 million achieved in 2016/17.

The guidance for EBIT margin before special items and for free cash flow before acquisitions, divestments and special items assumes constant currencies from the time of this announcement and for the remainder of the financial year.

DIVIDEND

The Board of Directors regularly assesses whether the capital structure of Chr. Hansen is in the shareholders' best interests. 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 ordinary and extraordinary dividend or share buy-back programs. To ensure a capital structure in the shareholders' best interest, the Board of Directors will assess the possibility of declaring an extraordinary dividend in relation to the Q3 interim results announcement.

SENSITIVITY

Chr. Hansen is a global company serving more than 140 countries through subsidiaries in more than 30 countries.

The most significant exchange rate exposure relates to USD, which accounts for between 25-30% of revenue, while the exposure to other currencies is more modest. A 5% decrease in the USD exchange rate impacts revenue measured in EUR negatively by around EUR 15 million.

Organic revenue growth is sensitive to exchange rate fluctuations in currencies where Chr. Hansen applies a EUR-based pricing model, and to changes in raw material prices for natural colors. The sensitivity to currency also applies to free cash flow.

The EBIT margin is also sensitive to exchange rate fluctuations and to changes in raw material prices for natural colors.

Production in the US and sourcing in USD only partly offset the impact on revenue from changes in the USD exchange rate. Therefore, the relative EBIT exposure is higher than the 25-30% revenue exposure. A 5% decrease in the USD exchange rate impacts EBIT negatively by roughly half of the revenue impact.

The use of currency hedging of balance sheet exposures and future cash flows is described in note 4.3 to the Consolidated Financial Statements 2016/17.

STATEMENT OF THE BOARD OF DIRECTORS AND EXECUTIVE BOARD

Today, the Board of Directors and Executive Board have considered and approved the interim report for Chr. Hansen Holding A/S for the period 1 September 2017 to 28 February 2018. The interim report has not been audited or reviewed by the Company's independent auditors.

The unaudited interim report has been prepared in accordance with IAS 34 and additional Danish regulations. Furthermore, the interim report has been prepared in accordance with the accounting policies set out in the Annual Report of Chr. Hansen Holding A/S for 2016/17.

In our opinion, the accounting policies used are appropriate and the overall presentation of the interim report is adequate. Furthermore, the interim report gives a true and fair view of the Group's assets, liabilities and financial position at 28 February 2018, and of the results of the Group's operations and cash flow for the period 1 September 2017 to 28 February 2018.

We further consider that the Management's Review in the preceding pages includes a true and fair account of the development and performance of the Group, the results for the period and the financial position, together with a description of the principal risks and uncertainties that the Group faces, in accordance with Danish disclosure requirements for listed companies. Besides what has been disclosed in this report, no changes in the Group's most significant risks and uncertainties have occurred relative to what was disclosed in the Annual Report of Chr. Hansen Holding A/S for 2016/17.

Hørsholm, 11 April 2018

Executive Board

Cees De Jong
President and CEO

Søren Westh Lonning
CFO

Christoffer Lorenzen
EVP

Thomas Schäfer
CSO

Board of Directors

Ole Andersen
Chairman

Dominique Reiniche
Vice Chairman

Jesper Brandgaard

Luis Cantarell

Lisbeth Grubov

Charlotte Hemmingsen

Heidi Kleinbach-Sauter

Per Poulsen

Kim Ib Sørensen

Kristian Villumsen

Mark Wilson

ADDITIONAL INFORMATION

CONFERENCE CALL

Chr. Hansen will host a conference call on 11 April 2018 at 10:00 am CET. The conference call can be accessed via the Company's website, www.chr-hansen.com.

For further information, please contact:

Martin Riise, Head of IR
+45 53 39 22 50

FINANCIAL CALENDAR

28 June 2018	Interim Report Q3
15 October 2018	Annual Report 2017/18
29 November 2018	Annual General Meeting 2017/18

Company information

Chr. Hansen Holding A/S

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Denmark

Tel. +45 45 74 74 74

www.chr-hansen.com

Company reg. no.: 28318677

FORWARD-LOOKING STATEMENTS

This report 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.

ABOUT CHR. HANSEN

Chr. Hansen is a leading global bioscience company that develops natural ingredient solutions for the food, nutritional, pharmaceutical and agricultural industries. We develop and produce cultures, enzymes, probiotics and natural colors for a rich variety of foods, confectionery, beverages, dietary supplements and even animal feed and plant protection. Our product innovation is based on more than 30,000 microbial strains - we like to refer to them as "good bacteria." Our solutions enable food manufacturers to produce more with less - while also reducing the use of chemicals and other synthetic additives - which makes our products highly relevant in today's world. We have been delivering value to our partners - and, ultimately, end consumers worldwide - for more than 140 years. We are proud that more than 1 billion people consume products containing our natural ingredients every day.

INCOME STATEMENT

EUR million	Q2 2017/18	Q2 2016/17	YTD 2017/18	YTD 2016/17
REVENUE	263.7	259.4	518.2	501.1
Cost of sales	(122.8)	(120.1)	(243.6)	(232.8)
Gross profit	140.9	139.3	274.6	268.3
Research and development expenses	(18.1)	(17.2)	(37.1)	(34.2)
Sales and marketing expenses	(33.5)	(33.0)	(65.9)	(65.1)
Administrative expenses	(18.5)	(19.3)	(36.5)	(36.5)
Other operating income	0.7	0.6	1.2	3.4
Other operating expenses	(0.3)	(0.3)	(0.4)	(0.3)
Operating profit before special items	71.2	70.1	135.9	135.6
Special items	-	(0.1)	-	(1.0)
Operating profit (EBIT)	71.2	70.0	135.9	134.6
Net financial expenses	(4.9)	(3.0)	(9.2)	(5.8)
Profit before tax	66.3	67.0	126.7	128.8
Income taxes	(15.2)	(16.1)	(29.1)	(30.9)
Profit for the period	51.1	50.9	97.6	97.9
Attributable to:				
Shareholders of Chr. Hansen Holding A/S	51.1	50.9	97.6	97.9
Earnings per share (EUR)	0.39	0.39	0.74	0.74
Earnings per share, diluted (EUR)	0.39	0.38	0.74	0.74

STATEMENT OF COMPREHENSIVE INCOME

EUR million	Q2 2017/18	Q2 2016/17	YTD 2017/18	YTD 2016/17
Profit for the period	51.1	50.9	97.6	97.9
Items that will not be reclassified subsequently to the income statement:				
Remeasurements of defined benefits plans	-	-	-	(0.1)
Items that will be reclassified subsequently to the income statement when specific conditions are met:				
Currency translation of foreign Group companies	(5.4)	5.8	(7.2)	7.8
Cash flow hedge	0.4	(0.2)	0.9	1.1
Tax related to cash flow hedge	0.2	0.7	0.3	0.4
Other comprehensive income for the period	(4.8)	6.3	(6.0)	9.2
Total comprehensive income for the period	46.3	57.2	91.6	107.1
Attributable to:				
Shareholders of Chr. Hansen Holding A/S	46.3	57.2	91.6	107.1

BALANCE SHEET

EUR million	28 Feb 2018	28 Feb 2017	31 Aug 2017
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	761.8	782.9	767.2
Other intangible assets	182.9	201.9	191.9
Intangible assets in progress	39.2	34.2	36.0
Total intangible assets	983.9	1,019.0	995.1
Property, plant and equipment			
Land and buildings	147.1	138.7	141.6
Plant and machinery	187.7	145.9	151.8
Other fixtures and equipment	23.8	17.5	23.0
Property, plant and equipment in progress	69.4	84.0	94.8
Total property, plant and equipment	428.0	386.1	411.2
Other non-current assets			
Deferred tax	7.3	7.9	8.2
Total other non-current assets	7.3	7.9	8.2
Total non-current assets	1,419.2	1,413.0	1,414.5
Current assets			
Inventories			
Raw materials and consumables	34.5	25.6	22.0
Work in progress	55.4	47.2	45.3
Finished goods and goods for resale	62.6	63.4	67.9
Total inventories	152.5	136.2	135.2
Receivables			
Trade receivables	156.6	153.3	150.0
Tax receivables	4.3	5.0	4.6
Other receivables	20.7	18.7	16.0
Prepayments	11.9	10.2	8.8
Total receivables	193.5	187.2	179.4
Cash and cash equivalents	44.7	60.6	73.0
Total current assets	390.7	384.0	387.6
Total assets	1,809.9	1,797.0	1,802.1

BALANCE SHEET

EUR million	28 Feb 2018	28 Feb 2017	31 Aug 2017
EQUITY AND LIABILITIES			
Equity			
Share capital	177.1	177.2	177.3
Reserves	570.8	584.8	591.2
Total equity	747.9	762.0	768.5
Liabilities			
Non-current liabilities			
Employee benefit obligations	6.9	7.7	6.7
Deferred tax	71.8	72.0	72.1
Provisions	3.1	2.7	3.2
Borrowings	675.7	712.9	671.8
Tax payables	15.6	17.5	15.6
Total non-current liabilities	773.1	812.8	769.4
Current liabilities			
Provisions	0.1	0.1	0.1
Borrowings	101.7	38.8	29.6
Prepayments from customers	0.3	0.6	0.2
Trade payables	79.2	77.2	110.4
Tax payables	30.8	21.3	39.5
Other payables	76.8	84.2	84.4
Total current liabilities	288.9	222.2	264.2
Total liabilities	1,062.0	1,035.0	1,033.6
Total equity and liabilities	1,809.9	1,797.0	1,802.1

STATEMENT OF CHANGES IN EQUITY

EUR million	2017/18				
	Share capital	Currency translation	Cash flow hedges	Retained earnings	Total
Equity at 1 September 2017	177.3	(38.2)	(1.9)	631.3	768.5
Total comprehensive income for the year, cf. statement of comprehensive income	(0.2)	(7.0)	1.2	97.6	91.6
Transactions with owners:					
Purchase of treasury shares	-	-	-	(4.7)	(4.7)
Exercised share options	-	-	-	0.5	0.5
Share-based payment	-	-	-	4.0	4.0
Dividend	-	-	-	(112.0)	(112.0)
Equity at 28 February 2018	177.1	(45.2)	(0.7)	616.7	747.9

EUR million	2016/17				
	Share capital	Currency translation	Cash flow hedges	Retained earnings	Total
Equity at 1 September 2016	177.2	(31.0)	(3.7)	587.8	730.3
Total comprehensive income for the year, cf. statement of comprehensive income	-	7.8	1.5	97.8	107.1
Transactions with owners:					
Purchase of treasury shares	-	-	-	(6.8)	(6.8)
Exercised share options	-	-	-	22.4	22.4
Share-based payment	-	-	-	1.4	1.4
Dividend	-	-	-	(92.4)	(92.4)
Equity at 28 February 2017	177.2	(23.2)	(2.2)	610.2	762.0

CASH FLOW STATEMENT

EUR million	Q2 2017/18	Q2 2016/17	YTD 2017/18	YTD 2016/17
Operating profit	71.2	70.0	135.9	134.6
Non-cash adjustments	16.3	9.4	32.4	23.7
Change in working capital	(28.4)	(6.5)	(70.1)	(55.5)
Interest payments made	(2.7)	(2.5)	(4.9)	(4.6)
Taxes paid	(4.7)	(3.0)	(37.4)	(28.4)
Cash flow from operating activities	51.7	67.4	55.9	69.8
Investments in intangible assets	(5.0)	(3.4)	(8.3)	(6.4)
Investments in property, plant and equipment	(16.8)	(21.3)	(36.7)	(43.0)
Sale of property, plant and equipment	-	-	-	2.3
Cash flow used for operational investing activities	(21.8)	(24.7)	(45.0)	(47.1)
Free operating cash flow	29.9	42.7	10.9	22.7
Acquisition of entities, net of cash acquired	-	-	-	(73.0)
Cash flow used for investing activities	(21.8)	(24.7)	(45.0)	(120.1)
Free cash flow	29.9	42.7	10.9	(50.3)
Borrowings	125.3	124.5	139.1	158.1
Repayment of long-term loans	(45.7)	(84.1)	(60.7)	(91.5)
Exercise of options	-	7.5	0.5	22.4
Purchase of treasury shares, net	(4.7)	-	(4.7)	(6.8)
Dividends paid	(112.0)	(92.4)	(112.0)	(92.4)
Cash flow used in financing activities	(37.1)	(44.5)	(37.8)	(10.2)
Net cash flow for the year	(7.2)	(1.8)	(26.9)	(60.5)
Cash and cash equivalents at 1 September	52.8	61.5	73.0	119.8
Unrealized exchange gains/(losses) included in cash and cash equivalents	(0.9)	0.9	(1.4)	1.3
Net cash flow for the year	(7.2)	(1.8)	(26.9)	(60.5)
Cash and cash equivalents, end of period	44.7	60.6	44.7	60.6

SEGMENT INFORMATION

EUR million	Q2 2017/18			
	Food Cultures & Enzymes	Health & Nutrition	Natural Colors	Group
INCOME STATEMENT				
Revenue	153.7	57.2	52.8	263.7
EUR growth	5%	(2)%	(3)%	2%
Organic growth	12%	7%	4%	9%
EBITDA before special items	57.4	23.0	6.8	87.2
EBITDA margin before special items	37.3%	40.2%	12.9%	33.1%
Depreciation, amortization and impairment losses	(9.8)	(4.4)	(1.8)	(16.0)
EBIT before special items	47.6	18.6	5.0	71.2
EBIT margin before special items	31.0%	32.5%	9.5%	27.0%
Special items and net financial expenses				(4.9)
Profit before tax				66.3

EUR million	YTD 2017/18			
	Food Cultures & Enzymes	Health & Nutrition	Natural Colors	Group
INCOME STATEMENT				
Revenue	308.8	105.5	103.9	518.2
EUR growth	6%	1%	(2)%	3%
Organic growth	12%	8%	4%	9%
EBITDA before special items	115.8	38.6	12.8	167.2
EBITDA margin before special items	37.5%	36.6%	12.3%	32.3%
Depreciation, amortization and impairment losses	(19.0)	(8.8)	(3.5)	(31.3)
EBIT before special items	96.8	29.8	9.3	135.9
EBIT margin before special items	31.3%	28.2%	8.9%	26.2%
Special items and net financial expenses				(9.2)
Profit before tax				126.7

SEGMENT INFORMATION

(CONTINUED)

EUR million				Q2
	Food Cultures & Enzymes	Health & Nutrition	Natural Colors	2016/17 Group
INCOME STATEMENT				
Revenue	146.6	58.6	54.2	259.4
EUR growth	9%	30%	11%	13%
Organic growth	8%	13%	9%	9%
EBITDA before special items	53.5	22.7	8.5	84.7
EBITDA margin before special items	36.5%	38.8%	15.6%	32.6%
Depreciation, amortization and impairment losses	(8.8)	(4.1)	(1.7)	(14.6)
EBIT before special items	44.7	18.6	6.8	70.1
EBIT margin before special items	30.5%	31.7%	12.5%	27.0%
Special items and net financial expenses				(3.1)
Profit before tax				67.0

EUR million				YTD
	Food Cultures & Enzymes	Health & Nutrition	Natural Colors	2016/17 Group
INCOME STATEMENT				
Revenue	290.9	104.5	105.7	501.1
EUR growth	9%	29%	12%	13%
Organic growth	9%	10%	11%	10%
EBITDA before special items	112.6	36.2	15.4	164.2
EBITDA margin before special items	38.7%	34.7%	14.6%	32.8%
Depreciation, amortization and impairment losses	(17.5)	(7.9)	(3.2)	(28.6)
EBIT before special items	95.1	28.3	12.2	135.6
EBIT margin before special items	32.7%	27.1%	11.5%	27.1%
Special items and net financial expenses				(6.8)
Profit before tax				128.8

SEGMENT INFORMATION

(CONTINUED)

EUR million				28 Feb 2018
	Food Cultures & Enzymes	Health & Nutrition	Natural Colors	Group
ASSETS				
Goodwill	529.9	231.9	-	761.8
Other intangible assets	100.1	105.3	16.7	222.1
Intangible assets	630.0	337.2	16.7	983.9
Property, plant and equipment	283.5	98.2	46.3	428.0
Total non-current assets excluding deferred tax	913.5	435.4	63.0	1,411.9
Inventories	71.8	25.3	55.4	152.5
Trade receivables	87.7	32.6	36.3	156.6
Trade payables	(38.9)	(14.9)	(25.4)	(79.2)
Net working capital	120.6	43.0	66.3	229.9
Assets not allocated				88.9
Group assets				1,809.9
Invested capital excluding goodwill	504.2	246.5	129.3	880.0
ROIC excluding goodwill	39.7%	24.6%	15.9%	32.1%
Investment in non-current assets excluding deferred tax	30.1	10.5	4.4	45.0
				28 Feb 2017
	Food Cultures & Enzymes	Health & Nutrition	Natural Colors	Group
ASSETS				
Goodwill	548.7	234.2	-	782.9
Other intangible assets	108.6	111.7	15.8	236.1
Intangible assets	657.3	345.9	15.8	1,019.0
Property, plant and equipment	254.9	86.0	45.2	386.1
Total non-current assets excluding deferred tax	912.2	431.9	61.0	1,405.1
Inventories	66.7	24.5	45.0	136.2
Trade receivables	80.9	34.5	37.9	153.3
Trade payables	(38.2)	(13.4)	(25.6)	(77.2)
Net working capital	109.4	45.6	57.3	212.3
Assets not allocated				102.4
Group assets				1,797.0
Invested capital excluding goodwill	472.9	243.3	118.3	834.5
ROIC excluding goodwill	42.0%	25.4%	24.1%	35.2%
Investment in non-current assets excluding deferred tax	33.4	11.4	4.6	49.4

SEGMENT INFORMATION

(CONTINUED)

					Q2 2017/18
EUR million					
GEOGRAPHIC ALLOCATION	EMEA	North America	APAC	LATAM	Group
Revenue	114.8	68.5	46.1	34.2	263.7
EUR growth	7%	(12)%	16%	(1)%	2%
Organic growth	9%	1%	22%	14%	9%
					YTD 2017/18
	EMEA	North America	APAC	LATAM	Group
Revenue	225.7	133.6	90.4	68.5	518.2
EUR growth	6%	(7)%	15%	3%	3%
Organic growth	7%	4%	21%	15%	9%
Non-current assets excluding deferred tax	1,214.0	152.8	13.5	31.6	1,411.9

					Q2 2016/17
EUR million					
	EMEA	North America	APAC	LATAM	Group
Revenue	107.4	77.6	39.9	34.5	259.4
EUR growth	3%	31%	19%	7%	13%
Organic growth	3%	17%	18%	4%	9%
					YTD 2016/17
	EMEA	North America	APAC	LATAM	Group
Revenue	212.8	143.3	78.4	66.6	501.1
EUR growth	6%	26%	18%	6%	13%
Organic growth	6%	12%	17%	9%	10%
Non-current assets excluding deferred tax	1,183.0	170.6	15.0	36.5	1,405.1