Nature's Sustainably no. 1™
Safe harbor statement

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

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Together, we deliver natural innovative solutions that address global challenges by advancing food, health, and productivity.
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%
81% of Chr. Hansen’s revenue contributes to the UN Global Goals
- validated by PWC
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.
<table>
<thead>
<tr>
<th>The trend</th>
<th>Our opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growing world population and resource scarcity</td>
<td>Need for innovation to improve productivity and reduce food waste</td>
</tr>
<tr>
<td>“Real foods” and consumerism</td>
<td>Optimization of recipes to meet clean label demands</td>
</tr>
<tr>
<td>Aging population and increasing health care costs</td>
<td>Need for cheaper and preventive solutions</td>
</tr>
<tr>
<td>Urbanization and industrialization</td>
<td>Enhanced value of potential markets</td>
</tr>
<tr>
<td>Technology breakthroughs</td>
<td>Scientific evidence of benefits from good bacteria</td>
</tr>
</tbody>
</table>
Our three lighthouses address challenges within food safety, agriculture and public health

- **Bioprotection**: Bacterial solutions for food safety and freshness
  - Designated as lighthouse in 2016
- **Plant Health**: Bacterial cultures for crop protection
  - Designated as lighthouse in 2013
- **Human Microbiome**: Next generation bacteria for Human Health
  - Designated as lighthouse in 2013

Potential revenue of minimum EUR 100m per year
In addition to the core dairy business, the microbial solutions platform is a key driver for strong growth.

1-2 years
Market dynamics and existing portfolio

- Bioprotection in dairy
- Bioprotection outside dairy

3-5 years
Recent and near-term product launches

- New innovation, e.g. fermented beverages, lower sugars, non-lactose, etc.

+5 years
Pipeline

- Animal Health
- Plant Health
- Human Health
- Human Microbiome
- US conversion and coloring foodstuff
## Evolution, not revolution

### FOOD CULTURES & ENZYMES

- Leverage the full potential of Food Cultures & Enzymes
- Continue to prioritize core dairy business
- Develop adjuncts and adjacencies
- Drive Bioprotection lighthouse to EUR 200m by 2025

### HEALTH & NUTRITION

- Develop the microbial platform in Health & Nutrition
- Drive new products for Human Health (incl. Microbiome) and Animal Health
- Invest in Plant Health platform to unlock potential of EUR 100m by 2025

### NATURAL COLORS

- Create further value in Natural Colors
- Expand FruitMax® range of coloring foodstuff
- Drive US conversion and secure APAC growth

### Drive penetration of new innovation

- Continue to prioritize core dairy business
- Develop adjuncts and adjacencies
- Drive Bioprotection lighthouse to EUR 200m by 2025

### 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

### Generate fuel for growth

- Drive scalability in supply chain
- Digitalize core processes
- Reinvest in future growth
- Continue drive to restore profitability
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.
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
  - **Extension into new food categories and near adjacencies**: <1% growth
  - **Fundamental market growth, pricing and market share**: ≈4% growth
  - **Further conversion of dairies**: ≈1% growth

- **Customers/markets**
  - **Existing**
  - **New**

**FOOD CULTURES & ENZYMES**

We retain our long term growth guidance with majority of growth coming from core customers and markets.
The fundamental market growth outlook is robust

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

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

Food waste
Shelf Life Extension targeting yeasts/mould/LAB

Food Safety
Additional protection against gram-positive food pathogens (Listeria, Clostridium)
We participate in high growth markets with headroom to increase penetration

Attractive market growth driven by megatrends

- **Growing world population and rapid urbanization**
  - 5-15% Microbial penetration

- **Increasing scientific evidence of health benefits from "good bacteria" (and KOL/consumer awareness)**
  - 5-15% Microbial penetration

- **Resource scarcity creates productivity squeeze for customers**
  - <5% Microbial penetration

- **Need to reduce Antibiotic Growth Promoter usage in livestock production**
  - 13%-17%

- **Pressure to curb chemicals usage in crop production**

**Opportunities to increase penetration**

Source: Euromonitor and management estimates
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®**

   - **Fit to current capabilities**
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
- Launched in all major geographies
- Continued opportunities to deepen market penetration

**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
- Brodest range applicability across crops and humidity levels
- Global roll-out in progress

**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
- Recently launched in US and Australia
- Global roll-out in the next 2 years
### Description
- Bacillus based product
- Applied in-furrow or through drip irrigation
- Bacillus based product
- Applied as seed treatment before planting

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

### Registration
- Bionematicide
- Bionematicide

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

### Competing technologies
- Chemicals
- GMO
- Biological
- Chemicals
- GMO
- Biological
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

EMEA
Market value EUR ~500m
Conversion volume ~60%

LATAM
Market value EUR ~100m
Conversion, volume ~25%

APAC
Market value EUR ~225m
Conversion volume ~30%

NORTH AMERICA
Market value EUR ~150m
Conversion volume ~25%

GLOBAL
Market value EUR ~1,000m
Conversion volume ~35%

5-7%

Global market growth

Projected 2030 market value of EUR 2.0 - 2.5bn

5-7%

Global market growth

Note: Market value measured as Food & Beverages Natural Colors including Coloring Foods, and excluding Caramel colors (approximately EUR 200m)
Great track record of financial performance

FINANCIAL TARGETS

Revenues
- Org. growth:
  - 8% in 2011/12
  - 7% in 2012/13
  - 8% in 2013/14
  - 10% in 2014/15
  - 12% in 2015/16
  - 10% in 2016/17
- EURm revenue:
  - 699 in 2011/12
  - 738 in 2012/13
  - 756 in 2013/14
  - 859 in 2014/15
  - 949 in 2015/16
  - 1,063 in 2016/17

EBIT before special items and acquisitions
- EBIT margin:
  - 27,2% in 2011/12
  - 26,1% in 2012/13
  - 27,1% in 2013/14
  - 27,1% in 2014/15
  - 28,2% in 2015/16
  - 28,9% in 2016/17
- EURm EBIT b.s.i.:
  - 190 in 2011/12
  - 193 in 2012/13
  - 205 in 2013/14
  - 233 in 2014/15
  - 268 in 2015/16
  - 307 in 2016/17

Free cash flow
- CAGR:
  - 11% in 2011/12
- EURm FCF b.s.i & acq.:
  - 113 in 2011/12
  - 120 in 2012/13
  - 124 in 2013/14
  - 151 in 2014/15
  - 175 in 2015/16
  - 188 in 2016/17

Return on invested capital
- ROIC:
  - 34,1% in 2011/12
  - 34,3% in 2012/13
  - 34,9% in 2013/14
  - 37,6% in 2014/15
  - 39,7% in 2015/16
  - 40,1% in 2016/17
- Invested capital:
  - 1.174 in 2011/12
  - 1.180 in 2012/13
  - 1.214 in 2013/14
  - 1.247 in 2014/15
  - 1.445 in 2015/16
  - 1.581 in 2016/17
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
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

3. Ordinary dividend
   - 40-60%
   - EUR ~250m
     In acquisitions from 2013/14 - 2016/17
   - 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
Our three lighthouses address challenges within food safety, agriculture and public health

**Lighthouse**

**Food Cultures & Enzymes**
- **Bioprotection**
  - Bacterial solutions for food safety and freshness – target of EUR 200m by 2025
- **Plant Health**
  - Bacterial cultures for crop protection – target of EUR 100m by 2025
- **Human Microbiome**
  - Next generation bacteria for Human Health

**Health & Nutrition**

Potential revenue of minimum EUR 100m per year

Designated as lighthouse in 2016
Designated as lighthouse in 2013
Designated as lighthouse in 2013
Progress on strategic agenda YTD 2017/18

Nature’s no. 1 strategy launched in September 2013 with the ambition to pursue growth opportunities in the current core businesses and within new microbial solutions. Strategy reviewed, reaffirmed and presented at Capital Market Day in April 2018.

- **Bioprotection**: Strong growth of approx. 35%, with momentum in all segments driven by 1st generation. Sales of 2nd generation driving very strong growth in LATAM, albeit from a low base.

- **Capacity**: The new capacity is performing according to plan and is starting to contribute positively to margins.

- **Human Microbiome**: partnership with Prota Therapeutics to test LGG® strain in a Phase III clinical trial to potentially develop a treatment for peanut allergy; and result from a Chr. Hansen-led clinical trial that demonstrated reduced side effects associated with the regular consumption of *acetylsalicylic acid*, i.e. aspirin.

- **Plant Health**: Recently launched products in Brazil, Quartzo™ and Presence™, driving strong growth albeit from low base. Collaboration with FMC, our partner, extended and made more flexible.

- **Growth Markets**: Emerging markets across business units are strong. We continue to strengthen our presence incl. local application labs and increasing customer facing functions.

- **Natural Colors**: Continued interest in replacing synthetic colors for natural colors, especially coloring foods.
Financial highlights YTD 2017/18

Revenue

EUR 801 million
(up 3% on 2016/17)

Organic growth

9% (10% in 2016/17)

Operating profit (EBIT) margin before special items

27.5% (27.9% in 2016/17)

Profit for the period

EUR 158 million
(up 1% on 2016/17)

R&D expenditures incurred

EUR 60 million
(7.5% of revenue, compared to 7.0% in 2016/17)

Free cash flow before acquisitions and special items

EUR 75 million
(EUR 98 million in 2016/17)
Organic sales growth in our business areas primarily driven by volume and mix

- Strong organic growth in Food Cultures & Enzymes, with bioprotection growing at ~35%. Strong growth in cheese, fermented milk, enzymes and meat cultures
- Strong growth in animal and plant health (albeit from a low base), offset by low, but improving, growth in human health
- Growth in Natural Colors driven by coloring foodstuffs, APAC and EMEA

<table>
<thead>
<tr>
<th></th>
<th>YTD 2017/18</th>
<th>Q3 2017/18</th>
<th>Health &amp; Nutrition</th>
<th>Natural Colors</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Food Cultures &amp; Enzymes</strong></td>
<td>+ 12%</td>
<td>+ 11%</td>
<td>59%</td>
<td>20%</td>
</tr>
<tr>
<td></td>
<td>YTD 17/18</td>
<td>Q3 2017/18</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>+ 8%</td>
<td>+ 7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>+ 5%</td>
<td>+ 6%</td>
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</tr>
</tbody>
</table>
Regional performance – all regions contributing to growth

Share of revenue inside bubble, YTD organic growth 2017/18 outside bubble

- **NORTH AMERICA**
  - 3% Organic growth
  - Strong growth in bioprotection, cheese, fermented milk and meat.
  - Solid growth in enzymes and animal health
  - Infant formula in human health grew strongly, while dietary supplements improved – human health decreased overall
  - Natural Colors decreased

- **EMEA**
  - 25% Organic growth
  - Strong growth in bioprotection, cheese, meat, enzymes, fermented milk, human health and plant health
  - Animal health showed modest growth
  - Natural Colors decreased

- **LATAM**
  - 17% Organic growth
  - Strong growth in bioprotection, animal health, enzymes, meat and fermented milk
  - Probiotics for fermented milk and cheese delivered good growth, while Natural Colors showed modest growth
  - Human health decreased from key customer destocking in infant formula

- **APAC**
  - 17% Organic growth
  - Strong growth in fermented milk, human health, animal health and Natural Colors
  - Enzymes showed good growth
  - Cheese decreased

- **Share of revenue inside bubble, YTD organic growth 2017/18 outside bubble**

- **Strong growth in bioprotection, cheese, fermented milk and meat.**
- **Solid growth in enzymes and animal health.**
- **Infant formula in human health grew strongly, while dietary supplements improved – human health decreased overall.**
- **Natural Colors decreased.**

- **Strong growth in bioprotection, cheese, meat, enzymes, fermented milk, human health and plant health.**
- **Animal health showed modest growth.**
- **Natural Colors decreased.**

- **Strong growth in fermented milk, human health, animal health and Natural Colors.**
- **Enzymes showed good growth.**
- **Cheese decreased.**
**FOOD CULTURES & ENZYMES**

**Strong growth continues in Food Cultures & Enzymes, capacity expansion benefits starting to materialize on earnings**

**+12%**

**YTD ORGANIC SALES GROWTH**

- Organic growth very broad based, comprised 9% from volume/mix and 3% from price increases in local currencies
- In Q3, organic growth was 11%, with 6% from volume/mix and 5% from prices
- Bioprotective cultures delivered organic growth of approximately 35%, with 45% in 1H and 25% in Q3

**-0.4%**

**LOWER EBIT MARGIN ON Q3 2016/17**

- Driven by adverse currencies and higher depreciations partly offset by scalability in production
- Margins down 1.1 %-points YTD, driven by adverse currency and positive one-offs in 2016/17
HEALTH & NUTRITION

Organic growth driven by Animal Health. Dietary supplements showing signs of improvements in North America in Q3

+8% YTD ORGANIC SALES GROWTH

- Animal health delivered strong growth driven by improved sales coverage outside North America. Strong growth in silage and swine, whereas cattle and poultry declined slightly in North America, especially in Q3
- Plant health grew strongly, albeit from a low base

+2.5% IMPROVED EBIT MARGIN ON Q3 2016/17

- Growth in EBIT margin driven by a positive product mix in human health and favorable timing of production costs, partly offset by currencies
- Margins up 1.7 %-points YTD, driven by positive product mix in human health, lower scrap, partly offset by currencies

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## Organic growth

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2016/17</th>
<th>2017/18</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>3%</td>
<td>7%</td>
<td>+4%</td>
</tr>
<tr>
<td>Q2</td>
<td>13%</td>
<td>14%</td>
<td>+1%</td>
</tr>
<tr>
<td>Q3</td>
<td>14%</td>
<td>21%</td>
<td>+7%</td>
</tr>
<tr>
<td>Q4</td>
<td>21%</td>
<td>23%</td>
<td>+2%</td>
</tr>
<tr>
<td>YTD</td>
<td>7%</td>
<td>7%</td>
<td>0%</td>
</tr>
</tbody>
</table>

## EBIT margin

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2016/17</th>
<th>2017/18</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>27.2%</td>
<td>28.3%</td>
<td>+1.1%</td>
</tr>
<tr>
<td>Q2</td>
<td>31.7%</td>
<td>28.3%</td>
<td>-3.4%</td>
</tr>
<tr>
<td>Q3</td>
<td>23.2%</td>
<td>33.6%</td>
<td>+10.4%</td>
</tr>
<tr>
<td>Q4</td>
<td>32.5%</td>
<td>30.8%</td>
<td>-1.7%</td>
</tr>
<tr>
<td>YTD</td>
<td>30.8%</td>
<td>27.3%</td>
<td>-3.5%</td>
</tr>
</tbody>
</table>

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## Revenue

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2016/17</th>
<th>2017/18</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>59.1</td>
<td>58.5</td>
<td>-0.6%</td>
</tr>
<tr>
<td>Q2</td>
<td>164.6</td>
<td>163.1</td>
<td>-0.9%</td>
</tr>
<tr>
<td>Q3</td>
<td>30.8%</td>
<td>28.3%</td>
<td>-2.5%</td>
</tr>
<tr>
<td>YTD</td>
<td>26.0%</td>
<td>26.4%</td>
<td>+0.4%</td>
</tr>
</tbody>
</table>

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## ROIC ex. goodwill

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2016/17</th>
<th>2017/18</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>7%</td>
<td>8%</td>
<td>+1%</td>
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<tr>
<td>Q2</td>
<td>29.2%</td>
<td>27.5%</td>
<td>-1.7%</td>
</tr>
<tr>
<td>Q3</td>
<td>26.0%</td>
<td>26.4%</td>
<td>+0.4%</td>
</tr>
</tbody>
</table>
Growth in all regions in Q3, except Latin America, driven by coloring foods

+5% YTD ORGANIC SALES GROWTH

- Organic growth comprised approximately 2% from volume/mix effects and 3% from price increases in local currencies
- Organic volume growth was primarily driven by strong growth in coloring foodstuffs in APAC and EMEA
- Globally, prepared foods, ice cream & confectionary, and dairy & fruit prep contributed to growth

+0.3% IMPROVED EBIT MARGIN ON Q3 2016/17

- Margin increase mainly driven by product mix and the focus on higher value segments
- Margins down 1.6 %-points YTD, mainly caused by a negative impact from raw materials, including timing of inventories, and a negative impact from management changes in Q2

<table>
<thead>
<tr>
<th>EUR million</th>
<th>Q3 17/18</th>
<th>Q3 16/17</th>
<th>YTD 17/18</th>
<th>YTD 16/17</th>
</tr>
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<tbody>
<tr>
<td>Revenue</td>
<td>57.7</td>
<td>57.9</td>
<td>161.6</td>
<td>163.5</td>
</tr>
<tr>
<td>Organic growth</td>
<td>6%</td>
<td>6%</td>
<td>5%</td>
<td>9%</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>14.4%</td>
<td>14.1%</td>
<td>10.9%</td>
<td>12.5%</td>
</tr>
<tr>
<td>ROIC ex. goodwill</td>
<td>20.1%</td>
<td>27.4%</td>
<td>20.1%</td>
<td>27.4%</td>
</tr>
</tbody>
</table>
# Income statement

<table>
<thead>
<tr>
<th>EUR million</th>
<th>YTD 17/18</th>
<th>YTD 16/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>801</td>
<td>780</td>
</tr>
<tr>
<td>Organic growth</td>
<td>9%</td>
<td>10%</td>
</tr>
<tr>
<td>EUR growth</td>
<td>3%</td>
<td>12%</td>
</tr>
<tr>
<td>Gross margin</td>
<td>53.9%</td>
<td>53.8%</td>
</tr>
<tr>
<td>R&amp;D expenses</td>
<td>(56)</td>
<td>(52)</td>
</tr>
<tr>
<td>Sales &amp; marketing expenses</td>
<td>(102)</td>
<td>(100)</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>(54)</td>
<td>(54)</td>
</tr>
<tr>
<td>Other income/expenses</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>EBIT before special items</td>
<td>220</td>
<td>217</td>
</tr>
<tr>
<td>EBIT margin b.s.i.</td>
<td>27.5%</td>
<td>27.9%</td>
</tr>
<tr>
<td>Special items</td>
<td>-</td>
<td>(1)</td>
</tr>
<tr>
<td>EBIT</td>
<td>220</td>
<td>216</td>
</tr>
<tr>
<td>EBIT Margin</td>
<td>27.5%</td>
<td>27.7%</td>
</tr>
<tr>
<td>Net financials</td>
<td>(15)</td>
<td>(11)</td>
</tr>
<tr>
<td>Income tax</td>
<td>(47)</td>
<td>(49)</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>158</td>
<td>156</td>
</tr>
</tbody>
</table>

## Highlights

- **Revenue**
  - Volume/mix: 7%
  - Price: 2%
  - Organic growth: 9%
  - Currencies: -6%
  - EUR growth: 3%

## Gross margin

- Up 0.1 %-point to 53.9% driven by a positive product mix in H&N and improved production efficiencies in FC&E, partly offset by currencies.

## EBIT b.s.i.

- EUR 220 million YTD, slightly up over 2016/17. EBIT margin decreased by 0.4 %-points to 27.5% driven by negative currency impacts, partly offset product mix in H&N.
Highlights

Cash flow
- Cash flow from operating activities declined by EUR 12 million, primarily driven by regulation change on Danish export credit scheme
- Cash flow used for operational investing activities increased by EUR 4 million
- Free cash flow before special items and acquisitions was EUR 75 million, down from EUR 98 million last year

Key figures
- Capital expenditures corresponded to 9.1% of revenue, up from 8.9% in 2016/17
- ROIC excluding goodwill down 3.2%-points mainly due to negative currency impacts on EBIT
- NIBD/EBITDA was stable at 1.8x

### Cash flow and balance sheet

#### EUR million

<table>
<thead>
<tr>
<th></th>
<th>YTD 17/18</th>
<th>YTD 16/17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flow</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating activities</td>
<td>148</td>
<td>160</td>
</tr>
<tr>
<td>Operational investing activities</td>
<td>(73)</td>
<td>(69)</td>
</tr>
<tr>
<td>Free operating cash flow</td>
<td>75</td>
<td>91</td>
</tr>
<tr>
<td>Acquisition activities</td>
<td>-</td>
<td>(73)</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>75</td>
<td>18</td>
</tr>
<tr>
<td><strong>Balance sheet</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>1,848</td>
<td>1,792</td>
</tr>
<tr>
<td>Equity</td>
<td>810</td>
<td>799</td>
</tr>
<tr>
<td>Net interest-bearing debt</td>
<td>673</td>
<td>629</td>
</tr>
<tr>
<td><strong>Key figures</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net working capital</td>
<td>21.9%</td>
<td>19.9%</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>9.1%</td>
<td>9.2%</td>
</tr>
<tr>
<td>ROIC excluding goodwill</td>
<td>34.2%</td>
<td>37.4%</td>
</tr>
<tr>
<td>NIBD/EBITDA</td>
<td>1.8x</td>
<td>1.8x</td>
</tr>
</tbody>
</table>
Substantial adverse currency impact especially driven by USD

The weakened USD has a sizable impact on topline, EBIT and free cash flow in FY18:
- The depreciation YTD has been -10%, but it is expected to be much smaller in Q4*

Impact on revenues from all currencies:
- In Q3 the currency impact was -7%, and YTD the currency impact has been -6%

Impact on EBIT margin from all currencies:
- In Q3 the currency impact was -0.8 %-point, and YTD the currency impact was -0.9 %-point

*Q4 based on fixed exchange rates from 27 June 2018
Change in free cash flow* YTD largely driven by one-off change in Danish export credit regulation and backend-loaded sales in Q3, impacting NWC

* Before special items and acquisitions
** Includes ‘Other payables and receivables not normally included in NWC
Extraordinary dividend of EUR 105 million will be paid out on July 3, 2018

- Ordinary dividend
- Extraordinary dividend
- Share buy-back
- Acquisitions

EURm

<table>
<thead>
<tr>
<th>Year</th>
<th>Ordinary dividend</th>
<th>Extraordinary dividend</th>
<th>Share buy-back</th>
<th>Acquisitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012/13</td>
<td>28</td>
<td>55</td>
<td>55</td>
<td></td>
</tr>
<tr>
<td>2013/14</td>
<td>80</td>
<td>66</td>
<td>82</td>
<td></td>
</tr>
<tr>
<td>2014/15</td>
<td></td>
<td></td>
<td>82</td>
<td></td>
</tr>
<tr>
<td>2015/16</td>
<td>169</td>
<td></td>
<td>100</td>
<td>73</td>
</tr>
<tr>
<td>2016/17</td>
<td></td>
<td></td>
<td>112</td>
<td></td>
</tr>
<tr>
<td>2017/18</td>
<td>105</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Expected ordinary dividend of 40-60% of net profit
## Outlook for 2017/18 maintained

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Organic revenue growth</strong></td>
<td>10%</td>
<td>8-10%</td>
<td>8-10%</td>
<td>8-10%</td>
</tr>
<tr>
<td><strong>Food Cultures &amp; Enzymes</strong></td>
<td>9%</td>
<td>Above L.T.</td>
<td>Above L.T.</td>
<td>7-8%</td>
</tr>
<tr>
<td><strong>Health &amp; Nutrition</strong></td>
<td>14%</td>
<td>Below L.T.</td>
<td>Below 10%</td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>Natural Colors</strong></td>
<td>10%</td>
<td>Below L.T.</td>
<td>Below 10%</td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>EBIT margin b.s.i.</strong></td>
<td>28.9%</td>
<td>Around the same level as in 2016/17</td>
<td>Around the same level as in 2016/17</td>
<td>Increasing to above 30%</td>
</tr>
<tr>
<td><strong>Free cash flow before acquisition, divestments and special items</strong></td>
<td>EUR 188 million</td>
<td>Around the same level as in 2016/17</td>
<td>Around the same level as in 2016/17</td>
<td>Increasing by a CAGR of ~10%</td>
</tr>
</tbody>
</table>

¹ Baseline 2016/17, updated at Capital Market Day on April 18, 2018