Chr. Hansen

Q4 2018/19

Roadshow presentation

WORLD'S MOST SUSTAINABLE COMPANY 2019
BY CORPORATE KNIGHTS

CHR HANSEN
Improving food & health

Safe harbor statement

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

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

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

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

The information, opinions and forward-looking statements contained in this presentation speak only as at the date of this presentation, and are subject to change without notice. The Company and its respective agents, employees or advisors do not intend to, and expressly disclaim any duty, undertaking or obligation to, make or disseminate any supplement, amendment, update or revision to any of the information, opinions or forward-looking statements contained in this presentation to reflect any change in events, conditions or circumstances beyond what is required by applicable law or applicable stock exchange rules and regulations.

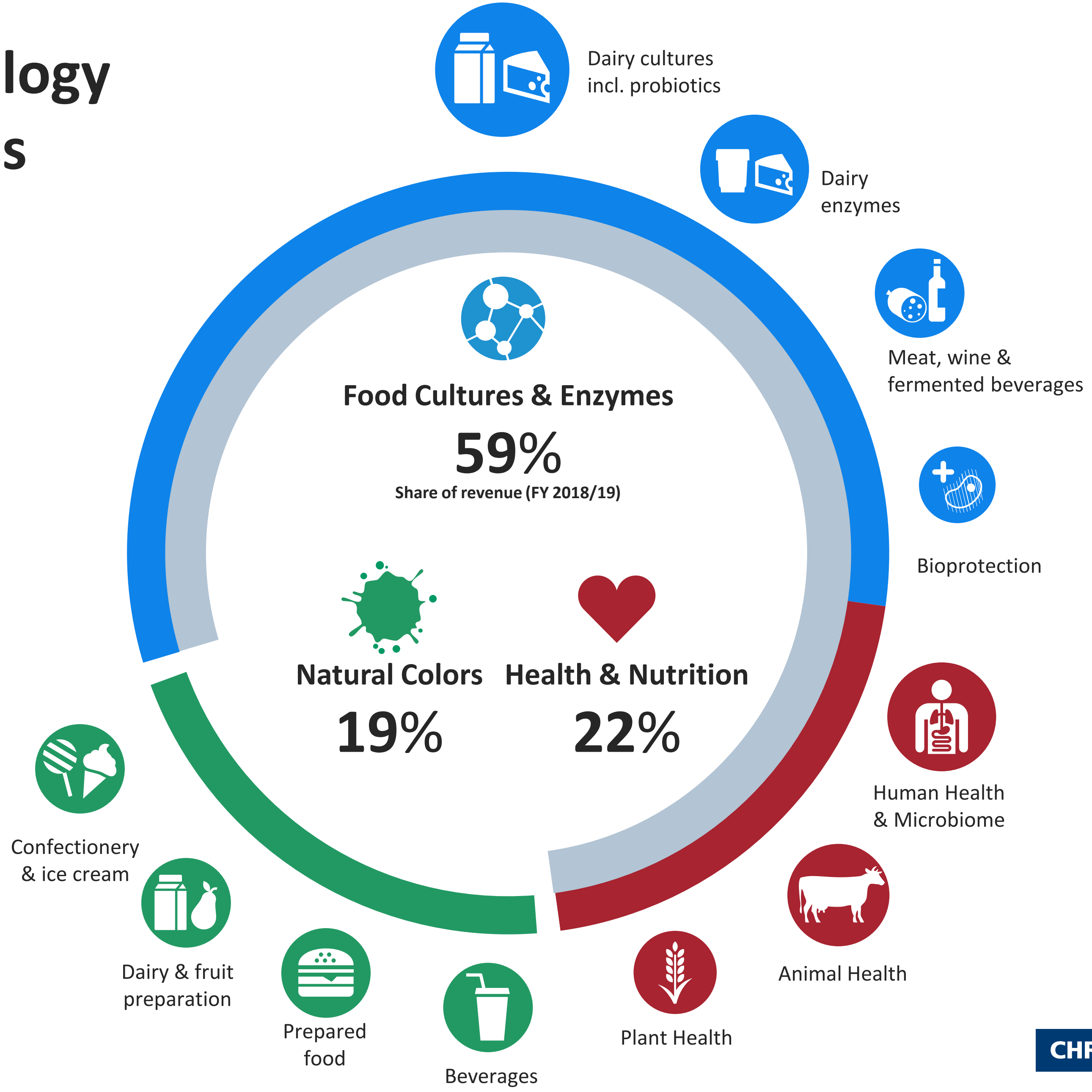
By viewing this presentation, you acknowledge and agree to be bound by the foregoing limitations and restrictions.

AT A GLANCE

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.**



Food Cultures & Enzymes

59%

Share of revenue (FY 2018/19)

Natural Colors

19%

Health & Nutrition

22%

Dairy cultures incl. probiotics

Dairy enzymes

Meat, wine & fermented beverages

Bioprotection

Human Health & Microbiome

Animal Health

Plant Health

Beverages

Prepared food

Dairy & fruit preparation

Confectionery & ice cream

AT A GLANCE

We develop natural solutions that help to reduce sugar, ensure food safety, improve health, replace artificial ingredients and much more!

Sweety® reduces added sugar in yogurt by up to 20% without losing sweetness

GalliPro® Fit triple probiotic strain to boost prevention and contribute to food safety in poultry

Substitute artificial ingredients with our e-number free labeling coloring foodstuffs range **FRUITMAX®**

QUARTZO® and **PRESENCE®** are probiotic plant health solutions that help sugar cane and other crops fight off attacks from nematodes

With **CHY-MAX Supreme®** dairies can increase cheese output by up to 1% compared to the market leading coagulant

LGG® has been studied in +300 clinical studies that indicate that the strain may have beneficial effects on immune and gastrointestinal functions

AT A GLANCE

Sustainability is at the core of what we do – 82% of our revenue contributes to the UN Global Goals

Better farming

We help feed the growing population by promoting sustainable agriculture

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

2 ZERO HUNGER

Good health

We improve global health through healthier, safer and more products

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

3 GOOD HEALTH AND WELL-BEING

Less waste

We help customers reduce food waste and improve yield and productivity

Reduce global yogurt waste by 1.2m tons
(2022)

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

WORLD'S MOST SUSTAINABLE COMPANY 2019
BY CORPORATE KNIGHTS

STRATEGY

Our Nature’s no.1 strategy: evolution since 2013 – now Sustainably

Nature’s no. 1™ Sustainably	FOCUS AREAS FOOD CULTURES & ENZYMES	FOCUS AREAS HEALTH & NUTRITION	FOCUS AREAS NATURAL COLORS
	Leverage the full potential	**Develop the microbial platform**	**Create further value**
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 foodstuffs
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	▸ Support 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

STRATEGY

Our three lighthouses address challenges within food safety, agriculture and public health

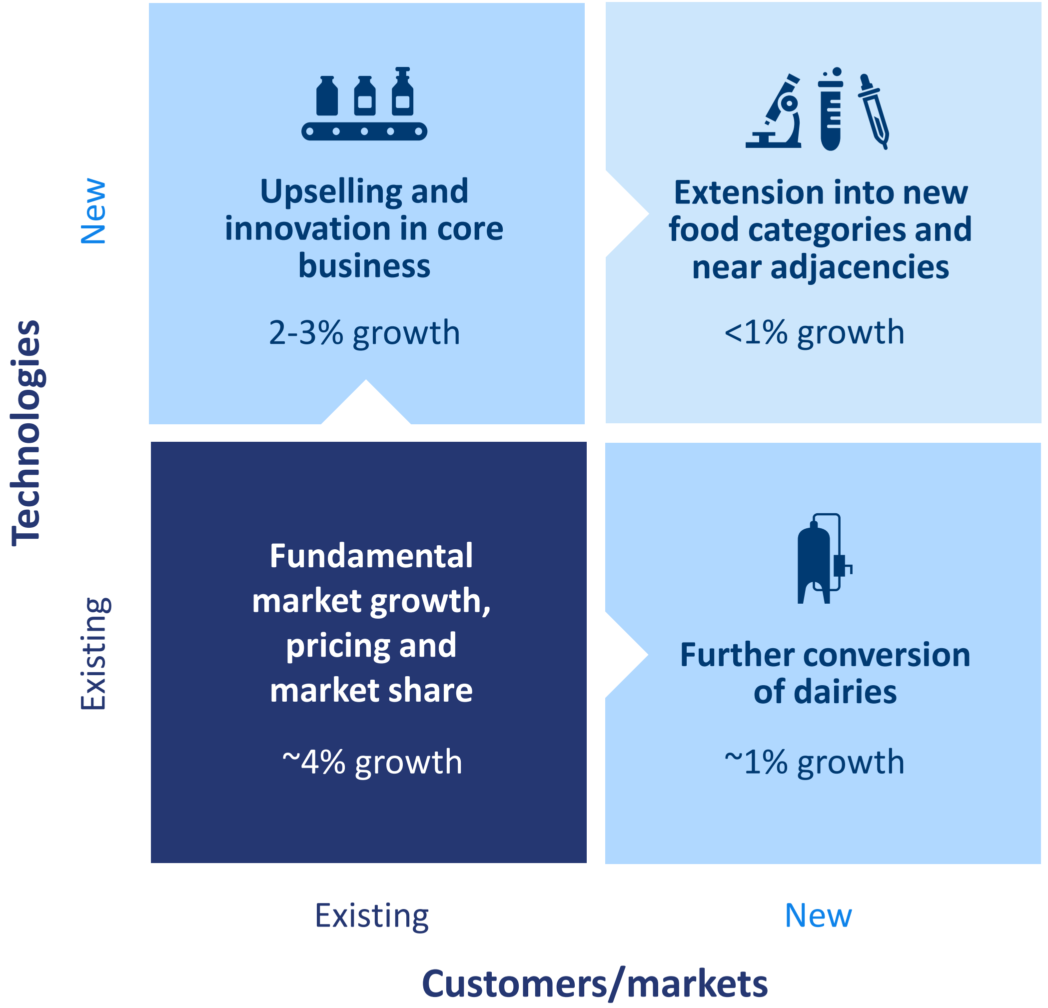
Lighthouse

Potential revenue of minimum EUR 100m per year

FOOD CULTURES & ENZYMES	**Bioprotection** Bacterial solutions for food safety and freshness – target of EUR 200m by 2025	Designated as lighthouse in 2016
HEALTH & NUTRITION	**Plant Health** Bacterial cultures for crop protection – target of EUR 100m by 2025	Designated as lighthouse in 2013
	Human Microbiome Joint venture with Lonza in live biotherapeutic products (LBP) contract manufacturing *– EUR 150-200m market potential by 2025*	Designated as lighthouse in 2013

We retain our long-term growth guidance with majority of growth coming from core customers and markets

Organic growth divisional target
7-8 %



Technologies

	Existing	New
New	**Upselling and innovation in core business** 2-3% growth	**Extension into new food categories and near adjacencies** <1% growth
Existing	**Fundamental market growth, pricing and market share** ~4% growth	**Further conversion of dairies** ~1% growth

Customers/markets

We will continue to grow in China despite slower yogurt market growth

Yesterday

Dairy a new category for Chinese consumers

Double-digit market growth driven by ambient boom

China

~50% of APAC

FY 2018/19 sales

Today

Customers looking for differentiation & cost savings

Growth slowing due to saturation in tier-1/2 cities

H2 FY19 drivers

- Customer dynamics
- Consumers downtrading (product mix)

Going forward

Focus on innovation, premiumization & new concepts

Penetration beyond tier-1/2 cities

SME segment

Cheese *travelling* East

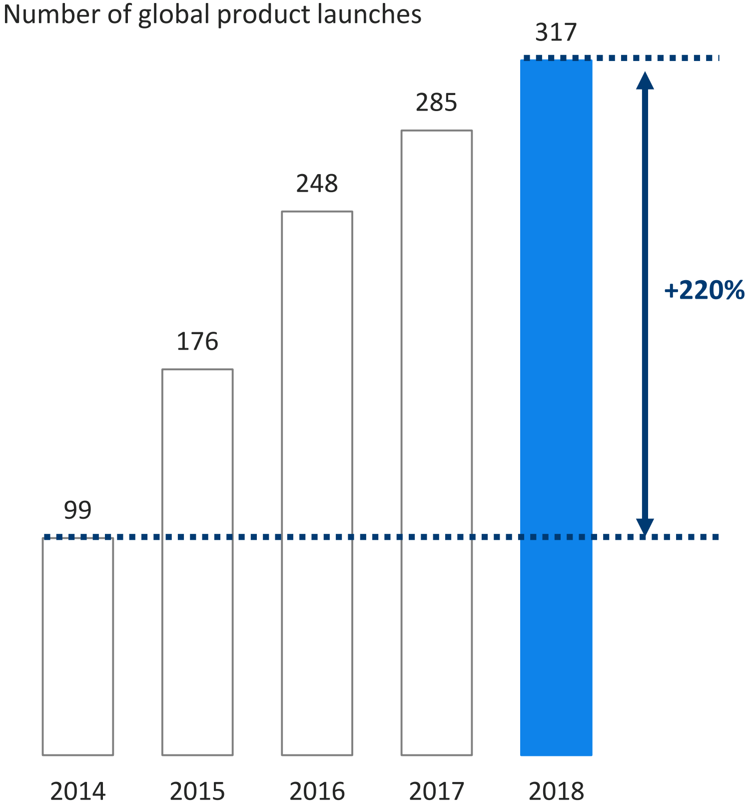
Expansion outside of Chinese home market

Expected mid-single digit fermented milk market growth in China support long-term growth ambition for FC&E

Rising customer interest in new fermented plant bases in NA and EMEA

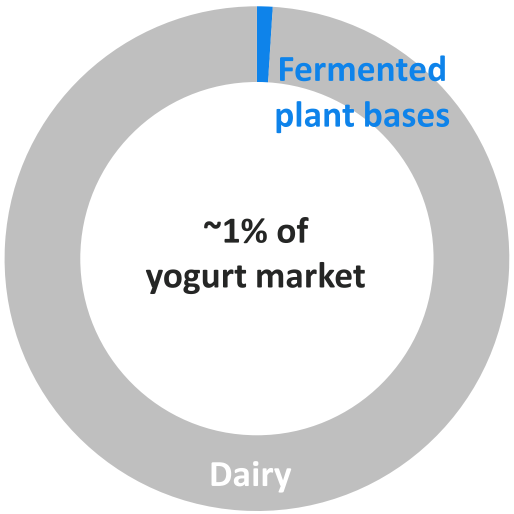
Fermented plant-based products is a rapidly growing category…

Number of global product launches



Source: Mintel GNPD (Dec 2018)

… though still a niche with certain dilemmas to be solved!



Almond yogurt label

INGREDIENTS: ALMOND MILK, CANE SUGAR, ORGANIC TAPIOCA STARCH; NATURAL FLAVOR; LOCUST BEAN GUM, CITRIC ACID, VANILLA BEAN, XANTHAN GUM, AGAR, LIVE ACTIVE CULTURES: S.THERMPOHILUS, L.BULGARICUS, L.ACIDOPHILUS AND BIFIDOBACTERIA

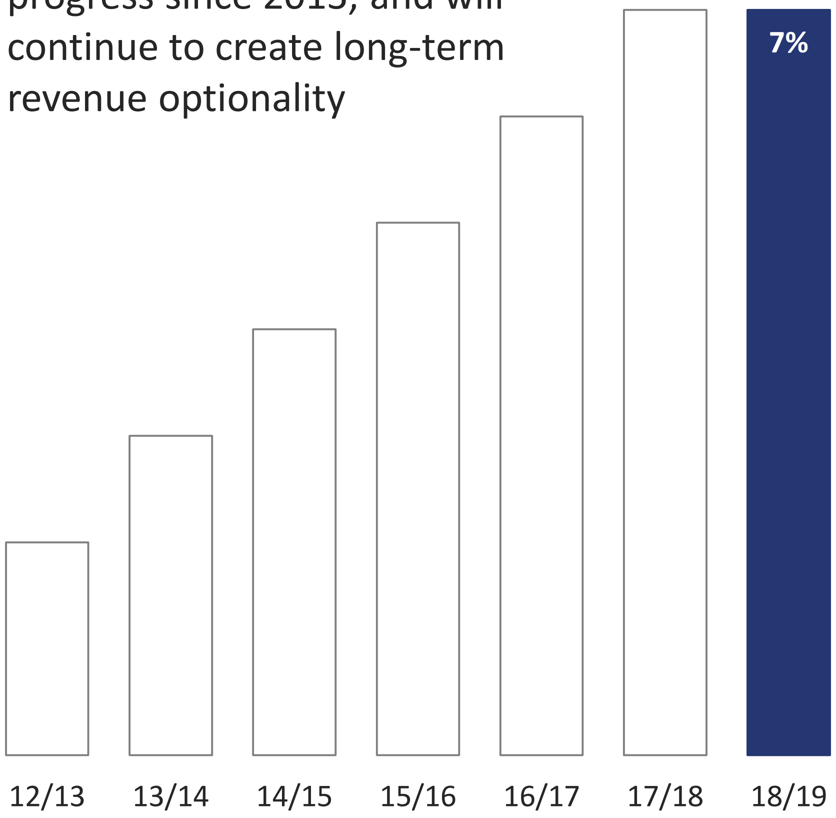
For illustration only

Chr. Hansen well positioned to capture business opportunity

- Chr. Hansen active in fermented plant bases since 2008
- Dedicated culture range for different plant bases such as soy, almond, coconut and oat
- Cross-selling opportunity with probiotics to serve health & wellness trend
- Premium segment allows for premium pricing

Bioprotection allows manufacturers to naturally extend shelf life of fermented and non-fermented food products

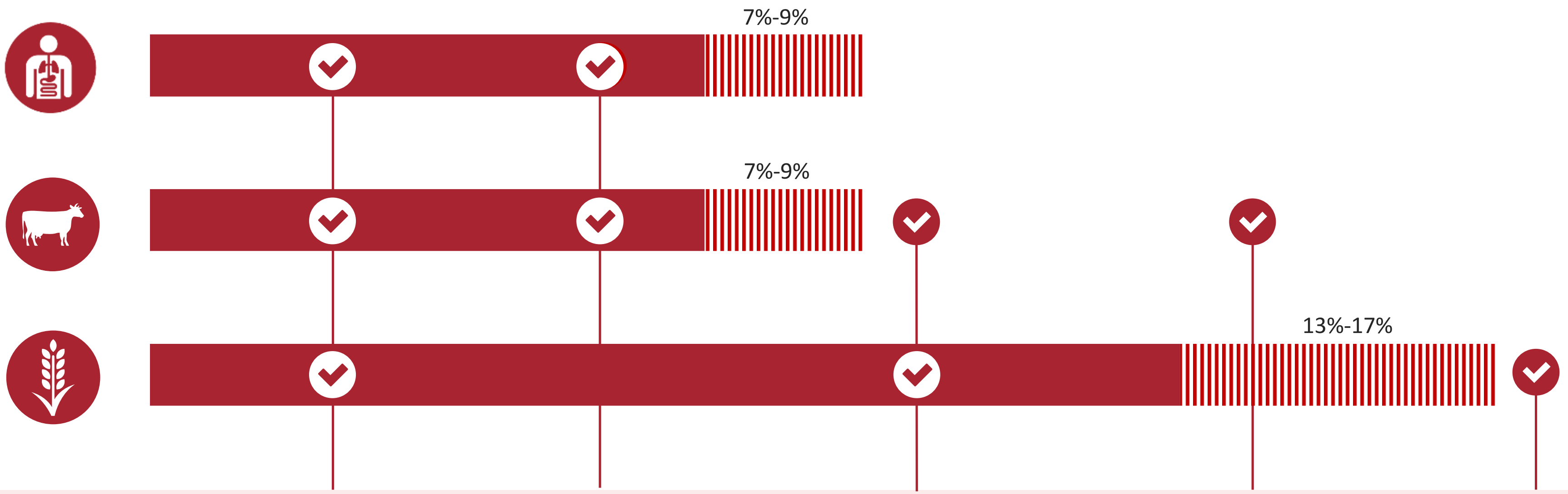
Bioprotection has made strong progress since 2013, and will continue to create long-term revenue optionality



	Today			Tomorrow	
	Fresh dairy	**Cheese**	**Fermented meat**	**Animal products** (meat adjacencies/fish)	**Vegetable products**
	Traditionally fermented food products			*Non-traditionally fermented food products*	
Food waste Shelf life extension targeting yeasts/mould	✓	✓		✓	✓
Food safety Additional protection against gram-positive food pathogens (*Listeria, Clostridium*)	✓	✓	✓	✓	✓

Potential to increase penetration of microbial solutions

Attractive market growth driven by megatrends



Mega-trends

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

Source: Euromonitor and management estimates

Opportunities to increase penetration

5-15% Microbial penetration

10-15% Microbial penetration

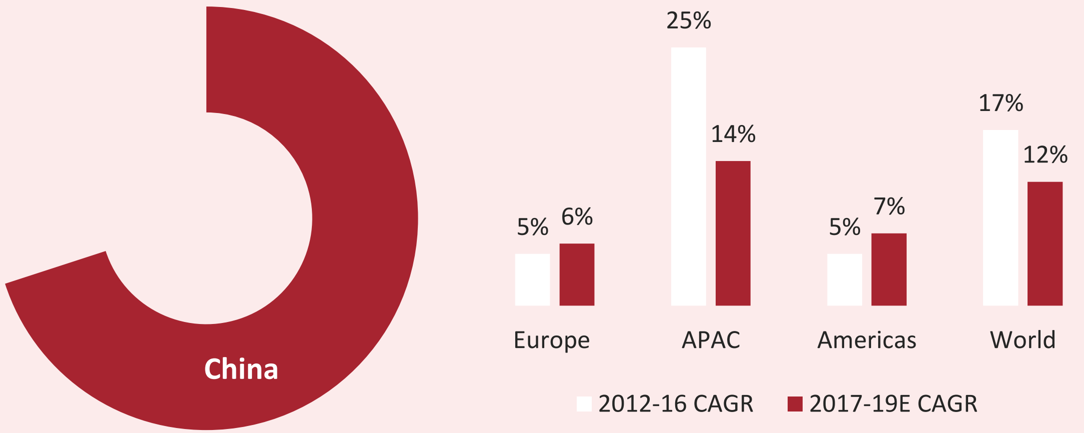
<5% Microbial penetration

Human Health well positioned despite adverse dietary supplements market

Infant formula will continue to be a growth driver

- New regulation on infant formula registration in China (January 2018) reduced number of brands by 60%
  - Tailwind in FY 2017/18 and 2018/19 for Chr. Hansen
- Future growth to be driven by:
  - Increasing penetration in super premium segment
  - Innovation and new products

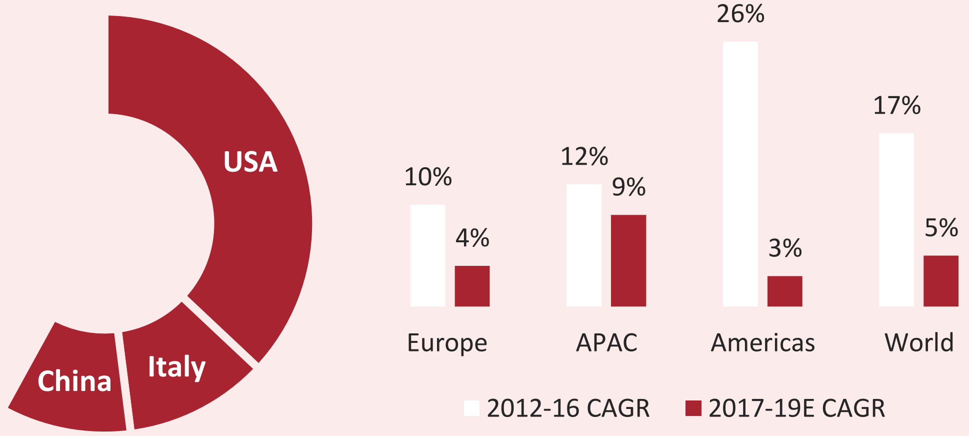
Main markets and growth rates



Dietary supplements challenged by market slowdown

- Probiotic supplements market showed step down in growth since 2016 amongst others due to category cannibalization and pill fatigue in the US
- Future growth of the category to be driven by:
  - Continued consumer interest in health and nutrition
  - Increasing public awareness and scientific progress in microbiome space
- Innovation and consumer education crucial to drive category
- Chr. Hansen well positioned with its industry-leading strain portfolio

Main markets and growth rates



Source: Euromonitor, BCG

BACTHERA

Joint venture with Lonza in live biotherapeutics manufacturing established

Emerging market

- +200 ongoing preclinical to phase III trials in different indication areas of which ~100 are relevant for JV
- USD1.6bn+ investments into microbiome companies (2005-2017)
- EUR 150-200m market potential for clinical supply by 2025; > EUR 1bn for clinical and commercial supply combined by 2035

Perfect fit

- Two leading players with strong execution track record
- Best-in-class complementary capabilities and unrivalled know-how in strict anaerobes

Strong value proposition

- First pharma contract manufacturer (CDMO) with full supply chain offering for LBP[1]
- Large scale pharma- grade manufacturing capabilities
- Faster route-to-market

Attractive risk-return profile

- Phased investment of EUR 90m to be shared equally between the partners over 3 years
- JV expected to be largely self-funding after production set-up has been established

Fully in line with strategy

Nature's no. 1 Sustainably

- No changes to 2021/22 long-term financial ambition; Human Microbiome lighthouse no longer impacts Chr. Hansen's guiding metrics[2]
- Capacity to distribute excess cash to shareholders modestly reduced for the next 3 years

Merger control clearance received in Q4 2018/19

Next milestone: Completion of first phase investments to serve pre-clinical to phase II trials (Dec 2020 - Q1 FY21)

---

[1] LBP = Live biotherapeutic products

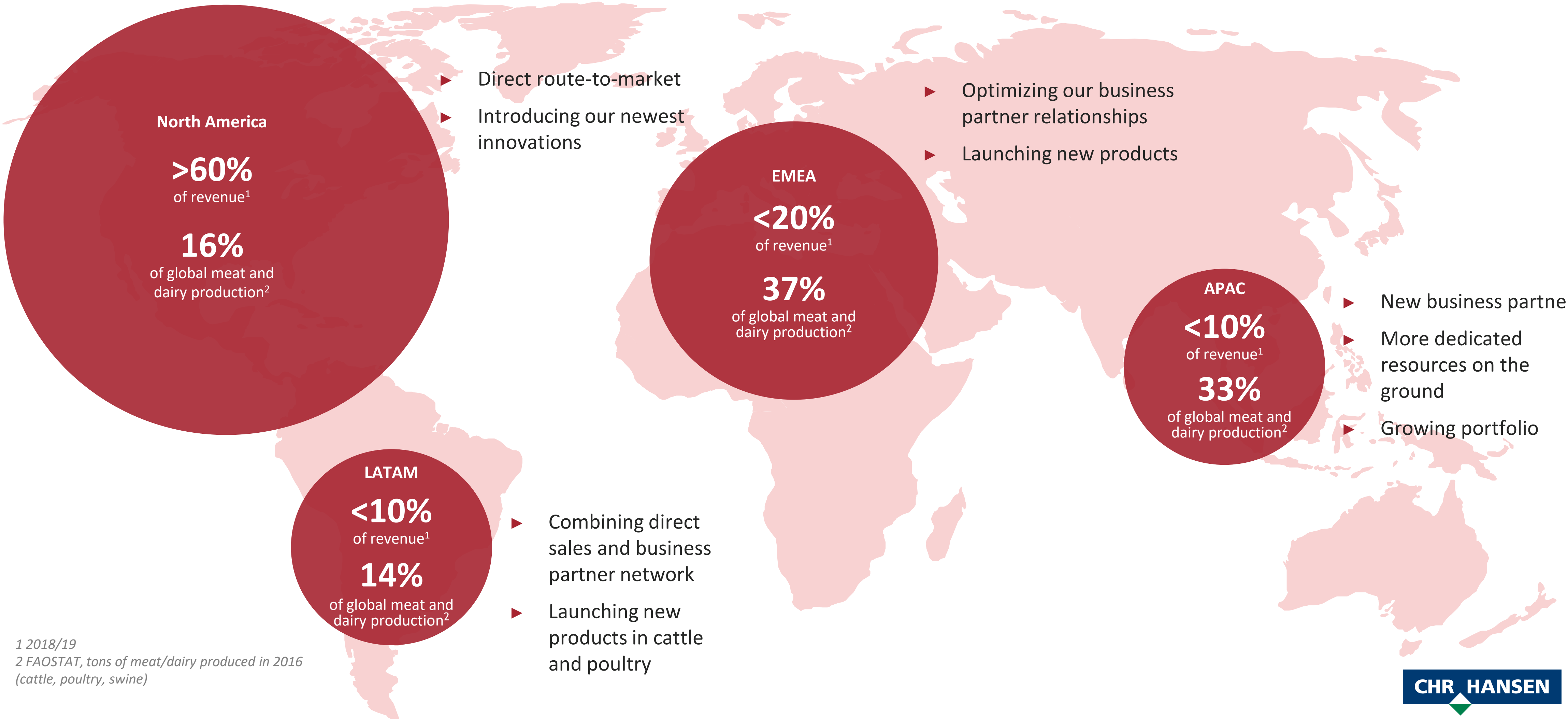
[2] Chr. Hansen will account for the JV interest using the equity method in its consolidated financial statements

CHR HANSEN

Improving food & health

HEALTH & NUTRITION

Animal Health to further strengthen route-to-market globally



North America

>60%
of revenue[1]

16%
of global meat and dairy production[2]

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

EMEA

<20%
of revenue[1]

37%
of global meat and dairy production[2]

- Optimizing our business partner relationships
- Launching new products

APAC

<10%
of revenue[1]

33%
of global meat and dairy production[2]

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

LATAM

<10%
of revenue[1]

14%
of global meat and dairy production[2]

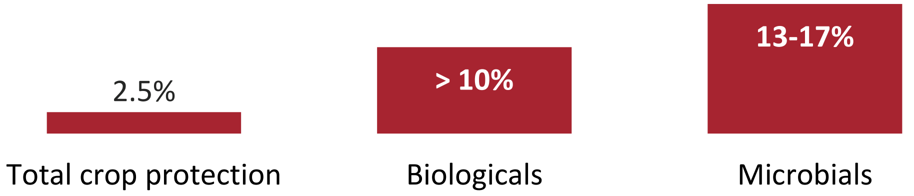
- Combining direct sales and business partner network
- Launching new products in cattle and poultry

1 2018/19
2 FAOSTAT, tons of meat/dairy produced in 2016 (cattle, poultry, swine)

CHR HANSEN
Improving food & health

Plant Health making good progress in sugarcane and soybeans in LATAM

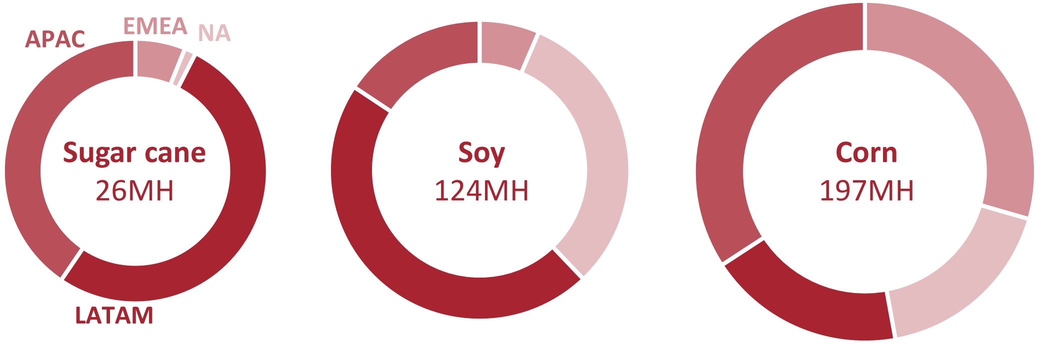
Market opportunity in crop protection, % growth (CAGR 2018-21)



>EUR 50bn total global crop protection sales

Penetration in %	≈5%	≈2%

Focus crops, m hectares (MH) harvested in 2017



Source: Phillips McDougall, FaoStat, Markets&Markets

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*

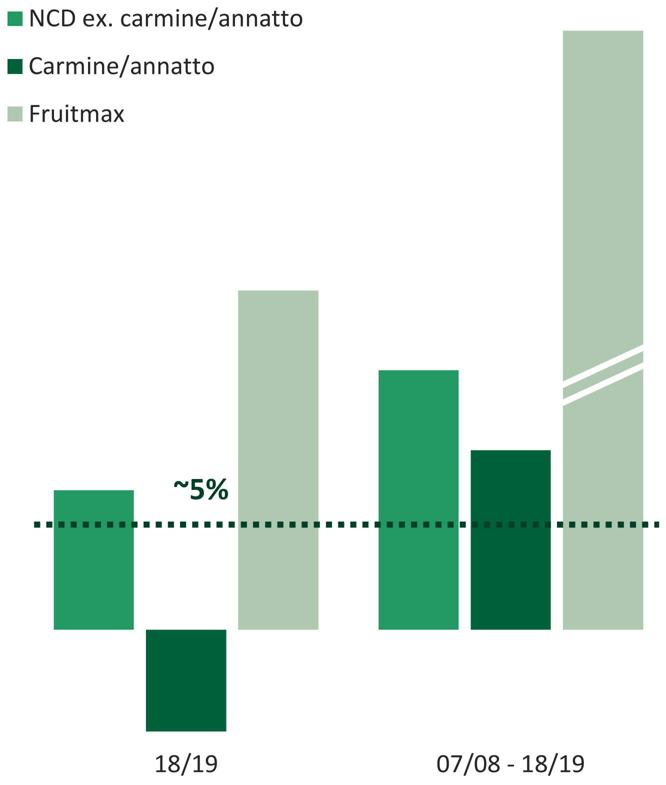
EUR 100m target

Unlocked potential by 2025

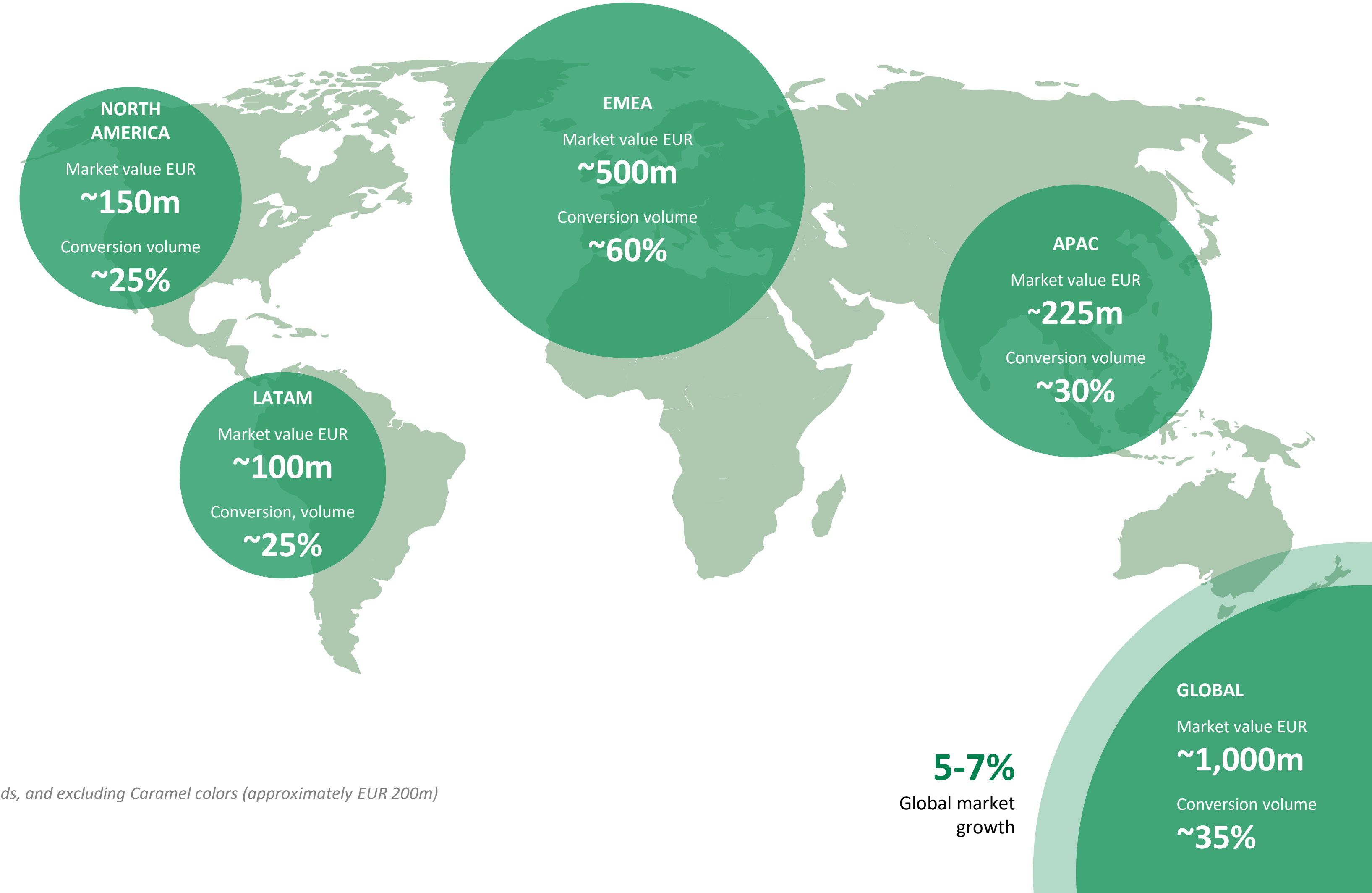
NATURAL COLORS

Natural Colors presents an attractive growth opportunity

Strong organic growth over time despite typical raw material price volatilities



Conversion to natural colors and coloring foods comes in waves



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

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

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

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

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

5-7%
Global market growth

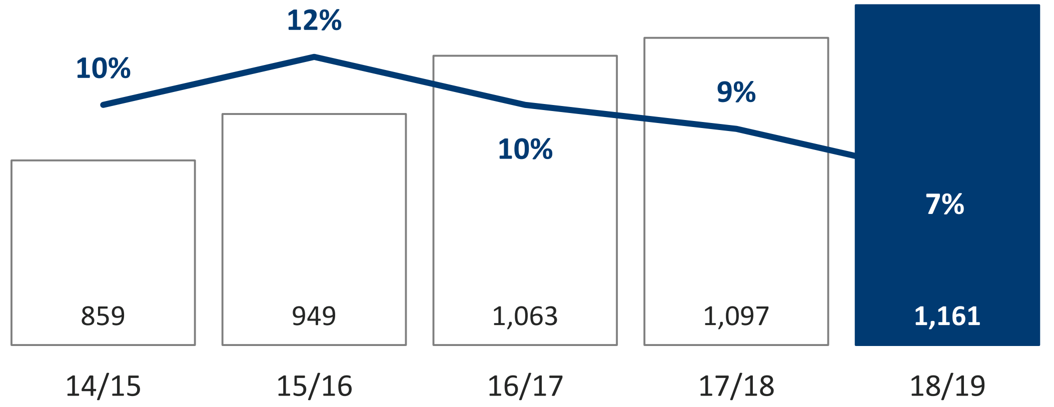
Source: Euromonitor and management estimates

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

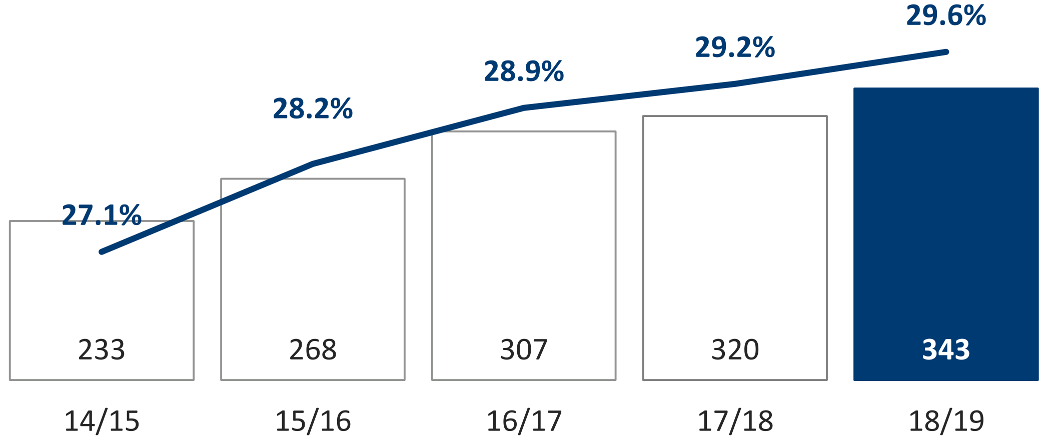
FINANCIAL PERFORMANCE

Great track record of financial performance

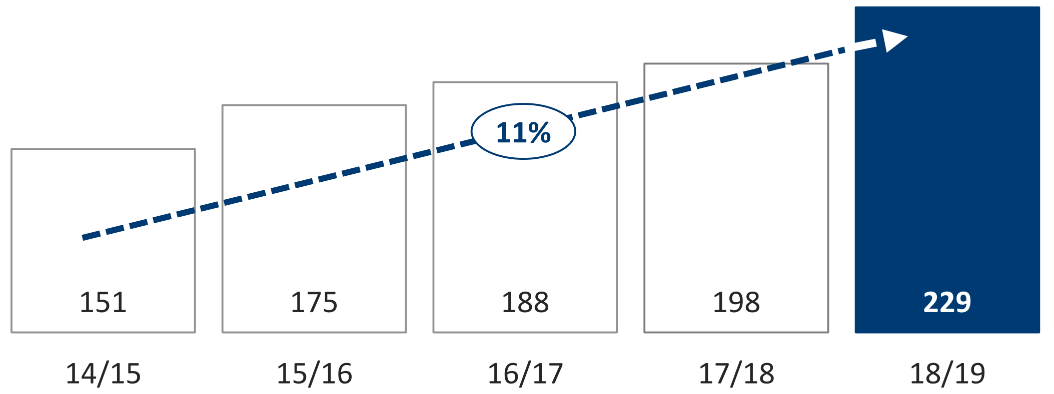
Revenue in EUR m / organic growth, %



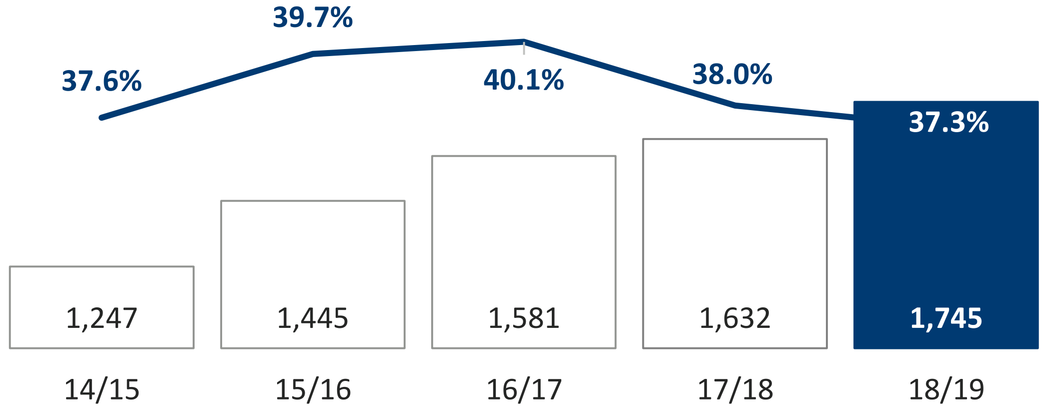
EBIT before special items and acquisitions in EUR m / margin, %



Free cash flow before acquisitions and special items in EUR m / CAGR, %



Return on invested capital in EUR m / ROIC ex. goodwill, %

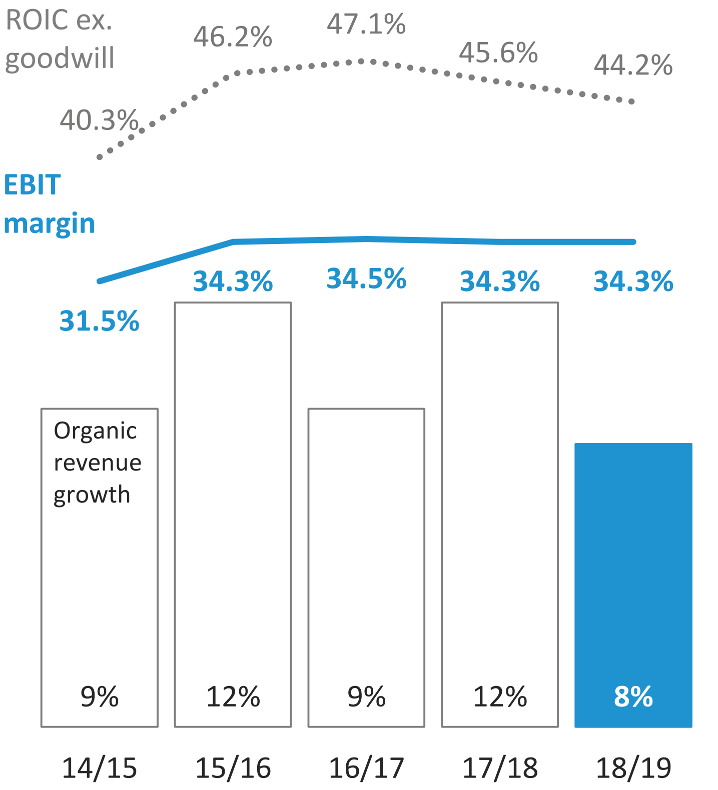


CHR HANSEN
Improving food & health

Three complementary businesses with strong fundamentals

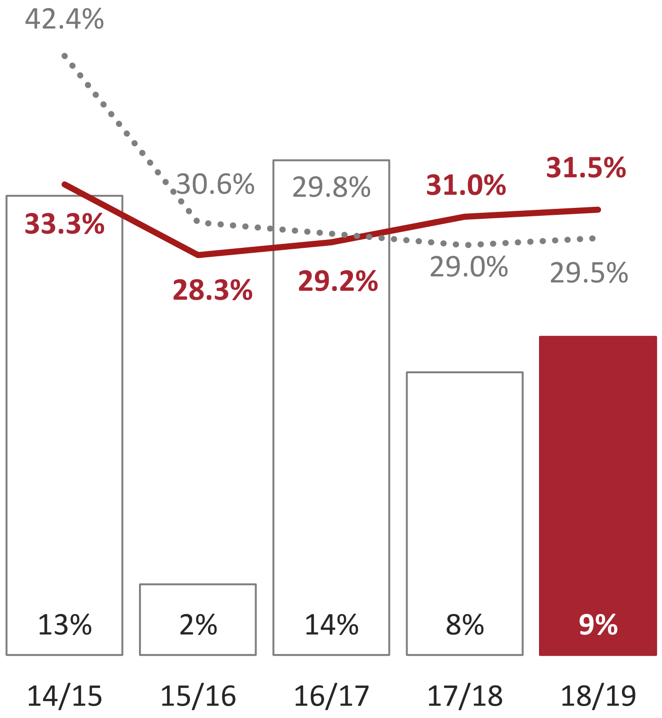
FOOD CULTURES & ENZYMES

59% of Group



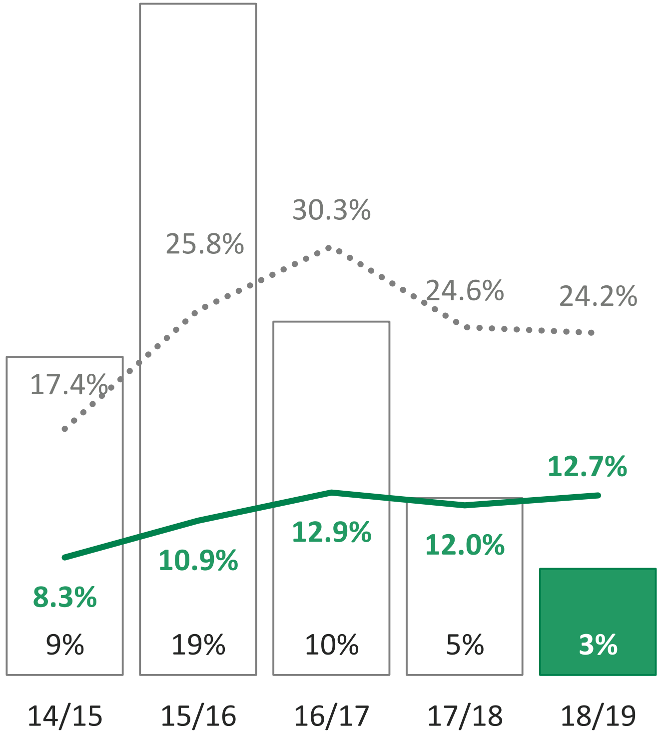
HEALTH & NUTRITION

22% of Group



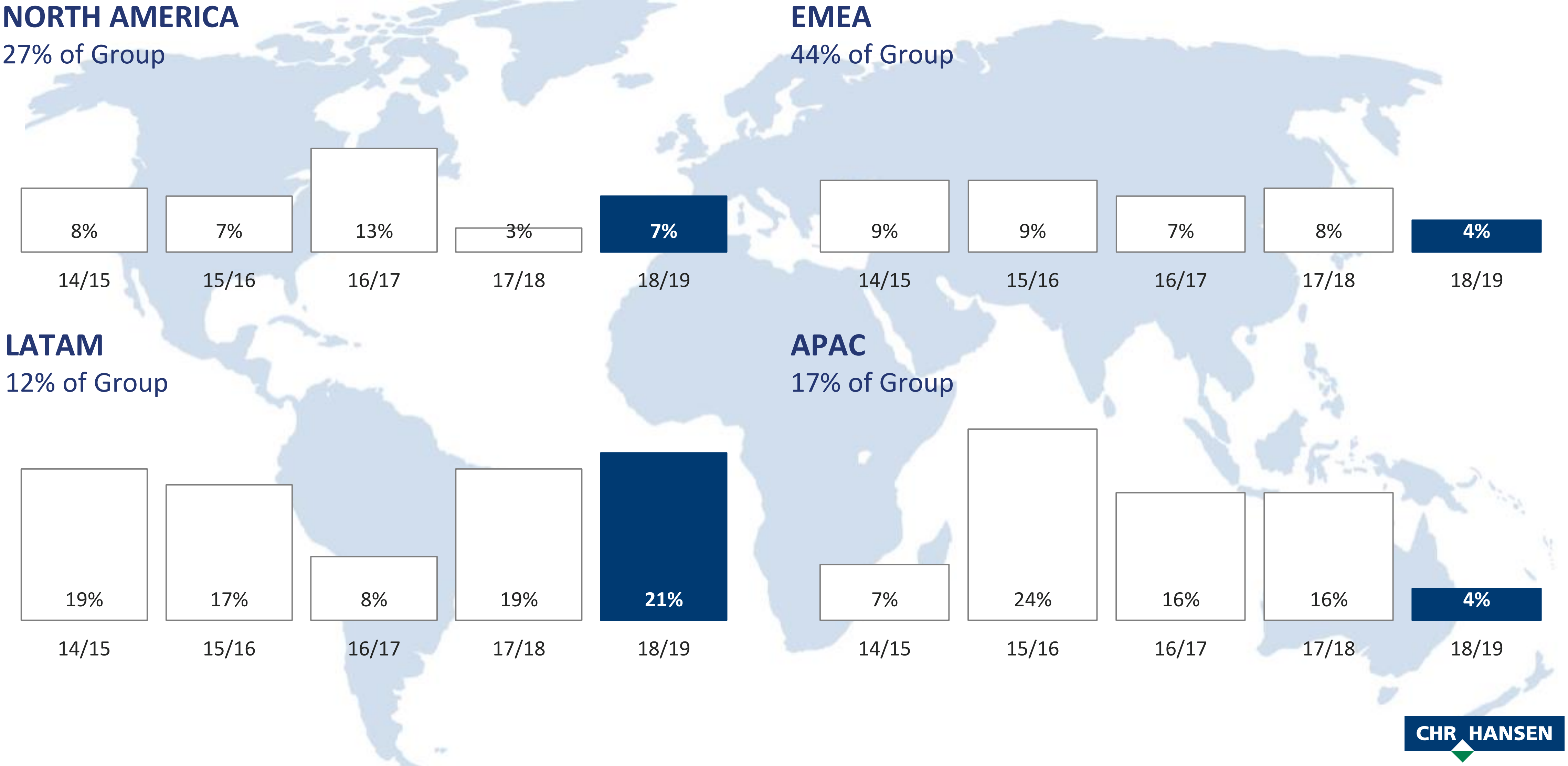
NATURAL COLORS

19% of Group



FINANCIAL PERFORMANCE

Regionally balanced portfolio



NORTH AMERICA

27% of Group

14/15	15/16	16/17	17/18	18/19
8%	7%	13%	3%	**7%**

EMEA

44% of Group

14/15	15/16	16/17	17/18	18/19
9%	9%	7%	8%	**4%**

LATAM

12% of Group

14/15	15/16	16/17	17/18	18/19
19%	17%	8%	19%	**21%**

APAC

17% of Group

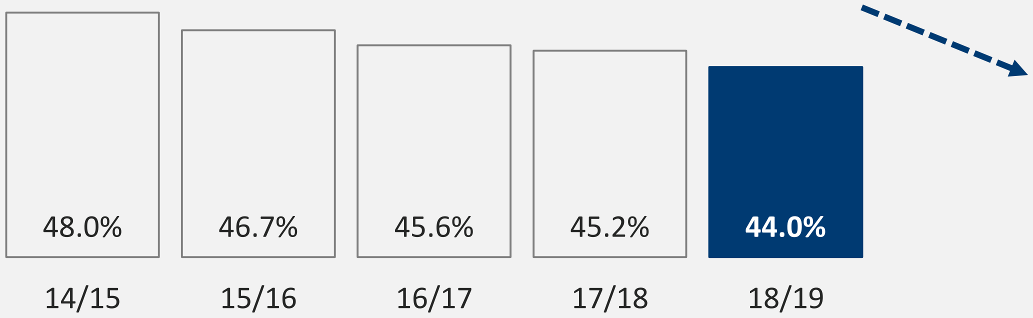
14/15	15/16	16/17	17/18	18/19
7%	24%	16%	16%	**4%**

FINANCIAL PERFORMANCE

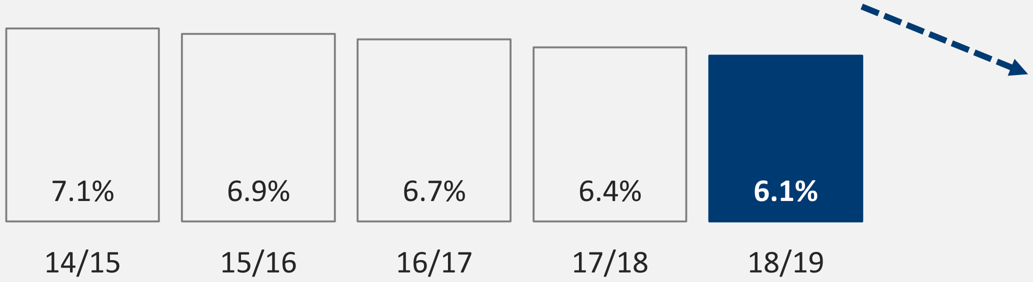
We will drive scalability and invest for future growth

Improved efficiency will drive scalability…

Cost of sales in % of revenue



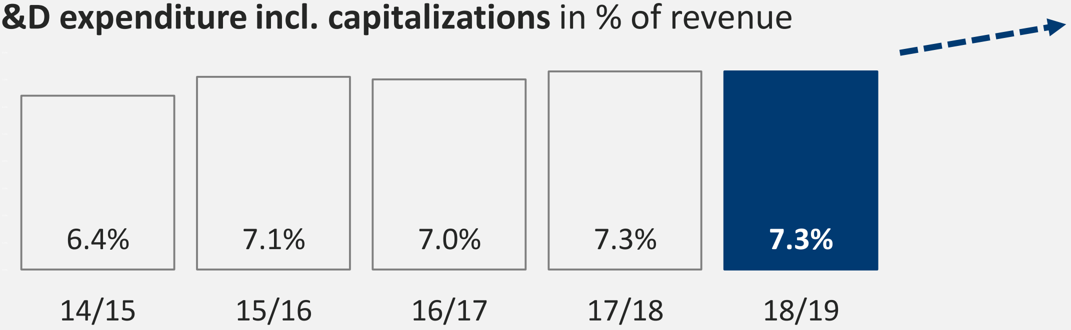
Administrative expenses in % of revenue



…whilst we invest for future growth

Sales & marketing expenses in % of revenue

R&D expenditure incl. capitalizations in % of revenue



LONG-TERM AMBITION

We will continue to pursue profitable growth through 2021/22

8-10% **organic growth**

with 7-8% organic growth in FC&E

30+% **EBIT margin b.s.i.**

+10% **CAGR FCF b.a.s.i**

CAPITAL ALLOCATION

Organic growth remains number one priority for Chr. Hansen

1

Reinvest for organic growth

- Capacity
- Innovation
- People

2

Bolt-on Acquisitions

- Technology
- Market presence

3

Ordinary Dividend

- 40-60% of net income

EUR 0.95 (DKK 7.07)
dividend proposal per share
(50% of net profit)

4

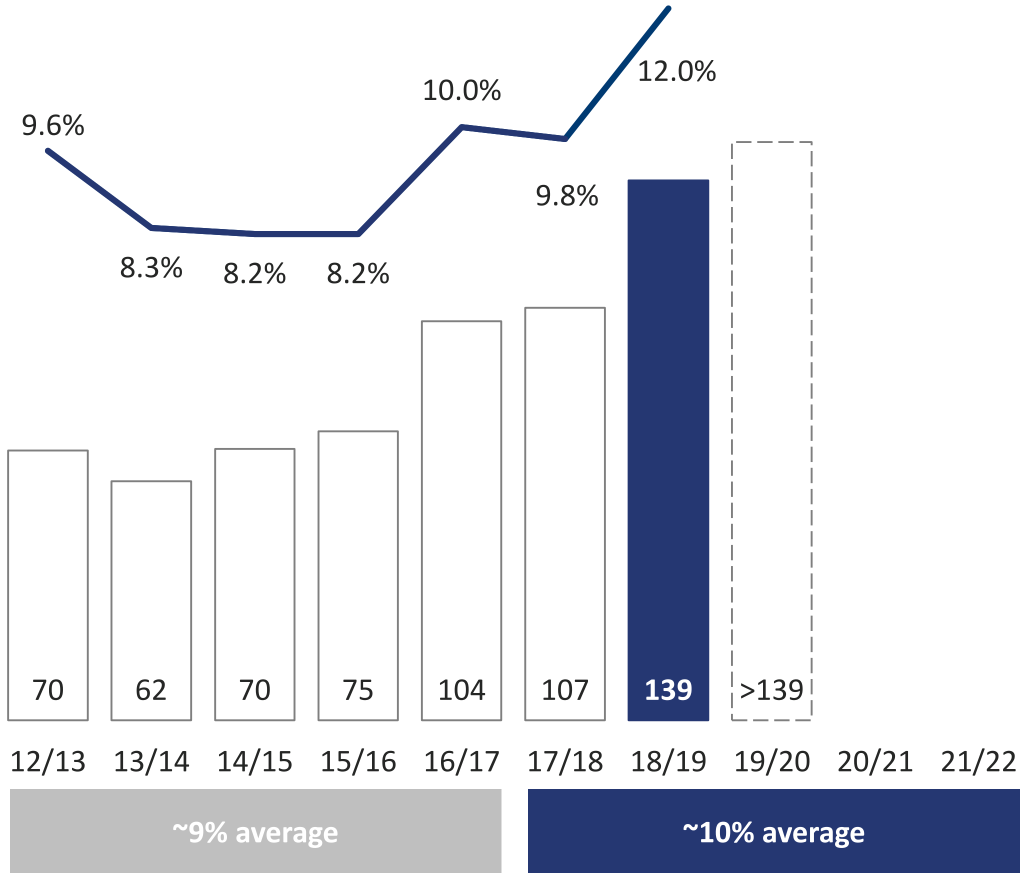
Additional cash to shareholders

- Extraordinary dividend
- Share buy-back

Leverage consistent with a solid investment-grade credit profile (2018/19: 1.8x EBITDA)

Investing into capacity expansions to support future growth

Capex projection in EUR m and % of revenue



Selection of major investment projects	Expected year of completion
Freeze dried & powder packaging	*20/21*
Upgrade of R&D facility in Montpellier	*19/20*
Capacity expansion in Health & Nutrition	*20/21*
Consolidation of carmine plants in Peru	*20/21*
Innovation campus including new pilot plant (partially financed by S&L)	*20/21 – 22/23*
Additional US capacity	*21/22*
Dairy expansion	*Beyond 22/23*
Natural Colors US footprint	*Under review*

CHR HANSEN
Improving food & health

R&D strategy fully aligned with Nature's no. 1

CSO priorities

- Increase speed of commercialization of new products
- Drive efficiencies in scale-up and production
- Leverage new technologies to increase R&D speed
- Invest in new state-of-the-art R&D facility
- Nurture and retain talent in R&D
- Embed sustainability into thinking

Uniquely positioned with our microbial platform

Organizational set-up

Discovery

Analytical Solutions

Portfolio & Project Management

Cultures Development

Process Development

Emerging Technologies

250+ employees working in R&D (ex. application)

Production

Application development

Recent product launches will support growth over the next years

Segment	R&D priorities
Food Cultures & Enzymes	• New platforms for dairy • Grow the Bioprotection lighthouse • Build basis for future growth by investments in adjacencies
Health & Nutrition	• Grow and strengthen the foundation for Animal & Human Health • Grow the Plant Health lighthouse • Succeed with the Human Microbiome lighthouse
Production	• Deliver productivity improvements • Enable first-time-right scale up of novel microbes • Further build automation platform

nu-trish® LGG® DA for fermented plant bases

NEER™ brewing solution for non-alcoholic beer

Sweety® to reduce added sugar in fermented milk

CHY-MAX® SUPREME for up to 1% more cheese yield

Recent launches to support future growth

New probiotic solutions for infant formula

GALLIPRO® FIT triple strain poultry probiotic

HANSEN SWEET POTATO to expand coloring foods range

BACTHERA

Joint venture as an enabler for live biotherapeutics

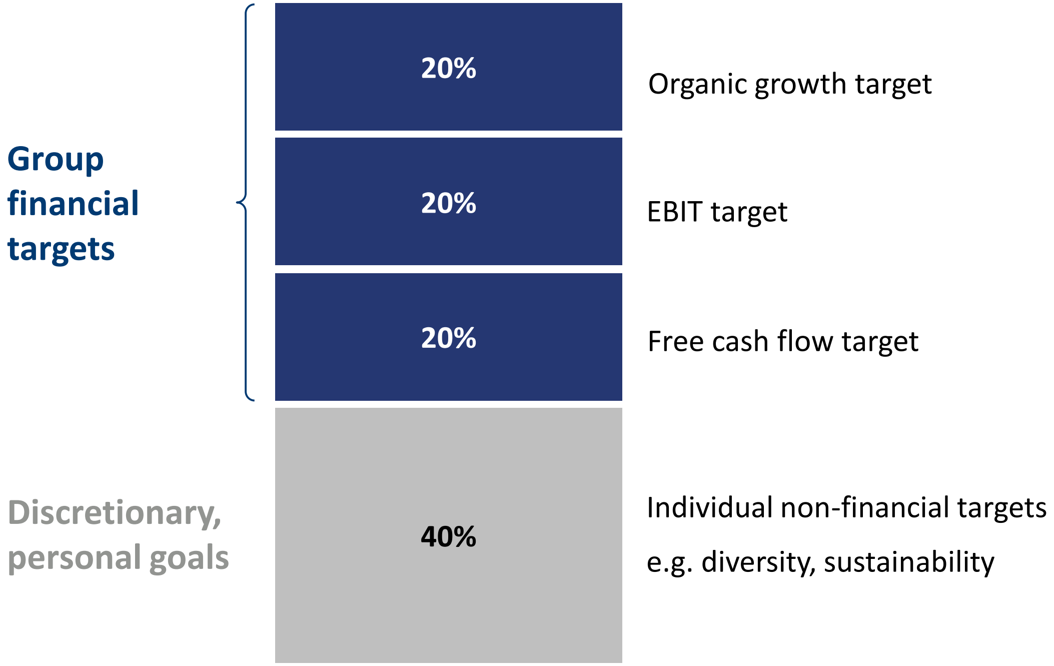
EXECUTIVE COMPENSATION

Closely aligned to key metrics and with strong incentive component

SHORT TERM

Annual incentive program for CEO and CFO

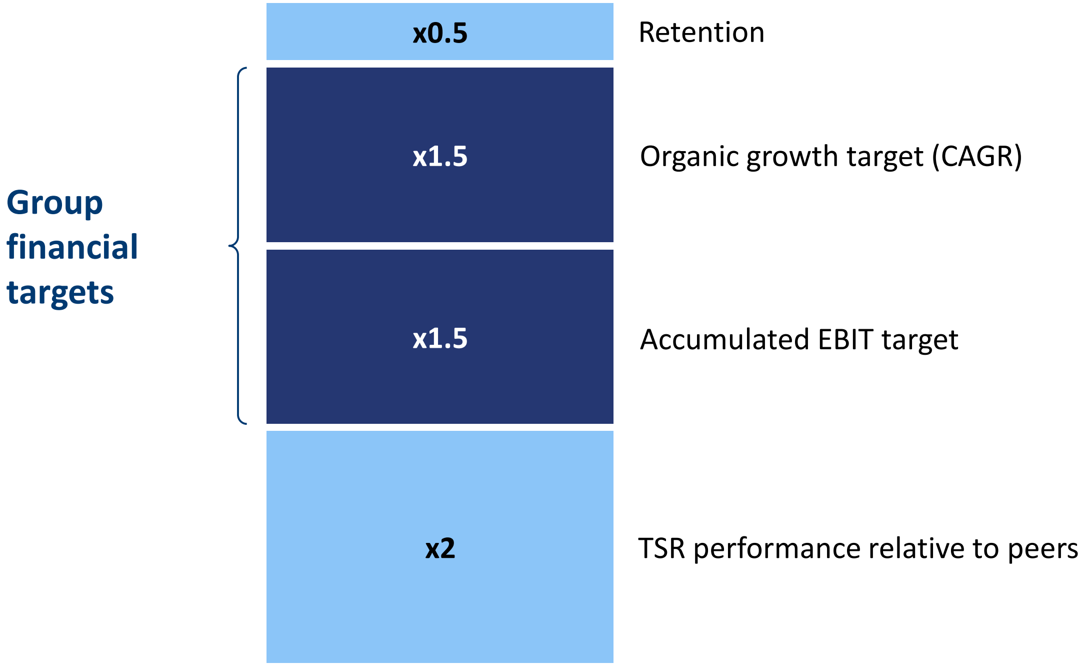
- Based on group financial targets and discretionary, personal goals
- Bonus is paid as 1/3 of the payout in Restricted Stock Units, and 2/3 in cash; normally accounts for 25-30% of total remuneration package



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



Matching shares per 1 invested share

OUR SUSTAINABILTY TARGETS

Ranked ‘World’s Most Sustainable Company’ by Corporate Knights

	Target dimensions	Goal	KPI	Progress 18/19	Target 21/22[1]
Commercial	**Better farming**	Expand reach of natural plant solutions	Hectares of farmland treated (cumulative)[2]	10.4m hectares	25m hectares
	Good health	Launch new products with a documented health effect	Number of products (cumulative)	4 products	6 products
	Less waste	Reduce global yogurt waste	Tons of yogurt saved (cumulative)[3]	0.58m tons	1.2m tons
Operational	**Workplace responsibility**	Improve work safety Increase diversity of workforce	LTIF[4] Women at Directors+ level Non-Danes at Directors+ level	1.32 25% 43%	≤1.8 30% 55%
	Climate and environment	Reduce environmental footprint in:			
		Energy	Efficiency in % compared to base year 13/14[5]	11%	20%
		Water		7%	20%
		CO$_2$		27%	25%
		Waste recycled		46%	40%
	Leading with integrity	Ensure sustainable consumption and production patterns	Completion of e-learning in anti-corruption	100%	100%

---

[1] *For better farming the target is to be reached by 24/25.*

[2] *Based on sales numbers and application rates of Plant Health solutions and silage inoculants.*

[3] *Based on 7 days extended shelf life and sales numbers for FreshQ®.*

[4] *Frequency of Lost Time Incidents per million working hours.*

[5] *Efficiency relative to production units.*

Q4 2018/19 Results

Improving food & health

FINANCIAL HIGHLIGHTS

Group organic growth at lower end of revised guidance as trading conditions remained challenging; solid margin and free cash flow development

FY 2018/19

7% organic growth
Revised guidance FY 2018/19: 7-8%

29.6% EBIT margin b.s.i.
Guidance FY 2018/19: Around 29.5%

EUR 229m FCF b.a.s.i. (+17%)
Revised guidance FY 2018/19: Above 2017/18 (EUR 196m)

Q4 2018/19

2% organic growth	**33.3% EBIT margin b.s.i.**	**EUR 173m FCF b.a.s.i.**
Q4 2018/19: 10%	Q4 2018/19: 33.8%	Q4 2018/19: EUR 121m

FINANCIAL HIGHLIGHTS

General slow-down in Q4 in line with expectations but Natural Colors and FC&E because of probiotics and emerging markets disappointed

Organic growth	FY 18/19 **+8%** *Q4 18/19* *+3%*	FY 18/19 **+9%** *Q4 18/19* *+4%*	FY 18/19 **+3%** *Q4 18/19* *(2%)*
Share of Group revenue 2018/19	**59%** **Food Cultures & Enzymes**	**22%** **Health & Nutrition**	**19%** **Natural Colors**

BUSINESS ENVIRONMENT

Second half of the year impacted by more challenging trading conditions

Macroeconomic headwinds in emerging markets

- Political uncertainty
- Tariffs and trade restrictions
- Lower consumer spending & downtrading

Declining pigment prices and unfavorable ag trends

- Annatto and carmine at almost historic lows
- African Swine Fever
- Extreme weather/late harvest

Customer dynamics

- Large volume brands losing market share
- Increased focus on cost savings

Structural changes

- Maturation of Chinese yogurt market
- Probiotic supplements growth in US and Europe slowing down

Internal factors

- Execution in Animal Health
- Management change in FC&E
- Reorganization of sales force in NCD

Other drivers

- Order patterns in Plant Health
- Stronger competitive environment across all business segments

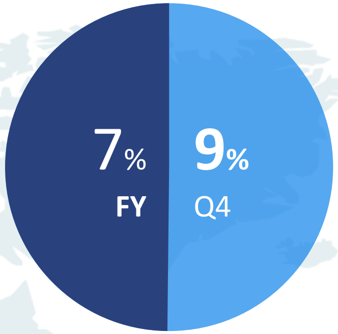
REGIONAL PERFORMANCE

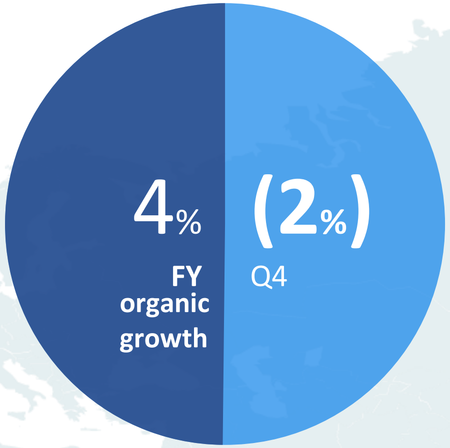
Emerging market softness driven by China, LATAM and Middle East

NORTH AMERICA 27% of Group

FY
- NCD with very strong growth driven by large conversions and FC&E with solid growth, H&N with good growth but impacted by softness in AH

Q4
- H&N with very strong and NCD with strong growth, FC&E with good growth





EMEA 44% of Group

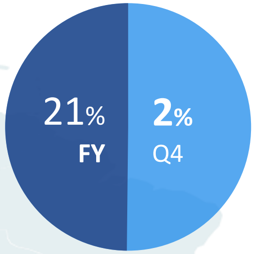
FY
- Solid growth in FC&E and good growth in H&N, NCD grew slightly

Q4
- FC&E on par with last year as growth in core dairy business was offset by probiotics and wine cultures
- Health & Nutrition declined due to timing of orders and NCD due to weaker end market demand in Middle East

LATAM 12% of Group

FY
- Very strong growth in FC&E and H&N, but NCD declined due to challenging economic climate

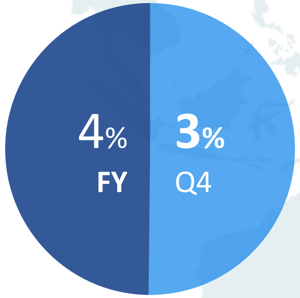
Q4
- FC&E with strong growth, H&N declined due to timing of orders in PH and NCD declined
- Ex. euro pricing growth was slightly negative



APAC 17% of Group

FY
- H&N with very strong growth, FC&E grew slightly, NCD declined

Q4
- Solid growth in H&N and good growth in FC&E, whereas NCD declined
- FC&E grew slightly in China but solid growth in fermented milk was largely offset by probiotics



CHR HANSEN
Improving food & health

STRATEGIC HIGHLIGHTS

Good progress on Nature's no. 1

Nature's Sustainably no. 1™	PROGRESS 2018/19 FOOD CULTURES & ENZYMES Leverage the full potential	PROGRESS 2018/19 HEALTH & NUTRITION Develop the microbial platform	PROGRESS 2018/19 NATURAL COLORS Create further value
Drive penetration of new innovation	**SWEETY® and CHY-MAX® Supreme launched** Bioprotection 2nd gen. grew strongly	**Excellent progress in Plant Health** **BacThera JV with Lonza established**	**Strengthened coloring foods range with HANSEN SWEET POTATO™**
Reinforce position in growth markets	**Good wins in plant-based alternatives and fermented beverages** Expanded sales and application support for adjacencies	Strong growth in infant formula Good progress in Animal Health on route-to-market expansion	Successful conversion projects with large-volume products in the US
Generate fuel for growth	Sizable scalability benefits achieved in production Pilot tests with digital services	New application lab for Plant Health in Copenhagen	Strengthened operational processes to enable scalability of the business

Sustainability is an integral part of Chr. Hansen's business model, strategy and culture

- 82% of revenue contribute to UN Global Goals
- Named 'World's Most Sustainable Company' by Corporate Knights

FOOD CULTURES & ENZYMES

Growth model in core categories intact but negative impact from probiotics

8% ORGANIC GROWTH FY 18/19

FY

- Strong growth in enzymes and meat, solid growth in fermented milk and cheese, probiotics declined driven by APAC
- Bioprotection with ~10% organic growth driven by fermented milk and meat (7% of FC&E)

Q4

- Solid growth in fermented milk, cheese, enzymes and meat whilst probiotics declined primarily due to challenging market in China
- Bioprotection only grew slightly as growth in fermented milk and meat was offset by a decline in cheese

34.3% EBIT MARGIN FY 18/19 (on par yoy)

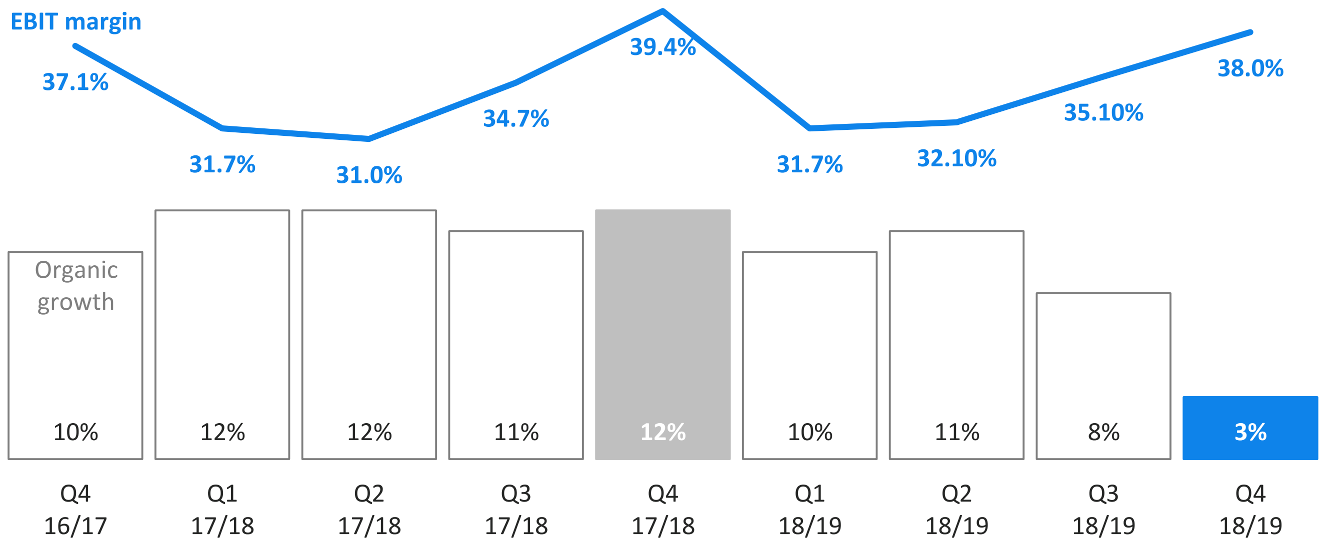
FY

- Scalability benefits of around 1%-point on gross margin from increased capacity utilization at Copenhagen plant offset by investments in strategic initiatives (bioprotection, digital)

Q4

- Decrease driven by relatively low revenue growth, inventory reductions and strategic investments, only partly offset by underlying scalability in production

Quarterly development of organic revenue growth and EBIT margin, %



EUR million	Q4 17/18	Q4 18/19	FY 17/18	FY 18/19
Revenue	172.5	178.6	647.2	682.3
Organic growth	12%	3%	12%	8%
Volume/mix	*8%*	*2%*	*8%*	*4%*
EBIT margin	39.4%	38.0%	34.3%	*34.3%*
ROIC ex. goodwill			45.6%	44.2%

HEALTH & NUTRITION

Improving momentum in cattle in Q4 and continued growth in infant formula

9% ORGANIC GROWTH FY 18/19

FY
- HH with solid growth driven by infant formula, whilst dietary supplements was on par with last year
- AH with good growth driven by Poultry & Swine, whilst Cattle declined due to weak farmer economics in the US and lower demand for silage; improving momentum during year
- PH with very strong growth in sugar cane and soy in LATAM

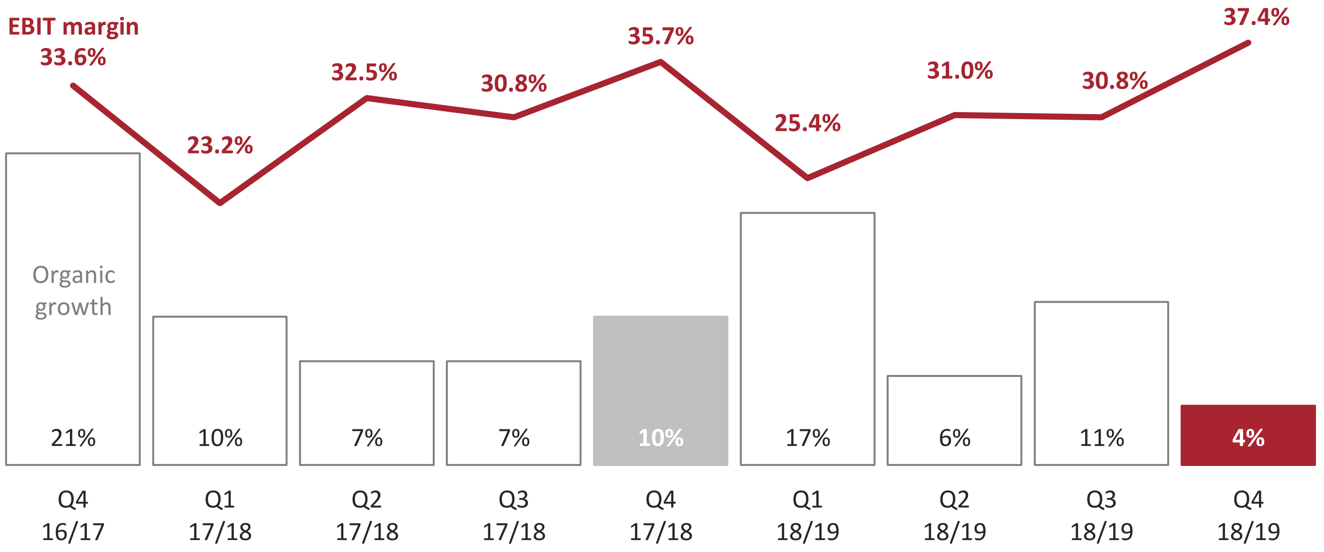
Q4
- HH with solid growth driven by infant formula, whilst in dietary supplements declined (order patterns in EMEA)
- AH grew solidly with contributions from all species
- PH declined as expected due to different order patterns

31.5% EBIT MARGIN FY 18/19 (+0.5%-point yoy)

FY
- Increase driven by positive product mix and minor positive impact from currencies, partly offset by investments in strategic initiatives (route-to-market in AH, lighthouses)

Q4
- Increase of 1%-point driven by favorable product mix and small positive impact from currencies

Quarterly development of organic revenue growth and EBIT margin, %



EUR million	Q4 17/18	Q4 18/19	FY 17/18	FY 18/19
Revenue	66.3	70.5	230.9	255.1
Organic growth	10%	4%	8%	9%
Volume/mix	*10%*	*4%*	*8%*	*9%*
EBIT margin	35.7%	37.4%	31.0%	31.5%
ROIC ex. goodwill			29.0%	29.5%

NATURAL COLORS

Colors hit by raw material declines and economic climate in emerging markets

3% ORGANIC GROWTH FY 18/19

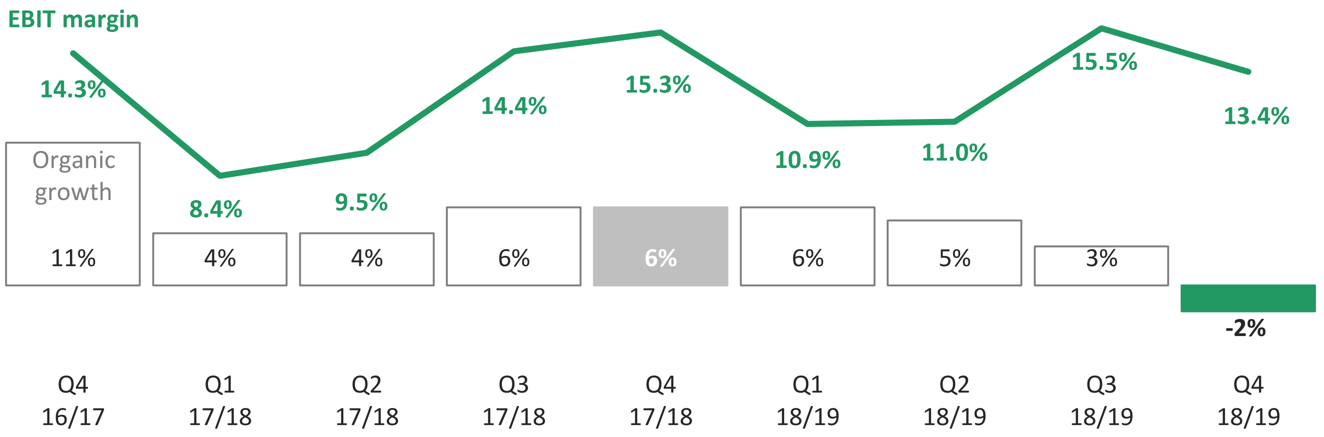
FY/ Q4
- Coloring foods with strong growth, partly offset by declines in carmine and annatto due to raw material prices and lost business in emerging markets
- Strong growth in NA driven by conversions with key accounts and new product introductions

12.7% EBIT MARGIN FY 18/19 (+0.7%-point yoy)

FY
- Increase driven by lower raw material costs combined with operating efficiencies, partly offset by organizational changes and currencies

Q4
- Decrease primarily due to changes in commercial organization and currencies, partly offset by lower raw material costs

Quarterly development of organic revenue growth and EBIT margin, %



EUR million	Q4 17/18	Q4 18/19	FY 17/18	FY 18/19
Revenue	57.7	56.8	219.3	223.7
Organic growth	6%	(2%)	5%	3%
Volume/mix	*5%*	*0%*	*2%*	*4%*
EBIT margin	15.3%	13.4%	12.0%	12.7%
ROIC ex. goodwill			24.6%	24.2%

CHR. HANSEN
Improving food & health

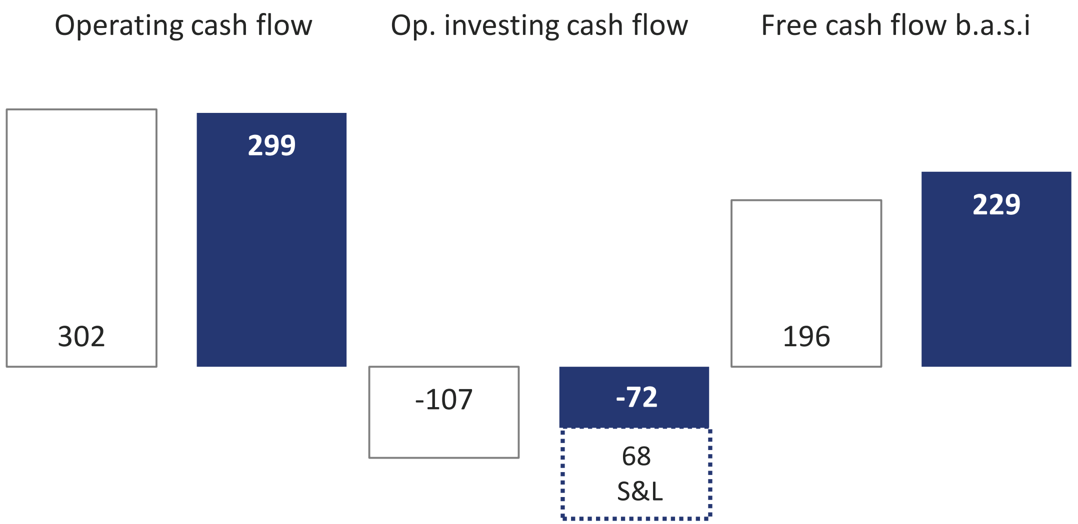
Solid margin and cash flow development despite slower volume growth

P&L drivers

	Q4 17/18	*Q4 18/19*	**FY 17/18**	**FY 18/19**
Revenue	*297*	*306*	1,097	1,161
Organic growth	***10%***	***2%***	**9%**	**7%**
Volume	*7%*	*2%*	*7%*	*5%*
Price	*3%*	*0%*	*2%*	*2%*
FX	*(5%)*	*1%*	*(6%)*	*(1%)*
EUR growth	*5%*	*3%*	3%	6%
Gross margin	*57.0%*	*57.6%*	54.7%	56.0%
Operational expenses	*23.1%*	*24.3%*	25.6%	26.6%
EBIT b.s.i. margin	***33.8%***	***33.3%***	**29.2%**	**29.6%**
EBIT margin	*33.8%*	*33.0%*	29.2%	29.4%

- Gross margin improvement driven by scalability benefits in FC&E, favorable product mix in H&N and lower raw material prices and operational efficiencies in NCD
- Operating expenses driven by NN1 initiatives including bioprotection and Plant Health
- Special items of EUR 2m related to Hundsbichler and BacThera

Cash flow analysis



- Decrease in operating cash flow mainly driven by higher taxes due to absence of acquisition-related benefits
- Increase in cash flow from operational investing activities related to net proceeds from sale-and-lease-back (S&L) of Hørsholm site of EUR 68m
- Capex at elevated level of 12% of revenue primarily driven by expansion of freeze-dried packaging capabilities in Copenhagen facility
- Cash flow used for acquisitions of EUR 10m related to Hundsbichler

OUTLOOK 2019/20

Cautious outlook for FY20 with increasing momentum during the year

	FY 2018/19	Outlook 2019/20[1] as per October 10, 2019			Long-term financial ambition
		Q1	Q2-Q4	FY	
Organic revenue growth		**Group: Flat to low single-digit**		**Group: 4-8%**	**Group: 8-10% with FC&E 7-8%**
Food Cultures & Enzymes	***8%***		*Microbial platform: 7-10%*		
Health & Nutrition	***9%***				
Natural Colors	***3%***		***Low to mid single-digit***		
EBIT margin b.s.i.	**29.6%**	Below 2018/19	Above 2018/19	**Around 29.5%**	**30+%**
Free cash flow b.a.s.i.	**EUR 229m**			**Around EUR 190m**	**~10% CAGR**

---

[1] The outlook is based on constant currencies and stable raw material prices, and assumes no acquisitions. The outlook is also based on the current political and economic environment. Any deterioration in the political and economic climate might impact the outlook negatively. This includes, but is not limited to, the economic climate in several emerging markets, such as China, Turkey, Brazil and Argentina; the risk of a global economic recession; the overall security situation in the Middle East, including any potential sanctions; a deepening of the US-China trade tension; an escalation of the US-EU tariff situation; and a no-deal Brexit scenario.

OUTLOOK 2019/20

Full focus on accelerating execution; biennial strategy review started

Emerging markets to remain a headwind for core dairy business going into FY20; focus on commercialization of recent launches, upselling and adjacencies

Good commercial pipeline in bioprotection but 3rd generation needed to open up Asian market and drive growth in cheese

Human Health to launch new products and expand customer base, especially in dietary supplements to accelerate growth

Animal Health to focus on improving execution and route-to-market outside of NA; further roll-out of new products such as GalliPro® Fit

Plant Health to expand into US and beyond sugarcane; first quarter to be impacted by order patterns

NCD to focus on increasing market share in coloring foods, conversions in US and penetration of food service segment whilst raw material prices are expected to remain at almost historic low

Biennial strategy review; no fundamental changes to be expected, vast opportunities in microbial and natural solutions produced via fermentation to remain in focus

Financial calendar

November 27, 2019
Annual General Meeting 2019

January 15, 2020
Interim Report Q1 2019/20

April 16, 2020
Interim Report Q2 2019/20

April 22, 2020 - SAVE THE DATE
Capital Markets Day in Copenhagen

July 2, 2020
Interim Report Q3 2019/20

October 8, 2020
Annual Report 2019/20

November 25, 2020
Annual General Meeting 2020

Contacts

Martin Riise
Head of Investor Relations
+45 53 39 22 50
DKMARI@chr-hansen.com

Annika Stern
Investor Relations Officer
+45 23 99 23 82
DKASTE@chr-hansen.com

CHR HANSEN
Improving food & health