



Acquisition of Jennewein

22 September 2020

CHR HANSEN

Improving food & health

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Chr. Hansen acquires Jennewein

to enter and lead the emerging, high-growth Human Milk Oligosaccharides (HMO) market



ACQUISITION RATIONALE

1. Enter high-growth HMO market as a global leader with strong product portfolio, customer reach and IP protection
2. Strengthen position in infant segment by adding HMOs (prebiotics) to offering and become a broader microbiome player
3. Extend Microbial Platform by adding capabilities in value-added fermentation with attractive synergy potential
4. Leverage R&D and commercial capabilities to build science and bring HMOs to larger customer base
5. Strong cultural fit & alignment on purpose

TRANSACTION DETAILS

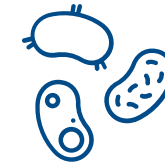
- Transaction value of EUR 310m on a debt-free basis
- Financed through committed facilities from existing debt financing partners
- Leverage to increase short-term to 3.5-4x EBITDA
- Capex investment of EUR >200m until 2025 including a brown-field factory to meet volume demands from long-term contracts
- 2019/20 outlook and long-term financial ambition unchanged
 - Accreditive to Group organic growth after 2020/21
 - EBIT margin potential in line with Group beyond 2024/25
- Jennewein to operate as a separate, full value chain as part of Health & Nutrition
- Closing expected for September 2020

HMOs and probiotics

represent complementary and synergistic ways of modulating the microbiome



HMOs (prebiotics) 'Food for good bacteria'



Probiotics 'Good bacteria'

Definition

Essential groups of milk sugars that are naturally occurring in human breast milk and stimulate growth of beneficial microorganisms

Live microorganisms that convey health benefits when administered in adequate amounts

Penetration in infant formula

~5%

~20-30%

High growth in global HMO market

driven by consumer demand for 'close-to-nature' infant formula and increasing scientific evidence

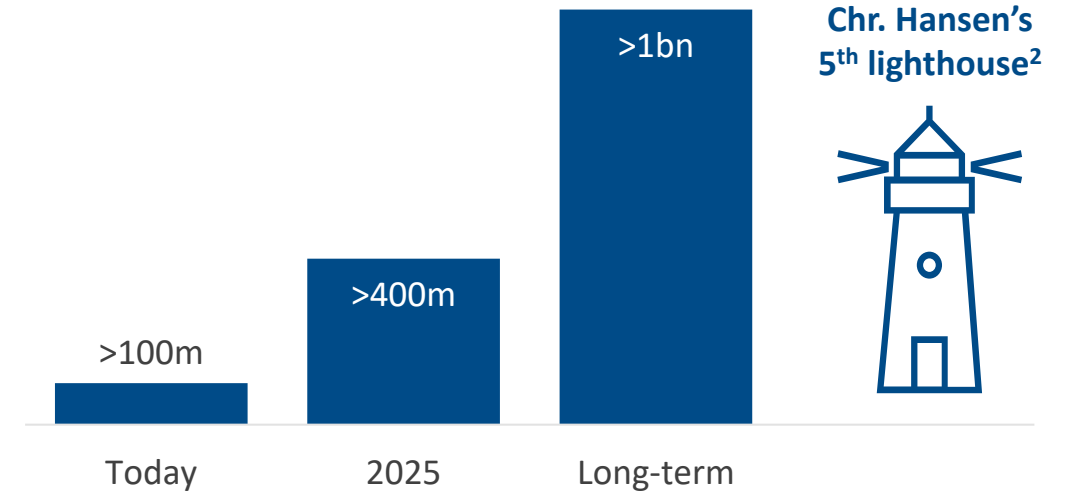


STRONG GROWTH DRIVERS

Premiumization	“Best for my child” trend in infant formula to drive penetration
Regulation	HMOs already approved in NA, Europe and parts of LATAM and Asia; further countries to come
Clinical evidence	Building science and evidence around health benefits for infants and adults
Product innovation	Combination blends and move into new applications e.g. supplements

HMO MARKET EXPECTED TO EXPAND RAPIDLY

Addressable market in EUR¹



¹ Management estimates.

² Lighthouse is defined as a new business area of strategic importance with minimum revenue potential of EUR 100m per year and above Group growth rates.



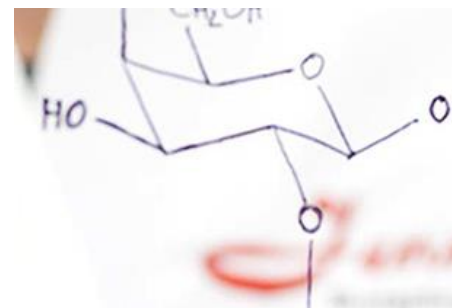
Jennewein is a pioneer

with strong product portfolio, customer reach and IP



Jennewein
Biotechnologie GmbH

- German biotechnology company founded in 2005
- Expected to generate EUR 50m revenue with net EBIT loss in 2020/21
- Headquartered near Bonn, Germany, with 100 employees
- Commercial-scale HMO manufacturing with highly cost-competitive and IP protected downstream production process (more than 200 patents)
- Industry-leading product offering with six HMOs commercialized and strong product pipeline
- Broad customer portfolio working with major infant formula brands



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To capture growth and drive scale

we will build a global state-of-the-art HMO manufacturing site



- EUR >200m capex investment until 2025 including brown-field factory
- Drawing on capabilities and IP from Chr. Hansen and Jennewein
- Significant opportunities for quick and cost-efficient expansion near- and long-term

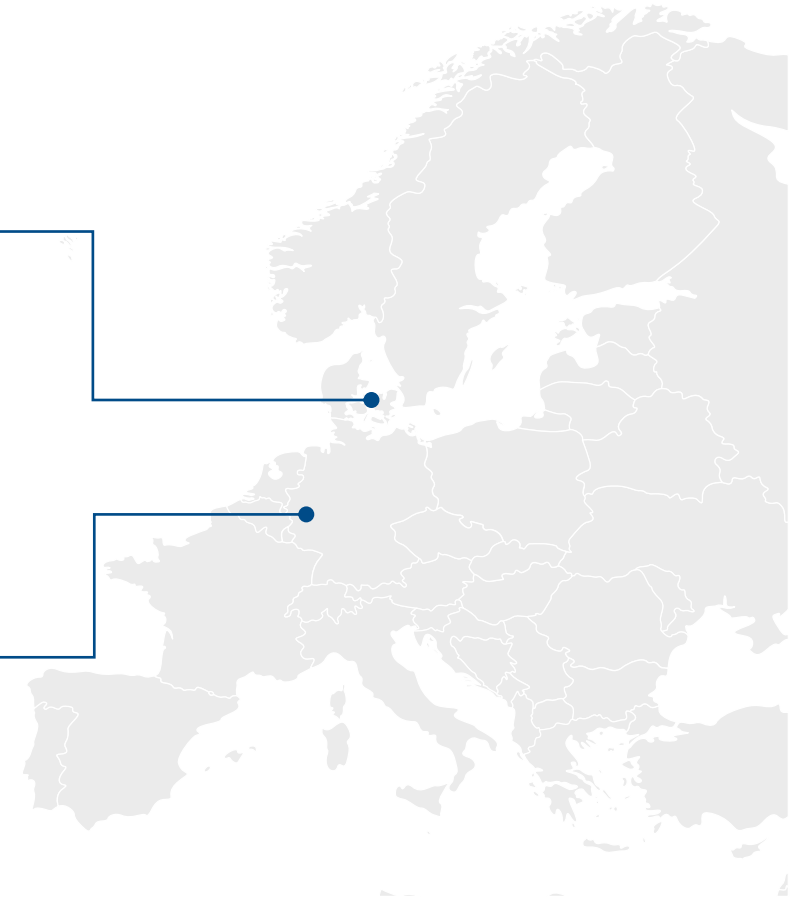
FERMENTATION AND DOWNSTREAM in Kalundborg, Denmark



DOWNSTREAM AND R&D near Bonn, Germany



FERMENTATION AND SPRAY-DRYING
via CMOs



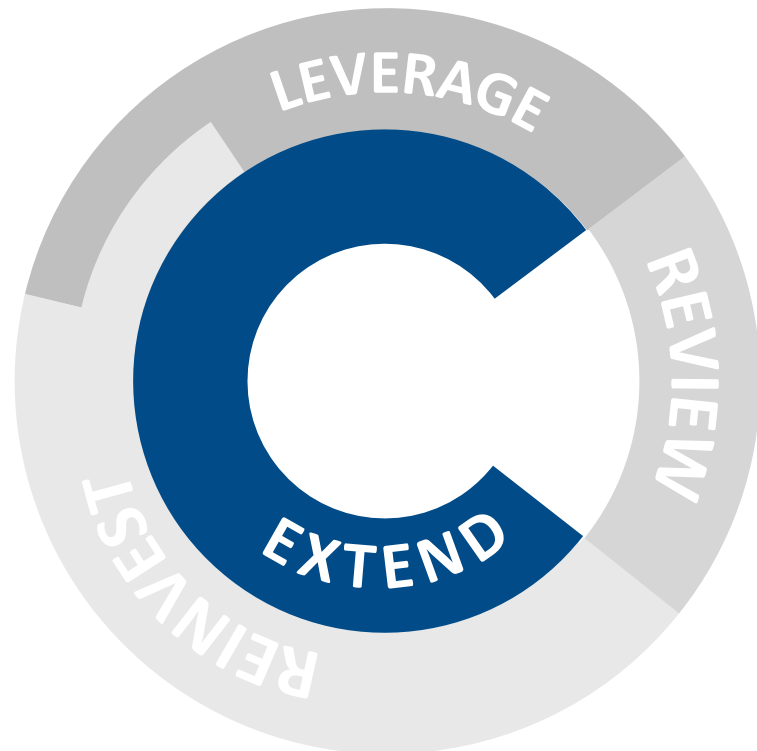
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Acquisition of Jennewein fully in line with 2025 Strategy

to pursue bolt-on acquisitions to strengthen Microbial Platform and build scale in Health & Nutrition

Where to play



How to win

- 1 CUSTOMERS** Drive penetration of HMOs and expand customer base
- 2 INNOVATION** Invest in science, build clinical evidence and deliver on new product development pipeline
- 3 OPERATIONS** Build commercial-scale facility to drive scalability and efficiencies
- 4 PEOPLE** Great culture fit; Jennewein to operate as a separate business unit
- 5 PURPOSE** Fully in line with Growing a better world. Naturally.

Let's grow a better world. Naturally.

By pioneering microbial science to improve food, health and productivity for a sustainable future.



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Financial calendar

October 8, 2020

Annual Report 2019/20

November 25, 2020

Annual General Meeting 2020

January 14, 2021

Interim Report Q1 2020/21

April 15, 2021

Interim Report Q2 2020/21

July 8, 2021

Interim Report Q3 2020/21

October 14, 2021

Annual Report 2020/21

November 24, 2021

Annual General Meeting 2021

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