



Chr. Hansen Q3 2019/20 Results

July 2, 2020

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.

FINANCIAL HIGHLIGHTS

Organic growth and EBIT margin increased in Q3; solid performance is a testimony to the resilience of our business

Q3 2019/20

7% organic growth

Q3 2018/19: 8%

30.8% EBIT margin b.s.i.

Q3 2018/19: 30.4%

EUR 106m FCF b.a.s.i.

Q3 2018/19: EUR 49m

YTD 2019/20

5% organic growth

YTD 2018/19: 9%
Guidance FY 2019/20: 4-6%

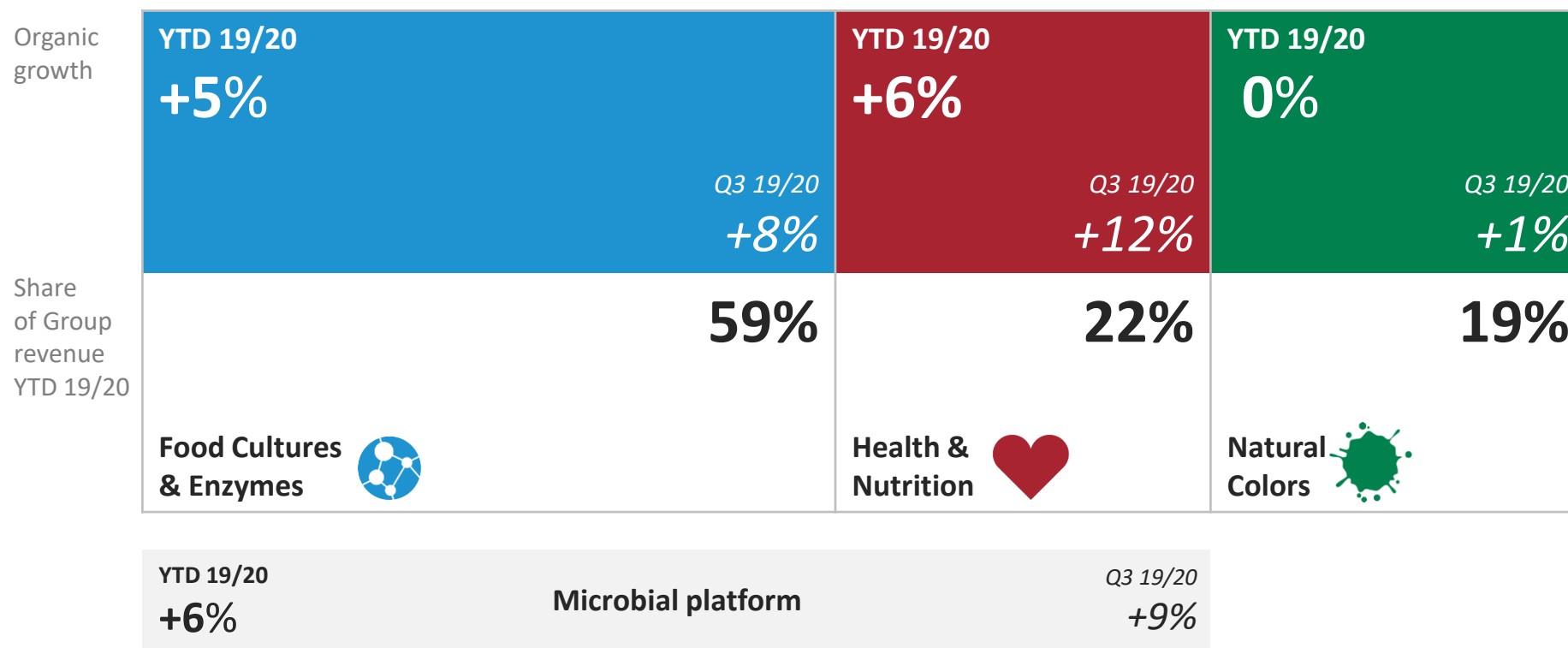
28.4% EBIT margin b.s.i.

YTD 2018/19: 28.2%
Guidance FY 2019/20: Around 29.5%

EUR 147m FCF b.a.s.i.

YTD 2018/19: EUR 57m
Revised guidance FY 2019/20: Above EUR 200m

Improved momentum across all three segments in Q3



Chr. Hansen managed well during global lock-down in Q3; employee safety and business continuity remain number one priority

COVID-19 impacts in Q3 2019/20

		 EMEA	 North America	 LATAM	 APAC	 Global
FC&E 		↑	→	↗	→	↗
H&N 		↑	↗	↗	↑	↗
NCD 		↓	↘	↗	↑	↘
Group		↗	→	↗	↗	↗

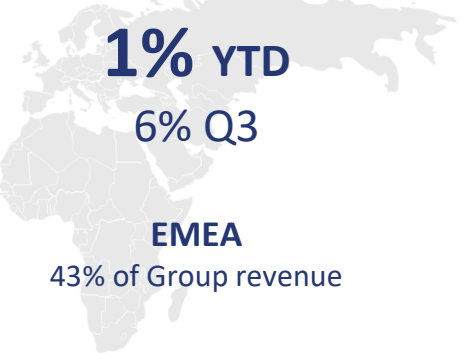


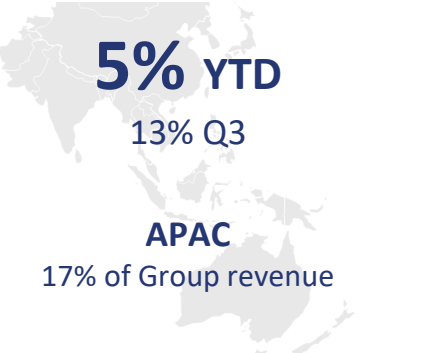
 Employee safety ●

 Supply chain ●

 Pantry loading & safety stock built-up ●

 Commercial pipeline ●

Regions benefited short-term from extraordinary demand related to COVID-19

 <p>1% YTD 6% Q3</p> <p>EMEA 43% of Group revenue</p>	 <p>5% YTD 1% Q3</p> <p>NORTH AMERICA 28% of Group revenue</p>	 <p>15% YTD 20% Q3</p> <p>LATAM 12% of Group revenue</p>	 <p>5% YTD 13% Q3</p> <p>APAC 17% of Group revenue</p>
<p>Q3</p> <ul style="list-style-type: none"> ▶ Solid growth in FC&E ▶ Strong growth in H&N ▶ NCD declined because of COVID-related lower demand from food service and in tourism and ongoing MEA softness and low raw materials <p>YTD</p> <ul style="list-style-type: none"> ▶ Good growth in FC&E ▶ H&N declined due to order timing in HH in the first half of the year ▶ NCD declined due to negative impact from low raw material prices and weak economic climate in MEA 	<p>Q3</p> <ul style="list-style-type: none"> ▶ Slight growth in FC&E; cheese business impacted by disruption in food service due to COVID-19 ▶ Good growth in H&N ▶ Decline in NCD as extraordinary demand due to COVID-19 was offset by disruptions in food service <p>YTD</p> <ul style="list-style-type: none"> ▶ FC&E on par with last year driven by softness in cheese and probiotics ▶ Strong growth in H&N ▶ Good growth in NCD 	<p>Q3</p> <ul style="list-style-type: none"> ▶ Very strong growth in FC&E ▶ H&N with good growth driven by AH and HH, whilst PH declined ▶ Strong growth in NCD ▶ EUR pricing contributed positively <p>YTD</p> <ul style="list-style-type: none"> ▶ Very strong growth in FC&E supported by CHY-MAX® S launch ▶ H&N declined because of order timing and lower soy revenue in PH ▶ Strong growth in NCD driven by customer wins 	<p>Q3</p> <ul style="list-style-type: none"> ▶ FC&E on par with last year; some disruption in Chinese yogurt production ▶ Very strong growth in H&N and NCD driven by COVID-19 related extraordinary demand and new wins <p>YTD</p> <ul style="list-style-type: none"> ▶ FC&E on par with last year as solid growth in fermented milk was offset by decline in probiotics in China ▶ H&N grew strongly driven by HH ▶ NCD with solid growth

Extending microbial platform with two acquisitions in Human Health

Strengthening position in women's health



HSO Health Care

Expanding into multi-species blends



UAS Labs¹

¹ Closing pending regulatory approval.

Recent acquisitions fully in line with capital allocation framework

1

Reinvest for organic growth

- ▶ Capacity
- ▶ Innovation
- ▶ People

2

Bolt-on Acquisitions

- ▶ Technology
- ▶ Market presence

3

Ordinary Dividend

- ▶ 40-60% of net income

4

Additional cash to shareholders

- ▶ Extraordinary dividend
- ▶ Share buy-back

Leverage consistent with a solid investment-grade credit profile (2019/20 YTD: 2.1x EBITDA)



Continuing positive trend across most segments; improving pipeline in probiotics

5% ORGANIC GROWTH YTD 19/20

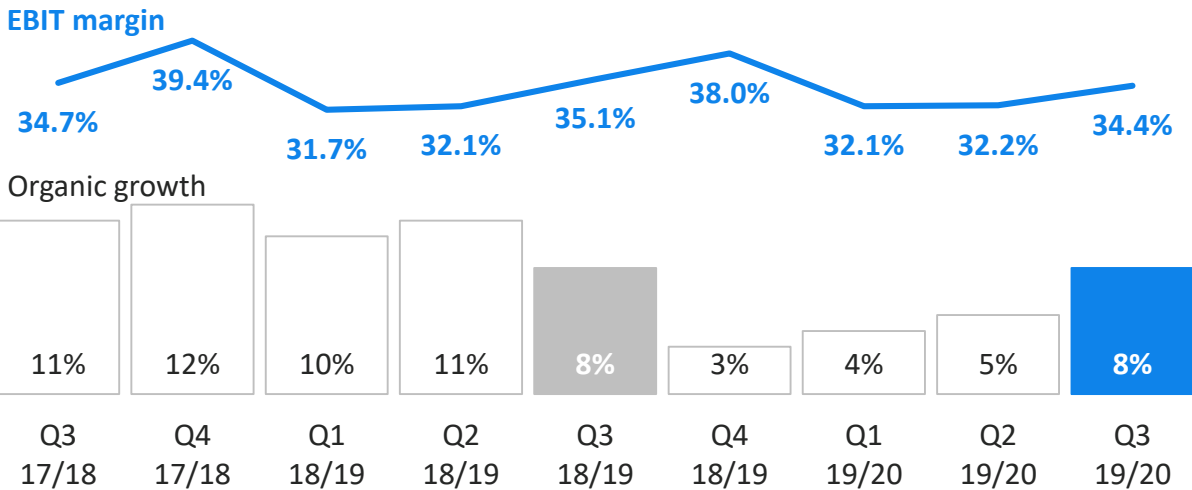
- YTD**
- ▶ Strong growth in enzymes followed by solid growth in fermented milk, cheese and meat, whilst probiotics declined
 - ▶ Bioprotection grew strongly

- Q3**
- ▶ Very strong growth in enzymes and solid growth in fermented milk, cheese and meat, whilst probiotics declined
 - ▶ Bioprotection grew approximately 10%

32.9% EBIT MARGIN YTD 19/20 (-0.1%-pt. yoy)

- YTD**
- ▶ Margin decreased slightly as scalability benefits and lower travel expenses were offset by increased freight costs

- Q3**
- ▶ Decrease driven by increased freight costs from COVID-19 and a minor adverse impact from currencies, partly offset by lower travel activity



EUR million	Q3 18/19	Q3 19/20	YTD 18/19	YTD 19/20
Revenue	176.7	181.2	503.8	519.8
Organic growth	8%	8%	9%	5%
Volume/mix	5%	4%	5%	4%
EBIT margin	35.1%	34.4%	33.0%	32.9%
ROIC ex. goodwill			41.1%	38.9%



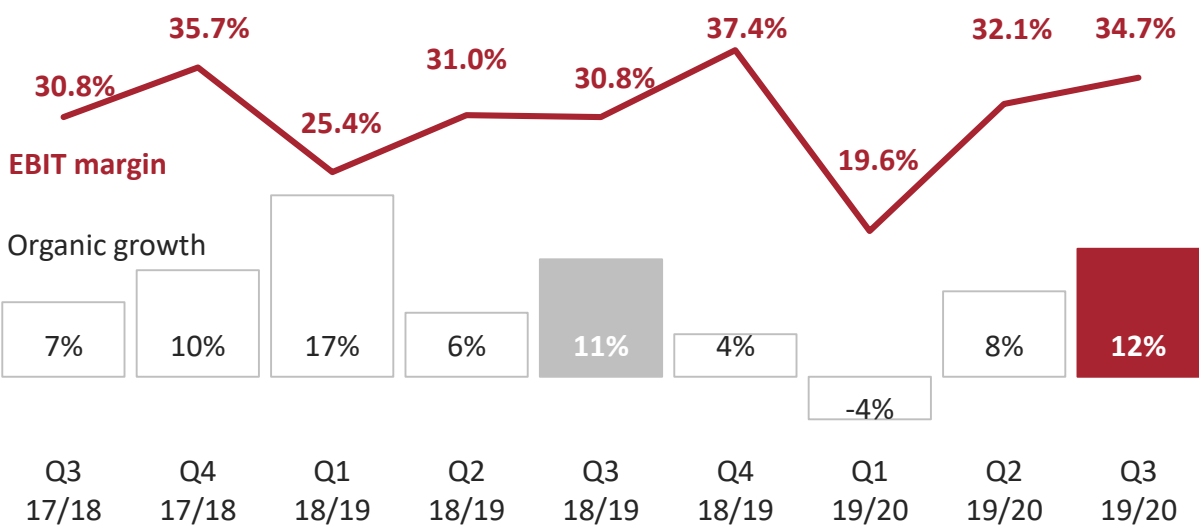
Very strong growth in Human Health and Animal Health

6% ORGANIC GROWTH YTD 19/20

- YTD**
- ▶ HH grew solidly driven by dietary supplements, whilst infant formula was on par with last year (high comparable)
 - ▶ AH with strong growth driven by Cattle (BOVAMINE® Dairy Plus launch) and to a lesser extent Poultry & Swine
 - ▶ PH declined due to order timing & lower than expected soy sales
- Q3**
- ▶ HH with very strong growth driven by both dietary supplements and infant reflecting both COVID-19 dynamics and new wins
 - ▶ AH with very strong growth momentum driven by all species
 - ▶ PH declined in line with expectations

29.7% EBIT MARGIN YTD 19/20 (+0.5%-pt. yoy)

- YTD**
- ▶ Increase driven by cost management initiatives and savings from COVID-19 related travel restrictions
- Q3**
- ▶ Increase driven by cost management initiatives and savings from COVID-19 related travel restrictions



EUR million	Q3 18/19	Q3 19/20	YTD 18/19	YTD 19/20
Revenue	66.5	74.9	184.6	195.9
Organic growth	11%	12%	11%	6%
Volume/mix	10%	13%	10%	7%
EBIT margin	30.8%	34.7%	29.2%	29.7%
ROIC ex. goodwill			26.7%	24.3%



Positive volume development partly offset by low raw material prices

0% ORGANIC GROWTH YTD 19/20

YTD ▶ Strong growth in FRUITMAX®, particularly in EMEA and NA, was offset by decline in traditional natural colors because of continued low raw material prices for carmine and annatto

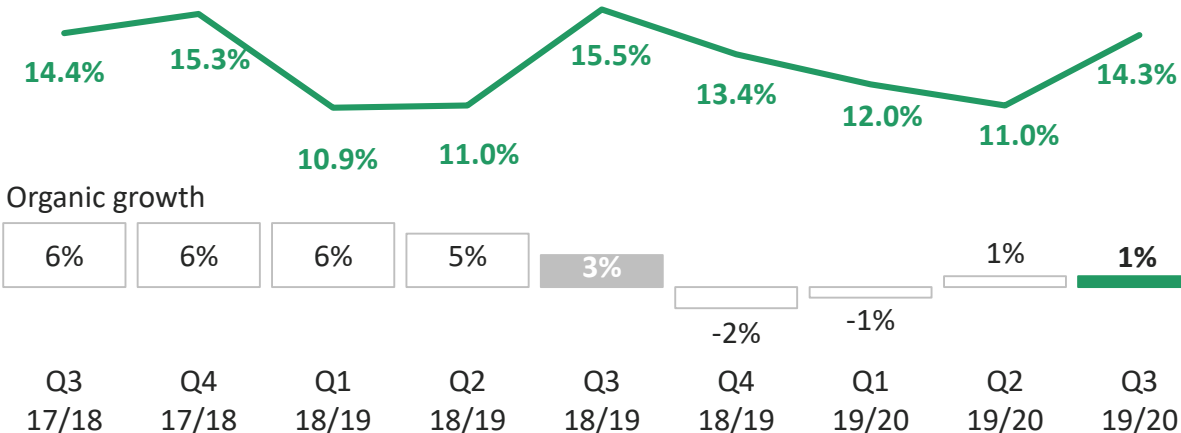
Q3 ▶ Strong growth in FRUITMAX® offset by decline in traditional natural colors because of continued low raw material prices for carmine and annatto
▶ MEA and South Europe particularly challenged by COVID-19 impacts

12.4% EBIT MARGIN YTD 19/20 (-0.1%-pt. yoy)

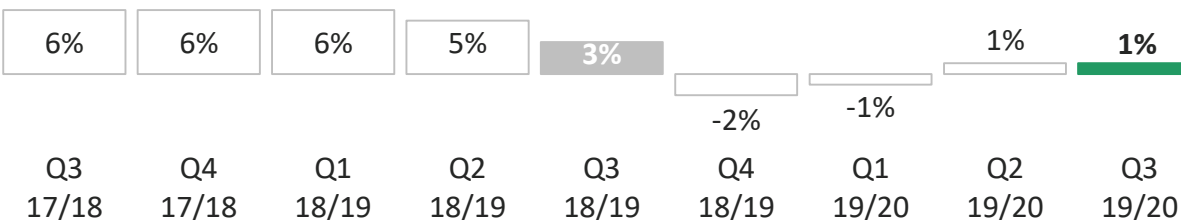
YTD ▶ EBIT margin on par with last year, as operating efficiencies, less travel expenses and declining raw materials were offset by currency and higher freight costs

Q3 ▶ Increased freight costs and negative currency impact were only partly offset by low raw materials and less travel activity

EBIT margin



Organic growth



EUR million

	Q3 18/19	Q3 19/20	YTD 18/19	YTD 19/20
Revenue	58.8	57.7	166.8	165.2
Organic growth	3%	1%	4%	0%
Volume/mix	4%	2%	5%	2%
EBIT margin	15.5%	14.3%	12.5%	12.4%
ROIC ex. goodwill			21.7%	19.2%

Strong cash flow development

- ▶ Gross margin decreased YTD as benefits from scalability in FC&E and low raw material prices in NCD were more than offset by increased freight costs
- ▶ Operating expenses as % of revenue decreased YTD driven by cost management initiatives and lower travel expense due to COVID-19 restrictions, and despite continued investments in strategic priorities
- ▶ EBIT margin reflects special items of EUR 5m related to HSO Health Care, UAS Laboratories and Bacthera JV
- ▶ Increase in operating cash flow driven by favorable change in net working capital, IFRS 16 adjustment, lower taxes paid and higher operating profit
- ▶ Capex of 9.1% of revenue reflecting phasing of investment projects and COVID-19 delays
- ▶ Investing cash flow includes acquisition of HSO and investments in Bacthera JV (EUR 6m)
- ▶ Leverage of 2.1x net debt/EBITDA

In EUR m / %

Income statement




	Q3 18/19	Q3 19/20	YTD 18/19	YTD 19/20
Revenue	302.0	313.8	855.2	880.9
Organic growth	8%	7%	9%	5%
<i>Volume</i>	6%	6%	6%	4%
<i>Price</i>	2%	1%	3%	1%
<i>FX</i>	(1)%	(3)%	(2)%	(2)%
EUR growth	7%	4%	7%	3%
Gross margin	56.6%	54.9%	55.4%	55.0%
Operating expenses	26.2%	24.2%	27.2%	26.7%
EBIT b.s.i. margin	30.4%	30.8%	28.2%	28.4%
EBIT margin	30.2%	29.8%	28.1%	27.8%

Cash flow statement, in EUR m

CF from operating activities			151.8	222.5
CF used for investing activities			(106.5)	(210.2)
FCF b.a.s.i.			56.5	147.4

OUTLOOK

Guidance maintained for organic growth and EBIT b.s.i; FCF b.a.s.i upgraded

	YTD 2019/20	Outlook FY 2019/20 as per July 2, 2020 ¹	Outlook FY 2019/20 as per April 16, 2020
Group organic revenue growth	5%	4-6%	4-6%
Food Cultures & Enzymes 	5%	Microbial platform: mid single-digit growth Flat to slight organic growth	Microbial platform: mid single-digit growth Flat to slight organic growth
Health & Nutrition 	6%		
Natural Colors 	0%		
EBIT margin b.s.i.	28.4%	Around 29.5%	Around 29.5%
Free cash flow b.a.s.i.	EUR 147m	Above EUR 200m	Around EUR 190m

¹ The outlook is based on constant currencies and stable raw material prices and assumes no further 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 key emerging markets; the risk of a global economic recession; the overall situation in the Middle East, including any potential sanctions; a deepening of the US-China trade tensions; an escalation of the US-EU tariff situation; and a disruptive outcome of the EU-UK Brexit negotiations. Related to COVID-19, the guidance for the year assumes that Chr. Hansen and key customers can maintain production and transport products at current levels, and that the situation does not deteriorate or impose restrictions on the flow of goods and hence our ability to serve customers. The guidance also assumes that there are no major supply disruptions in neither the raw material supply to Chr. Hansen, nor in the raw material supply, such as milk, to our customers. Keeping the food and nutrition industries running is highly important for nations, governments and consumers, and Chr. Hansen is working closely with customers and authorities to secure business continuity.

Chr. Hansen to present results of strategic review in August

Continued strong belief in opportunities within microbial solutions and fermentation technology

Exploring options on the future of Natural Colors, including a potential sale

Virtual Capital Markets Day on August 24/25, 2020



Financial calendar

July 2, 2020

Interim Report Q3 2019/20

August 24/25, 2020

Capital Markets Day

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