

Chr. Hansen Holding A/S full-year report

Statement of results 2019/20

October 8, 2020 – announcement no. 23

Solid financial performance and significant strategic progress in 2019/20 despite COVID-19

CEO Mauricio Graber says: “2019/20 was a defining and extremely eventful year for Chr. Hansen. We launched our new 2025 Strategy to become a focused bioscience company and to grow a better world, naturally. We made three acquisitions over a short period of time – HSO Health Care, UAS Laboratories and, most recently, Jennewein – and made an agreement to divest Natural Colors. We are convinced that the long-term value creation from the changes in the portfolio is very attractive, and the changes will be clearly positive to EBITDA margin in the coming year, but will also give a slight short-term negative EBIT margin impact.

On top of all of that, everyone has had to manage through a pandemic which has posed unique challenges. We ended the year with 5% organic growth for the group, well within the guidance we provided at the beginning of the year. Organic growth accelerated in Q4, driven by Health & Nutrition which delivered impressive 18% growth. We also delivered on the earnings side and came in at almost 30% EBIT margin for the full year, and at 34.3% in Q4. Our free cash flow also developed strongly, but this was partly due to capex investments that were delayed during the second half of the year due to COVID-19.

Our three strategic lighthouses – bioprotection, plant health and Bacthera – have progressed well during the year, and we launched a fourth lighthouse, fermented plant bases, at the Capital Markets Day in August 2020, and a fifth lighthouse, human milk oligosaccharides, was announced in September 2020 in connection with the acquisition of Jennewein.

We have a cautious outlook for 2020/21, given the uncertainties that COVID-19 still creates, and it will also be a year where we focus on integrating the acquired businesses and making solid progress on our strategic agenda. We expect an organic growth rate of 5-8%, in line with our long-term ambition, with the highest contribution from Health & Nutrition. We expect an EBIT margin before special items of 27-28%, given the headwinds from currencies, a normalization of the cost base, and the slight headwind from the portfolio changes. At the same time, we remain firmly committed to our long-term ambition of delivering underlying EBIT margin expansion by 2025.”

2019/20 in brief (incl. discontinued operations)

Organic growth was 5%, and adjusting for a negative currency impact of 3%, corresponded to a revenue increase of 2% to EUR 1,189 million.

- Food Cultures & Enzymes: 5% organic growth
- Health & Nutrition: 9% organic growth
- Natural Colors: 0% organic growth

EBIT before special items increased by 4% to EUR 356 million. The EBIT margin before special items was 29.9%, compared to 29.6% in 2018/19. Free cash flow before acquisitions and special items was EUR 245 million, compared to EUR 162 million in 2018/19 (excluding the inflow from the sale-and-lease-back of the Company's main site in Hørsholm).

Q4 2019/20 in brief (incl. discontinued operations)

Organic growth was 7%, and adjusting for a negative currency impact of 6%, corresponded to a revenue increase of 1% to EUR 308 million.

- Food Cultures & Enzymes: 5% organic growth
- Health & Nutrition: 18% organic growth
- Natural Colors: 0% organic growth

EBIT before special items increased by 4% to EUR 106 million. The EBIT margin before special items was 34.3%, compared to 33.3% in Q4 2018/19, and the increase was partly driven by positive one-off effects and cost management initiatives. Free cash flow before acquisitions and special items was EUR 97 million, compared to EUR 105 million in Q4 2018/19 (excluding the inflow from the sale-and-lease-back of the Company's main site in Hørsholm).

Dividend

The investment of Natural Colors is expected to complete during the spring of 2021, and upon receiving the proceeds the Board of Directors expects to pay out an extraordinary dividend at least equal to a normalized ordinary dividend for 2019/20. Until then, the Board of Directors has decided to not propose an ordinary dividend for 2019/20, to prudently manage the leverage of the Company.

Outlook for 2020/21

Organic revenue growth	5-8%
EBIT margin before special items	27-28%
Free cash flow before acquisitions and special items	EUR 120-160 million

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

Financial highlights and key figures

	Q4 2019/20	Q4 2018/19	Growth	YTD 2019/20	YTD 2018/19	Growth
Income statement, EUR million, cont. operations						
Revenue	254.3	249.0	2.1%	970.0	937.4	3.5%
Gross profit	156.7	157.1	(0.3%)	584.0	576.9	1.2%
EBITDA before special items	121.0	109.3	10.7%	400.6	372.3	7.6%
EBIT before special items	97.7	94.3	3.6%	326.9	314.7	3.9%
Special items	(8.8)	(0.9)	877.8%	(13.9)	(2.3)	504.3%
EBIT	88.9	93.4	(4.8%)	313.0	312.4	0.2%
Net financial items	(4.3)	(4.3)	0.0%	(13.5)	(16.1)	(16.1%)
Profit from continuing operations	67.6	68.8	(1.7%)	231.6	229.2	1.0%
Profit from discontinued operations	(1.4)	5.8	(124.1%)	13.4	21.0	(36.2%)
Profit for the period, Group	66.2	74.6	(11.3%)	245.0	250.2	(2.1%)
Cash flow, EUR million, Group						
Cash flow from operating activities	142.1	146.8	(3.2%)	364.6	298.6	22.1%
Cash flow from investing activities	(597.3)	24.9	n/a	(807.5)	(81.6)	(889.6%)
Free cash flow	(455.2)	171.7	(365.1%)	(442.9)	217.0	(304.1%)
Free cash flow before acquisitions and special items	97.1	172.6	(43.7%)	244.5	229.1	6.7%
Balance sheet, EUR million, Group						
Total assets ¹⁾				2,853.6	2,057.8	
Invested capital				1,238.5	972.5	
Net working capital				208.1	220.6	
Equity				893.0	797.2	
Net interest-bearing debt				1,345.0	734.4	
Key ratios						
Continuing operations						
Organic growth, % ²⁾	9	3		6	8	
Gross margin, %	61.6	63.1		60.2	61.5	
EBITDA margin before special items, %	47.6	43.9		41.3	39.7	
EBIT margin before special items, %	38.4	37.9		33.7	33.6	
EBIT margin, %	35.0	37.5		32.3	33.3	
R&D, %	6.7	7.4		8.0	8.1	
Capital expenditures, %	20.2	15.1		12.2	12.6	
Group						
ROIC excl. goodwill, %	36.1	41.2		32.2	37.3	
ROIC, %	19.0	23.1		16.8	20.3	
Earnings per share diluted, EUR	0.51	0.57	(10.5%)	1.86	1.90	(2.1%)
Net debt to EBITDA before special items				3.1x	1.8x	

1) Includes assets classified as held for sale in 2019/20 of EUR 202.4 million (EUR 0 million in 2018/19).

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

IFRS16 Leases was implemented using the modified retrospective approach, and comparative figures for 2018/19 have not been restated.

Market developments

According to the Company's own estimates, the end markets for fermented milk were roughly flat in 2019/20, as the impacts of COVID-19 led to reduced output in China, the largest yogurt market in the world, during the months of February through August. Among the remaining markets Europe is estimated to have grown slightly, while the other regions declined slightly.

The global production of cheese is estimated to have grown by around 1% in 2019/20, broadly driven by all regions. Globally, pricing structures slightly favored cheese production over available alternatives such as milk powders.

The overall market for human probiotics is estimated to have grown by 5-7%, with COVID-19 creating extraordinary demand in the second half of the year, especially in dietary supplements. Market growth in the North American and Asian markets is estimated to have been above 10% driven by e-commerce platforms, whereas the European market is estimated to be in a small decline due to COVID-19 lock-downs during the year prevented consumers from going to pharmacies, especially in key markets in Southern Europe. The global market for probiotics for infant formula has continued to grow at a higher pace than dietary supplements, primarily driven by a continued premiumization of the infant formula category.

The market for microbial-based solutions for animals developed favorably overall for the year, supported by an increased focus on reducing the use of antibiotics in livestock production, although COVID-19 created more difficult conditions during the second half of the year. Milk prices in North America were volatile in Q3 and Q4 due to concerns over supply chains and reduced demand driven by COVID-19, as schools and restaurants were shut down, but were also helped by governmental support. In both the US and Europe, shutdowns at meat processing plants impacted meat prices and caused uncertainty in the meat processing industry. Pork exports from Europe and North America to Asia due to African Swine Fever also supported demand for microbial products.

Revenue (cont. operations)	2019/20
Organic growth (vol/mix)	4%
Organic growth (price)	2%
Organic growth	6%
Currencies	(3)%
Acquisitions	0%
EUR growth	3%

Revenue (cont. operations)

Organic growth was 6%, and adjusting for a negative currency impact of 3%, corresponded to a revenue

increase of 3% to EUR 970 million. The impact from acquisitions was immaterial. COVID-19 impacts during the year were neutral, as the slight net positive effect in Q3 turned into a slight net negative impact in Q4.

Organic growth was primarily driven by volume/mix effects, with around 2% from price increases in local currencies.

Revenue by business area (cont. operations)**Food Cultures & Enzymes**

Organic growth was 5%, and adjusting for a negative currency impact of 3%, corresponded to a revenue increase of 2% to EUR 693 million. Organic growth comprised 3% from volume/mix and 2% from price increases in local currencies. The price increases were achieved partly by using EUR-based pricing in certain countries.

Organic growth was primarily driven by strong growth in enzymes and continued solid growth in core categories such as cheese and meat cultures, and good growth in fermented milk. In enzymes, growth was driven by the launch of CHY-MAX[®] Supreme, and by continued growth of the NOLA[®] Fit lactase enzyme. Probiotics declined, primarily due to lower volumes in China.

Bioprotective cultures delivered double digit growth, driven by the existing segments within fermented milk and meat. Bioprotection accounted for around 8% of the Food Cultures & Enzymes business in 2019/20.

Health & Nutrition

Organic growth was 9%, and a negative currency impact of 1% was offset by an acquisition impact from HSO Health Care, corresponding to a revenue increase of 9% to EUR 277 million, driven by volume/mix. Human Health delivered solid growth, while Animal Health delivered strong growth. Plant Health declined due to timing of orders and lower-than-expected sales for soy crops in Latin America.

The solid growth in Human Health consisted of strong growth in dietary supplements, while infant formula declined slightly, primarily due to very strong developments last year.

Animal Health delivered strong growth, driven by very strong growth in Cattle, and solid growth in Poultry & Swine. Sales were supported by the roll-out in North America of a new product, BOVAMINE[®] Dairy Plus probiotic.

Revenue by region (cont. operations)**EMEA (Europe, the Middle East and Africa)**

The EMEA region accounted for 41% of revenue, compared to 42% in 2018/19. Organic growth was 3%, and adjusting for a negative currency impact of 1%, corresponded to a revenue increase of 2%, impacted negatively by the Middle East in particular, whereas

2019/20 full year results

Europe drove the growth. Organic growth was driven by good growth in Food Cultures & Enzymes while Health & Nutrition declined slightly.

North America

The North American region accounted for 29% of revenue, similar to 2018/19. Organic growth was 4%, and adjusting for a positive currency impact of 3%, corresponded to a revenue increase of 7%. Organic growth was driven by strong growth in Health & Nutrition driven by strong growth in both Animal Health, due to Cattle and BOVAMINE® Dairy, and Human Health due to extraordinary demand driven by COVID-19. Food Cultures & Enzymes was flat, as growth in fermented milk was offset by a slight decline in cheese.

APAC (Asia-Pacific)

The APAC region accounted for 17% of revenue, similar to 2018/19. Organic growth was 6%, and adjusting for a negative currency impact of 1%, corresponded to a revenue increase of 5%. Organic growth was driven by very strong growth in Health & Nutrition, while Food Cultures & Enzymes declined as solid growth in fermented milk was more than offset by a decline in probiotics in China.

LATAM (Latin America)

The LATAM region accounted for 12% of revenue, similar to 2018/19. Organic growth was 24%, and adjusting for a negative currency impact of 21%, corresponded to a revenue increase of 3%. Organic growth was driven by very strong growth in Food Cultures & Enzymes, especially by the successful launch of CHY-MAX® Supreme and supported by EUR pricing, and solid growth in Health & Nutrition.

Gross profit (cont. operations)

Gross profit was EUR 584 million, up 1% on 2018/19. The gross margin decreased by 1.3%-points to 60.2%, as increased freight costs due to COVID-19, an unfavorable product mix and a slight negative currency impact were only partially offset by scalability benefits in production.

Operating expenses (% of revenue, cont. operations)

Operating expenses totaled EUR 257 million (26.5%), compared to EUR 262 million (28.0%) in 2018/19.

EUR million	YTD 2019/20	YTD 2018/19
R&D expenses (P&L)	76.2	70.7
- Amortization	6.9	6.7
- Impairment	3.1	0.3
+ Capitalization	11.8	12.0
R&D expenditures incurred	78.0	75.7

Total R&D expenditures incurred amounted to EUR 78 million (8.0%), compared to EUR 76 million (8.1%) in 2018/19. The increase in cost was primarily driven by

increased activities in Food Cultures & Enzymes and Plant Health.

Sales & marketing expenses amounted to EUR 135 million (13.9%), compared to EUR 132 million (14.1%) in 2018/19. Increased investments in strategic priorities in Food Cultures & Enzymes and Health & Nutrition were partly offset by lower travel expenses due to COVID-19 travel restrictions.

Administrative expenses amounted to EUR 53 million (5.5%), compared to EUR 61 million (6.5%) in 2018/19, the lower expense was driven by cost management initiatives and lower travel activity due to COVID-19.

Net other operating income/expenses was an income of EUR 8 million, compared to EUR 1 million in 2018/19. The increase was of a one-off nature and driven by the single-line consolidation of UAS Laboratories and a favorable ruling in a VAT dispute case in Brazil.

Operating profit (EBIT) before special items (cont. operations)

EBIT before special items amounted to EUR 327 million, compared to EUR 315 million in 2018/19, an increase of 4%. The EBIT margin before special items was 33.7%, up from 33.6% in 2018/19.

In Food Cultures & Enzymes, EBIT amounted to EUR 238 million, compared to EUR 234 million in 2018/19. The EBIT margin was 34.3%, on par with 2018/19. In Health & Nutrition, EBIT amounted to EUR 89 million, compared to EUR 80 million in 2018/19. The EBIT margin was 32.2%, up 0.7%-point on 2018/19.

Special items (cont. operations)

Special items were an expense of EUR 14 million compared to an expense of EUR 2 million in 2018/19. The increase in expenses was driven by strategic activities such as the acquisitions of HSO Health Care, UAS Laboratories and Jennewein.

Operating profit (EBIT, cont. operations)

EBIT amounted to EUR 313 million, compared to EUR 312 million in 2018/19. The EBIT margin was 32.3%, compared to 33.3% in 2018/19.

Net financials, share of JV and tax (cont. operations)

Net financial expenses amounted to EUR 14 million, compared to EUR 16 million in 2018/19. The net interest expenses were EUR 13 million, up from EUR 9 million in 2018/19. The interest expense from the implementation of IFRS 16 Leases was EUR 3 million.

The net impact from exchange rate adjustments was a negative EUR 1 million, compared to a negative EUR 2 million in 2018/19.

The Bacthera JV produced a EUR 4 million loss to Chr. Hansen. The JV was launched in September 2019, so

2019/20 full year results

there is no comparison from last year. Several customer contracts for early-stage feasibility studies were signed during the year.

Income taxes amounted to EUR 64 million, equivalent to an effective tax rate of 22.9%, compared to EUR 67 million and 23.0%, respectively, in 2018/19.

Profit for the year from continuing operations

Profit from continuing operations for the year increased by 1% to EUR 232 million from EUR 229 million in 2018/19.

Profit from discontinued operations

Profit from the divested business of Natural Colors amounted to EUR 13 million, compared to EUR 21 million in 2018/19. The lower amount compared to last year was primarily due to special item costs related to the divestment of the business.

Profit for the year

Profit for the year decreased by 2% to EUR 245 million compared to EUR 250 million in 2018/19.

Assets (Group)

At August 31, 2020, total assets amounted to EUR 2,854 million (of which EUR 202 million was classified as held for sale), compared to EUR 2,058 million a year earlier. The increase was mainly due to the acquisitions of HSO Health Care and UAS Laboratories, and investments in the microbial production platform.

Total non-current assets amounted to EUR 2,351 million (of which continuing operations amounted to EUR 2,247 million), compared to EUR 1,584 million at August 31, 2019. Goodwill and intangible assets increased by EUR 590 million, while property, plant and equipment increased by EUR 163 million.

Total current assets amounted to EUR 503 million (of which continuing operations amounted to EUR 405 million), compared to EUR 474 million at August 31, 2019. Inventories increased by EUR 21 million, or 13%, and receivables decreased by EUR 16 million, or 8%. Cash increased by EUR 9 million to EUR 96 million.

See more information in note 2.1 in the Annual Report.

Net working capital (Group)

Net working capital was EUR 208 million (of which EUR 166 million, or 17.1% of revenue were related to continuing operations), compared to EUR 221 million (of which EUR 172 million, or 18.3% of revenue were related to continuing operations), in 2018/19. The improvement was primarily driven by higher trade payables and lower trade receivables and partly offset by higher inventories.

Equity (Group)

Total equity amounted to EUR 893 million at August 31, 2020, compared to EUR 797 million a year earlier. An

ordinary dividend for the financial year 2018/19 totaling EUR 124 million was paid in December 2019 (incl. dividend retained due to Treasury shares). No extraordinary dividend was paid out in 2019/20.

Net debt (Group)

Net interest-bearing debt amounted to EUR 1,345 million, or 3.1x EBITDA, compared to EUR 734 million, or 1.8x EBITDA, at August 31, 2019. The increase was driven by the acquisitions of HSO Health Care and UAS Laboratories.

Return on invested capital (ROIC, Group)

The return on invested capital excluding goodwill was 32.2%, compared to 37.3% in 2018/19. The decrease was driven by the acquisitions of HSO Health Care and UAS Laboratories, which accounted for around 3%-points of the decline, and investments in the microbial platform. Around 1%-point of the decline in ROIC was due to the implementation of IFRS 16. Invested capital excluding goodwill increased to EUR 1,239 million, compared to EUR 973 million at August 31, 2019.

See more information in note 2.1 in the Annual Report.

The return on invested capital including goodwill was 16.8%, compared to 20.3% in 2018/19. Invested capital including goodwill increased to EUR 2,488 million, compared to EUR 1,745 million at August 31, 2019.

Cash flow (Group)

Cash flow from operating activities was EUR 365 million (of which EUR 330 million was from continuing operations), compared to EUR 299 million in 2018/19 (of which EUR 268 million was from continuing business). The increase was driven by a positive development in working capital, especially with trade receivables and temporary governmental liquidity supporting initiatives against COVID-19.

Cash flow used for operational investing activities was EUR 140 million (of which EUR 119 million was from continuing operations, or 12.2% of revenue), compared to EUR 139 million (excluding the inflow from the sale-and-lease-back of the Company's main site in Hørsholm, and of which EUR 118 million was from continuing operations, or 12.6% of revenue), in 2018/19. COVID-19 delayed several Capex projects during the second half of the year which led to lower spending than expected at the start of the year.

Free cash flow before acquisitions, and special items was EUR 245 million (of which EUR 225 million was from continuing operations), compared to EUR 162 million in 2018/19 (excluding the inflow from the sale-and-lease-back of the Company's main site in Hørsholm, and of which EUR 153 million was from continuing operations).

Investments in associates was EUR 6 million and represented the investment in the Bacteria JV.

Revenue (cont. operations)

Organic growth was 9%, and adjusting for a negative currency impact of 6% and an acquisition impact of less than 1%, corresponded to a revenue increase of 3% to EUR 254 million. Organic growth comprised 5% from volume/mix effects and a 4% positive impact from price increases in local currencies. COVID-19 impacts in were slightly negative.

Revenue (cont. operations)	Q4 2019/20
Organic growth (vol/mix)	5%
Organic growth (price)	4%
Organic growth	9%
Acquisitions	<1%
Currencies	(6%)
EUR growth	3%

Revenue by business area (cont. operations)**Food Cultures & Enzymes**

Organic growth was 5%, and adjusting for a negative currency impact of 7%, corresponded to a revenue decline of 2% to EUR 173 million. Organic growth was driven by price increases, achieved partly by using EUR-based pricing in certain countries.

Organic growth was primarily driven by strong growth in enzymes and meat, solid growth in cheese while probiotics declined and fermented milk was flat. Bioprotection delivered organic growth of approximately 10%. COVID-19 impacts were a net negative in the quarter, as customer inventory built up in Q3 continued to reduce slowly. In China, yogurt production by customers remained below normal due to temporary shut-downs of capacity. In the Middle East and India challenging trading conditions also impacted growth negatively.

Health & Nutrition

Organic growth was 18%, and a negative currency impact of 6% was partly offset by an acquisition impact of app. 2% from HSO Health Care, corresponding to a revenue increase of 15% to EUR 81 million, driven by volume/mix.

Human Health delivered very strong growth, primarily driven by customer wins in dietary supplements, while infant formula declined, mainly due to destocking of COVID-19 inventories and a high comparable from last year.

Animal Health also delivered good growth in both Cattle and Poultry & Swine, in spite of negative impacts from COVID-19. Plant Health delivered very strong growth as expected, driven by strong developments in sales in Latin America.

Revenue by region (cont. operations)**EMEA (Europe, Middle East and Africa)**

Organic growth was 3%, and adjusting for a negative currency impact of 2% corresponded to a revenue increase of 1%. Food Cultures & Enzymes delivered good growth while Health & Nutrition delivered solid growth. The Middle East remained to be in decline driven by difficult economic conditions and the overall COVID-19 impacts were negative in Q4 as customer inventory reductions that started towards the end of Q3 continued.

North America

Organic growth was 1%, and adjusting for a negative currency impact of 2%, corresponded to a revenue decrease of 1%. Food Cultures & Enzymes and Health & Nutrition both delivered slight growth. COVID-19 impacts in Q4 were negative overall.

APAC (Asia-Pacific)

Organic growth was 10%, and adjusting for a negative currency impact of 2%, corresponded to a revenue increase of 8%. Organic growth was driven by very strong growth in Health & Nutrition, driven by strong consumer demand for Human Health products, while Food Cultures & Enzymes declined. COVID-19 impacts were a negative for Food Cultures & Enzymes in Q4 as inventory reductions from Q3 continued and the production of yogurt was lower in China compared to last year.

LATAM (Latin America)

Organic growth was 47%, and adjusting for a negative currency impact of 36%, corresponded to a revenue increase of 11%. Organic growth was driven by very strong growth in Food Cultures & Enzymes and Health & Nutrition, driven by the very strong development in Plant Health, as expected.

Gross profit (cont. operations)

Gross profit was EUR 157 million, unchanged from Q4 2018/19. The gross margin decreased by 1.5%-point to 61.6%, as increased freight costs from COVID-19, an unfavorable product mix and negative currency impacts were only partially offset by scalability benefits in production.

Operating expenses (% of revenue, cont. operations)

Operating expenses totaled EUR 59 million (23.2%), compared to EUR 63 million (25.2%) in Q4 2018/19 reflecting cost management initiatives and lower travel expenses due to COVID-19 travel restrictions.

Operating profit (EBIT) before special items (cont. operations)

EBIT before special items amounted to EUR 98 million, compared to EUR 94 million in Q4 2018/19, an increase of 4%. The EBIT margin before special items was 38.4%, up from 37.9% in Q4 2018/19.

In Food Cultures & Enzymes, EBIT amounted to EUR 67 million, compared to EUR 68 million in Q4 2018/19. The EBIT margin was 38.4%, up 0.4%-point on Q4 2018/19. Reduced travel expenses and a positive one-off from a VAT dispute in Brazil contributed positively and a negative currency impact partly offset the improvement.

In Health & Nutrition, EBIT amounted to EUR 31 million, compared to EUR 26 million in Q4 2018/19. The EBIT margin was 38.3%, up 0.9%-point on Q4 2018/19. The increase was driven by the single-line consolidation of UAS Laboratories, cost management initiatives and savings from COVID-19-related travel restrictions, partly offset by an impairment loss and a negative currency impact.

Special items (cont. operations)

Special items were an expense of EUR 9 million, compared to EUR 1 million in Q4 2018/19. The increase in expenses was driven by strategic activities such as the acquisitions of HSO Health Care, UAS Laboratories and Jennewein.

Operating profit (EBIT, cont. operations)

EBIT from continued operations increased by 4% to EUR 98 million, compared to EUR 93 million in Q4 2018/19. The EBIT margin was 38.4%, compared to 37.9% in Q4 2018/19.

Net financials, share of JV and tax (cont. operations)

Net financial expenses amounted to EUR 4 million, on par with Q4 2018/19.

The Bacthera JV produced a EUR 4 million loss to Chr. Hansen. The JV was launched in September 2019, so there is no comparison from last year.

Income taxes were EUR 16 million, compared to EUR 20 million in Q4 2018/19.

Profit for the period from continuing operations

Profit for the period decreased by 2% to EUR 68 million, compared to EUR 69 million in Q4 2018/19. The decrease was driven by the special items.

Profit from discontinued operations

The divested business of Natural Colors generated a loss of EUR 1 million, compared to a profit of EUR 6 million in 2018/19. The lower amount compared to last year was primarily due to special item costs related to the divestment of the business.

Profit for the period

Profit for the period decreased by 11% to EUR 66 million from EUR 75 million in Q4 2018/19, primarily driven by the special items.

Cash flow (Group)

Cash flow from operating activities was EUR 142 million (of which EUR 124 million was from continuing operations), compared to EUR 147 million (of which EUR 119 million was from continuing operations) in Q4 2018/19.

Cash flow used for operational investing activities was EUR 60 million (of which EUR 51 million, or 20.2% of revenue, was from continued operations) compared to EUR 43 million (excluding the inflow from the sale-and-lease-back of the Company's main site in Hørsholm, and of which EUR 38 million was from continuing operations, or 15.1% of revenue), in Q4 2018/19. The increase was primarily driven by investments in the microbial platform.

Free cash flow before special items and acquisitions was EUR 97 million (of which EUR 81 million was from continuing operations), compared to EUR 105 million in Q4 2018/19 (excluding the inflow from the sale-and-lease-back of the Company's main site in Hørsholm, and of which EUR 82 million was from continuing operations).

Outlook for 2020/21

Assumptions

The outlook is based on constant currencies and assumes no further acquisitions. The outlook is also based on the current political and economic environment. The depth and duration of a global recession, or other negative macroeconomic events, triggered by COVID-19 may affect demand negatively in the medium term, especially in emerging markets, and a combination of quarantine measures and recession may change consumption patterns between eating out, on-the-go and in-home. The various quarantine measures and travel restrictions already imposed around the world make it more difficult to visit customers to advance projects with new innovative solutions, a very important growth driver for Chr. Hansen, and this will slow the progress of the commercial project pipeline in the medium term. The impacts of COVID-19 are continuously being monitored and evaluated for their short- and medium-term effects. 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 overall situation in the Middle East, including any potential sanctions; a deterioration in global trading conditions; and a negative Brexit scenario.

Organic revenue growth

For 2020/21, organic revenue growth is expected to be 5-8%, with the highest contribution from Health & Nutrition. Food Cultures & Enzymes is expected to grow significantly above the relatively low end market growth, and with a positive impact from EUR pricing similar to the reported effect in 2019/20. Growth will be driven by continued momentum in bioprotection and dairy enzymes, as well as fermented plant bases, albeit from a relatively low base. Health & Nutrition is expected to grow faster than the respective underlying markets of probiotics for humans, animals and plants, and will generally be driven by increased demand and increased market penetration of new and recently launched products.

EBIT margin before special items (b.s.i.)

EBIT margin b.s.i. is expected to be 27-28%. Relative to the EBIT margin of 29.9% delivered in 2019/20, the margin is expected to be impacted negatively by currencies, primarily the USD and CNY, while the portfolio changes – acquisitions of HSO Health Care, UAS Laboratories, and Jennewein, and the divestment of Natural Colors – combined are expected to have a small net negative impact (but accretive to EBITDA margin). Additionally, the Company expects to return to a more normalized travel activity and cost level during 2021, and to continue investments in growth and innovation opportunities.

Free cash flow

Free cash flow before acquisitions & divestments and special items is expected to be EUR 120-160 million.

Cash flow from operations is expected to be similar to 2019/20 despite a normalization of certain working capital items and higher interest costs. Cash flow used for investing activities is expected to be around EUR 200 million driven by investments into the new HMO business incl. the new factory in Kalundborg (which is expected to be less than EUR 100 million), whereas as the capex-to-sales ratio excluding the HMO investments is expected to be lower than 2019/20.

Financial implications of portfolio changes

In addition to the guidance parameters outlined above, the acquired businesses (that will have no material impact on organic growth), are estimated to contribute around EUR 130-140 million in revenues, with the highest uncertainty around the timing of ramp-up of the HMO business, and with an estimated EBITDA contribution of around EUR 30 million. In addition, the divestment of Natural Colors is expected to contribute a gain from divested businesses on profit from discontinued operations for the period of around EUR 650-700 million.

Sensitivity

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

The most significant currency exposure relates to USD, which accounts for 30-35% of revenue, while exposure to other currencies is more modest. A 5% decrease in the EUR/USD exchange rate would impact revenue measured in EUR negatively by EUR 15-20 million.

Organic revenue growth is sensitive to exchange rate fluctuations in currencies for which Chr. Hansen applies a EUR-based pricing model.

The EBIT margin is also sensitive to exchange rate fluctuations. Production in the US only partly offsets the impact on revenue from changes in the EUR/USD exchange rate. Therefore, the relative EBIT exposure is higher than the revenue exposure. A 5% decrease in the EUR/USD exchange rate would impact EBIT negatively by roughly two thirds of the revenue impact.

The sensitivity to currency developments also applies to the free cash flow.

The use of currency hedging of balance sheet exposures and future cash flows is described in note 4.3 to the Consolidated Financial Statements 2019/20.

Additional information

Long-term incentive program

Pursuant to the Company's Remuneration Policy, the Board of Directors has approved the annual grant of matching share rights to the Company's Executive Board and other members of the Corporate Leadership Team.

Under the program, the participants are required to acquire a number of existing shares in Chr. Hansen Holding A/S (investment shares) and retain ownership of such shares for a predefined holding period of three (3) years (the holding period). Upon expiration of the holding period and subject to fulfillment of certain predefined performance targets, the participants will be entitled to receive up to seven and a half (7.5) additional shares in Chr. Hansen Holding A/S (matching shares) per investment share against no consideration.

The defined performance targets are related to the development of organic growth, EBIT as well as the Total Shareholder Return defined as the relative return compared to a predefined group of peer companies.

The total number of matching shares which the participants will be eligible to receive based on the grants made is 48,900. The theoretical market value of the grants amounts to EUR 2.7 million based on the likely level of achievement of the performance targets, i.e. 4.64 matching shares per investment share with three (3) years of estimated dividends of 1.5% per year deducted.

Short-term incentive program

The Board of Directors has approved the annual short-term incentive program comprising of up to 110,000 restricted share units (RSUs) for around 170 key employees. Receipt of the RSUs is subject to specified KPIs and criteria supporting performance and retention, including financial performance indicators (organic growth, EBIT before special items, and free cash flow before acquisitions and special items). Upon grant, the RSUs will vest after a period of two (2) years after which participants may receive one (1) share in the Company per RSU.

The Board of Directors has authorized a pool of 35,000 RSUs to be applied for retention and/or performance-based incentives to select employees in managerial positions and other key employees. RSUs granted under this pool are subject to two-three years' performance/retention vesting periods. The aggregate theoretical market value of the above grants is EUR 13.0 million, applying the principles described in the Group's annual report in note 5.1.

More information about management and Board of Directors' remuneration can be found in the Remuneration Report 2019/20.

Conference call

Chr. Hansen will host a conference call on October 8, 2020 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

Annika Stern, IR Officer
+45 23 99 23 82

FINANCIAL CALENDAR 2020/2021

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

Company information

Chr. Hansen Holding A/S
Bøge Allé 10-12
2970 Hørsholm
Denmark
Tel. +45 45 74 74 74
www.chr-hansen.com
Company reg. no.: 28318677

Forward-looking statements

This report 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 report 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 report by such forward-looking statements.

The information, opinions and forward-looking statements contained in this report speak only as at the date of this report, 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 report to reflect any change in events, conditions or circumstances beyond what is required by applicable law or applicable stock exchange rules and regulations.

About Chr. Hansen

Chr. Hansen is a global, differentiated bioscience company that develops natural ingredient solutions for the food, nutritional, pharmaceutical and agricultural industries. At Chr. Hansen we are uniquely positioned to drive positive change through microbial solutions. We have worked for over 145 years to enable sustainable agriculture, cleaner labels and healthier living for more people around the world. Our microbial and fermentation technology platforms, including our broad and relevant collection of around 40,000 microbial strains, have game-changing potential. Matching customer needs and global trends we continue to unlock the power of good bacteria to respond to global challenges such as food waste, global health and the overuse of antibiotics and pesticides. As the world's most sustainable food ingredients company, we touch the lives of more than 1 billion people every day. Driven by our legacy of innovation and curiosity to pioneer science, our purpose - To grow a better world. Naturally. - is at the heart of everything we do.

Statement of the Board of Directors and Executive Board

Today, the Board of Directors and Executive Board considered and approved the audited Consolidated Financial Statements in the Annual Report of Chr. Hansen Holding A/S for the financial year ended August 31, 2020.

The Board of Directors and Executive Board also approved this unaudited Statement of Results containing financial information for Q4 2019/20 and condensed financial information for the financial year ended August 31, 2020.

The Consolidated Financial Statements in the Annual Report have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We consider the accounting policies applied to be appropriate and the accounting estimates reasonable, and in our opinion the Consolidated Financial Statements in the Annual Report give a true and fair view of the Group's assets, liabilities and financial position at August 31, 2020 and of the results of the Group's operations and cash flows.

This Statement of Results has been prepared in accordance with the accounting policies applied in the Consolidated Financial Statements for the financial year ended August 31, 2020 and further requirements in the Danish Financial Statements Act, and in our opinion the overall report of this Statement of Results is adequate.

We further consider that 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 year and the financial position, together with the description in the Annual Report of the principal risks and uncertainties that the Group faces in accordance with requirements in the Danish Financial Statements Act.

Hørsholm, October 8, 2020

Executive Board

Mauricio Graber
President and CEO

Søren Westh Lonning
CFO

Thomas Schäfer
CSO

Board of Directors

Dominique Reiniche
Chair

Jesper Brandgaard
Vice Chair

Luis Cantarell

Lisbeth Grubov

Charlotte Hemmingsen

Heidi Kleinbach-Sauter

Niels Peder Nielsen

Per Poulsen

Kim Ib Sørensen

Kristian Villumsen

Mark Wilson

Income statement

EUR million	Q4 2019/20	Q4 2018/19	YTD 2019/20	YTD 2018/19
Revenue	254.3	249.0	970.0	937.4
Cost of sales	(97.6)	(91.9)	(386.0)	(360.5)
Gross profit	156.7	157.1	584.0	576.9
Research and development expenses	(18.4)	(17.6)	(76.2)	(70.7)
Sales and marketing expenses	(34.5)	(33.8)	(135.1)	(131.9)
Administrative expenses	(12.0)	(11.6)	(53.3)	(60.8)
Other operating income	5.9	0.6	7.7	3.7
Other operating expenses	-	(0.4)	(0.2)	(2.5)
Operating profit before special items	97.7	94.3	326.9	314.7
Special items	(8.8)	(0.9)	(13.9)	(2.3)
Operating profit (EBIT)	88.9	93.4	313.0	312.4
Net financial expenses	(4.3)	(4.3)	(13.5)	(16.1)
Share of loss of joint ventures	(0.8)	-	(3.9)	-
Profit before tax	83.8	89.1	295.6	296.3
Income taxes	(16.2)	(20.3)	(64.0)	(67.1)
Profit from continuing operations	67.6	68.8	231.6	229.2
Profit from discontinued operations	(1.4)	5.8	13.4	21.0
Profit for the period	66.2	74.6	245.0	250.2
Earnings per share, EUR				
Earnings per share	0.51	0.57	1.86	1.90
Earnings per share, diluted	0.51	0.57	1.86	1.90
Earnings per share from continuing operations	0.52	0.52	1.76	1.74
Earnings per share from continuing operations, diluted	0.52	0.52	1.76	1.74

Statement of comprehensive income

EUR million	Q4 2019/20	Q4 2018/19	YTD 2019/20	YTD 2018/19
Profit for the period	66.2	74.6	245.0	250.2
Items that will not be reclassified subsequently to the income statement				
Remeasurements of defined benefits plans	(0.2)	(0.5)	(0.2)	(0.5)
Items that will be reclassified subsequently to the income statement when specific conditions are met				
Currency translation of foreign Group companies	(16.5)	(0.8)	(31.0)	5.7
Fair value adjustments on cash flow hedges	(17.5)	(1.7)	(18.0)	(6.9)
Gains/losses on cash flow hedges reclassified to financial expenses	(0.7)	-	(0.7)	-
Tax related to cash flow hedges	2.4	0.3	2.7	1.4
Other comprehensive income for the period	(32.5)	(2.7)	(47.2)	(0.3)
Total comprehensive income for the period	33.7	71.9	197.8	249.9
Attributable to:				
Shareholders of Chr. Hansen Holding A/S	33.7	71.9	197.8	249.9

Cash flow statement

EUR million	Q4 2019/20	Q4 2018/19	YTD 2019/20	YTD 2018/19
Operating profit from continuing operations	88.9	93.4	313.0	312.4
Non-cash adjustments	21.8	15.8	74.7	58.2
Change in working capital	17.5	14.3	16.2	(24.2)
Interest paid	(4.2)	(3.0)	(13.4)	(10.6)
Taxes paid	(0.1)	(1.7)	(60.7)	(67.4)
Cash flow from operating activities - continuing operations	123.9	118.8	329.8	268.4
Cash flow from operating activities - discontinued operations	18.2	28.0	34.8	30.2
Cash flow from operating activities	142.1	146.8	364.6	298.6
Investments in intangible assets	(7.0)	(6.2)	(20.5)	(20.6)
Investments in property, plant and equipment	(44.3)	(31.5)	(98.3)	(97.7)
Sale and lease back proceeds	-	67.6	-	67.6
Sale of property, plant and equipment	-	0.2	-	0.2
Cash flow from operational investing activities - continuing operations	(51.3)	30.1	(118.8)	(50.5)
Cash flow from operational investing activities - discontinued operations	(8.2)	(5.2)	(20.9)	(21.3)
Cash flow from operational investing activities	(59.5)	24.9	(139.7)	(71.8)
Acquisition of entities, net of cash acquired	(537.8)	-	(657.2)	(9.8)
Investments in joint ventures	-	-	(5.5)	-
Loan to joint ventures	-	-	(5.1)	-
Cash flow from investing activities - continuing operations	(589.1)	30.1	(786.6)	(60.3)
Cash flow from investing activities - discontinued operations	(8.2)	(5.2)	(20.9)	(21.3)
Cash flow from investing activities	(597.3)	24.9	(807.5)	(81.6)
Free cash flow	(455.2)	171.7	(442.9)	217.0
Borrowings	662.8	117.2	989.4	315.8
Repayment of borrowings	(180.8)	(133.5)	(394.0)	(277.8)
Purchase of treasury shares, net	-	(3.2)	-	(5.3)
Dividends paid	-	(110.1)	(124.7)	(224.3)
Cash flow from financing activities - continuing operations	482.0	(129.6)	470.7	(191.6)
Cash flow from financing activities - discontinued operations	(10.0)	(22.8)	(13.9)	(8.9)
Cash flow from financing activities	472.0	(152.4)	456.8	(200.5)
Net cash flow for the period	16.8	19.3	13.9	16.5
Cash and cash equivalents, beginning of period	81.9	68.3	87.4	69.1
Unrealized exchange gains/(losses) included in cash and cash equivalents	(2.5)	(0.2)	(5.1)	1.8
Net cash flow for the period	16.8	19.3	13.9	16.5
Cash and cash equivalents, end of period	96.2	87.4	96.2	87.4

Balance sheet

EUR million	2020	2019
ASSETS		
Non-current assets		
Goodwill	1,249.1	772.9
Other intangible assets	321.7	225.5
Property, plant and equipment	654.8	577.8
Investments in joint ventures	8.8	-
Receivables from joint ventures	5.1	-
Deferred tax	7.0	7.6
Total non-current assets	2,246.5	1,583.8
Current assets		
Inventories	122.3	160.0
Trade receivables	145.1	192.7
Tax receivables	4.1	3.8
Other receivables	24.6	19.1
Prepayments	12.4	11.0
Cash and cash equivalents	96.2	87.4
Total current assets	404.7	474.0
Assets classified as held for sale	202.4	-
Total assets	2,853.6	2,057.8

Balance sheet

EUR million	2020	2019
EQUITY AND LIABILITIES		
Equity		
Share capital	177.1	176.8
Reserves	715.9	620.4
Total equity	893.0	797.2
Non-current liabilities		
Employee benefit obligations	6.6	7.8
Deferred tax	133.3	91.2
Provisions	3.5	3.8
Borrowings	736.7	723.5
Tax payables	12.0	15.6
Deferred gain sale and lease back	43.4	49.6
Other payables	7.8	8.3
Total non-current liabilities	943.3	899.8
Current liabilities		
Borrowings	685.2	98.3
Trade payables	101.2	132.1
Tax payables	29.0	40.7
Deferred gain sale and lease back	1.8	1.8
Other payables	99.7	87.9
Total current liabilities	916.9	360.8
Total liabilities	1,860.2	1,260.6
Liabilities relating to assets classified as held for sale	100.4	-
Total equity and liabilities	2,853.6	2,057.8

Statement of changes in equity

EUR million	Share capital	Currency translation	Cash flow hedges	Retained earnings	Total
2019/20					
Equity at September 1	176.8	(45.3)	(6.2)	671.9	797.2
Total comprehensive income for the year, see statement of comprehensive income	0.3	(31.3)	(16.0)	244.8	197.8
Transfer of cash flow hedge reserve to the initial carrying amount of hedge items	-	-	14.8	4.1	18.9
Transactions with owners					
Share-based payment	-	-	-	1.2	1.2
Tax related to share-based payment	-	-	-	2.6	2.6
Dividend	-	-	-	(124.7)	(124.7)
Equity at August 31	177.1	(76.6)	(7.4)	799.9	893.0

EUR million	Share capital	Currency translation	Cash flow hedges	Retained earnings	Total
2018/19					
Equity at September 1	176.8	(51.0)	(0.7)	646.5	771.6
Total comprehensive income for the year, see statement of comprehensive income	-	5.7	(5.5)	249.7	249.9
Transactions with owners					
Purchase of treasury shares	-	-	-	(5.4)	(5.4)
Share-based payment	-	-	-	4.7	4.7
Tax related to share-based payment	-	-	-	0.7	0.7
Dividend	-	-	-	(224.3)	(224.3)
Equity at August 31	176.8	(45.3)	(6.2)	671.9	797.2

Accounting policies

Accounting policies

This unaudited interim report has been prepared in accordance with IAS 34 and additional Danish regulations for the presentation of quarterly interim reports by listed companies. The interim report has been prepared in accordance with the accounting policies set out in the Annual Report for 2019/20, except for all new, amended or revised accounting standards and interpretations (IFRSs) adopted by the European Union effective for financial years beginning on or after January 1, 2020.

Significant accounting estimates and judgements

In preparing this interim report Management has made various accounting estimates and assumptions that may significantly influence the amounts recognized in the consolidated financial statement and related information at the reporting date. The accounting estimates and assumptions which Management considers to be material for the preparation and understanding of the interim report are stated in Note 1.2 in the Annual Report 2019/20 and relate to, e.g. income taxes and deferred tax, goodwill, other intangible assets, leases, inventories, acquisition of entities as well as discontinued operations.

Quarterly key figures

EUR million	2019/20				2018/19			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Income statement, EUR million, cont. operations								
Revenue	254.3	256.1	239.6	220.0	249.0	243.2	228.6	216.6
Gross profit	156.7	153.2	141.6	132.5	157.1	150.3	137.7	131.8
EBITDA before special items	121.0	105.7	93.8	80.1	109.3	97.0	87.0	79.0
Amortization, depreciation and impairment	(23.3)	(17.4)	(16.7)	(16.3)	(15.0)	(14.4)	(14.3)	(13.9)
EBIT before special items	97.7	88.3	77.1	63.8	94.3	82.6	72.7	65.1
EBIT	88.9	85.4	75.7	63.0	93.4	82.2	72.2	64.6
Net financial items ¹⁾	(5.1)	(2.7)	(5.3)	(4.3)	(4.3)	(4.9)	(3.0)	(3.9)
Profit before tax	83.8	82.7	70.4	58.7	89.1	77.3	69.2	60.7
Income taxes	(16.2)	(19.1)	(15.6)	(13.1)	(20.3)	(18.0)	(15.3)	(13.5)
Profit from continuing operations	67.6	63.6	54.8	45.6	68.8	59.3	53.9	47.2
Profit from discontinued operations	(1.4)	6.4	4.1	4.3	5.8	7.2	4.1	3.9
Profit for the period	66.2	70.0	58.9	49.9	74.6	66.5	58.0	51.1
Cash flow, EUR million, Group								
Cash flow from operating activities	142.1	128.5	72.1	21.9	146.8	85.2	69.7	(3.1)
Cash flow from investing activities	(597.3)	(144.5)	(31.2)	(34.5)	24.9	(37.2)	(30.1)	(39.2)
Free cash flow	(455.2)	(16.0)	40.9	(12.6)	171.7	48.0	39.6	(42.3)
Free cash flow before acquisitions and special items	97.1	106.3	47.4	(6.3)	172.6	48.9	40.1	(32.5)
Key ratios								
Continuing operations								
Organic growth, %	9	9	6	2	3	9	9	11
Gross margin, %	61.6	59.8	59.1	60.2	63.1	61.8	60.2	60.8
EBITDA margin before special items, %	47.6	41.3	39.1	36.4	43.9	39.9	38.1	36.5
EBIT margin before special items, %	38.4	34.5	32.2	29.0	37.9	34.0	31.8	30.1
EBIT margin, %	35.0	33.3	31.6	28.6	37.5	33.8	31.6	29.8
R&D, %	6.7	8.0	8.4	9.3	7.4	8.2	8.3	8.4
Capital expenditure, %	20.2	9.0	8.9	10.5	15.1	11.4	11.6	12.2
Group								
ROIC excl. goodwill, %	32.2	35.0	31.8	27.8	37.3	37.1	33.3	31.4
EPS, diluted	0.51	0.53	0.45	0.38	0.57	0.50	0.44	0.39
Net debt to EBITDA	3.1x	2.1x	2.1x	1.9x	1.8x	1.8x	2.0x	1.8x

1) Including share of loss of joint ventures

Quarterly key figures

EUR million	2019/20				2018/19			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Food Cultures & Enzymes								
Income statement								
Revenue	173.3	181.2	172.5	166.1	178.5	176.7	166.1	161.0
Amort., depr. and impair.	(12.4)	(12.2)	(11.5)	(11.3)	(10.3)	(9.8)	(9.7)	(9.4)
EBIT	66.7	62.3	55.6	53.2	67.9	62.1	53.4	50.9
Key ratios								
EUR growth, %	(3)	3	4	3	4	7	8	4
Organic growth, %	5	8	5	4	3	8	11	10
EBIT margin, %	38.4	34.4	32.2	32.1	38.0	35.1	32.1	31.7
Invested capital excl. goodwill	599.4	610.6	608.6	604.1	557.8	575.9	562.8	542.3
ROIC excl. goodwill, %	41.1	38.9	37.1	36.7	44.2	41.1	39.1	39.0
Health & Nutrition								
Income statement								
Revenue	81.0	74.9	67.1	53.9	70.5	66.5	62.5	55.6
Amort., depr. and impair.	(10.9)	(5.2)	(5.2)	(5.0)	(4.7)	(4.6)	(4.6)	(4.5)
EBIT	31.0	26.0	21.5	10.6	26.4	20.5	19.3	14.2
Key ratios								
EUR growth, %	15	12	7	(3)	6	13	9	15
Organic growth, %	18	12	8	(4)	4	11	6	17
EBIT margin, %	38.3	34.7	32.1	19.6	37.4	30.8	31.0	25.4
Invested capital excl. goodwill	498.1	340.7	302.0	281.7	289.9	284.0	273.3	264.6
ROIC excl. goodwill, %	22.6	24.3	21.5	14.7	29.5	26.7	25.3	21.7
Continuing operations								
Income statement								
Revenue	254.3	256.1	239.6	220.0	249.0	243.2	228.6	216.6
Amort., depr. and impair.	(23.3)	(17.4)	(16.7)	(16.3)	(15.0)	(14.4)	(14.3)	(13.9)
EBIT	97.7	88.3	77.1	63.8	94.3	82.6	72.7	65.1
Key ratios								
EUR growth, %	2	5	5	2	4	8	8	7
Organic growth, %	9	9	6	2	3	9	9	11
EBIT margin, %	38.4	34.5	32.2	29.0	37.9	34.0	31.8	30.1
Invested capital excl. goodwill	1,097.5	951.3	910.6	885.8	847.7	859.9	836.1	806.9
ROIC excl. goodwill, %	33.6	34.0	32.1	29.4	39.2	36.3	34.6	33.3

Segment information

EUR million	Food Cultures & Enzymes	Health & Nutrition	Not allocated	Continuing operations	Dis- continued operations	Group
Q4						
2019/20						
Income statement						
Revenue	173.3	81.0	-	254.3	53.9	308.2
EUR growth	(3%)	15%	-	2%	(5%)	1%
Organic growth	5%	18%	-	9%	0%	7%
Amortization, depreciation and impairment losses	(12.4)	(10.9)	-	(23.3)	(2.7)	(26.0)
EBIT before special items	66.7	31.0	-	97.7	8.0	105.7
EBIT margin before special items	38.4%	38.3%	-	38.4%	14.9%	34.3%
Share of loss of joint ventures	-	(0.7)	-	(0.7)	-	(0.7)
Special items and net financial expenses	-	-	(13.2)	(13.2)	(6.1)	(19.3)
Profit before tax	66.7	30.3	(13.2)	83.8	1.9	85.7

EUR million	Food Cultures & Enzymes	Health & Nutrition	Not allocated	Continuing operations	Dis- continued operations	Group
YTD						
2019/20						
Income statement						
Revenue	693.1	276.9	-	970.0	219.1	1,189.1
EUR growth	2%	9%	-	3%	(2%)	2%
Organic growth	5%	9%	-	6%	0%	5%
Amortization, depreciation and impairment losses	(47.4)	(26.3)	-	(73.7)	(10.2)	(83.9)
EBIT before special items	237.8	89.1	-	326.9	28.6	355.5
EBIT margin before special items	34.3%	32.2%	-	33.7%	13.0%	29.9%
Share of loss of joint ventures	-	(3.9)	-	(3.9)	-	(3.9)
Special items and net financial expenses	-	-	(27.4)	(27.4)	(6.3)	(33.7)
Profit before tax	237.8	85.2	(27.4)	295.6	22.3	317.9

Segment information

(continued)

EUR million	Food Cultures & Enzymes	Health & Nutrition	Not allocated	Continuing operations	Dis- continued operations	Group
Q4						
2018/19						
Income statement						
Revenue	178.5	70.5	-	249.0	56.9	305.9
EUR growth	4%	6%	-	4%	(2%)	3%
Organic growth	3%	4%	-	3%	(2%)	2%
Amortization, depreciation and impairment losses	(10.3)	(4.7)	-	(15.0)	(1.9)	(16.9)
EBIT before special items	67.9	26.4	-	94.3	7.6	101.9
EBIT margin before special items	38.0%	37.4%	-	37.9%	13.4%	33.3%
Special items and net financial expenses	-	-	(5.2)	(5.2)	-	(5.2)
Profit before tax	67.9	26.4	(5.2)	89.1	7.6	96.7

EUR million	Food Cultures & Enzymes	Health & Nutrition	Not allocated	Continuing operations	Dis- continued operations	Group
YTD						
2018/19						
Income statement						
Revenue	682.3	255.1	-	937.4	223.7	1,161.1
EUR growth	5%	10%	-	7%	2%	6%
Organic growth	8%	9%	-	8%	3%	7%
Amortization, depreciation and impairment losses	(39.2)	(18.4)	-	(57.6)	(7.0)	(64.6)
EBIT before special items	234.3	80.4	-	314.7	28.5	343.2
EBIT margin before special items	34.3%	31.5%	-	33.6%	12.7%	29.6%
Special items and net financial expenses	-	-	(18.4)	(18.4)	-	(18.4)
Profit before tax	234.3	80.4	(18.4)	296.3	28.5	324.8

Segment information

(continued)

EUR million	Food Cultures & Enzymes	Health & Nutrition	Not allocated	Continuing operations	Dis- continued operations	Group
2020						
Assets						
Goodwill	523.7	725.4	-	1,249.1	-	1,249.1
Other intangible assets	102.2	219.5	-	321.7	17.8	339.5
Property, plant and equipment	428.6	226.2	-	654.8	86.2	741.0
Other non-current assets	-	-	20.9	20.9	-	20.9
Total non-current assets	1,054.5	1,171.1	20.9	2,246.5	104.0	2,350.5
Inventories	82.4	39.9	-	122.3	58.3	180.6
Trade receivables	93.8	51.3	-	145.1	31.4	176.5
Other assets	-	-	137.3	137.3	8.7	146.0
Total current assets	176.2	91.2	137.3	404.7	98.4	503.1
Total assets	1,230.7	1,262.3	158.2	2,651.2	202.4	2,853.6
Liabilities						
Trade payables	73.2	28.0	-	101.2	47.8	149.0
Deferred gain sale and lease back	34.4	10.8	-	45.2	4.9	50.1
Other liabilities	-	-	1,713.8	1,713.8	47.7	1,761.5
Total liabilities	107.6	38.8	1,713.8	1,860.2	100.4	1,960.6
Net working capital	103.0	63.2	-	166.2	41.9	208.1
Invested capital excluding goodwill	599.4	498.1	-	1,097.5	141.0	1,238.5
ROIC excluding goodwill	41.1%	22.6%	-	33.6%	22.0%	32.2%
Investments in intangible assets and property, plant and equipment	75.8	237.5	-	313.3	20.9	334.2

Segment information

(continued)

EUR million	Food Cultures & Enzymes	Health & Nutrition	Not allocated	Continuing operations	Dis- continued operations	Group
2019						
Assets						
Goodwill	535.4	237.5	-	772.9	-	772.9
Other intangible assets	103.9	103.6	-	207.5	18.0	225.5
Property, plant and equipment	372.3	142.4	-	514.7	63.1	577.8
Other non-current assets	-	-	7.6	7.6		7.6
Total non-current assets	1,011.6	483.5	7.6	1,502.7	81.1	1,583.8
Inventories	77.8	29.4	-	107.2	52.8	160.0
Trade receivables	103.9	50.4	-	154.3	38.4	192.7
Other assets	-	-	113.8	113.8	7.5	121.3
Total current assets	181.7	79.8	113.8	375.3	98.7	474.0
Total assets	1,193.3	563.3	121.4	1,878.0	179.8	2,057.8
Liabilities						
Trade payables	64.9	24.8	-	89.7	42.4	132.1
Deferred gain sale and lease back	35.2	11.1	-	46.3	5.1	51.4
Other liabilities	-	-	1,000.4	1,000.4	76.7	1,077.1
Total liabilities	100.1	35.9	1,000.4	1,136.4	124.2	1,260.6
Net working capital	116.8	55.0	-	171.8	48.8	220.6
Invested capital excluding goodwill	557.8	289.9	-	847.7	124.8	972.5
ROIC excluding goodwill	44.2%	29.5%	-	39.2%	24.2%	37.3%
Investments in intangible assets and property, plant and equipment	127.8	49.5	-	177.3	27.0	204.3

Segment information

(continued)

Geographic allocation

EUR million	EMEA	North America	LATAM	APAC	Continuing operations
Q4 2019/20					
Revenue	103.8	75.9	30.7	43.9	254.3
EUR growth	0%	(1%)	10%	8%	2%
Organic growth	3%	1%	47%	10%	9%

EUR million	EMEA	North America	LATAM	APAC	Continuing operations
YTD 2019/20					
Revenue	399.8	286.1	119.6	164.5	970.0
EUR growth	1%	6%	3%	5%	3%
Organic growth	3%	4%	24%	6%	6%
Non-current assets excluding joint ventures and deferred tax	1,923.6	266.4	19.1	16.5	2,225.6

EUR million	EMEA	North America	LATAM	APAC	Continuing operations
Q4 2018/19					
Revenue	103.6	76.8	27.8	40.8	249.0
EUR growth	(0%)	13%	(0%)	5%	4%
Organic growth	(1%)	9%	6%	5%	3%

EUR million	EMEA	North America	LATAM	APAC	Continuing operations
YTD 2018/19					
Revenue	393.9	270.0	116.4	157.1	937.4
EUR growth	4%	11%	10%	5%	7%
Organic growth	5%	5%	28%	5%	8%
Non-current assets excluding joint ventures and deferred tax	1,287.4	174.1	21.3	12.3	1,495.1

EUR million	HSO ¹⁾	UAS LABS ²⁾	2019/20
Purchase consideration			
Cash paid	119.4	538.8	658.2
Fair value of total consideration	119.4	538.8	658.2

EUR million	HSO ¹⁾	UAS LABS ²⁾	2019/20
Fair value of net assets acquired			
Intangible assets	38.0	85.9	123.9
Property, plant and equipment	-	58.8	58.8
Inventories	-	13.1	13.1
Trade receivables	4.5	5.7	10.2
Trade payables	(1.5)	(2.4)	(3.9)
Other receivables and payables, net	(4.9)	1.7	(3.2)
Tax payables	(30.3)	-	(30.3)
Cash and cash equivalents	-	1.0	1.0
Net identifiable assets acquired	5.8	163.8	169.6
Goodwill from acquisition	113.6	375.0	488.6
Fair value of total consideration	119.4	538.8	658.2
Of which cash and cash equivalents	-	1.0	1.0
Paid acquisition cost, net	119.4	537.8	657.2

1) HSO Health Care GmbH

2) UAS Laboratories LLC. Purchase price consideration includes FX hedge of the USD denominated transaction price through an FX forward contract, EUR 18.9 million.

HSO Health Care GmbH

On April 20, 2020, Chr. Hansen acquired full ownership and control of HSO Health Care GmbH (HSO), an Austria-based B2B company specializing in probiotics for women's health that will strengthen and expand Chr. Hansen's global microbial platform.

Immediately following the acquisition, all assets and liabilities of HSO were transferred to Chr. Hansen A/S resulting in an exit taxation of HSO of EUR 30.3 million. Management has considered this an integral part of the transaction as it from a tax perspective not is a viable solution not to transfer the Intellectual property and all other assets to the Danish Parent company and recognized the exit tax liability in the purchase price allocation. The transfer was contemplated as of the acquisition date and was fully under the control of the Chr. Hansen Group.

Goodwill relates to expected commercial and operational synergies from the strengthening of women's health offering by combining Astarte™ with Chr. Hansen's UREX™ products, creating a portfolio that can be leveraged globally and expanded into new adjacencies within women's health.

Transaction costs related to the acquisition of HSO amounted to EUR 1.2 million which were recognized in 2019/20. Transaction costs were recognized in the income statement.

Earnings impact

Revenue and EBIT comprise EUR 2.8 million and less than EUR 1 million, respectively, reported by HSO since the date of acquisition. On a pro forma basis, if the acquisition had been effective from September 1, 2019, HSO would have contributed EUR 8 million to revenue and EUR 1 million to EBIT.

UAS Laboratories LLC

On July 27, 2020, Chr. Hansen completed the acquisition of the full ownership and control of UAS Laboratories LLC (UAS Laboratories), an US-based B2B company specializing in clinically documented probiotics that will further strengthen and expand Chr. Hansen's global microbial platform and Human Health business by moving into the highly attractive space of multi-species, high-potency blends and broadening our product offering and customer base.

Goodwill relates to expected commercial and operational synergies from significant potentials and know-how with respect to production, innovation and commercialization accumulated by the workforce in the UAS Laboratories.

Transaction costs related to the acquisition of UAS Laboratories amount to EUR 6.5 million, which amount was recognized in 2019/20. Order back-log recognized as part of the purchase price allocation, EUR 3.5 million, has been fully amortized in 2019/20. Transaction costs and amortization of order back-log were recognized in the income statement as special items.

Earnings impact

Revenue and EBIT comprise EUR 7.6 million and EUR 2.0 million, respectively, reported by UAS Laboratories since the date of acquisition. Result from operations are recognized in the income statement under other operating income in 2019/20. On a pro forma basis, if the acquisition had been effective from September 1, 2019, UAS Laboratories would have contributed EUR 61 million to revenue and EUR 12 million to EBIT.

Discontinued operations

EUR million	Q4 2019/20	Q4 2018/19	YTD 2019/20	YTD 2018/19
Revenue	53.9	57.0	219.1	223.7
Operating profit before special items	8.0	7.6	28.6	28.5
Special items	(5.7)	-	(5.7)	-
Operating profit (EBIT)	2.3	7.6	22.9	28.5
Financial items, net	(0.4)	-	(0.6)	-
Profit before tax	1.9	7.6	22.3	28.5
Income taxes	(3.3)	(1.8)	(8.9)	(7.5)
Profit from discontinued operations	(1.4)	5.8	13.4	21.0

EUR million	2020	2019
Assets classified as held for sale		
Other intangible assets	17.8	-
Property, plant and equipment	86.2	-
Deferred tax and tax receivables	2.4	-
Inventories	58.3	-
Trade receivables	31.4	-
Other receivables and prepayments	6.3	-
Total	202.4	-
Liabilities relating to assets classified as held for sale		
Provisions	2.2	-
Deferred tax	6.2	-
Borrowings	19.3	-
Trade payables	47.8	-
Tax payables	4.5	-
Other payables including deferred gain	20.4	-
Total	100.4	-
Net assets classified as held for sale	102.0	-

Discontinued operations

A strategic review exploring strategic options for the future of the Natural Colors business was initiated in July 2019/20. By the end of the year 2019/20, the requirements for the business to be presented as discontinued operations were met.

In the consolidated financial statements, the result of the Natural Colors business is classified under discontinued operations with a net profit of EUR 13.4 million. Assets and liabilities attributable to Natural Colors amount to EUR 202.4 million and EUR 100.4 million, respectively.

On September 26, Chr. Hansen signed an agreement to sell the Natural Colors business to the Private Equity Fund EQT. The sale is expected to be finalized within the coming year through a carve-out and transfer of the Natural Colors business.