

Chr. Hansen Q1 2020/21 Results

January 14, 2021



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Improving food & health

Lise Mortensen

- Chr. Hansen's Chief Financial Officer since November 2020
- Experienced international leader with strong financial background
- Joined from Microsoft Germany
- Danish national



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Strong start to the year supported by all businesses

Financial highlights Q1 2020/21 (continuing operations)



ORGANIC GROWTH

10%

Q1 2019/20: 2%
Guidance 20/21: 5-8%



EBIT MARGIN before special items

28.5% underlying¹

25.2% reported
Q1 2019/20: 29.0%
Guidance: 20/21: 27-28%



FREE CASH FLOW before acquisitions & divestments and special items

(EUR 6.9m)

Q1 2019/20: EUR 7.5m
Guidance 20/21: EUR 120-160m

¹ Underlying EBIT margin b.s.i. excludes recent acquisitions. See Q1 2020/21 company announcement, p. 20 for reconciliation.

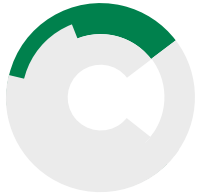
Launching new innovations & advancing integration agenda during first quarter

Strategic highlights Q1 2020/21



REINVEST

- FC&E strengthening core dairy range with new product innovations including YoFlex® Premium, nu-trish® Premium, F-DVS® Pure Appeal and SPICEIT® MPlus
- Human Health with great momentum in women's health and adding oral care to its product portfolio
- Animal Health expanding route-to-market and further rolling out products globally



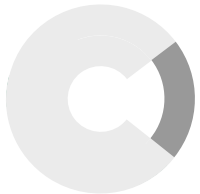
LEVERAGE

- Expansion of Fermented Plant Bases product range with new bioprotection solution
- New Plant Health application center opened in the US to support sales activities on the ground
- Strong project pipeline at Bacthera; momentum in live biotherapeutics industry accelerating



EXTEND

- Integration of UAS Labs and HSO Health Care progressing as planned (finalization by end of FY21)
- Jennewein transaction completed in October 2020; delay in capacity built-up
- Contribution from all three acquisitions now around EUR 100m revenue and around EUR 10m EBITDA for FY21



REVIEW

- Carve-out well under way; closing in spring 2021 expected

Pick up in growth in EMEA and NA offset by weakness in APAC

Regional highlights Q1 2020/21 (continuing operations)

EMEA 37% of revenue



+7%
organic growth
(Q1 2019/20: -3%)

- FC&E with solid growth; improved momentum in ME & Turkey
- H&N grew slightly driven by strong growth in AH, while HH declined because of delays in product launches and soft volumes

NORTH AMERICA 32% of revenue



+9%
organic growth
(Q1 2019/20: +8%)

- Solid growth in FC&E, primarily driven by cheese
- Strong growth in H&N driven by HH, while AH was on par with last year

LATIN AMERICA 13% of revenue



+40%
organic growth
(Q1 2019/20: +9%)

- Very strong growth in FC&E driven by both volume and EUR pricing (approx. 2/3)
- H&N grew very strongly across all three businesses

APAC 18% of revenue



-4%
organic growth
(Q1 2019/20: -2%)

- FC&E declined because of continued softness in the Chinese yogurt and probiotic market
- H&N delivered very strong growth driven by AH while HH declined because of infant formula

Strong growth in cheese and enzymes offset by continued weakness in yogurt

Food Cultures & Enzymes Q1 2020/21

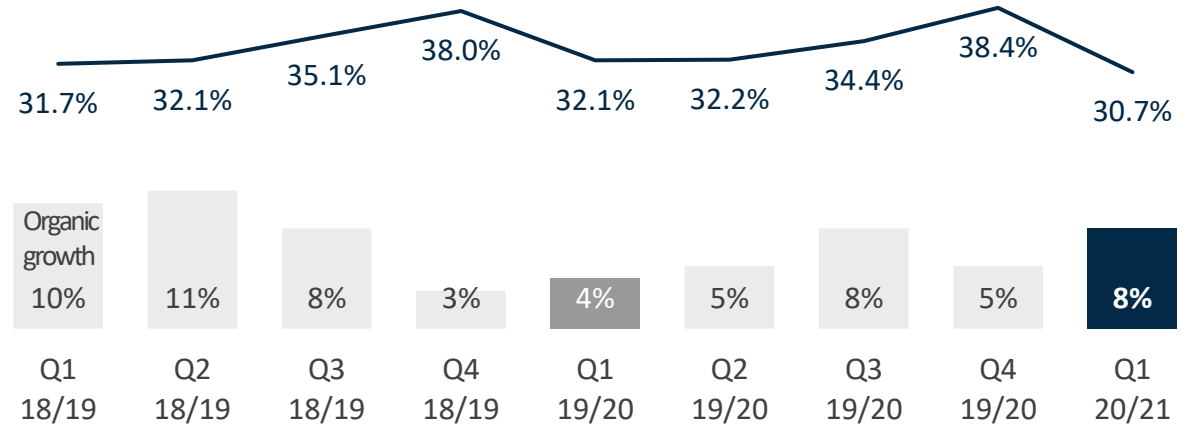
SALES PERFORMANCE

- Very strong growth in cheese, enzymes and fermented plant bases followed by strong growth in meat as well as solid growth in bioprotection, while fermented milk was on par with last year; probiotics and wine declined
- Dairy end markets remained soft globally with fermented milk declining slightly due to reduced output in China and LATAM, whilst cheese grew >1%

MARGIN DEVELOPMENT

- EBIT margin decreased by 1.4%-pts. as production efficiencies, lower travel activity and cost management initiatives were offset by higher freight costs, unfavorable product mix, higher depreciation and FX

EBIT margin



| EUR million | Q1 19/20 | Q1 20/21 |
|-------------------|----------|----------|
| Revenue | 166.1 | 165.3 |
| Organic growth | 4% | 8% |
| Volume/mix | 3% | 2% |
| EBIT margin | 32.1% | 30.7% |
| EBITDA margin | 38.9% | 39.4% |
| ROIC ex. goodwill | 36.7% | 33.4% |

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Strong quarter in AH driven by new wins, while momentum in HH slowed

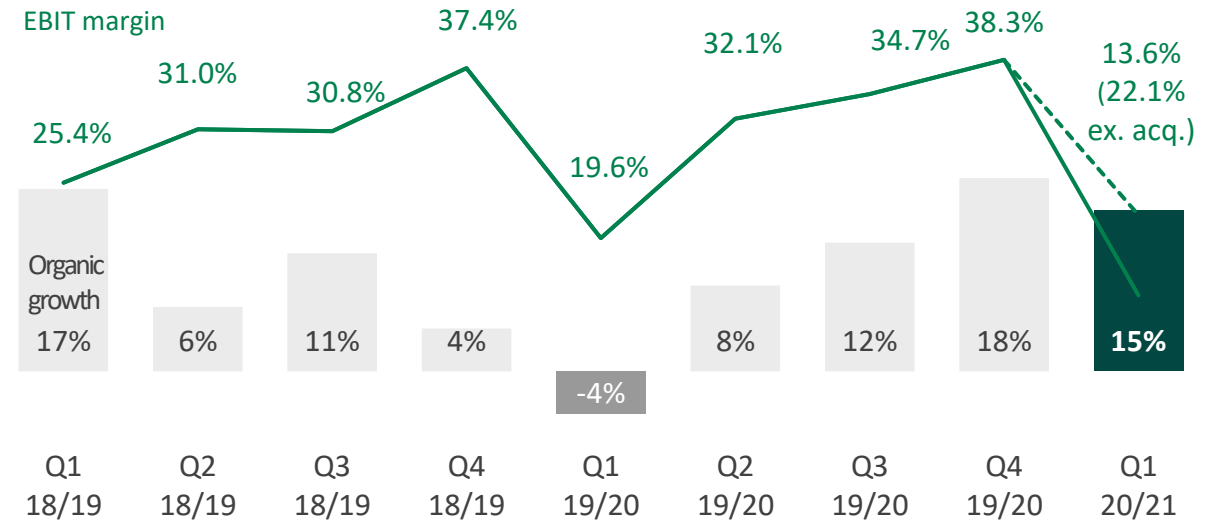
Health & Nutrition Q1 2020/21

SALES PERFORMANCE

- Human Health (HH) with solid growth driven by very strong performance in supplements, mainly in US, while infant formula declined because of delays in product launches and softer volumes
- Animal Health (AH) with very strong growth driven by Poultry & Swine supported by new customer wins and global roll-out of GalliPro® Fit, while Cattle delivered good growth
- Plant Health (PH) with very strong growth driven by bionematicides business in LATAM
- Acquisitions contributed EUR 21m revenue

MARGIN DEVELOPMENT

- Decrease in EBIT margin related to recent acquisitions and FX; profitability of underlying business improved supported by strong volume growth (on easy baseline) and lower travel activities, partly offset by higher freight costs and FX
- Acquisitions contributed EUR 4m to EBITDA and a EUR 2m loss to EBIT



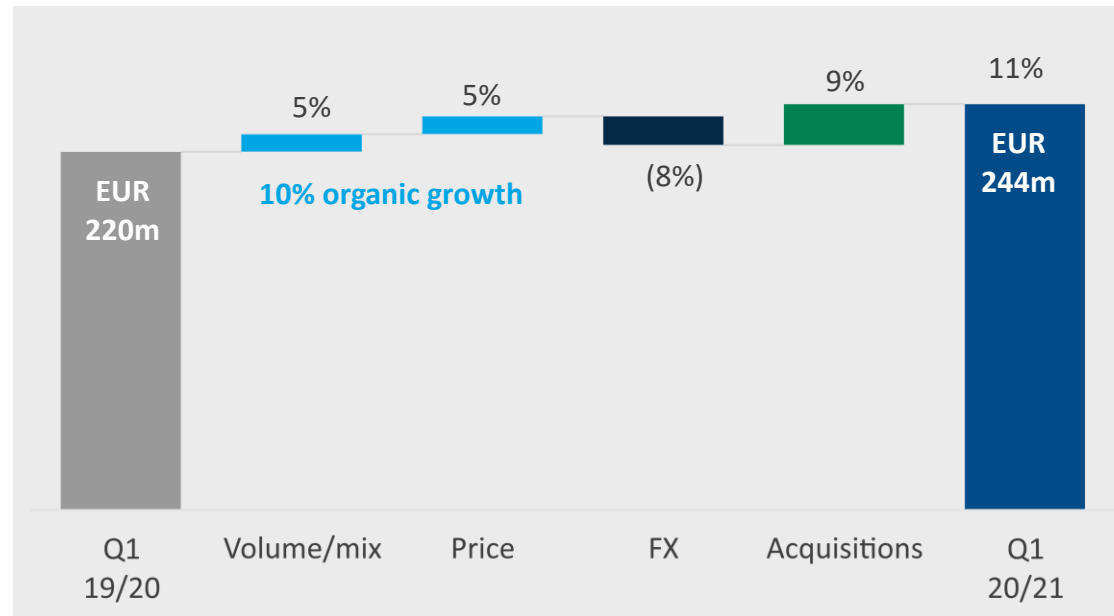
| EUR million | Q1 19/20 | Q1 20/21 |
|--|----------|---------------|
| Revenue | 53.9 | 78.2 |
| Organic growth | (4%) | 15% |
| Volume/mix | (4%) | 13% |
| EBIT margin (underlying ¹) | 19.6% | 13.6% (22.1%) |
| EBITDA margin (underlying ¹) | 28.9% | 28.9% (32.3%) |
| ROIC ex. goodwill | 14.7% | 7.2% |

¹ Underlying EBIT margin excludes recent acquisitions. See Q1 2020/21 company announcement, p. 20 for reconciliation.

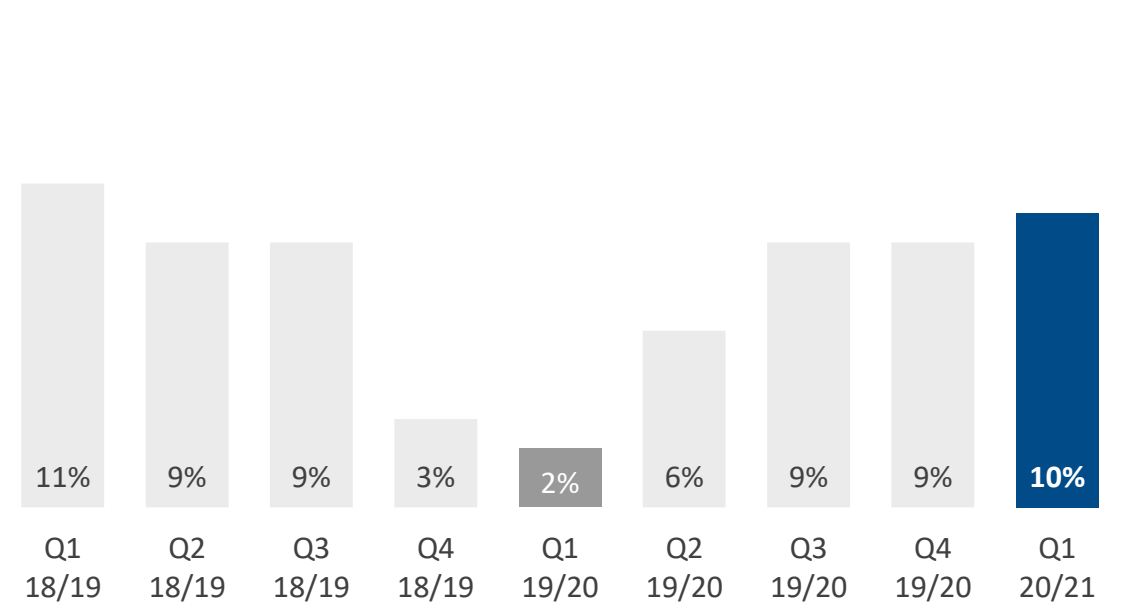
Strong organic growth with equal contributions from volume and price

Continuing operations Q1 2020/21

REVENUE COMPOSITION



QUARTERLY ORGANIC GROWTH

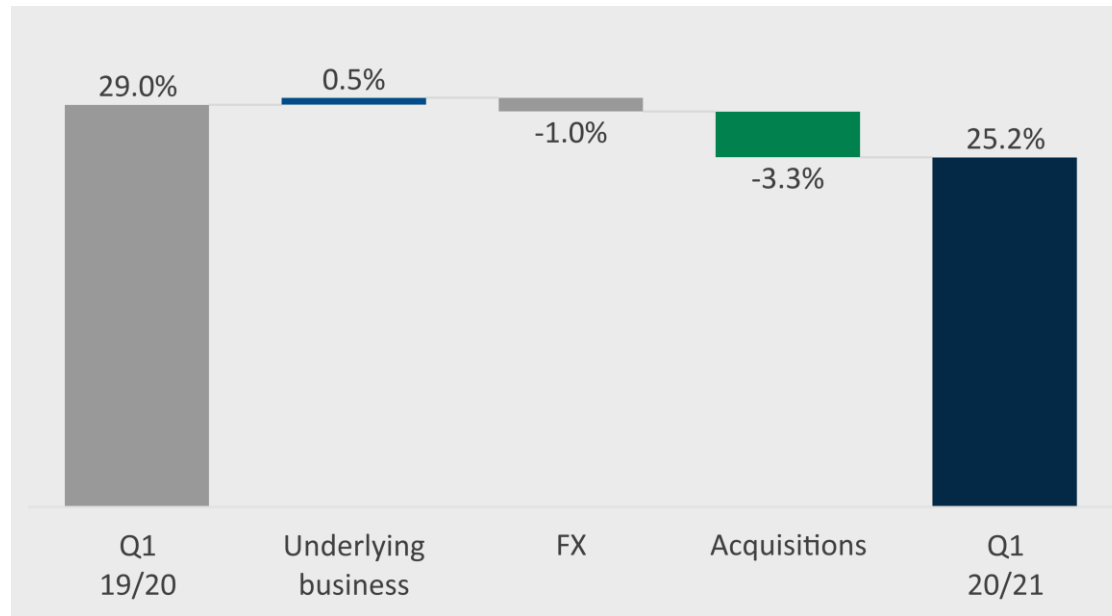


- Organic growth was equally split between volume/mix and price
- FX headwind mainly related to depreciation of USD
- Acquisitions of UAS Labs, HSO Health Care and Jennewein contributed EUR 21m to Group revenue in Q1

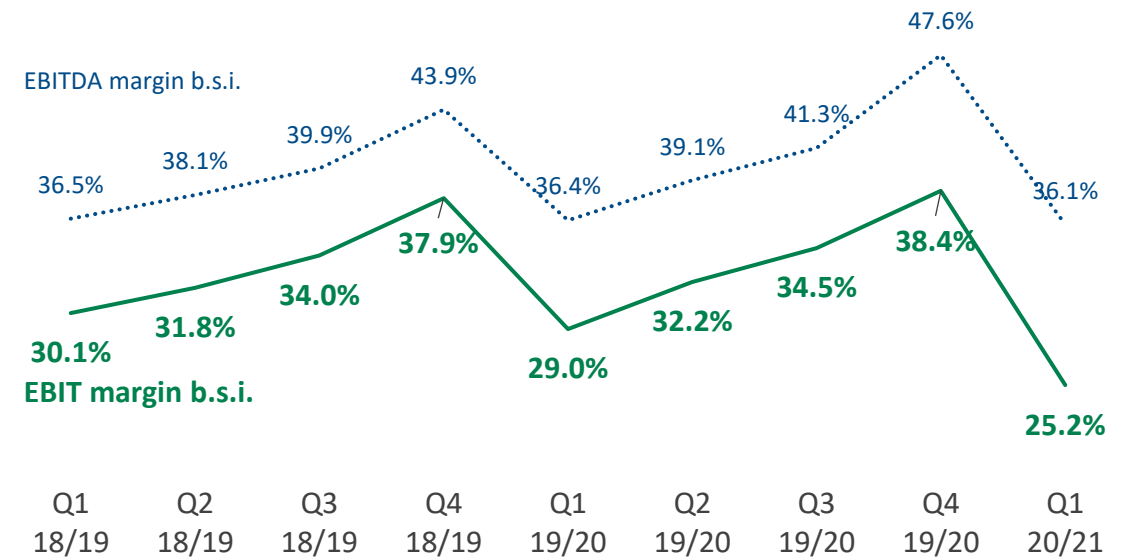
Profitability reflects recent acquisitions & FX headwinds

Continuing operations Q1 2020/21

EBIT MARGIN B.S.I. BRIDGE



QUARTERLY DEVELOPMENT EBIT AND EBITDA MARGIN B.S.I.



- Gross margin decreased by 4.4%-pts. to 55.9% due to acquisitions (>3%-pts.), FX (1%-pt.), higher freight costs and product mix that were partly compensated by production efficiencies and scalability
- Operating expenses as % of revenue decreased to 30.6% (compared to 31.2% last year) because of lower travel expenses due to COVID-19 restrictions and cost management

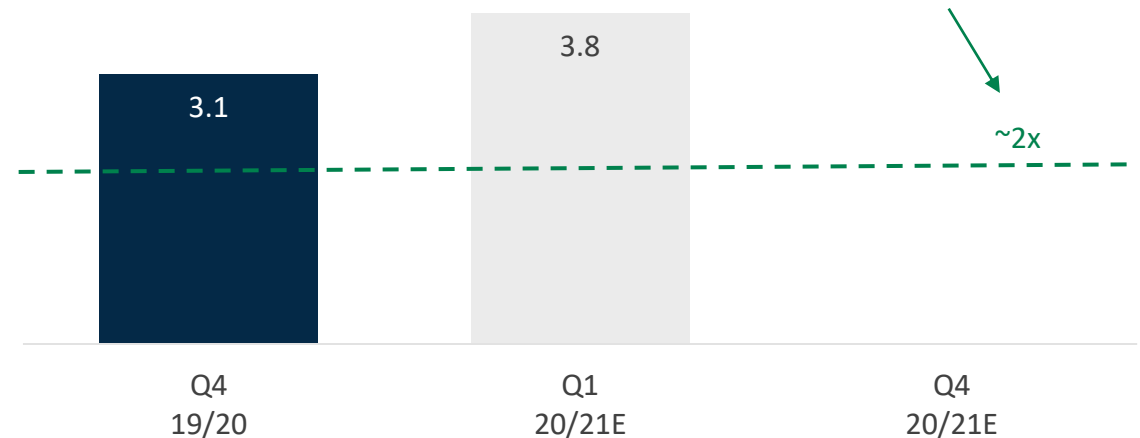
Cash flow reflects HMO investments; leverage to come down from elevated level

Continuing operations / Group Q1 2020/21

CASH FLOW STATEMENT (Continuing operations)

| EUR million | Q1 19/20 | Q1 20/21 |
|-----------------------------------|------------|--------------|
| Operating cash flow | 29.9 | 38.8 |
| Cash flow from op. invest. act. | (23.2) | (52.1) |
| M&A | - | (319.0) |
| JV | (5.5) | (5.1) |
| Financing cash flow | (6.3) | 315.7 |
| FCF b.a.d.s.i.¹ | 7.5 | (6.9) |

LEVERAGE RATIO in net debt/EBITDA b.s.i. (Group)



- Increase in operating cash flow driven by lower taxes paid and higher non-cash adjustments partly offset by a negative development in working capital
- Increase in operating investing cash flow driven (capex-to-sales ratio of 22.4%) driven by the acquisition of the Kalundborg site; capex-to-sales ratio ex. HMO was 12.1% (compared to 10.5% last year)
- Leverage ratio with 3.8x above ambition to be in line with investment grade credit rating due to recent acquisitions

¹ Before acquisitions, divestment and special items.

A year of transition with higher uncertainty due to COVID-19

Guidance 2020/21 (continuing operations)



ORGANIC GROWTH



EBIT MARGIN B.S.I.²



FREE CASH FLOW B.A.S.I.
before divestment²

Outlook 2020/21¹

5-8%

27-28%

EUR 120-160m
with capex of EUR ~150-175m

**Long-term financial
ambition until 2024/25**

**Organic growth CAGR of
mid- to high single-digit**

**Underlying expansion in EBIT margin
b.s.i. before portfolio changes and FX**

**Free cash flow b.a.s.i.
to outgrow absolute EBIT b.s.i.**

¹ 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 potential 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 negative consequences of implementing Brexit.

² 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.

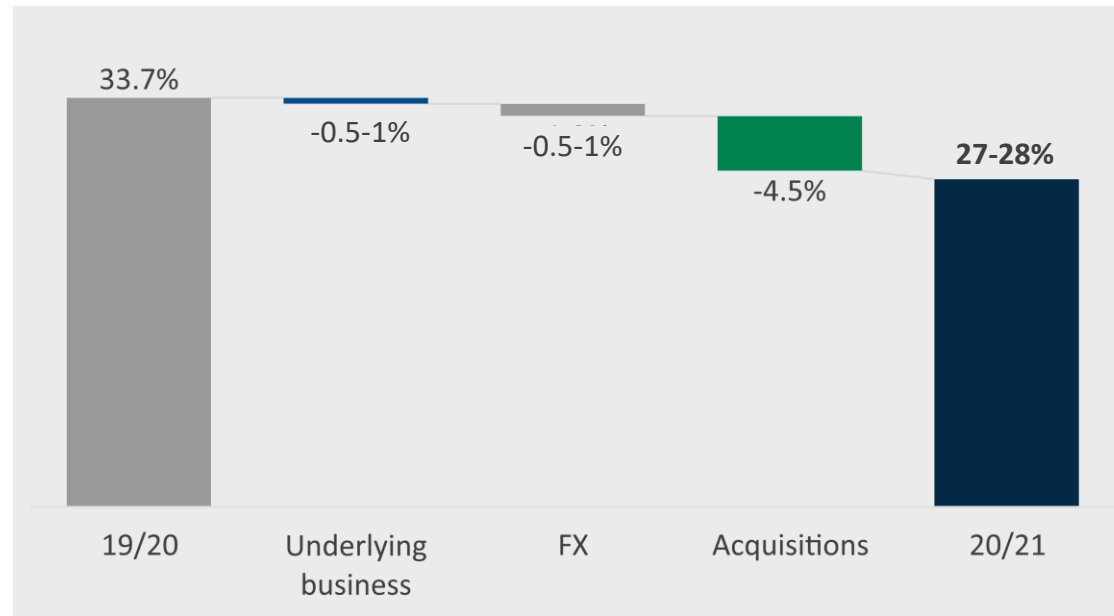
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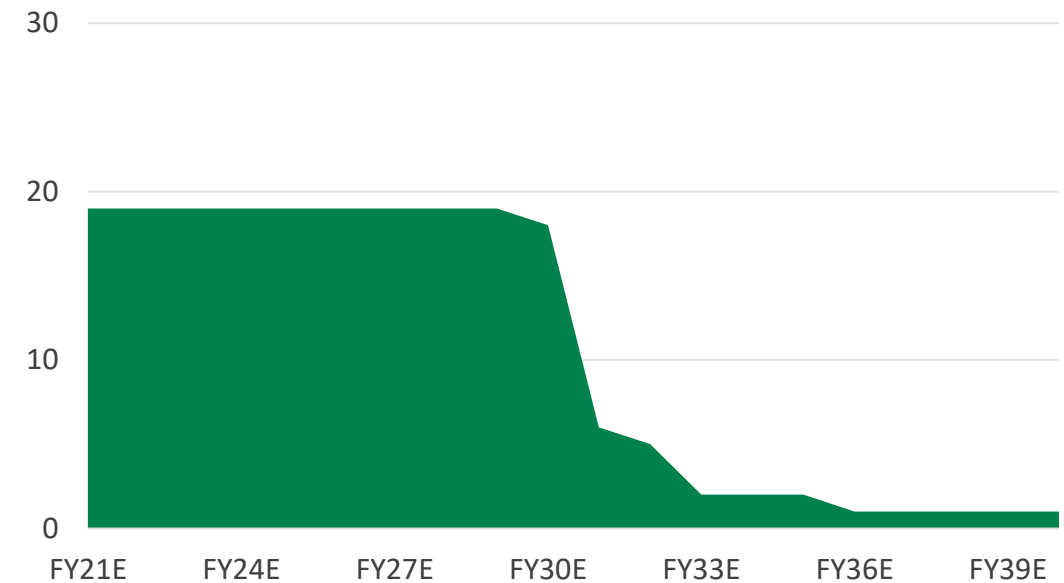
Profitability outlook reflects recent M&A, FX and strategic investments

Guidance 2020/21

EBIT MARGIN B.S.I. BRIDGE (Continuing operations)



PRELIMINARY AMORTIZATION SCHEDULE OF ACQUISITIONS



- Decline in underlying business driven by normalization of cost base following one-offs in FY20 and return to normal spending patterns and 2025 Strategy investments
- Current FX rates suggest up to ~1%-pt. hit for FY21¹
- Special items of EUR 15-20m expected for FY21

- PPA amortizations of around EUR 15-20m until 2030 (preliminary estimate)

¹ Main exposure relates to USD and CNY: +/- 5% change in EUR/USD will impact the revenue by EUR ~20m and EBIT by EUR ~12m and a +/- 5% change in EUR/CNY will impact the revenue by EUR ~5m and EBIT by EUR ~4m.

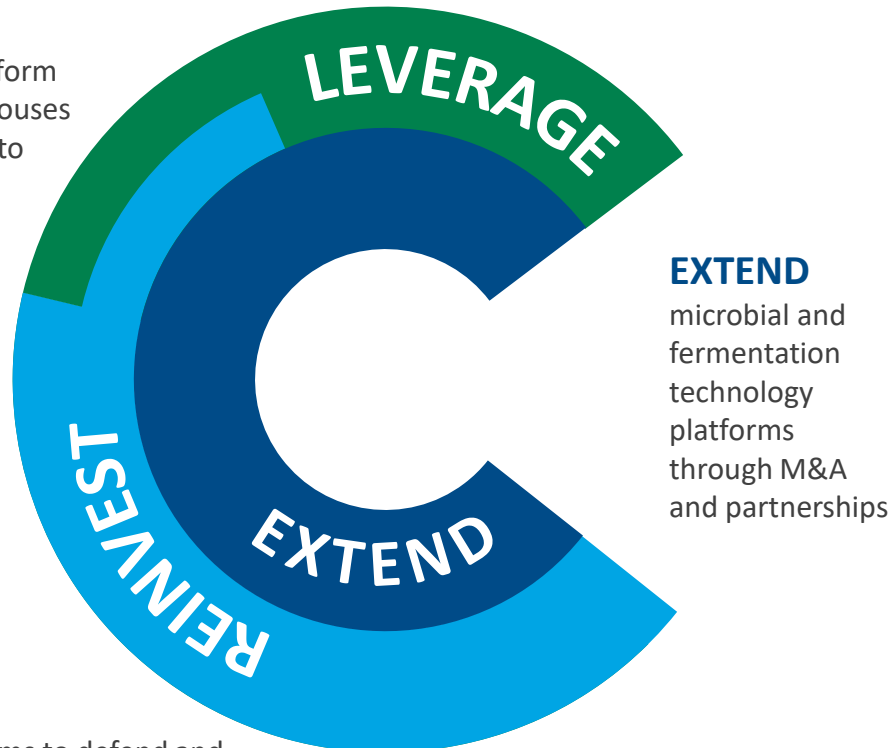
Full focus on delivering on 2025 Strategy

to form a differentiated bioscience company with focus on microbial and fermentation technology platforms

Where to play

LEVERAGE

Microbial Platform to grow lighthouses and expand into new areas



REINVEST

in core platforms to defend and further strengthen market position

EXTEND

microbial and fermentation technology platforms through M&A and partnerships

How to win

- 1 CUSTOMERS** Further expand customer base and global reach and excel in customer centricity
- 2 INNOVATION** Accelerate new product development and commercialization
- 3 OPERATIONS** Realize scalability benefits and operational efficiencies
- 4 PEOPLE** Safeguard culture and invest in talent management
- 5 PURPOSE** Drive sustainability agenda to grow 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

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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