



# Chr. Hansen Q2 2020/21 Results

15 April 2021

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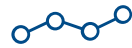
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# Continued strong organic growth momentum during global pandemic

Financial highlights Q2/YTD 2020/21(continuing operations)



## ORGANIC GROWTH



## EBIT MARGIN

before special items



## FREE CASH FLOW

before acquisitions & divestments and special items

Q2 2020/21

**10%**  
Q2 2019/20: 6%

**30.9% underlying<sup>1</sup>**  
27.0% reported  
Q2 2019/20: 32.2%

**EUR 42m**  
Q2 2019/20: 42m

YTD 2020/21

**10%**  
YTD 2019/20: 4%

**29.8% underlying<sup>1</sup>**  
26.1% reported  
YTD 2019/20: 30.7%

**EUR 35m**  
YTD 2019/20: 49m

<sup>1</sup> Underlying EBIT margin b.s.i. excludes recent acquisitions. See Q2 2020/21 company announcement, p. 20 for reconciliation.

# Starting a new chapter as a microbial pureplay after successful NCD divestment

Strategic highlights Q2 2020/21

**REINVEST** in core platforms to defend and further strengthen market position

**LEVERAGE** Microbial Platform to grow lighthouses and expand into new areas

**EXTEND** microbial and fermentation technology platforms through M&A and partnerships



## REVIEW

strategic options for non-microbial assets

- Divestment of Natural Colors to EQT completed as of March 31 for a total consideration of EUR 800m on a cash- and debt-free basis
- Includes business operations in more than 30 countries and around 600 employees (FY20: EUR 219m revenue and EUR 29m EBIT)
- Full legal transition in a few countries will be finalized during the coming months
- Estimated impact on profit from discontinued operations of around EUR 650m after taxes and transaction costs
- Chr. Hansen to provide transition services to NCD for a period of up to two years

# Strong growth in APAC despite continued weakness in Chinese yogurt market

Regional highlights Q2/YTD 2020/21 (continuing operations)

## EMEA

38% of revenue YTD



**+4%**

organic growth in Q2  
(Q2 2019/20: +2%)

**+6%**

organic growth YTD  
(YTD 2019/20: (1%))

- **Q2/YTD:** FC&E grew solidly whilst H&N declined due to softness in Human Health, Animal Health with very strong growth

## NORTH AMERICA

31% of revenue YTD



**+7%**

organic growth in Q2  
(Q2 2019/20: +7%)

**+8%**

organic growth YTD  
(YTD 2019/20: +8%)

- **Q2/YTD:** FC&E and H&N with solid growth; in Animal Health growth accelerated in Q2, whilst Human Health declined due to softness in dietary supplements

## LATIN AMERICA

13% of revenue YTD



**+32%**

organic growth in Q2  
(Q2 2019/20: +18%)

**+36%**

organic growth YTD  
(YTD 2019/20: +14%)

- **Q2/YTD:** Very strong growth in FC&E and H&N; EUR pricing accounted for approx. 2/3

## APAC

18% of revenue YTD



**+10%**

organic growth in Q2  
(Q2 2019/20: +4%)

**+3%**

organic growth YTD  
(YTD 2019/20: +1%)

- **Q2/YTD:** FC&E declined due to continued weakness in China, whilst H&N grew very strongly

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# Continued strength in cheese and enzymes tempered by slight growth in yogurt

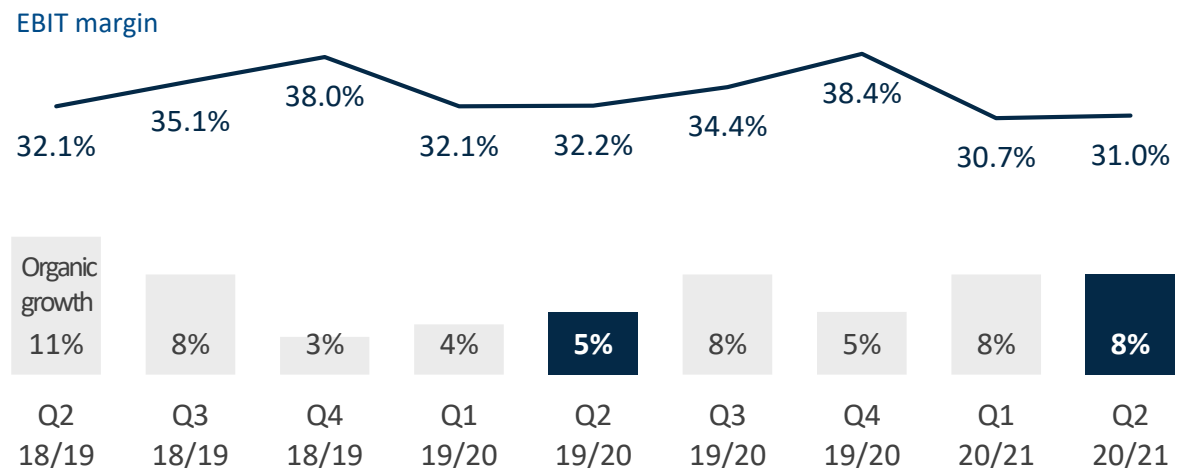
Food Cultures & Enzymes Q2/YTD 2020/21

## SALES PERFORMANCE

- **Q2:** Very strong growth in enzymes and meat followed by strong growth in cheese and bioprotection and slight growth in fermented milk; probiotics declined
- **YTD:** Organic growth was primarily driven by very strong growth in enzymes and meat, strong growth in cheese and solid growth in bioprotection, while fermented milk was flat, and probiotics declined
- Fermented milk end markets declined in H1 due to reduced demand in China and LATAM, partly offset by increases in EMEA and NA

## MARGIN DEVELOPMENT

- **Q2/YTD:** EBIT margin declined as production efficiencies and lower travel activity were offset by higher freight costs, unfavorable product mix and FX (and a one-off increase in depreciations in Q1)



EUR million	Q2 19/20	Q2 20/21	YTD 19/20	YTD 20/21
Revenue	172.5	168.7	338.6	334.0
Organic growth	5%	8%	4%	8%
Volume/mix	4%	2%	3%	2%
EBIT margin	32.2%	31.0%	32.1%	30.8%
EBITDA margin	38.9%	38.3%	38.9%	38.9%
ROIC ex. goodwill			37.1%	32.9%

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# Strength in Animal Health partly offset by slow-down in Human Health

Health & Nutrition Q2/YTD 2020/21

## SALES PERFORMANCE

### Q2

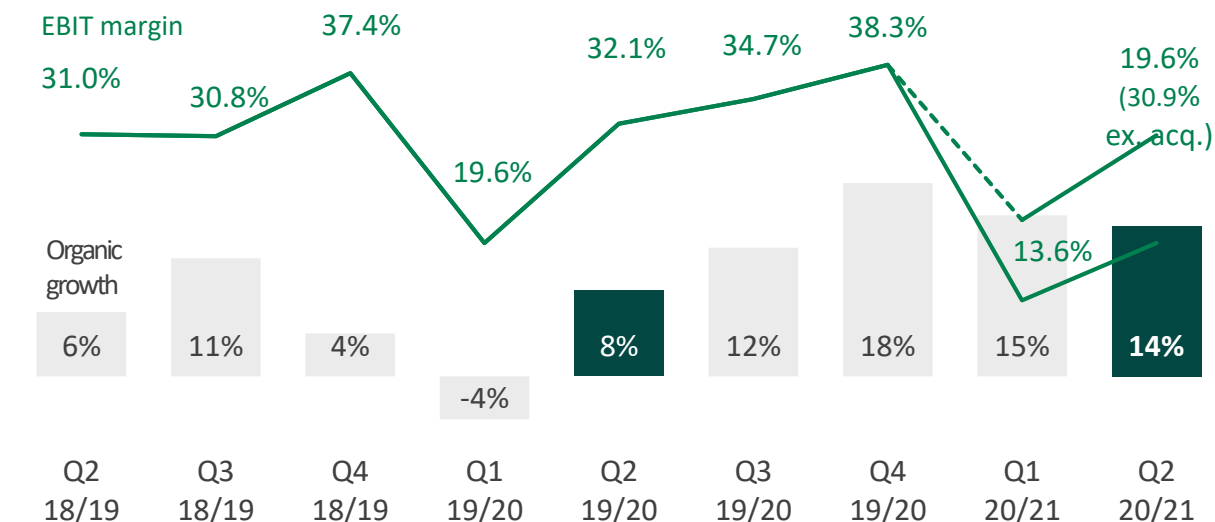
- HH with solid growth driven by strong growth in infant formula and probiotics for young children, while dietary supplements delivered good growth despite softer markets in Europe and North America
- AH with very strong growth driven by Cattle, whilst Swine & Poultry grew solidly; very strong momentum across all regions
- PH with very strong growth driven by LATAM
- Acquisitions contributed EUR 22m in revenue

### YTD

- HH with solid growth driven by strong growth in supplements, mainly in Asia and US, whilst infant formula grew slightly
- AH with very strong growth supported by all segments
- PH with very strong growth driven by LATAM
- Acquisitions contributed EUR 43m in revenue

## MARGIN DEVELOPMENT

- **Q2/YTD:** Decrease in EBIT margin related to recent acquisitions and FX (2%-pts. currency headwind in Q2 and YTD)



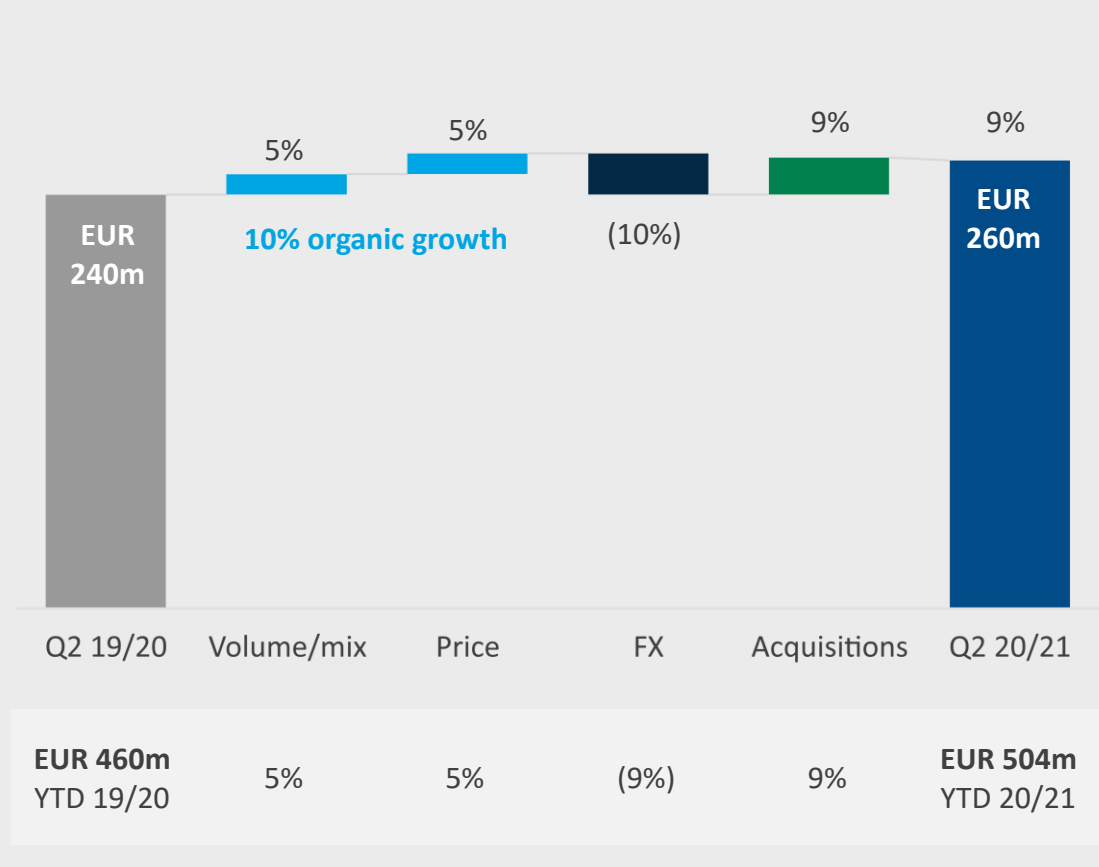
EUR million	Q2 19/20	Q2 20/21	YTD 19/20	YTD 20/21
Revenue	67.1	91.3	121.0	169.5
Organic growth	8%	14%	2%	14%
Volume/mix	9%	13%	3%	13%
EBIT margin (underlying <sup>1</sup> )	32.1%	19.6% (30.9%)	26.5%	16.8% (26.9%)
EBITDA margin (underlying <sup>1</sup> )	39.8%	31.2% (38.8%)	35.0%	30.1% (35.8%)
ROIC ex. goodwill			21.5%	10.1%

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

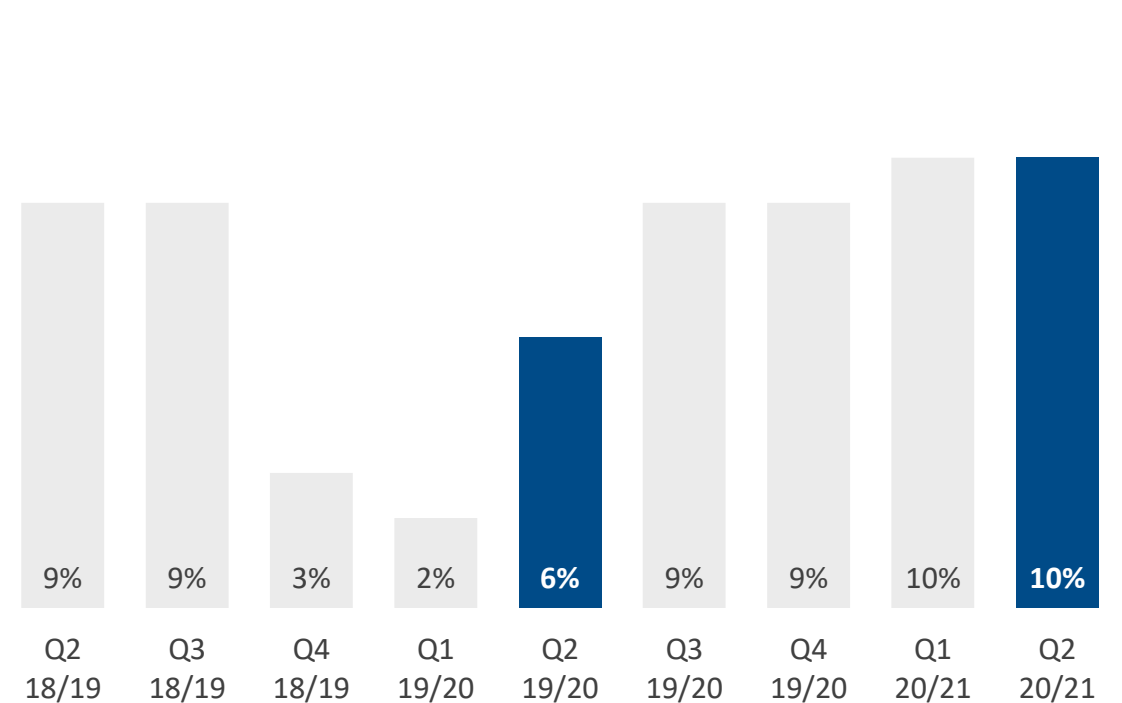
# Strong organic growth with equal contributions from volume and price

Continuing operations Q2/YTD 2020/21

## REVENUE COMPOSITION



## QUARTERLY ORGANIC GROWTH

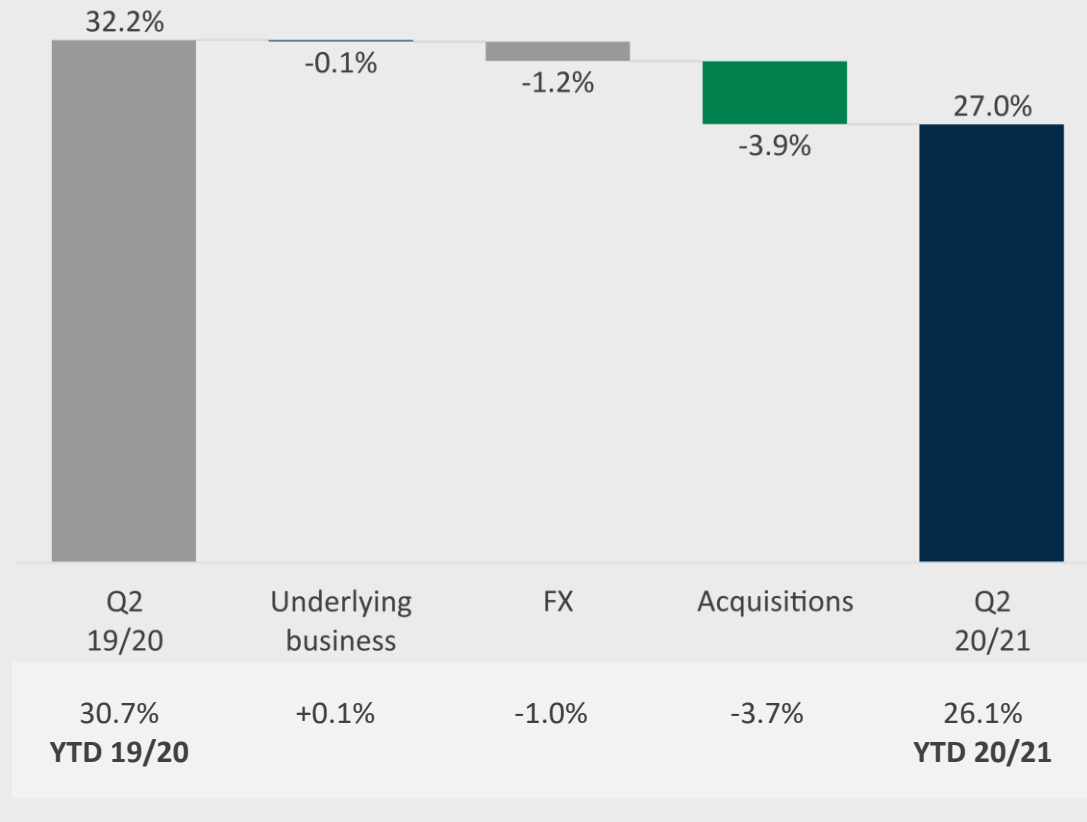




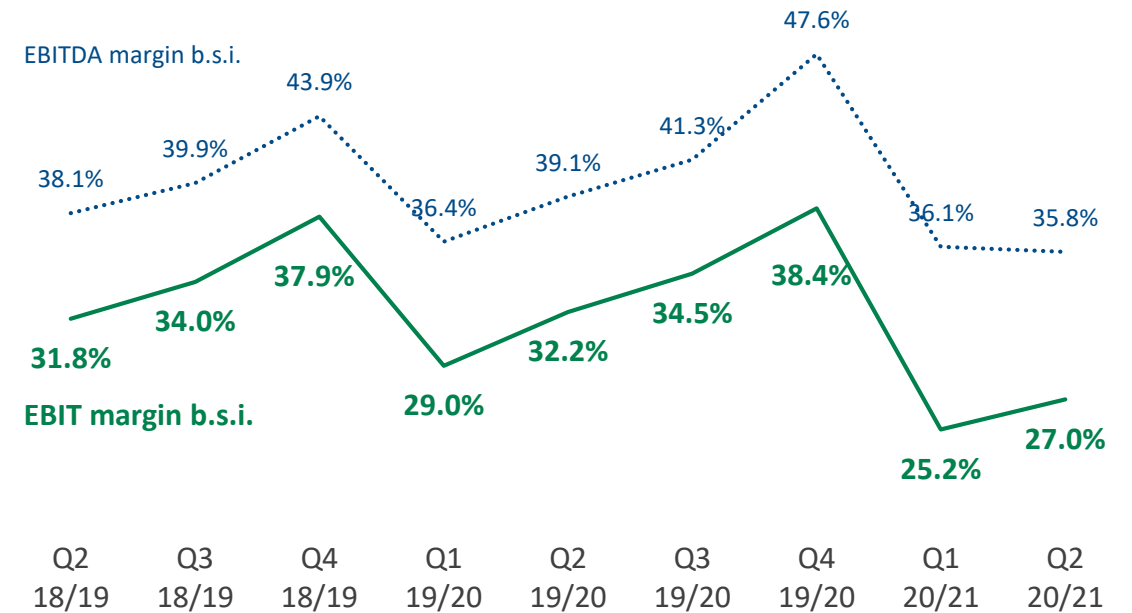
# Profitability reflects recent acquisitions & FX headwinds

Continuing operations Q2/YTD 2020/21

## EBIT MARGIN B.S.I. BRIDGE



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



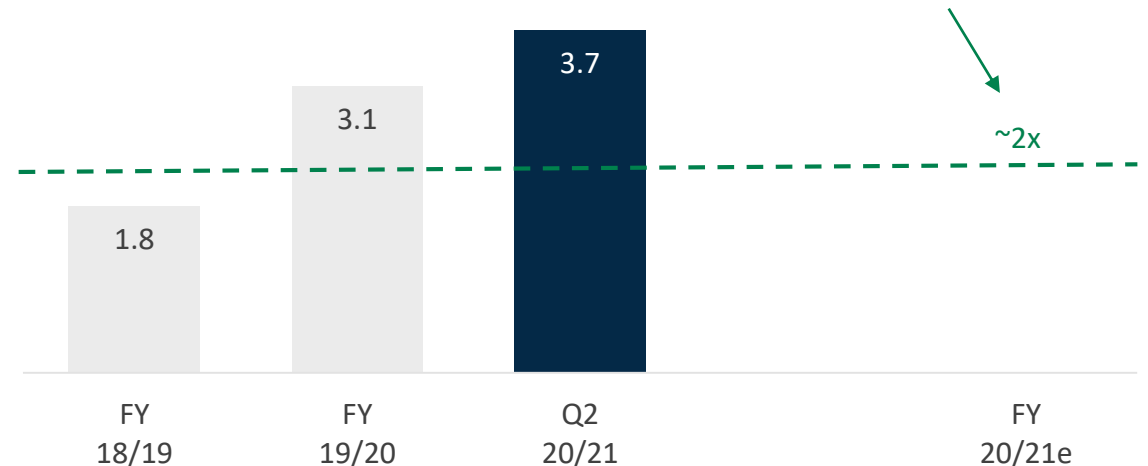
# Cash flow reflects acquisition of Kalundborg site; leverage to come down in Q3

Continuing operations / Group YTD 2020/21

## CASH FLOW STATEMENT (Continuing operations)

EUR million	YTD 19/20	YTD 20/21
Operating cash flow	91.3	97.0
Cash flow from op. invest. act.	(44.4)	(72.7)
M&A	-	(319.0)
JV	(10.6)	(10.2)
Financing cash flow	(54.5)	284.6
<b>FCF b.a.s.i.d<sup>1</sup></b>	<b>49.1</b>	<b>34.9</b>

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



- Increase in cash flow from operating activities driven by acquisition-related tax benefits resulting in lower taxes paid, higher non-cash adjustments due to depreciations and amortization charges, partly offset by a higher working capital
- Operational investing activities driven by the acquisition of the Kalundborg site for HMO production
- Leverage ratio with 3.7x above ambition to be in line with investment grade credit rating due to recent acquisitions

<sup>1</sup> Before acquisitions, special items and divestment.

# Organic growth guidance upgraded but uncertainty due to COVID-19 remains

Guidance 2020/21 (continuing operations)



**ORGANIC GROWTH**



**EBIT MARGIN B.S.I.**



**FREE CASH FLOW B.A.S.I.**

before divestment

**Outlook 2020/21<sup>1</sup>**

**6-8%**  
(before 5-8%)

**27-28%**

**EUR 140-160m**  
with capex of EUR 150-160m  
(before EUR 120-160m FCF b.a.s.i.d.  
and 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.**

<sup>1</sup> 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.



# 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

**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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