



Chr. Hansen Q3 2020/21 Results

July 8, 2021

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Third quarter in line with expectations

Financial highlights Q3/YTD 2020/21(continuing operations)



ORGANIC GROWTH



EBIT MARGIN

before special items



FREE CASH FLOW

before acquisitions & divestments and special items

Q3 2020/21	4% Q3 2019/20: 9%
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29.3% reported 33.1% underlying ¹ Q3 2019/20: 34.5%

EUR 85m Q3 2019/20: EUR 94m

YTD 2020/21	8% YTD 2019/20: 6%
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27.3% reported 30.9% underlying ¹ YTD 2019/20: 32.0%
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EUR 120m YTD 2019/20: EUR 144m
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¹ Underlying EBIT margin b.s.i. excludes recent acquisitions. See Q3 2020/21 company announcement, p. 20 for reconciliation.

Good progress on new product launches, lighthouses and portfolio changes

Strategic highlights Q3 2020/21

2025 STRATEGY



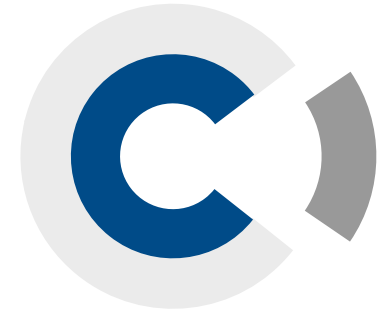
REINVESTING IN CORE TO DEFEND AND STRENGTHEN MARKET POSITION

- All-time high launch activity in dairy
- Animal Health launched new cattle probiotic Bovacillus™ in Americas
- Human Health released new clinical study on immune balancing benefits of probiotics
- Roll-out of The Probiotic Institute in China and globally



LEVERAGING MICROBIAL PLATFORM TO GROW LIGHTHOUSES AND NEW AREAS

- 3rd generation FreshQ® brought to market for fermentation-enabled bioprotection
- VEGA™ brand and new cultures launched for fermented plant bases
- Bacthera received manufacturing licenses for clinical trial production



EXTEND TECHNOLOGY PLATFORM VIA M&A AND PARTNERSHIPS

- UAS/HSO: Integration of manufacturing progressing; good sales momentum in Q3
- HMO: Capacity expansion in Germany on track

REVIEW STRATEGIC OPTIONS FOR NON-MICROBIAL ASSETS

- Divestment of Natural Colors to EQT closed on Mar 31







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EMEA and APAC impacted by high baseline; LATAM with less EUR pricing

Regional highlights Q3/YTD 2020/21 (continuing operations)

EMEA 39% of revenue YTD	NORTH AMERICA 31% of revenue YTD	LATIN AMERICA 12% of revenue YTD	APAC 18% of revenue YTD
			
+3% organic growth in Q3 (Q3 2019/20: +9%)	+5% organic growth in Q3 (Q3 2019/20: +2%)	+19% organic growth in Q3 (Q3 2019/20: +21%)	(6%) organic growth in Q3 (Q3 2019/20: +12%)
+5% organic growth YTD (YTD 2019/20: +3%)	+7% organic growth YTD (YTD 2019/20: +6%)	+30% organic growth YTD (YTD 2019/20: +16%)	+0% organic growth YTD (YTD 2019/20: +5%)
<ul style="list-style-type: none">• Q3: FC&E delivered good growth, while H&N declined on a high comparable• YTD: FC&E grew solidly, whilst H&N declined	<ul style="list-style-type: none">• Q3: FC&E delivered solid growth; H&N declined slightly due to Human Health• YTD: FC&E and H&N grew solidly	<ul style="list-style-type: none">• Q3/YTD: FC&E and H&N grew very strongly across business units• EUR pricing accounted for approx. >1/3 in Q3 vs. >1/2 YTD	<ul style="list-style-type: none">• Q3: FC&E declined due to continued weakness in China but less than in H1; H&N declined on a high comparable• YTD: FC&E declined, while H&N delivered very strong growth

Growth driven by solid momentum in cheese and less negative impact from China

Food Cultures & Enzymes Q3/YTD 2020/21

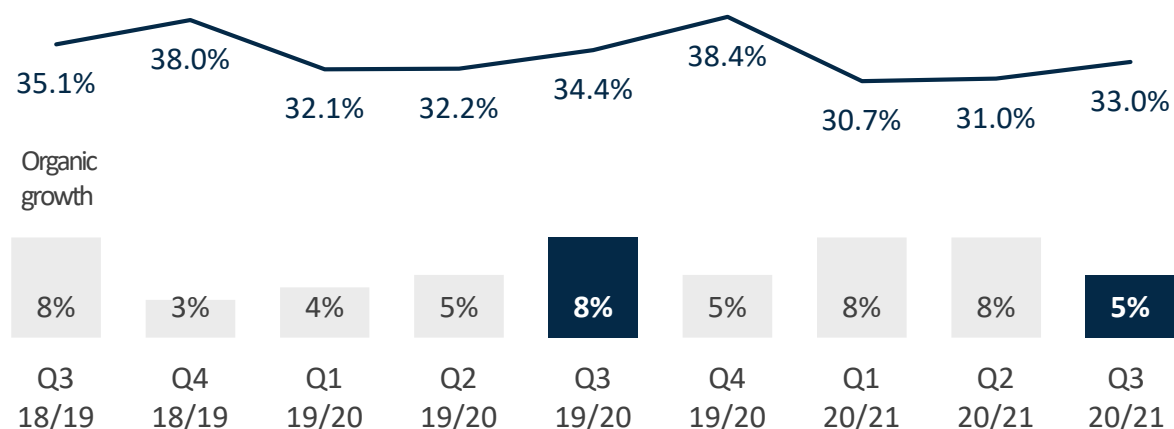
SALES PERFORMANCE

- **Q3:** Very strong growth in meat and fermented plant bases and strong growth in bioprotection; cheese delivered solid growth and fermented milk and enzymes good growth, while probiotics declined slightly
- **YTD:** Very strong growth in meat followed by strong growth in cheese, enzymes and fermented plant bases; bioprotection grew solidly and fermented milk showed good growth; probiotics declined
- Global fermented milk volumes declined year-to-date due to reduced production and demand in China and Latin America, while cheese grew around 1% benefitting from the recovery of food service in Q3

MARGIN DEVELOPMENT

- **Q3:** EBIT margin declined 1.4%-pts. as production efficiencies were more than offset by FX and a return to more normal spending patterns
- **YTD:** EBIT margin declined 1.3%-pts. as production efficiencies and savings from lower travel activity in the first half were more than offset by increased freight costs, unfavorable product mix and FX

EBIT margin



EUR million	Q3 19/20	Q3 20/21	YTD 19/20	YTD 20/21
Revenue	181	181	520	515
Organic growth	8%	5%	5%	7%
Volume/mix	4%	2%	4%	2%
EBITDA margin	41.1%	39.7%	39.7%	39.1%
EBIT margin	34.4%	33.0%	32.9%	31.6%
ROIC ex. goodwill			38.9%	34.6%

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H&N impacted by inventory adjustments in HH; AH and PH grew solidly

Health & Nutrition Q3/YTD 2020/21

SALES PERFORMANCE

Q3:

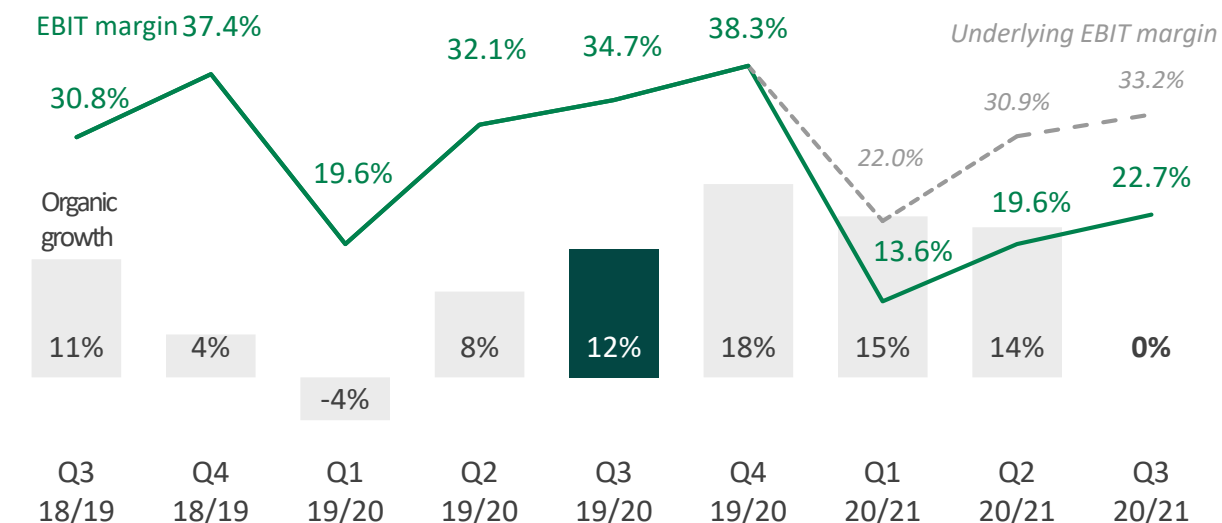
- Human Health declined due to COVID-19 impact and customers responding to elevated inventory levels, mainly in NA and APAC
- Animal Health delivered solid growth driven by strong momentum in Cattle and good growth in Poultry & Swine
- Plant Health grew very strongly
- Acquisitions contributed EUR 30m; HSO now included in organic growth

YTD:

- Human Health delivered good growth driven by dietary supplements, whilst infant formula declined slightly
- Animal Health delivered very strong growth driven by Poultry & Swine and Cattle
- Plant Health grew very strongly
- Acquisitions contributed EUR 73m

MARGIN DEVELOPMENT

- Q3:** Decrease in EBIT margin related to recent acquisitions, FX (1-%pt. headwind) and ramp-up activities following COVID-19 lockdowns
- YTD:** Decrease in EBIT margin related to recent acquisitions; underlying EBIT margin was impacted by a 2%-pts. headwind from FX and higher freight costs that offset pandemic-related savings



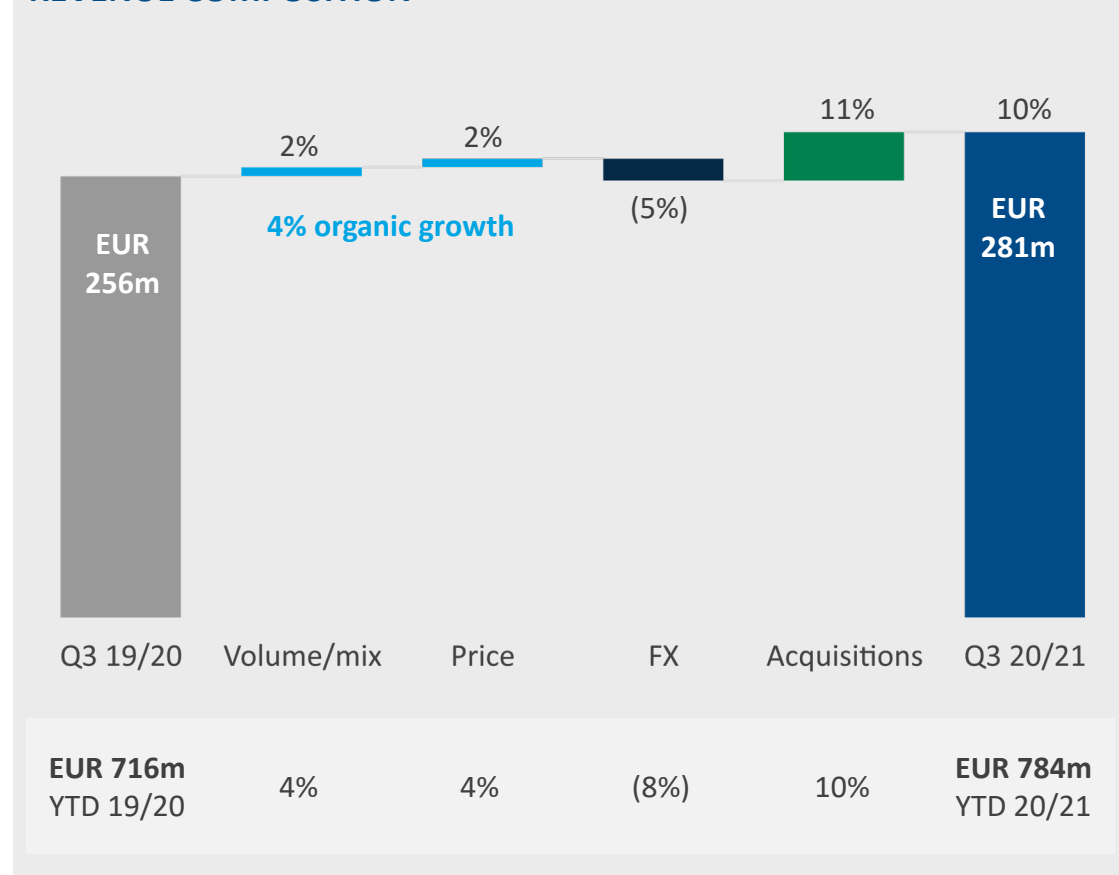
EUR million	Q3 19/20	Q3 20/21	YTD 19/20	YTD 20/21
Revenue	75	100	196	270
Organic growth	12%	0%	6%	9%
Volume/mix	13%	0%	7%	8%
EBITDA margin (underlying ¹)	41.7%	35.0% (41.1%)	37.5%	32.0% (37.7%)
EBIT margin (underlying ¹)	34.7%	22.7% (33.2%)	29.7%	19.0% (29.2%)
ROIC ex. goodwill			24.3%	12.0%

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

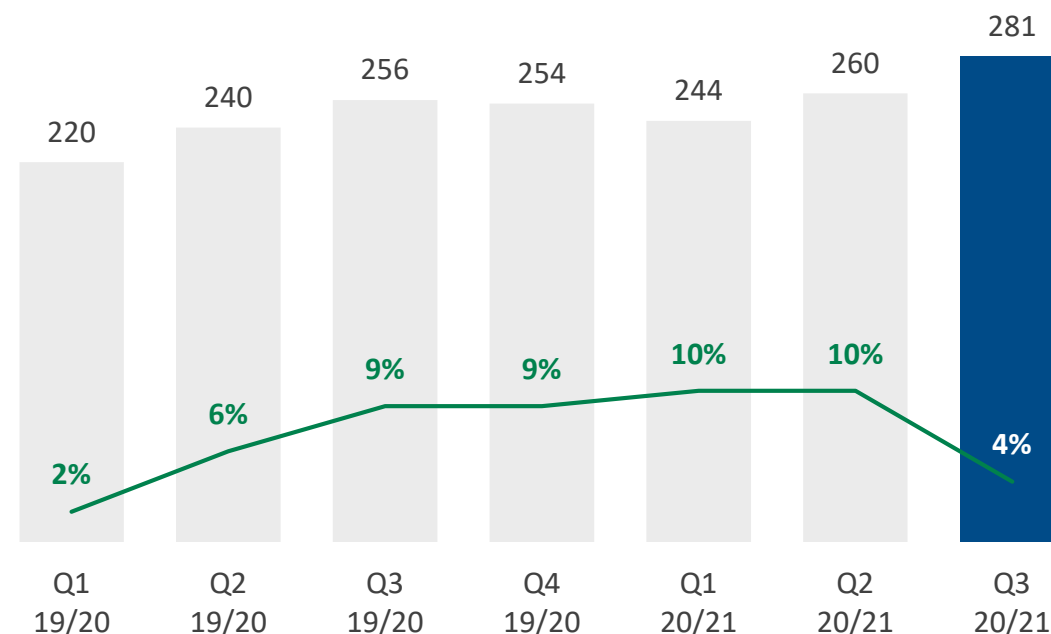
Microbial platform with good organic growth driven by both volume and price

Continuing operations Q3/YTD 2020/21

REVENUE COMPOSITION



QUARTERLY ABSOLUTE REVENUE AND ORGANIC GROWTH in EUR m / %



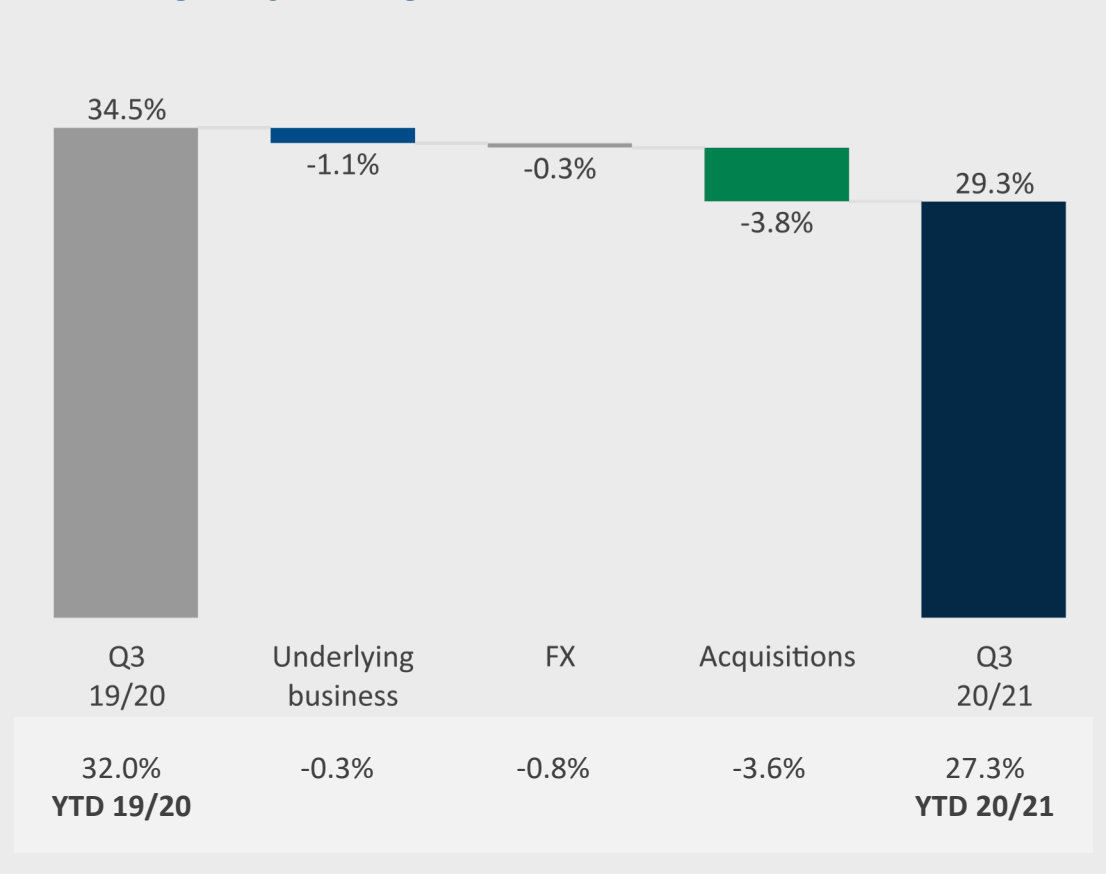
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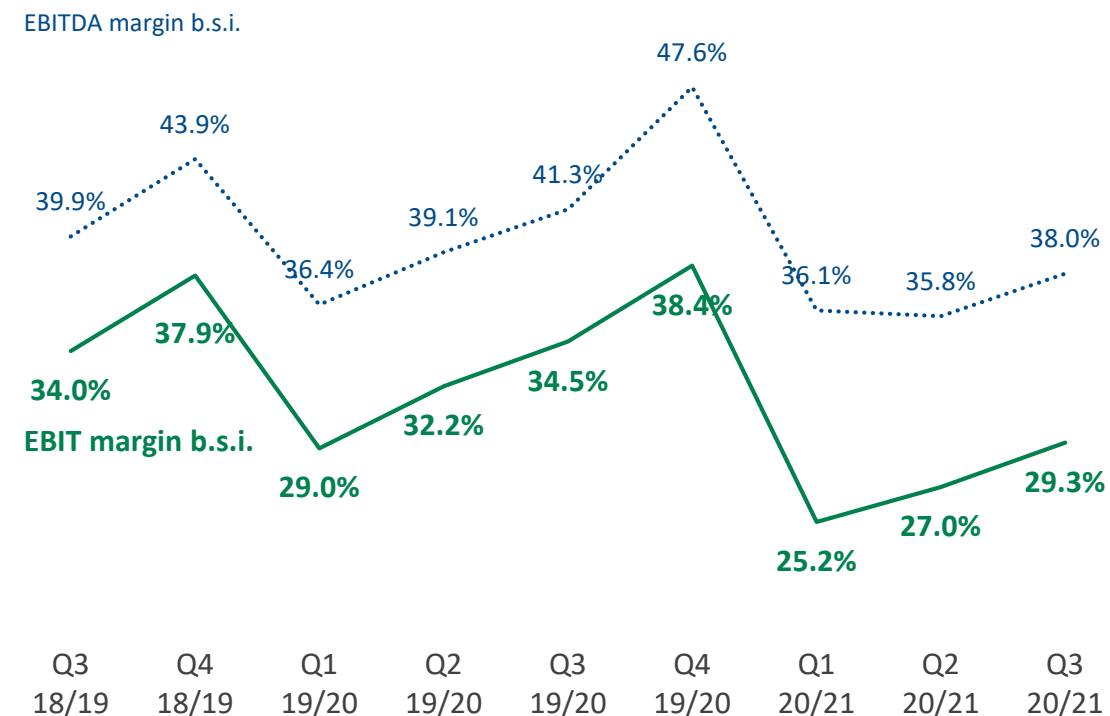
Profitability in line with expectations

Continuing operations Q3/YTD 2020/21

EBIT MARGIN B.S.I. BRIDGE



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



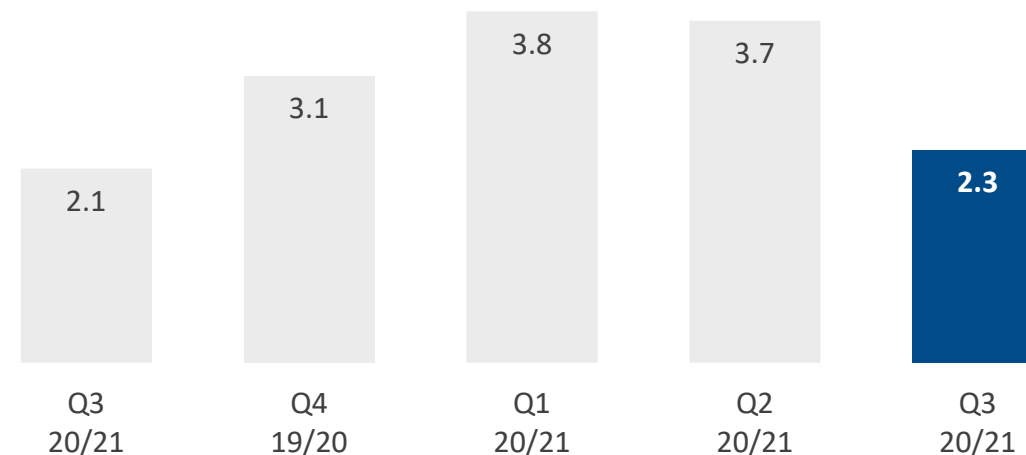
Leverage back to 2.3x after receipt of proceeds from Natural Colors

Continuing operations / Group YTD 2020/21

CASH FLOW STATEMENT (Continuing operations)

EUR million	YTD 19/20	YTD 20/21
Operating cash flow	206	193
Cash flow from op. invest. act.	(68)	(95)
M&A	(119)	(318)
JV	(11)	(15)
Financing cash flow	(11)	220
FCF b.a.s.i.d¹	144	120

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



- Decrease in operating cash flow driven by higher working capital, partly offset by acquisition-related tax benefits resulting in lower taxes paid and higher non-cash adjustments due to depreciation and amortization charges
- Operational investing activities driven by the acquisition of the Kalundborg site for HMO production
- Leverage ratio of 2.3x following receipt of proceeds from the Natural Colors divestment and payment of EUR 116m extraordinary dividend (equal to a normalized ordinary dividend for 2019/20)

¹ Before acquisitions, special items and divestment.

On track to deliver on full year goals

Outlook 2020/21 (continuing operations)



ORGANIC GROWTH



EBIT MARGIN B.S.I.



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

Outlook 2020/21¹	6-8%	27-28%	EUR 140-160m with capex of EUR 150-160m
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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.
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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 quarantine measures and travel restrictions during the pandemic have made it more difficult to visit customers to advance projects with new innovative solutions, a very important growth driver for Chr. Hansen, and this could 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 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

October 14, 2021

Annual Report 2020/21

November 24, 2021

Annual General Meeting 2021

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