

Chr. Hansen
Q2 2019/20
Roadshow presentation

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Improving food & health

Safe harbor statement

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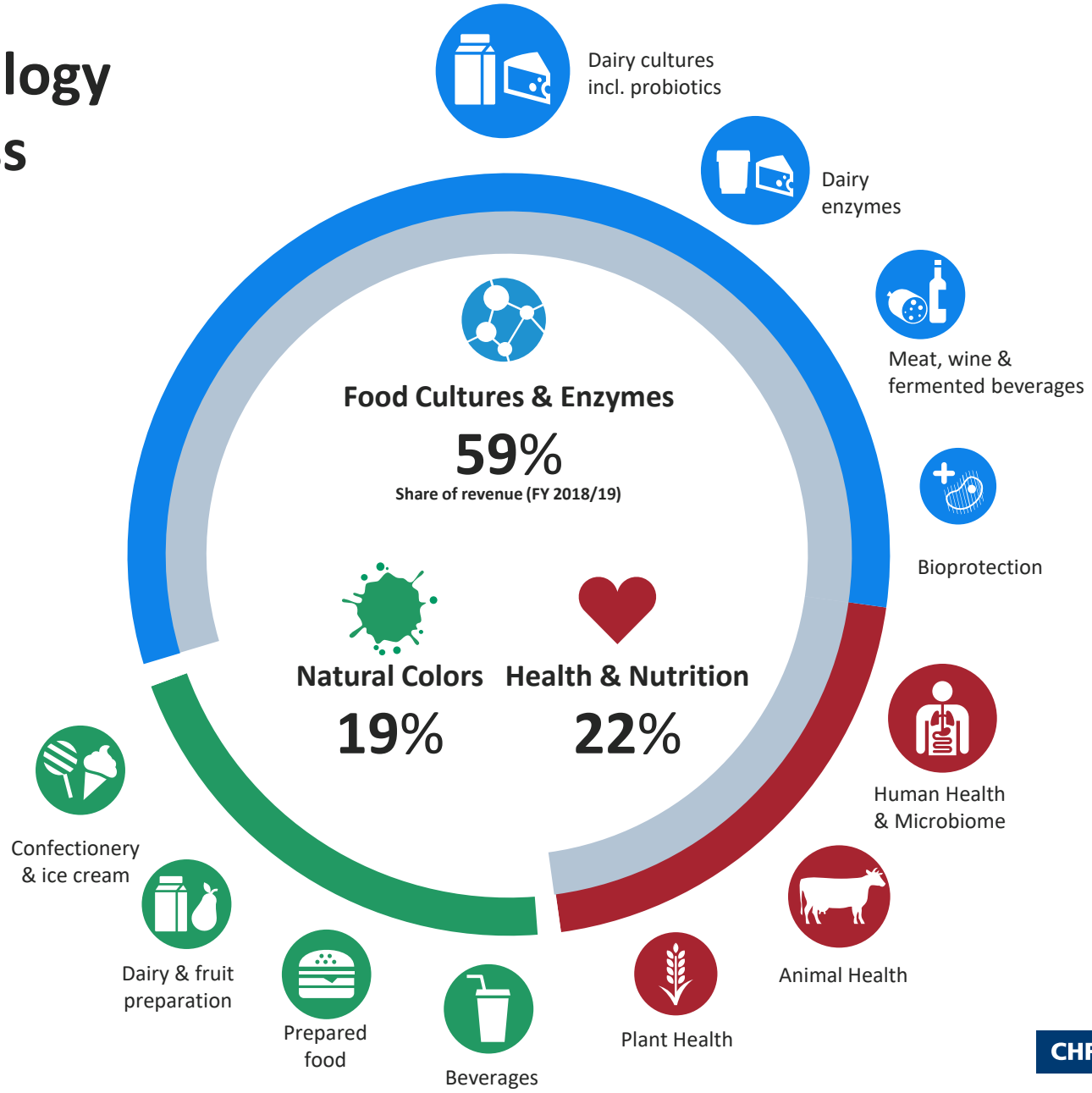
AT A GLANCE

We are market and technology leaders in our core business



Shared R&D platform – the Microbial Platform

Food Cultures & Enzymes and Health & Nutrition share a common research platform, and production method.
The R&D platform is a process of screening, developing and upscaling of microbes. Production is the optimization of recipes, flows and infrastructure for the fermentation of microbes.
Together: **The Microbial Platform.**

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AT A GLANCE

We develop natural solutions that help to reduce sugar, ensure food safety, improve health, replace artificial ingredients and much more!



SWEETY® reduces added sugar in yogurt by up to 20% without losing sweetness

GALLIPRO® Fit triple probiotic strain to boost prevention and contribute to food safety in poultry





Substitute artificial ingredients with our e-number free labeling coloring foods range **FRUITMAX®**

82% of our Group revenue contributes to the UN Global Goals (FY 2018/19)

QUARTZO® and **PRESENCE®** are probiotic plant health solutions that help sugar cane and other crops fight off attacks from nematodes





With **CHY-MAX® Supreme** dairies can increase cheese output by up to 1% compared to the market leading coagulant

LGG® has been studied in +300 clinical studies that indicate that the strain may have beneficial effects on immune and gastrointestinal functions



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STRATEGY

Our Nature's no.1 strategy: evolution since 2013 – now Sustainably

Nature's no.1 Sustainably™

	FOCUS AREAS FOOD CULTURES & ENZYMES **Leverage the full potential**	FOCUS AREAS HEALTH & NUTRITION **Develop the microbial platform**	FOCUS AREAS NATURAL COLORS **Create further value**
Drive penetration of new innovation	▸ Continue to prioritize core dairy business ▸ Develop adjuncts and adjacencies ▸ Drive Bioprotection lighthouse to EUR 200m by 2025	▸ Drive new products for Human Health (incl. Microbiome) and Animal Health ▸ Invest in Plant Health platform to unlock potential of EUR 100m by 2025	▸ Expand FruitMax® range of coloring foodstuffs
Reinforce position in growth markets	▸ Further strengthen global market presence ▸ Application support in core adjacencies	▸ Human Health: Expansion into emerging markets and growth segments ▸ Strengthen route-to-market in Ag businesses	▸ Support US conversion and secure APAC growth
Generate fuel for growth	▸ Drive scalability in supply chain ▸ Digitalize core processes	▸ Reinvest in future growth	▸ Continue drive to restore profitability

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STRATEGY

Our three lighthouses address challenges within food safety, agriculture and public health



Lighthouse
Potential revenue of minimum EUR 100m per year

FOOD CULTURES & ENZYMES

Bioprotection

Bacterial solutions for food safety and freshness
– target of EUR 200m by 2025 (under review)

Designated as lighthouse in 2016

HEALTH & NUTRITION

Plant Health

Bacterial cultures for crop protection
– target of EUR 100m by 2025

Designated as lighthouse in 2013

Human Microbiome

Joint venture with Lonza in live biotherapeutic products (LBP) contract manufacturing
– EUR 150-200m market potential by 2025

Designated as lighthouse in 2013

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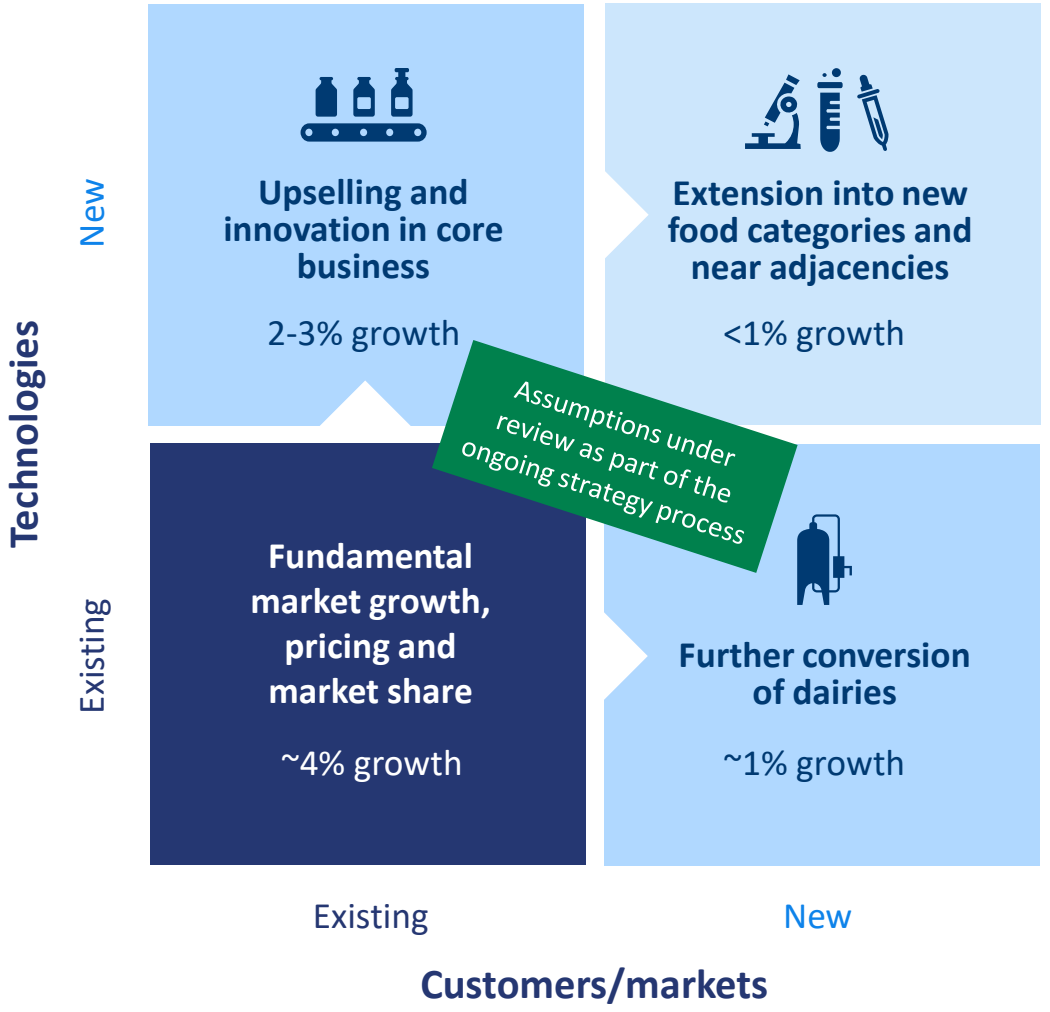
FC&E business model to deliver above-market growth driven by innovation, upselling and development of new adjacencies

FY 17/18 – 21/22
(as per April 2018)

Organic growth divisional target
7-8 %



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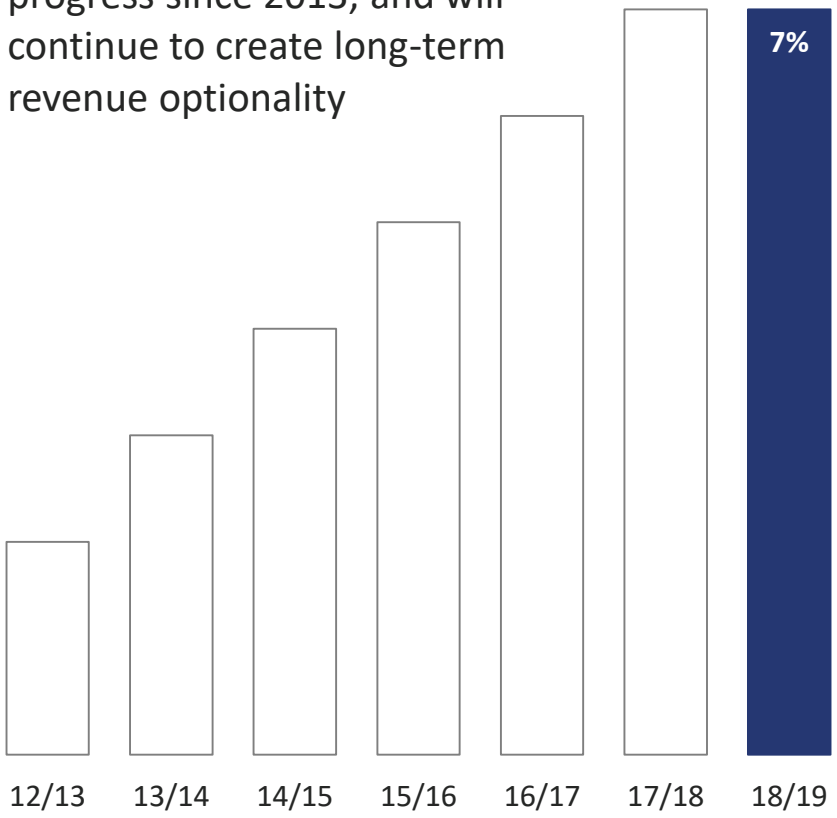
Bioprotection allows manufacturers to naturally extend shelf life of fermented and non-fermented food products

Bioprotection has made strong progress since 2013, and will continue to create long-term revenue optionality



	Today			Tomorrow	
	Fresh dairy	Cheese	Fermented meat	Animal products (meat adjacencies/fish)	Vegetable products
	Traditionally fermented food products			*Non-traditionally fermented food products*	
Food waste Shelf life extension targeting yeasts/mould	✓	✓		✓	✓
Food safety Additional protection against gram-positive food pathogens (*Listeria, Clostridium*)	✓	✓	✓	✓	✓

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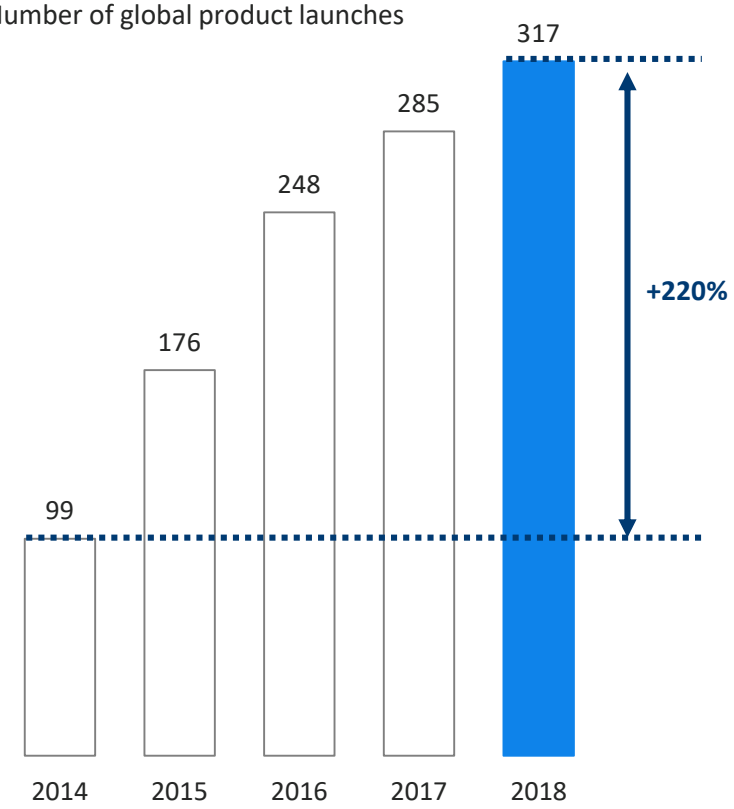
Good commercial pipeline in fermented plant bases

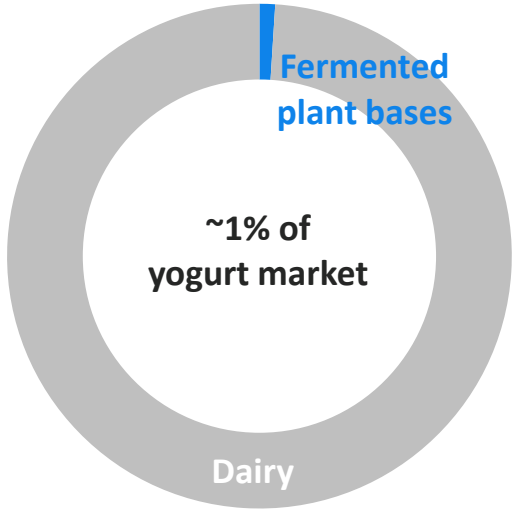
Fermented plant-based products is a rapidly growing category…

Number of global product launches



Source: Mintel GNPD (Dec 2018)

… though still a niche with certain dilemmas to be solved!



Almond yogurt label

INGREDIENTS: ALMOND MILK, CANE SUGAR, ORGANIC TAPIOCA STARCH; NATURAL FLAVOR; LOCUST BEAN GUM, CITRIC ACID, VANILLA BEAN, XANTHAN GUM, AGAR, LIVE ACTIVE CULTURES: S.THERMPOHILUS, L.BULGARICUS, L.ACIDOPHILUS AND BIFIDOBACTERIA

For illustration only

Chr. Hansen well positioned to capture business opportunity

- Chr. Hansen active in fermented plant bases since 2008
- Dedicated culture range for different plant bases such as soy, almond, coconut and oat
- Cross-selling opportunity with probiotics to serve health & wellness trend
- Premium segment allows for premium pricing
- MISTA ecosystem joined to further develop fermented plant-based solutions in cooperation with large food players and a cohort of start-ups



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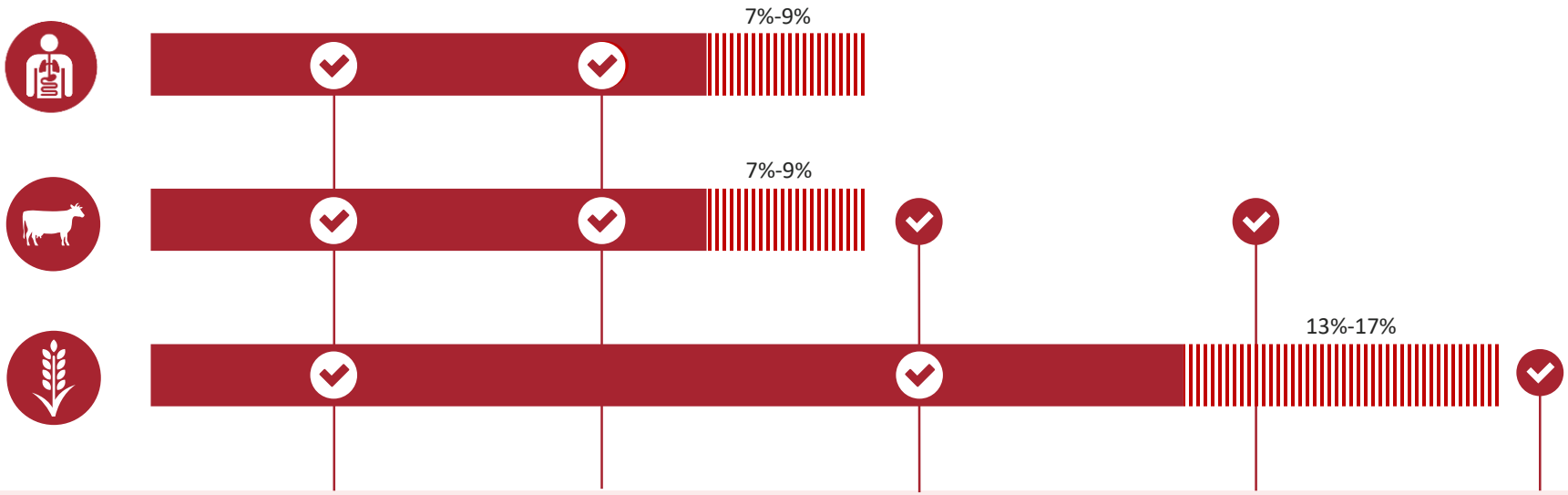
Potential to increase penetration of microbial solutions

Attractive market growth driven by megatrends FY 17/18 – 21/22 (as per April 2018)



Mega-trends

- **Growing world population and rapid urbanization**
- **Increasing scientific evidence of health benefits from "good bacteria" (and KOL/consumer awareness)**
- **Resource scarcity creates productivity squeeze for customers**
- **Need to reduce antibiotic growth promoter usage in livestock production**
- **Pressure to curb chemicals usage in crop production**

Source: Euromonitor and management estimates

Opportunities to increase penetration



5-15% Microbial penetration



10-15% Microbial penetration



<5% Microbial penetration

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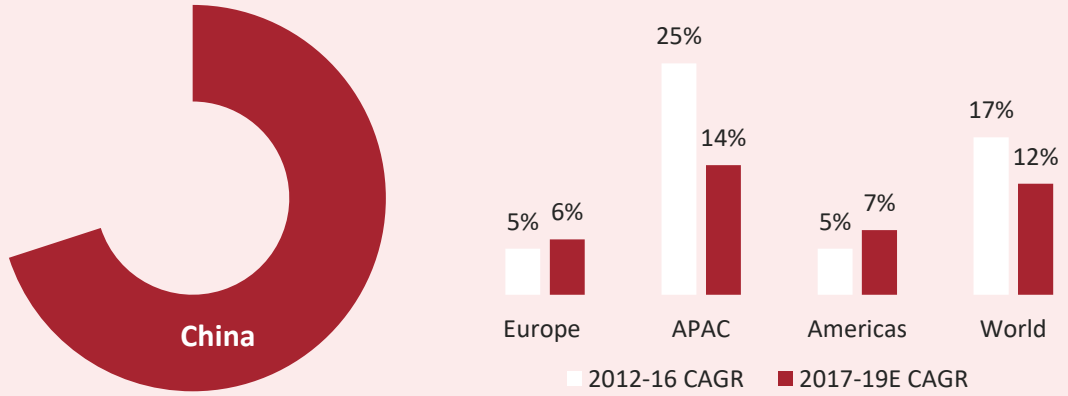
Human Health facing headwinds in dietary supplements market

Infant formula will continue to be a growth driver

- New regulation on infant formula registration in China (January 2018) reduced number of brands by 60%
  - Tailwind in FY 2017/18 and 2018/19 for Chr. Hansen
- Future growth to be driven by:
  - Increasing penetration in super premium segment
  - Innovation and new products

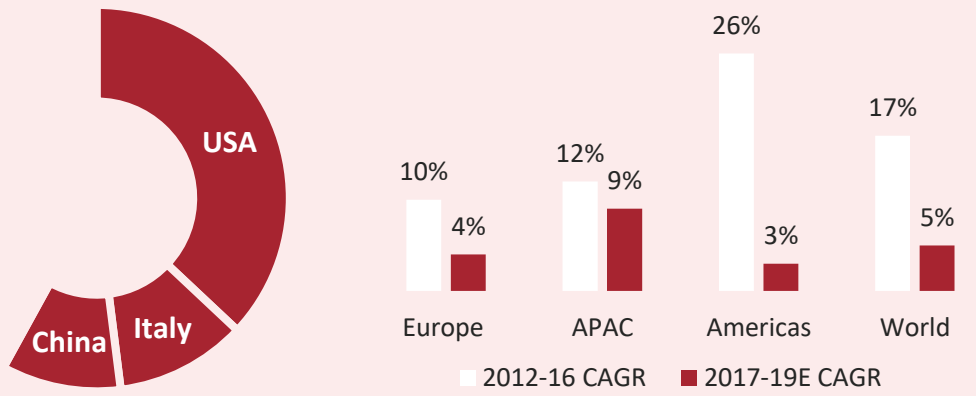
Main markets and growth rates



Dietary supplements challenged by market slowdown

- Probiotic supplements market showed step down in growth amongst others due to category cannibalization/ pill fatigue in the US (since 2016) and stricter government controls in China (since 2019)
- Future growth of the category to be driven by:
  - Continued consumer interest in health and nutrition
  - Increasing public awareness and scientific progress in microbiome space
- Innovation and consumer education crucial to drive category
- Chr. Hansen well positioned with its industry-leading strain portfolio

Main markets and growth rates



Source: Euromonitor, BCG

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Creating a leader in probiotics for women's health and strengthening our microbial platform with the acquisition of HSO Health Care

- Strengthens Human Health's position in fast growing women's health market
- Patented ASTARTE™ strain portfolio with strong clinical documentation very well complements Chr. Hansen's existing UREX™ offering
- Attractive synergy potential by leveraging Chr. Hansen's global commercial capabilities to expand customer base and geographic reach of ASTARTE™
- Potential to leverage strain portfolio to develop new products and expand women's health offering for different live stages (menopause, fertility, etc.)
- NN1 — Fully aligned with NN1 strategy and capital allocation principles



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HSO Health Care has a strong position in the attractive women's health market

About HSO Health Care

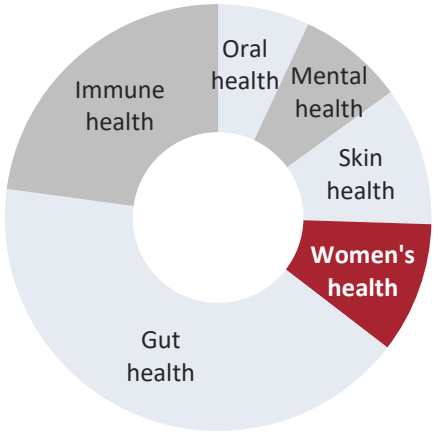
- Austrian B2B company specialized in probiotics for women's health since 2007
- Award-winning patented ASTARTE™ four-strain probiotic formulation with strong clinical documentation
- Commercial presence in US and Europe
- EUR 15m revenue (2020E) and EBITDA margin >40%
- +15% CAGR organic growth since 2015; double-digit growth until 2025 expected

Transaction highlights

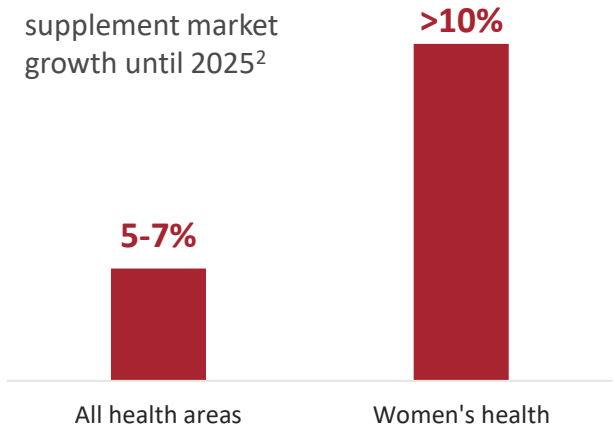
- Purchase price not disclosed
- Financed from existing cash and bank facilities
- Strong revenue and operational synergy potential & easy integration expected
- 2019/20 outlook unchanged
- Ability to pay out ordinary dividend not impacted

Probiotics for women's health: A fast growing niche category…

Primary preventive purpose for probiotics consumption, split in responses[1]



Probiotic supplement market growth until 2025[2]



… with potential to expand the market with new concepts for different life stages

Current health areas		Future health areas (life stages)				
Bacterial vaginosis	Urinary tract infection	Young adulthood	Adulthood	Motherhood	Menopause	Post-menopause
UREX ASTARTE	UREX ASTARTE	Opportunity for various UREX™/ASTARTE™ combinations				

1 Expert interviews, consumer survey.
2 Management estimates.

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BACTHERA

Joint venture with Lonza in live biotherapeutics manufacturing established

Emerging market

- +200 ongoing preclinical to phase III trials in different indication areas of which ~100 are relevant for JV
- USD1.6bn+ investments into microbiome companies (2005-2017)
- EUR 150-200m market potential for clinical supply by 2025; > EUR 1bn for clinical and commercial supply combined by 2035

Perfect fit

- Two leading players with strong execution track record
- Best-in-class complementary capabilities and unrivalled know-how in strict anaerobes

Strong value proposition

- First pharma contract manufacturer (CDMO) with full supply chain offering for LBP[1]
- Large scale pharma- grade manufacturing capabilities
- Faster route-to-market

Attractive risk-return profile

- Phased investment of EUR 90m to be shared equally between the partners over 3 years
- JV expected to be largely self-funding after production set-up has been established

Fully in line with strategy

- No changes to 2021/22 long-term financial ambition; Human Microbiome lighthouse no longer impacts Chr. Hansen's guiding metrics[2]
- Capacity to distribute excess cash to shareholders modestly reduced for the next 3 years

CEO Lukas Schüpach joined on Feb 1, 2020

First customer contracts signed in Q2 2019/20

Next milestone: Completion of first phase investments to serve pre-clinical to phase II trials (Dec 2020 - Q1 FY21)

[1] *LBP = Live biotherapeutic products*

[2] *Chr. Hansen will account for the JV interest using the equity method in its consolidated financial statements*

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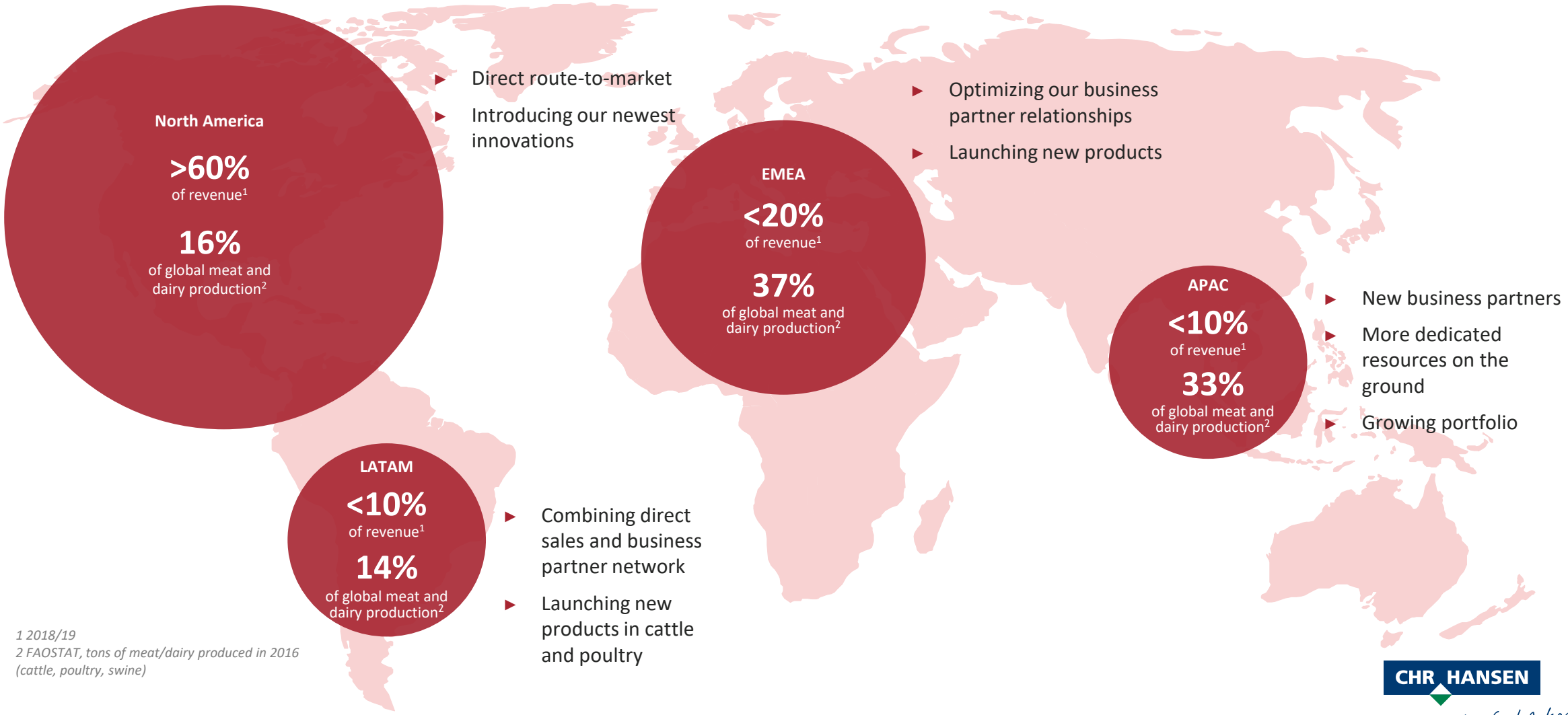
Animal Health to further strengthen route-to-market globally



1 2018/19
2 FAOSTAT, tons of meat/dairy produced in 2016 (cattle, poultry, swine)

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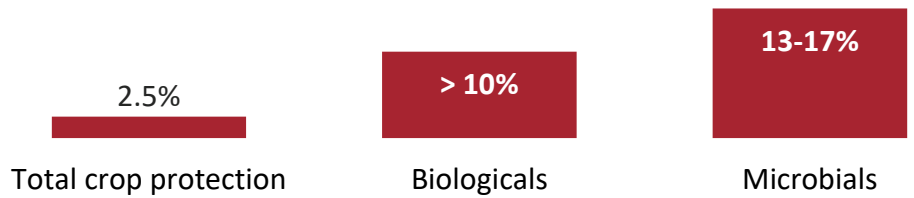
Plant Health expanding into new crops and regions

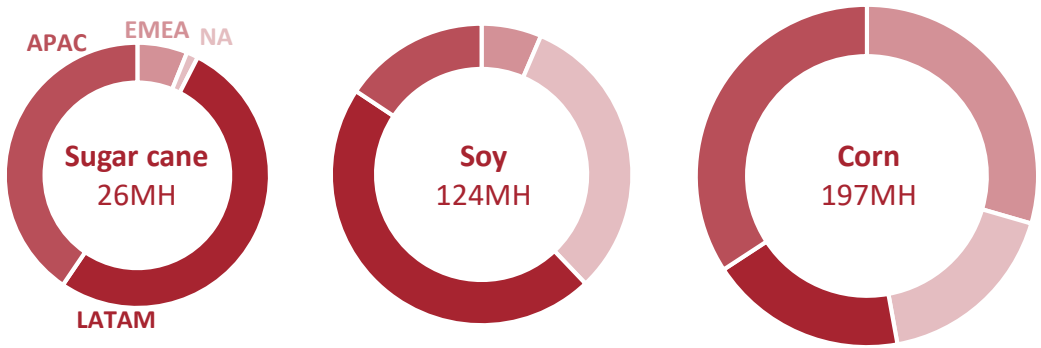
Market opportunity in crop protection, % growth (CAGR 2018-21)



>EUR 50bn total global crop protection sales

Penetration in %	≈5%	≈2%

Focus crops, m hectares (MH) harvested in 2017



Source: Phillips McDougall, FaoStat, Markets&Markets

Ambitions of Plant Health

- Today: On market primarily in South America (Brazil)
- 2019/20: Expansion in North America
- 2024/25: Presence in all major geographies
- *Ramping up investments in capacity, discovery, and tech support*

EUR 100m target

Unlocked potential by 2025

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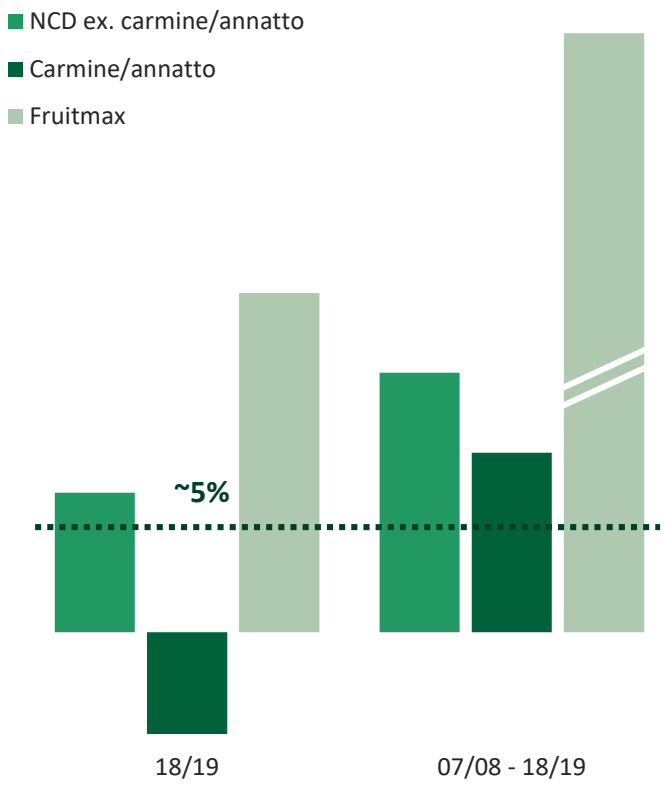
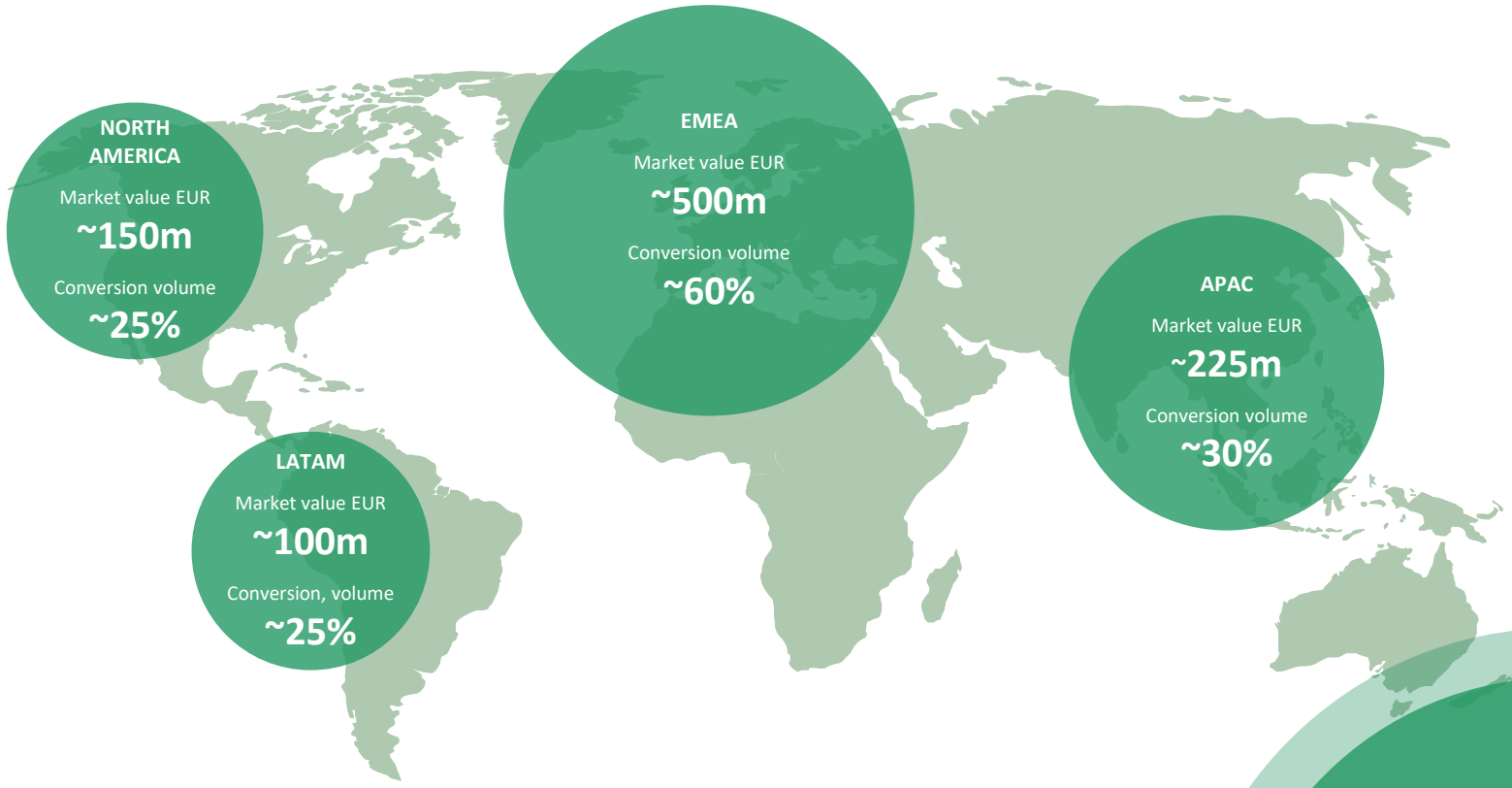
Natural Colors presents an attractive growth opportunity

Strong organic growth over time despite typical raw material price volatilities



Conversion to natural colors and coloring foods comes in waves (as per April 2018)



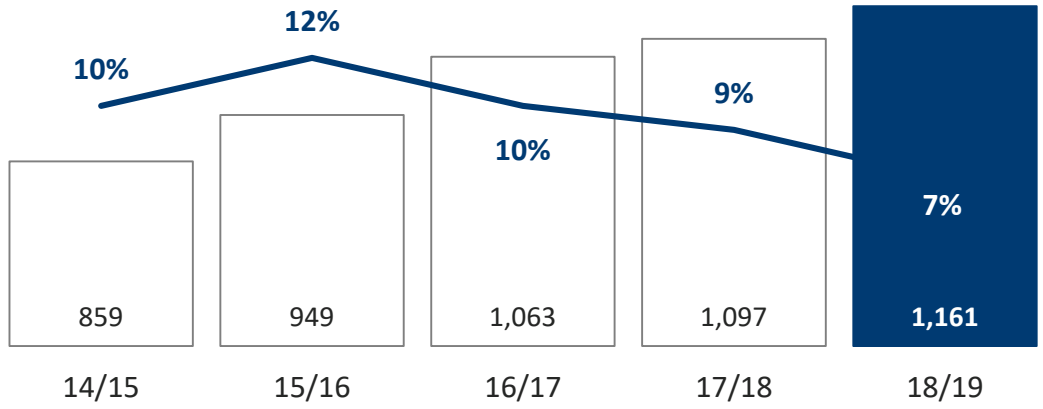
5-7%
Global market growth

GLOBAL
Market value EUR
~1,000m
Conversion volume
~35%

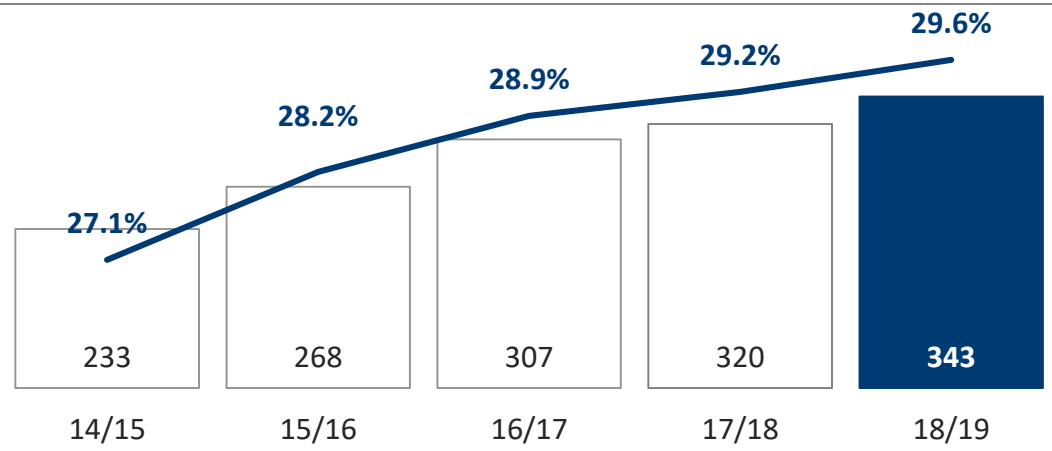
Source: Euromonitor and management estimates
Note: Market value measured as Food & Beverages Natural Colors including Coloring Foods, and excluding Caramel colors (approximately EUR 200m)

Great track record of financial performance

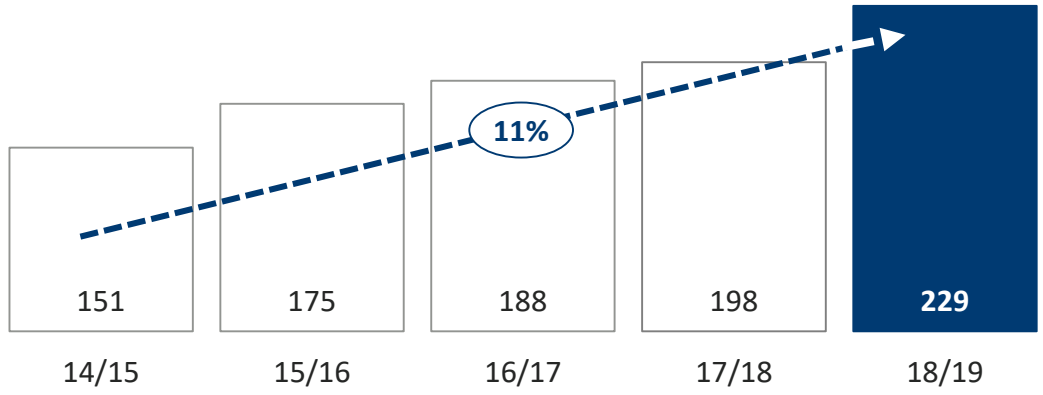
Revenue in EUR m / organic growth, %



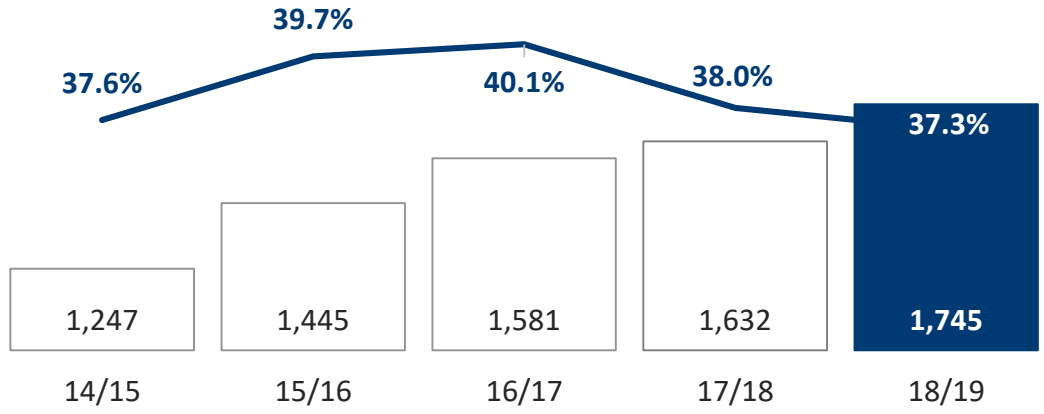
EBIT before special items and acquisitions in EUR m / margin, %



Free cash flow before acquisitions and special items in EUR m / CAGR, %



Return on invested capital in EUR m / ROIC ex. goodwill, %



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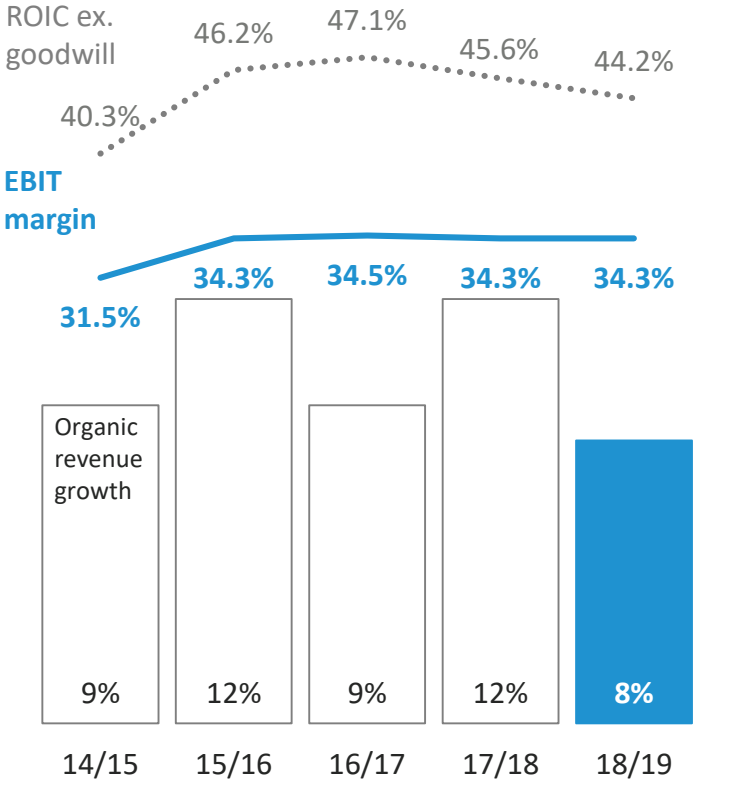
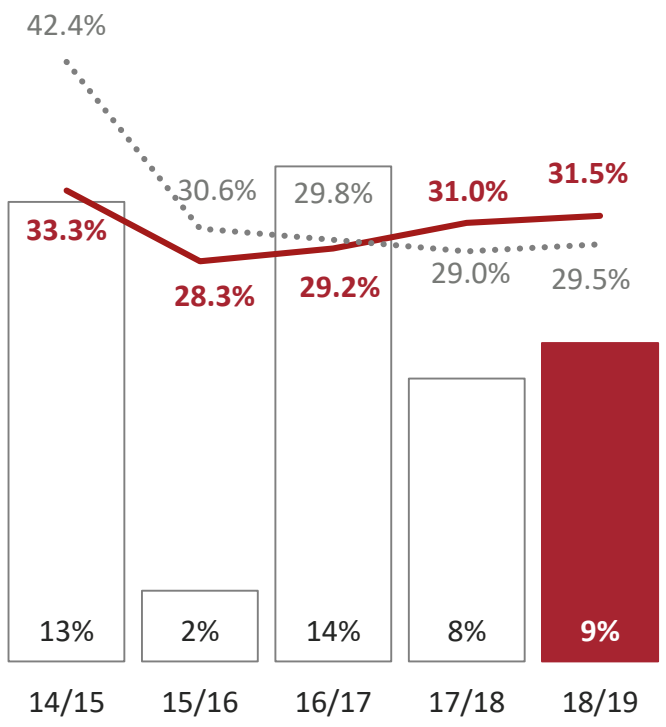
Three complementary businesses with strong fundamentals

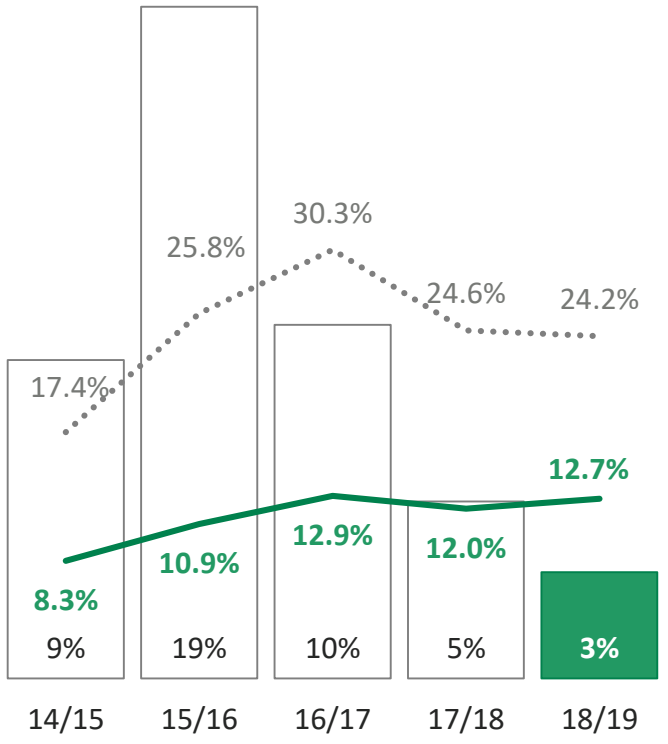
FOOD CULTURES & ENZYMES
59% of Group



HEALTH & NUTRITION
22% of Group



NATURAL COLORS
19% of Group



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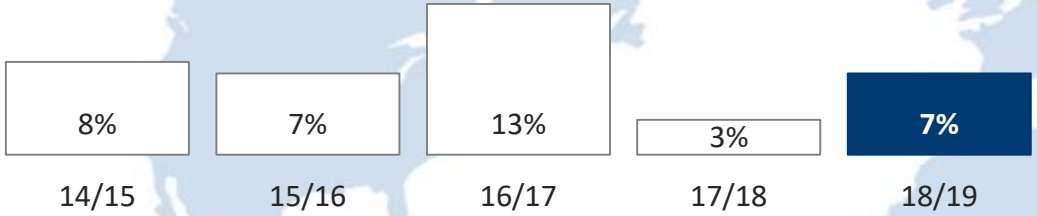
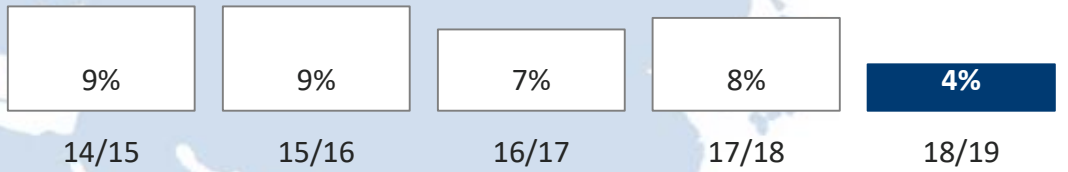
Regionally balanced portfolio

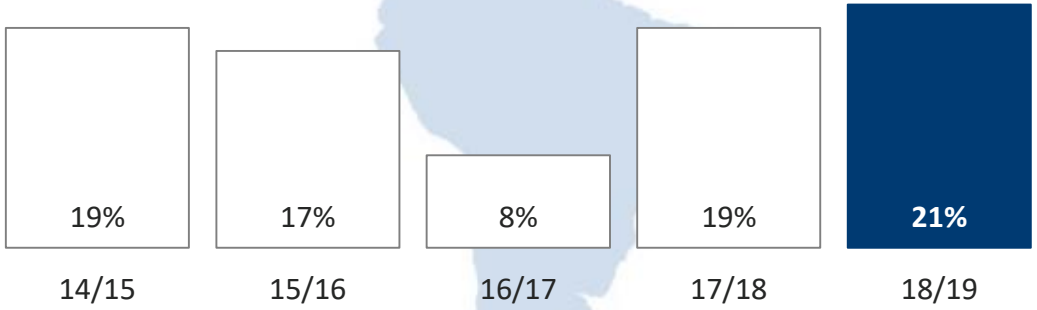
NORTH AMERICA
27% of Group



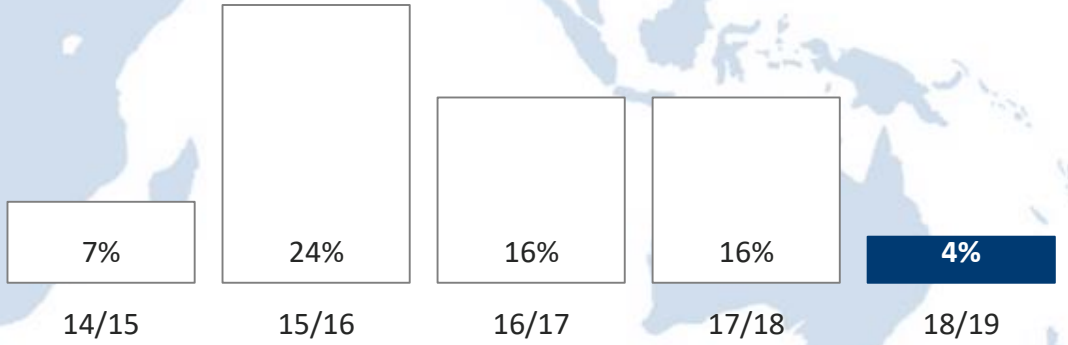
EMEA
44% of Group



LATAM
12% of Group



APAC
17% of Group



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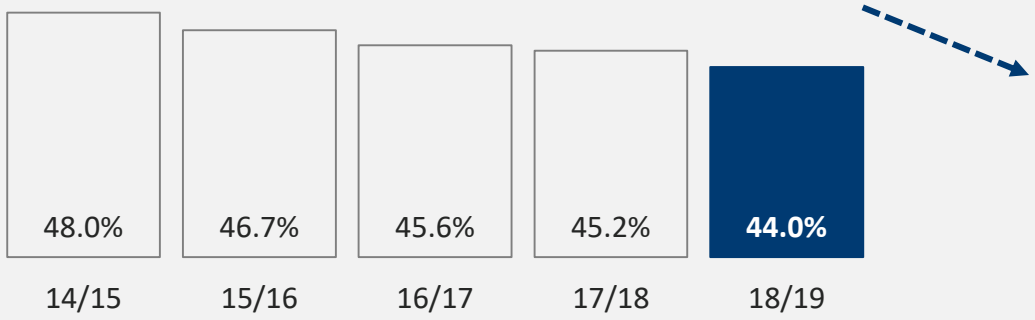
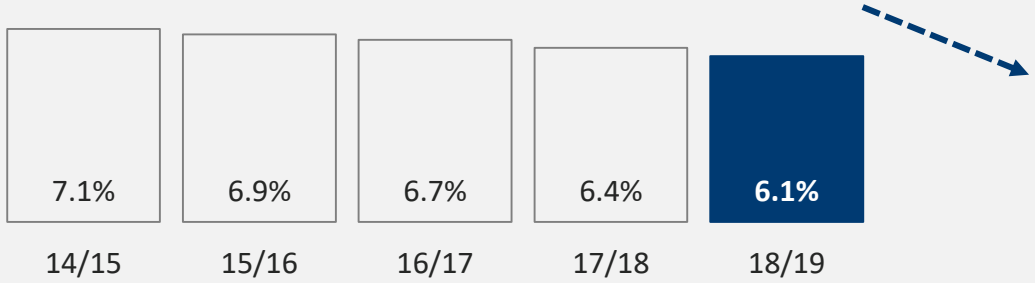
We will drive scalability and invest for future growth

Improved efficiency will drive scalability…

Cost of sales in % of revenue

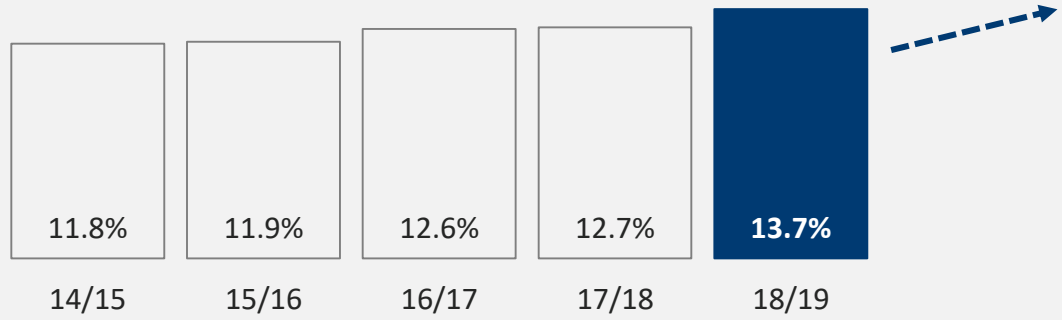


Administrative expenses in % of revenue

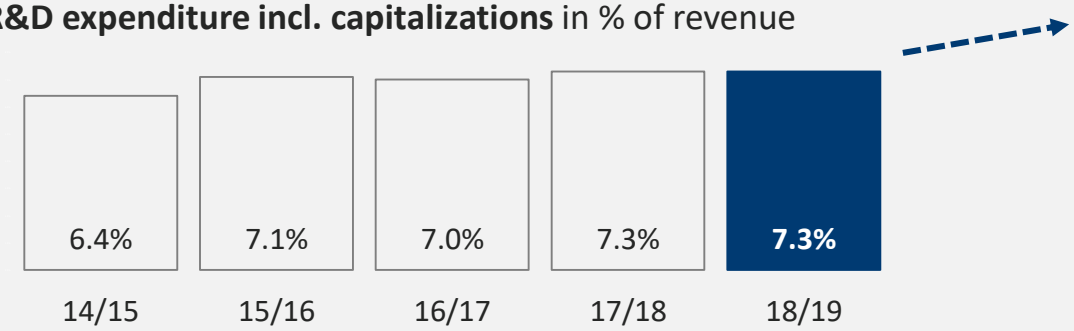


…whilst we invest for future growth

Sales & marketing expenses in % of revenue



R&D expenditure incl. capitalizations in % of revenue



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CAPITAL ALLOCATION

Organic growth remains number one priority for Chr. Hansen

1

Reinvest for organic growth

- Capacity
- Innovation
- People

2

Bolt-on Acquisitions

- Technology
- Market presence

3

Ordinary Dividend

- 40-60% of net income

4

Additional cash to shareholders

- Extraordinary dividend
- Share buy-back

Leverage consistent with a solid investment-grade credit profile (2018/19: 1.8x EBITDA)

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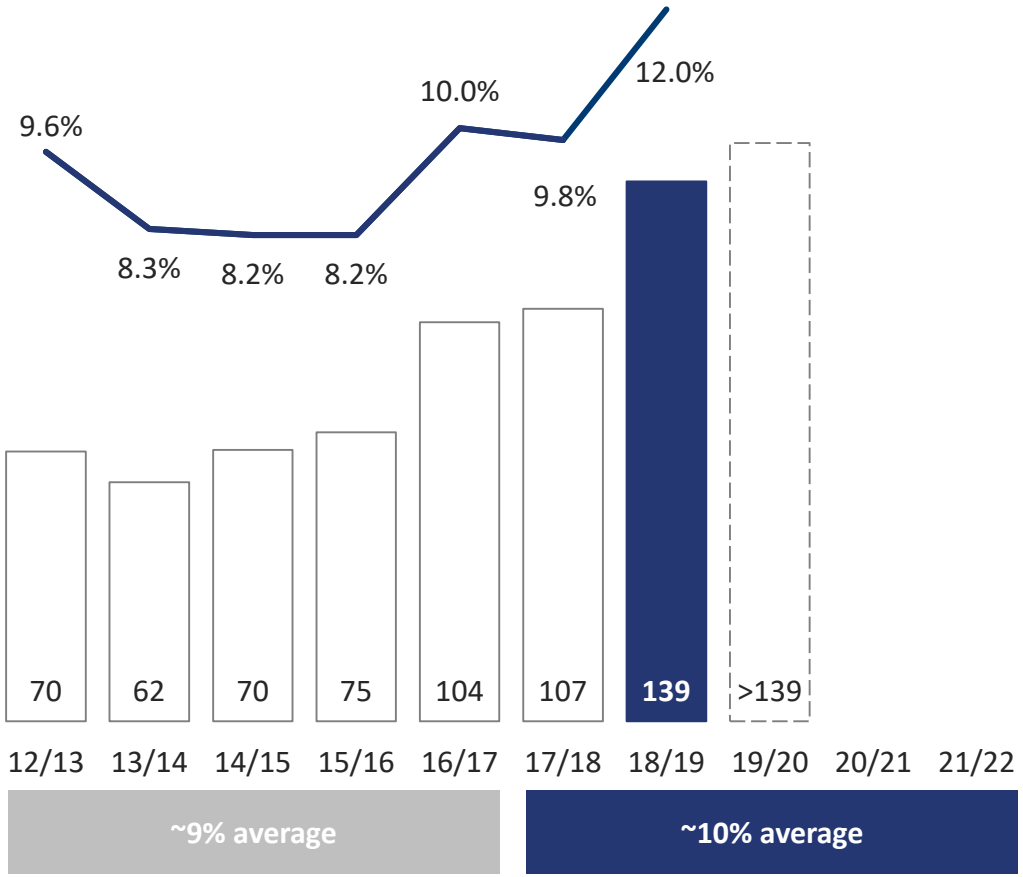
Investing into capacity expansions to support future growth

Capex projection in EUR m and % of revenue



Selection of major investment projects	Expected year of completion
Freeze dried & powder packaging	*20/21*
Upgrade of R&D facility in Montpellier	*19/20*
Capacity expansion in Health & Nutrition	*20/21*
Consolidation of carmine plants in Peru	*20/21*
Innovation campus including new pilot plant (partially financed by S&L)	*20/21 – 22/23*
Additional US capacity	*21/22*
Dairy expansion	*Beyond 22/23*
Natural Colors US footprint	*Under review*

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Our commercial and operational targets

	Target dimensions	Goal	KPI	Progress 18/19	Target 21/22[1]
Commercial	**Better farming**	Expand reach of natural plant solutions	Hectares of farmland treated (cumulative)[2]	10.4m hectares	25m hectares
Commercial	**Good health**	Launch new products with a documented health effect	Number of products (cumulative)	4 products	6 products
Commercial	**Less waste**	Reduce global yogurt waste	Tons of yogurt saved (cumulative)[3]	0.58m tons	1.2m tons
Operational	**Workplace responsibility**	Improve work safety Increase diversity of workforce	LTIF[4] Women at Directors+ level Non-Danes at Directors+ level	1.32 25% 43%	≤1.8 30% 55%
Operational	**Climate and environment**	Reduce environmental footprint in:			
		Energy	Efficiency in % compared to base year 13/14[5]	11%	20%
		Water		7%	20%
		CO_2		27%	25%
		Waste recycled		46%	40%
Operational	**Leading with integrity**	Ensure sustainable consumption and production patterns	Completion of e-learning in anti-corruption	100%	100%

[1] *For better farming the target is to be reached by 24/25.*
[2] *Based on sales numbers and application rates of Plant Health solutions and silage inoculants.*
[3] *Based on 7 days extended shelf life and sales numbers for FreshQ®.*
[4] *Frequency of Lost Time Incidents per million working hours.*
[5] *Efficiency relative to production units.*

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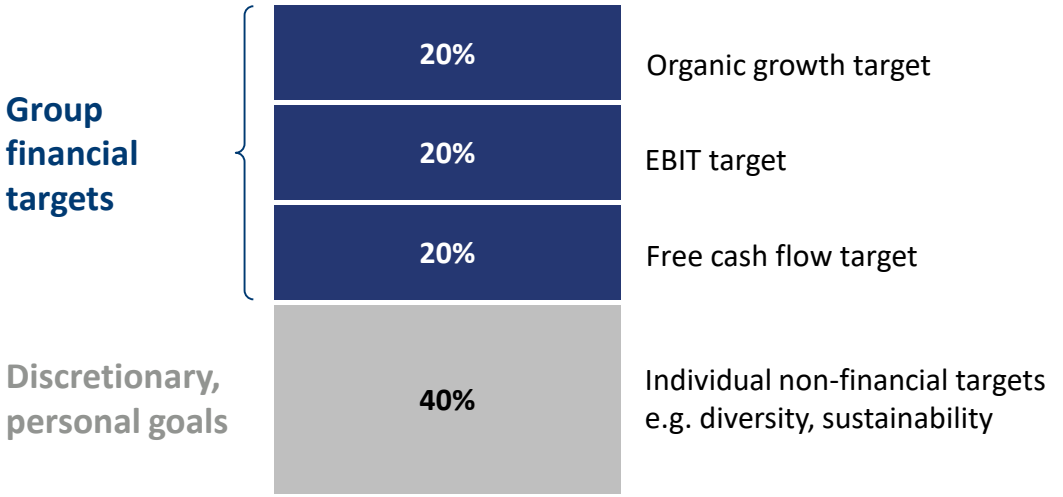
Closely aligned to key metrics and with strong incentive component

SHORT TERM

Annual incentive program for CEO and CFO

- Based on group financial targets and discretionary, personal goals
- Bonus is paid as 1/3 of the payout in Restricted Stock Units, and 2/3 in cash; normally accounts for 25-30% of total remuneration package
- Cap of max 50% of individual maximum in case of issuing profit warning



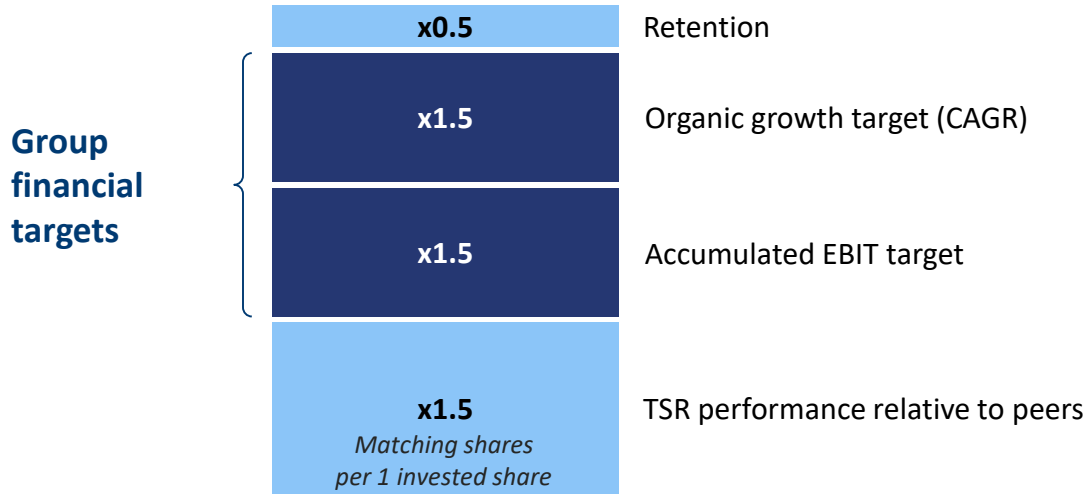
In % of fixed pay[1]	Target	Max
CEO	70%	100%
CFO/EVP	50%	71%

[1] *Base plus pension*

LONG TERM

Progressive three-year incentive program

- Requires personal investment in Chr. Hansen shares to participate:
- Grant value estimated (based on Black-Scholes) at 20-25% of the remuneration package
- Vest in full after three years



In % of fixed pay[1]	Target	Max
CEO	76%	114%
CFO/EVP	57%	86%

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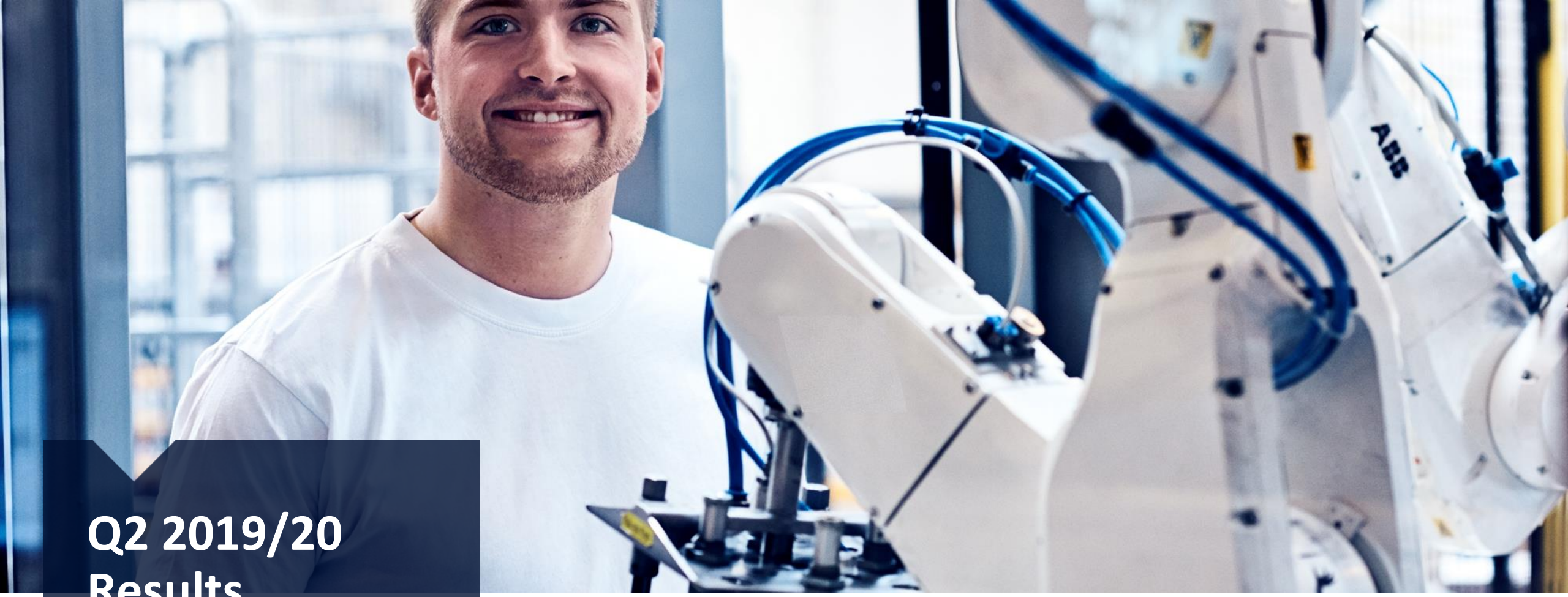

Q2 2019/20
Results

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Growth momentum and EBIT margin improved in Q2 in line with expectations

Q2 2019/20

5% organic growth	**28.2%** EBIT margin b.s.i.	EUR **47**m FCF b.a.s.i.
Q2 2018/19: 8%	Q2 2018/19: 27.8%	Q2 2018/19: EUR 40m

YTD 2019/20

3% organic growth	**27.0%** EBIT margin b.s.i.	EUR **41**m FCF b.a.s.i.
YTD 2018/19: 9% Guidance FY 2019/20: 4-6%	YTD 2018/19: 27.0% Guidance FY 2019/20: Around 29.5%	YTD 2018/19: EUR 8m Guidance FY 2019/20: Around EUR 190m

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Microbial platform delivered solid growth in Q2, whilst positive volume growth in Natural Colors was offset by low raw material prices

	Food Cultures & Enzymes	Health & Nutrition	Natural Colors
Organic growth	YTD 19/20 +4%	YTD 19/20 +2%	YTD 19/20 +0%
	Q2 19/20 +5%	*Q2 19/20 +8%*	*Q2 19/20 +1%*
Share of Group revenue YTD 19/20	60%	21%	19%

YTD 19/20	Microbial platform	*Q2 19/20*
+4%		*+6%*

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Good progress on strategic initiatives of our microbial platform in Q2

Very good uptake of new product launches in Animal and Human Health







The Probiotic Institute launched in the US to educate external stakeholders on probiotics

Joint venture in live biotherapeutic products signed first customer contracts





Discovery on mode of action of bioprotective cultures published in renown science journal

Strong commercial pipeline in plant-based dairy alternatives & MISTA network joined





Named no. 2 in Corporate Knights' "Global 100 Most Sustainable Corporations in the World"

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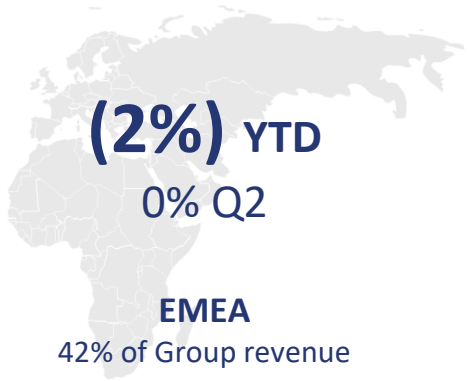
REGIONAL PERFORMANCE Q2 2019/20

Organic growth in the second quarter driven by Americas and APAC



(2%) YTD
0% Q2

EMEA
42% of Group revenue

YTD and Q2

- FC&E with good growth despite weakness in Middle East
- H&N declined due to order timing in dietary supplements
- NCD declined due to negative impact from low raw material prices and adverse trading conditions in emerging markets



7% YTD
7% Q2

NORTH AMERICA
28% of Group revenue

YTD and Q2

- FC&E on par with last year as limited market growth impacted cheese product sales
- Very strong growth in H&N driven by very strong performance in Animal Health and strong growth in Human Health
- NCD with good growth driven by coloring foods

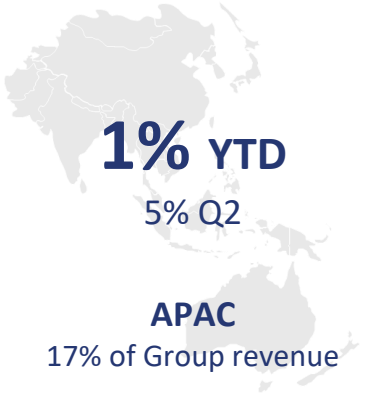


13% YTD
16% Q2

LATAM
13% of Group revenue

YTD and Q2

- Very strong growth in FC&E supported by CHY-MAX® Supreme launch
- H&N declined because of order timing and lower soy revenues in Plant Health
- NCD with very strong growth in Q2 leading to solid growth for H1 driven by new customer wins
- Positive impact to growth from EUR price list



1% YTD
5% Q2

APAC
17% of Group revenue

YTD

- FC&E flat as strong growth in fermented milk was mostly offset by decline in probiotics in China
- H&N grew slightly
- NCD delivered good growth

Q2

- FC&E declined slightly as solid growth in fermented milk was offset by decline in probiotics in China
- H&N and NCD grew strongly despite contraction in China
- Minor impact from COVID-19

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Solid growth across all segments except for probiotics; wins in plant-based

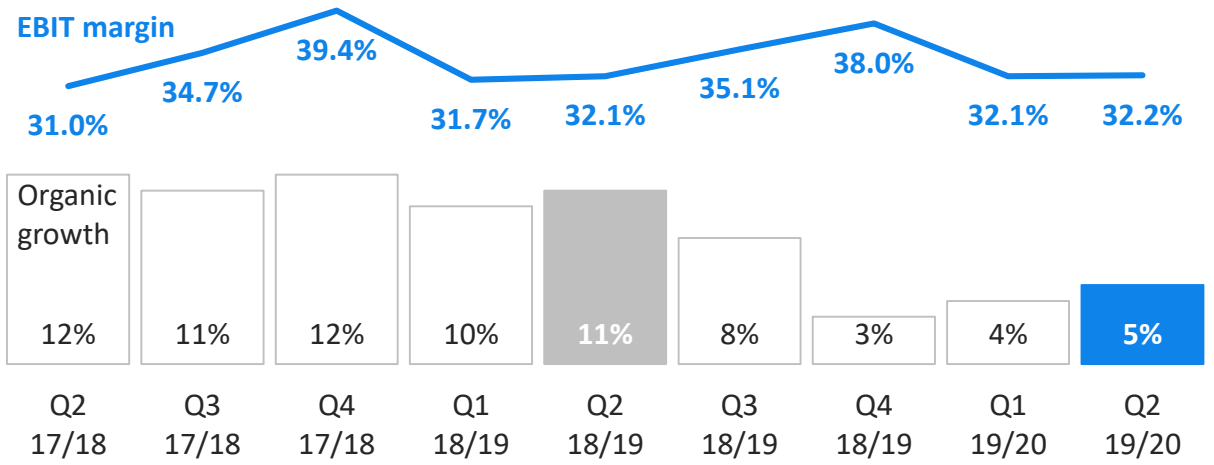
4% ORGANIC GROWTH YTD 19/20

YTD
- Strong growth in bioprotection and solid growth in fermented milk, cheese, enzymes and meat cultures; probiotics declined especially in China
- Normalization of inventory levels in the distribution chain in Q1 negatively impacted growth by an estimated ~1%-point

Q2
- Strong growth in bioprotection and meat cultures; solid growth in fermented milk, cheese and enzymes, probiotics declined
- No material impact from COVID-19
- Several commercial projects in plant-based dairy alternatives won

32.1% EBIT MARGIN YTD 19/20 (+0.2%-point)

YTD/ Q2
- Increase primarily driven by scalability benefits in production



EUR million	Q2 18/19	Q2 19/20	YTD 18/19	YTD 19/20
Revenue	166.0	172.5	327.1	338.6
Organic growth	11%	5%	10%	4%
Volume/mix	*7%*	*4%*	*6%*	*3%*
EBIT margin	32.1%	32.2%	31.9%	32.1%
ROIC ex. goodwill			39.1%	37.1%

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Continued strong growth in Animal and improved momentum in Human Health

2% ORGANIC GROWTH YTD 19/20

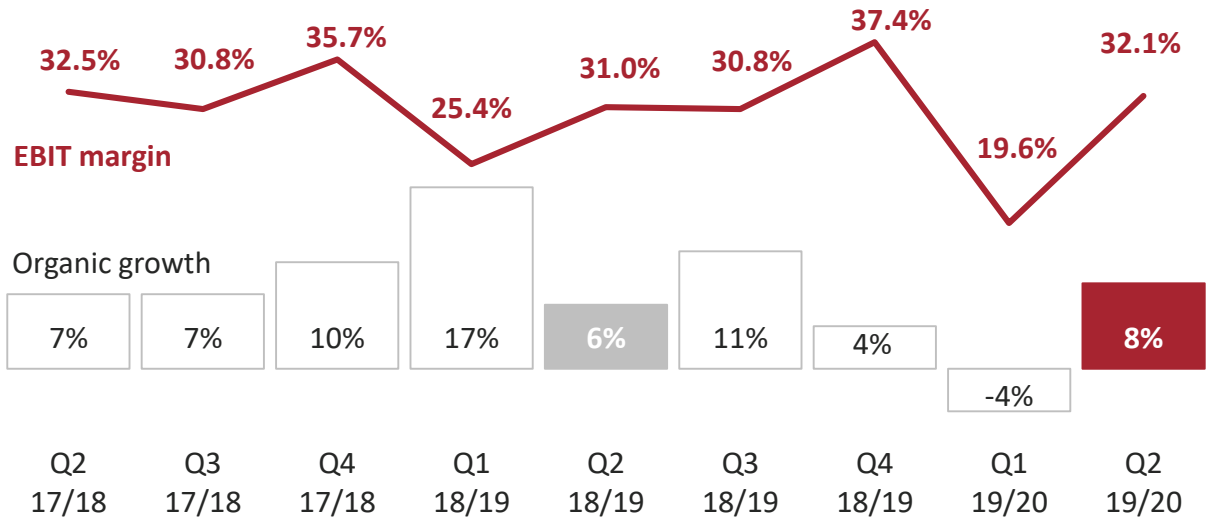
YTD
- HH declined slightly due to order timing and high comparable in infant formula; dietary supplements with good growth
- AH with very strong growth driven by Cattle segment on the back of improved US farmer economics and a new product launch
- PH declined due to order timing and lower sales activity in soy

Q2
- HH delivered solid growth driven by dietary supplements and infant formula; good uptake of new probiotic blend for infants
- AH with strong growth in both Cattle and Swine & Poultry
- PH declined due to lower than expected sales activity in soy

26.5% EBIT MARGIN YTD 19/20 (-1.9%-points)

YTD
- Decrease driven by relatively low revenue growth in Q1 and increased R&D expenses in Plant Health

Q2
- Increase driven by cost management initiatives partly offset by increased R&D expenses in Plant Health



EUR million	Q2 18/19	Q2 19/20	YTD 18/19	YTD 19/20
Revenue	62.5	67.1	118.1	121.0
Organic growth	6%	8%	11%	2%
Volume/mix	*6%*	*9%*	*10%*	*3%*
EBIT margin	31.0%	32.1%	28.4%	26.5%
ROIC ex. goodwill			25.3%	21.5%

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Very strong growth in coloring foods offset by low raw material prices

0% ORGANIC GROWTH YTD 19/20

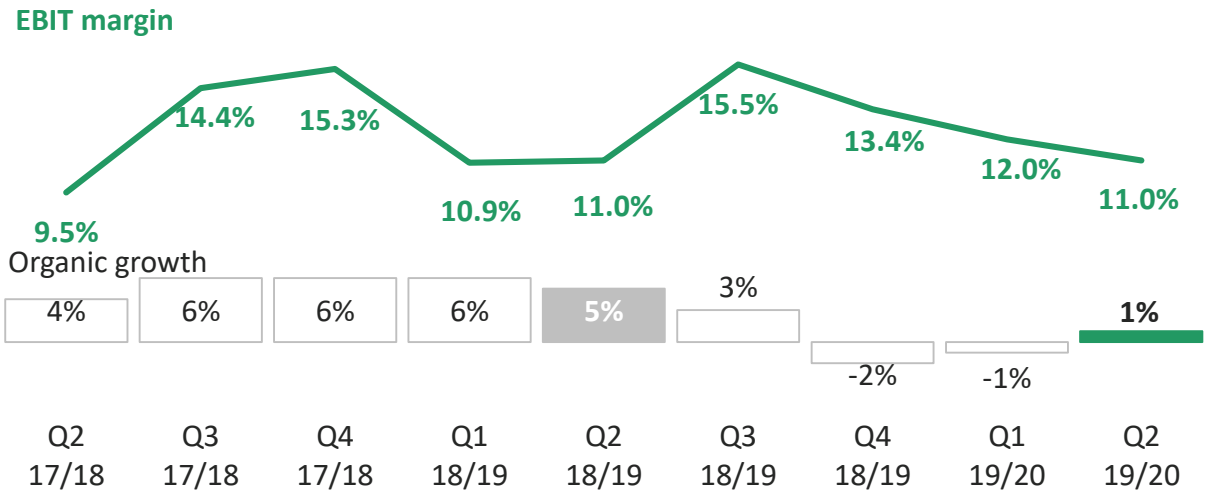
YTD
- Strong growth in coloring foods, particularly in EMEA and North America
- Traditional natural colors declined due to low raw material prices and challenging economic climate in emerging markets

Q2
- Strong growth in coloring foods in most regions whilst traditional natural colors business remained impacted by low raw material prices and challenging economic climate in Middle East

11.5% EBIT MARGIN YTD 19/20 (+0.6%-point)

YTD
- Increase in EBIT margin mainly driven by lower raw material prices

Q2
- Impact from low raw material prices mainly offset by currencies



EUR million	Q2 18/19	Q2 19/20	YTD 18/19	YTD 19/20
Revenue	55.2	55.1	108.0	107.5
Organic growth	5%	1%	5%	0%
Volume/mix	*6%*	*3%*	*5%*	*2%*
EBIT margin	11.0%	11.0%	10.9%	11.5%
ROIC ex. goodwill			19.4%	17.1%

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Strong balance sheet and cash generation provide ample financial leeway

- Increase in operating cash flow driven by favorable change in net working capital, IFRS 16 adjustment, lower taxes paid and higher operating profit
- Operational investing cash flow of 9.7% of revenue
- Investments in associates of EUR 6m related to Bacthera

- Resilient cash generation and largely self-financing
- Leverage ratio of 2.1x net debt/EBITDA
- Covenants related to net debt/EBITDA and EBITDA/net interest for outstanding bank borrowings are met by a comfortable margin
- Undrawn committed credit lines of >EUR 450m provide headroom for short-term financing if needed
- No large refinancing planned in FY20 and FY21
- Dividend policy unchanged

	YTD 18/19	YTD 19/20
Cash flow		
Cash flow from operating activities, EUR m	66.6	94.0
Cash flow from operating investing activities, EUR m	(60.0)	(55.1)
Free cash flow b.a.s.i., EUR m	7.6	41.1
Net working capital, % of revenue	22.0%	22.6%
Capex, % of revenue	10.8%	9.7%
Financial position		
Total assets, EUR m	1,926.1	2,109.8
Total cash and cash equivalents, EUR m	54.2	69.0
Net interest-bearing debt, EUR m	785.0	879.2
Equity ratio, % of total assets	40.1%	37.1%
Net debt/EBITDA b.s.i.	2.0x	2.1x

Step up in Group organic growth in line with expectations

- Gross margin improvement (+30bps yoy) driven by scalability benefits in FC&E and lower raw materials in NCD, partly offset by H&N
- Increase in operating expenses driven by relatively higher R&D spending in FC&E and PH (+40bps yoy) and higher sales & marketing costs in FC&E and H&N (+60bps yoy), partly offset by lower admin expenses resulting from cost management initiatives (-70bps)
- Net financial expenses include EUR 2m loss from Bacthera joint venture with Lonza in line with expectations

	Q2 18/19	Q2 19/20	YTD 18/19	YTD 19/20
Revenue	283.7	294.7	553.2	567.1
Organic growth	8%	5%	9%	3%
Volume	6%	5%	6%	3%
Price	2%	0%	3%	0%
FX	0%	(1%)	(2%)	0%
EUR growth	8%	4%	7%	3%
Gross margin	54.7%	54.9%	54.8%	55.1%
Operating expenses	26.9%	26.6%	27.7%	28.1%
EBIT b.s.i. margin	27.8%	28.2%	27.0%	27.0%
EBIT margin	27.6%	27.8%	26.9%	26.6%

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Guidance maintained assuming no major supply interruptions from global pandemic; preliminary long-term financial ambition remains valid

	YTD 2019/20	Outlook FY 2019/20 as per April 16, 2020[1]	Long-term financial ambition as per January 15, 2020
Group organic revenue growth	**3%**	**4-6%**	Until 2024/25 (preliminary): Mid to high single-digit Group organic growth p.a.
Food Cultures & Enzymes	4%	Microbial platform: mid single-digit growth	
Health & Nutrition	2%		
Natural Colors	0%	Flat to slight organic growth	
EBIT margin b.s.i.	**27.0%**	**Around 29.5%**	Until 2021/22: 30+%
Free cash flow b.a.s.i.	**EUR 41m**	**Around EUR 190m**	Until 2021/22: 10% CAGR

1 The outlook is based on constant currencies and stable raw material prices and assumes no acquisitions. The outlook is also based on the current political and economic environment. Any deterioration in the political and economic climate might impact the outlook negatively. This includes, but is not limited to, the economic climate in several key emerging markets; the risk of a global economic recession; the overall situation in the Middle East, including any potential sanctions; a deepening of the US-China trade tension; an escalation of the US-EU tariff situation; and a disruptive outcome to the EU-UK Brexit negotiations. Related to COVID-19, the guidance for the year assumes that Chr. Hansen and key customers can maintain production and transport products at current levels and that the situation does not deteriorate or impose restrictions on the flow of goods and hence our ability to serve customers. The guidance also assumes that there are no major supply disruptions in neither the raw material supply to Chr. Hansen, nor in the raw material supply, such as milk, to our customers.

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GLOBAL COVID-19 OUTBREAK

Chr. Hansen well positioned to maneuver through pandemic crisis; number one priority is employee safety and business continuity

Employee safety	▸ Home office where possible ▸ Enhanced safety precautions for lab and production staff ▸ Dedicated crisis management & communications
Supply chain	▸ All production sites operating at normal capacity; no disruption in raw material supply so far ▸ Transport delays caused by travel restrictions and higher freight costs due to reduction in air traffic
End-markets and customer demand	▸ Majority of Chr. Hansen's revenue linked to defensive food and health industries ▸ Short-term extraordinary demand from customers securing safety stock; expected to normalize over time ▸ Risk of lower protein consumption in global recession scenario, especially in emerging markets
Commercial pipeline and innovation	▸ Delays due to quarantine measures & travel restrictions will impact progress of commercial pipeline in the mid-term ▸ Customers more focused on business continuity and cost management than on new innovation and value-adding offerings

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STRATEGIC FOCUS AREAS 2019/20

Continue to execute on our strategic priorities for the year, unchanged focus on microbial and natural solutions

	FOOD CULTURES & ENZYMES **Leverage the full potential**	HEALTH & NUTRITION **Develop the microbial platform**	NATURAL COLORS **Create further value**
Drive penetration of new innovation	▸ Progress next-generation products in R&D ▸ Drive new launches and develop adjacencies	▸ Launch new products in Human Health ▸ Expand Plant Health business into new countries and crops	▸ Portfolio expansion within coloring foods and clean label products
Reinforce position in growth markets	▸ Strengthen emerging markets focus including SME in China ▸ Invest further in capabilities for adjacencies	▸ Drive sales excellence in Animal Health across regions ▸ Build on strong position in infant formula	▸ Continue to pursue conversion opportunities ▸ Expand presence in food service *(despite short-term impact from COVID-19)*
Generate fuel for growth	▸ Leverage expansion of Copenhagen site ▸ Build on digital services	▸ Further investments in Bacthera and Plant Health	▸ Continuation of efficiency programs and expansion in Peru

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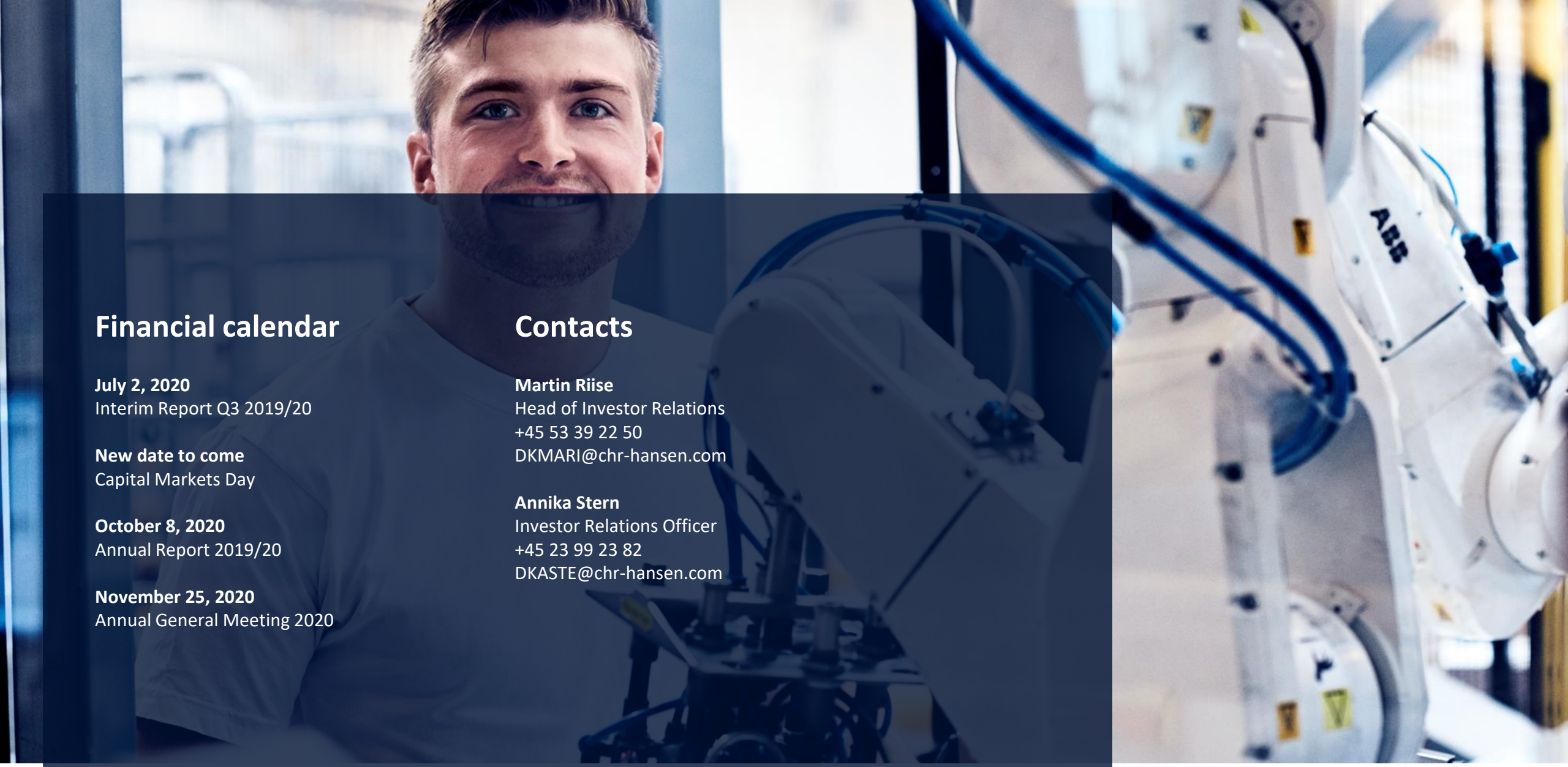

Financial calendar

July 2, 2020
Interim Report Q3 2019/20

New date to come
Capital Markets Day

October 8, 2020
Annual Report 2019/20

November 25, 2020
Annual General Meeting 2020

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