CHR. HANSEN HOLDING A/S

Capital Markets Day 12 April 2016
<table>
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<tr>
<th>Time</th>
<th>Topic</th>
<th>Speaker</th>
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<tr>
<td>10.00 - 10.05 am</td>
<td>Welcome</td>
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<tr>
<td>10.05 - 10.45 am</td>
<td>Progress so far</td>
<td>Cees de Jong</td>
</tr>
<tr>
<td>10.45 - 11.45 am</td>
<td>Food Cultures &amp; Enzymes</td>
<td>Knud Vindfeldt &amp; Christoffer Lorenzen</td>
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<tr>
<td>11.45 - 12.30 pm</td>
<td>Lunch</td>
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<tr>
<td>12.30 - 1.00 pm</td>
<td>Natural Colors</td>
<td>Jørgen Erichsen &amp; Mary Bentley</td>
</tr>
<tr>
<td>1.00 - 2.15 pm</td>
<td>Health &amp; Nutrition</td>
<td>Christian Barker &amp; Johan van Hylckama Vlieg</td>
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<tr>
<td>2.15 - 2.45 pm</td>
<td>Break</td>
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<tr>
<td>2.45 - 3.15 pm</td>
<td>Financial ambitions</td>
<td>Søren W. Lonning</td>
</tr>
<tr>
<td>3.15 - 3.45 pm</td>
<td>Beyond 2020</td>
<td>Cees de Jong</td>
</tr>
<tr>
<td>4.00 - 5.00 pm</td>
<td>Tour of Copenhagen site</td>
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Disclaimer

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Progress so far
Cees de Jong
CEO
Launched Natures No.1 strategy in 2013
Evolution, not revolution

<table>
<thead>
<tr>
<th></th>
<th>1. Fully leveraging the potential of CED</th>
<th>2. Developing the microbial solutions platform in HND</th>
<th>3. Creating further value in NCD</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>Driving a step change in innovation</td>
<td>Expand existing business</td>
<td>Improve cost-in-use</td>
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<tr>
<td></td>
<td>New innovation for yield &amp; functionality</td>
<td>Develop plant protection</td>
<td>New transformational technologies</td>
</tr>
<tr>
<td>5</td>
<td>Reinforcing position in emerging markets</td>
<td>Pursue probiotic opportunities in emerging markets</td>
<td>Drive emerging market conversion</td>
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<td>Undisputed leadership in emerging markets</td>
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<tr>
<td>6</td>
<td>Generating fuel for growth</td>
<td>Reinvest in future growth</td>
<td>Drive scalability</td>
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<td></td>
<td>Continued conversion</td>
<td>Commercial excellence</td>
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5
Launched Natures No.1 strategy in 2013

Financial ambitions

Organic revenue growth of 7-10% per year

Improved EBIT margin before special items over the period

Increased free cash flow before acquisitions and divestments
Fully leveraging the potential of Cultures & Enzymes

Delivered growth
- Continued conversion to DVS in dairy
- New “go-direct” model in China
- Focused on operational excellence
- Protection of EUR topline in volatile currency situations

Fueled innovation
- Streamlined innovation processes and execution
- Focused pipelines on highly relevant consumer challenges
- Launched a/o SaltLite™ & Acidifix™
- Technical issues with YoFlex®Sweet

Innovation index* cultures: 21% in 2014/15

Shown scalability
- Reaped benefits from new fermentation capacity in Copenhagen
- Optimized enzymes production footprint
- Solidified cost leadership in production

EBIT margin up 1.9%-points

Developed bioprotection
- Improved freshness and shelf-life in fermented milks and cheese
- Protection against listeria in meat
- Entering new (adjunct) markets

40% organic growth CAGR

* Revenue from products less than 5 years old
Developing the microbial solutions platform in Health & Nutrition

<table>
<thead>
<tr>
<th>Expanded human health</th>
<th>Expanded animal health</th>
<th>Developed plant protection</th>
<th>Explored human microbiome</th>
<th>Reinvested for future growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Developed strong relationships with key players</td>
<td>• Developed strong growth in US</td>
<td>• Introduced Nemix C in Brazil</td>
<td>• Established scientific and commercial partnerships</td>
<td>• R&amp;D expenditures incl. investments in laboratories almost doubled from 2012/13-2014/15</td>
</tr>
<tr>
<td>• Developed new formats with unique stability</td>
<td>• Acquired NPC</td>
<td>• Built innovation pipeline</td>
<td>• Inaugurated pilot-scale pharma-grade facility</td>
<td>• F/X improved margins by around 2%-points</td>
</tr>
<tr>
<td>• Production standards upgraded</td>
<td>• Key customer in silage insourced production</td>
<td>• Challenging market conditions</td>
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</tbody>
</table>

- **17% organic growth CAGR**
- **9% organic growth CAGR**
- **Strong trial data**
- **We have a role to play**
- **EBIT margin up 1.1%-point**

We have a role to play.

R&D expenditures incl. investments in laboratories almost doubled from 2012/13-2014/15.

F/X improved margins by around 2%-points.

EBIT margin up 1.1%-point.
Creating further value in Natural Colors

Challenged on growth
- Continued conversion in EMEA, Latin America and Asia
- Struggled to get the right organization in China
- Awaited conversion in US

5% organic growth CAGR

Expanded product offering
- Developed coloring foodstuff range (FruitMax®)
- Improved cost-in-use by introducing new more cost efficient solutions

15% organic growth CAGR for FruitMax®

Prepared US conversion
- Worked in-depth with brand owners in major food producers
- Helped product developers understand natural colors and the science behind the performance factors

Stronger pipeline

Created further value
- Profitability deteriorated
- Completed new organizational set-up
- Created a stronger commercial mindset
- Negative impact from F/X by around 2%-points

EBIT margin down 5.0%-points
Achieved strong financial performance

<table>
<thead>
<tr>
<th></th>
<th>2012/13</th>
<th>Long-term financial ambitions*</th>
<th>Progress 2013-15</th>
</tr>
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<tbody>
<tr>
<td>Organic revenue growth</td>
<td>7-10%</td>
<td>9% CAGR</td>
<td>✓</td>
</tr>
<tr>
<td>Food Cultures &amp; Enzymes</td>
<td>7-8%</td>
<td>9% CAGR</td>
<td>✓</td>
</tr>
<tr>
<td>Health &amp; Nutrition</td>
<td>+10%</td>
<td>14% CAGR</td>
<td>✓</td>
</tr>
<tr>
<td>Natural Colors</td>
<td>Around 10%</td>
<td>5% CAGR</td>
<td>▼</td>
</tr>
<tr>
<td>EBIT margin b.s.i.**</td>
<td>27.2% (26.4%***</td>
<td>Increasing</td>
<td>27.1% in 2014/15</td>
</tr>
<tr>
<td>Food Cultures &amp; Enzymes</td>
<td>30.4% (29.6%)</td>
<td>Increasing</td>
<td>31.5% in 2014/15</td>
</tr>
<tr>
<td>Health &amp; Nutrition</td>
<td>34.6% (32.2%)</td>
<td>Around 30%</td>
<td>33.3% in 2014/15</td>
</tr>
<tr>
<td>Natural Colors</td>
<td>13.0% (13.3%)</td>
<td>Increasing</td>
<td>8.3% in 2014/15</td>
</tr>
<tr>
<td>Free cash flow before acquisition, divestments and special items</td>
<td>EUR 120 million</td>
<td>Increasing</td>
<td>EUR 151 million in 2014/15</td>
</tr>
</tbody>
</table>

* Baseline 2012/13. NCD organic growth adjusted in 2014 from +10% to around 10%
** Before special items and impairments in 2012/13
*** Adjusted for changed level of capitalized development costs
Chr. Hansen supported by strong megatrends

<table>
<thead>
<tr>
<th>The trend</th>
<th>The implication*</th>
<th>The opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growing world population and</td>
<td>By 2030 almost 2/3 of world population will reside in cities and the middle</td>
<td>Need for more industrialized produced food &amp; beverages</td>
</tr>
<tr>
<td>rapid urbanization</td>
<td>class will have increased by 2.5 billion people</td>
<td></td>
</tr>
<tr>
<td>Resource scarcity</td>
<td>Global food production will have to increase with 70% by 2050 to support</td>
<td>Need for innovation to improve productivity</td>
</tr>
<tr>
<td></td>
<td>growing world population</td>
<td></td>
</tr>
<tr>
<td>Increasing health care costs</td>
<td>Global health spend is estimated at USD 6.5 trillion, with an expected growth</td>
<td>Need for cheaper and preventive solutions</td>
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<tr>
<td></td>
<td>rate of 5.3% until 2018</td>
<td></td>
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<tr>
<td>Demand for cleaner, healthier</td>
<td>67% of U.S. consumers prefer groceries with fewer and simpler ingredients</td>
<td>Need for better, safer products based on natural</td>
</tr>
<tr>
<td>and more natural products</td>
<td></td>
<td>ingredients</td>
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<tr>
<td>Technology breakthroughs</td>
<td>Big data and speed of DNA sequencing allow for much faster strain screening and</td>
<td>Open up for faster innovation and new areas such as</td>
</tr>
<tr>
<td></td>
<td>knowledge sharing</td>
<td>human microbiome</td>
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</table>

## Distinctive capabilities

<table>
<thead>
<tr>
<th></th>
<th>Innovation</th>
<th>Production process &amp; capacity</th>
<th>Customer relations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food cultures</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Bioprotection</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Dairy enzymes</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Human health</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Animal health</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Human microbiome</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Plant health</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Natural Colors</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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</tbody>
</table>
Building on a strong microbial platform

Strains & Screening
- Strain access & collection
  - In-house and external collaborations
- Screening methods
  - Understanding mode of action
- Strain improvement
  - Understanding genome and key metabolic pathways

Process & Analysis
- Production of live and active biomass
  - Aerobic, anaerobic and strict anaerobic fermentation procedures
- Harvest of biomass
  - Centrifugation and filtration
- Preservation of biomass
  - Frozen and freeze dried
- Formulation of biomass
  - Stabilization

Documentation & Accept
- Prove performance
  - Insights into customers products and production processes
- Document effect & efficacy
  - In vivo trials. Clinical studies and documentation
- Regulatory approval
  - Documentation

Microbial solutions
Preparing the organization for future growth

Main changes to organization

- Created Microbial Backbone covering R&D, Operations, Logistics and IT to support Food Cultures & Enzymes and Health & Nutrition
- Consolidating sales responsibility - but reporting on four regions (EMEA, NAM, LATAM & APAC)
- No changes to Natural Colors, HR, Compliance and Finance
Deliver profitable growth to 2020 and beyond

Organic revenue growth of 8-10% per year

Increasing EBIT margin before special items over the period

- Efficiency & production optimizations
- Cost discipline
- Value upselling

Impact from changed level of capitalization of development costs

<table>
<thead>
<tr>
<th>Year</th>
<th>2012/13</th>
<th>2015/16</th>
<th>2019/20</th>
</tr>
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<tbody>
<tr>
<td>EBIT Margin</td>
<td>27.2%</td>
<td>&gt;27.1%</td>
<td>&gt;2015/16</td>
</tr>
</tbody>
</table>

Long term ambitions

- 7-10%
- 8-10%
Food Cultures & Enzymes
Knud Vindfeldt
COO Microbial Backbone
Christoffer Lorenzen
EVP Food Cultures & Enzymes
Megatrends reaffirm dairy as a food category with stable growth

The trend

- Growing world population and rapid urbanization
- Resource scarcity
- Increasing health care costs
- Demand for cleaner, healthier and more natural products
- Technology breakthroughs

The implication

- Dairy consumption correlates with GDP

The opportunity

- Expand market presence
- Getting more out of milk
- Into new food areas
- Further scalability
Supporting the long-term growth opportunities in Food Cultures and Enzymes

- **Fundamental growth** (3-4%)
- **Conversion** (1-2%)
- **Innovation** (1-2%)
- **Pricing & market share** (~1%)

Delivering 7-8% growth
Protecting entry barriers

Critical food market dynamics...

- High customer fragmentation
- Local consumer demands and consumption preferences
- Individual customer production set-up
- Strong focus on unit production costs
- Cultures are a small part of total customer production costs (1-2%), yet strategically important

...provide substantial entry barriers...

- High customer acquisition costs relative to sales
- Need for wide range of cultures to cover market demands
- Service intensive and technical sales process
- Competitors need high volumes on strain level to generate economies of scale
- Customer incentive to switch is low

...creating favorable competitive environment

Conglomerates

Niche players

CHR HANSEN

Improving food & health
Building on deep customer understanding

New opportunities
- Systematic building of key relationships
- Intriguing the customer
- Log and prioritize opportunities
- Structure project launch plan for targeted customers

Managing customer projects

Phase 1: Define objective
Align objectives and understand decision process. Know your unique selling points and pricing

Phase 2: Initiate trials
Right trials with right people using right tools e.g. Six-sigma

Phase 3: Deliver tech. proof
Deliver technical proof. Gather fact base and optimize final negotiation

Phase 4: Show the value
Utilize technical and commercial competences to show value creation

Service and next sale

Deliver to promise
High technical service e.g. phage monitoring

Manage complaints

Prepare for next generation/alternative solution

New Culture
- pH specification
- Performance
- Error rate: 2.9%
- Mean: 5.52
- St.Dev.: 0.07
- N Samples: 1,088

Old Culture
- pH specification
- Performance
- Error rate: 12.9%
- Mean: 5.48
- St.Dev.: 0.09
- N Samples: 699
Expanding market presence in emerging markets

Changing presence as markets grow...

- Acquired Peyma (50%) in Turkey
- Established presence in Eastern European markets
- Go-direct in China

China: Cultures revenue growth

... and we expect to continue this trend
Getting more out of milk

The nutritional potential from milk is significant and includes among others:

<table>
<thead>
<tr>
<th>Bone health</th>
<th>Calcium-binding (CPP)</th>
<th>Lactoferricin</th>
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<tr>
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<td>Antimicrobial satiety</td>
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Cultures & enzymes help:

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<th>Add in</th>
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<td>Texturizers &amp; Stabilizers</td>
<td>Preservatives</td>
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<td>Offer</td>
<td>New eating occasions</td>
<td>New consumer groups</td>
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post-pasteurized yogurt

This yogurt contains 35% more protein than other yogurts in the market, providing a product format that is tasty and nutritious and convenient to consume anytime, anywhere.

Getting more out of milk

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post-pasteurized yogurt

This yogurt contains 35% more protein than other yogurts in the market, providing a product format that is tasty and nutritious and convenient to consume anytime, anywhere.
Addressing consumer and food producers’ needs for safer, cleaner products with long shelf life across categories

66% of consumers worldwide check labels for food and beverage products before purchasing; 62% of these say they check for artificial preservatives\(^1\)

55% of consumers will temporarily switch brand following a recall. 21% would avoid purchasing any brand made by the same manufacturer\(^2\)

Retailers estimate 2-3% losses related to expiration of products on shelf related to dairy products\(^4\)

Food losses in Dairy amount to 20%. In Europe alone 29 million tons of dairy products are lost/wasted every year\(^3\)

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1) [http://www.cnsmedia.com/GNTInfographicsIngredientsunderScrutiny.jpg](http://www.cnsmedia.com/GNTInfographicsIngredientsunderScrutiny.jpg)
3) Global Food Losses and Food Waste (2011); Food and Agriculture Organization of the United Nations
4) Chr. Hansen retailer interviews
Bioprotection helps to protect against spoilage and unwanted additives, using Nature’s own processes

<table>
<thead>
<tr>
<th>Bioprotection at a glance</th>
</tr>
</thead>
<tbody>
<tr>
<td>The need to store and preserve milk was the reason to invent fermentation of milk into yogurt and cheese. FreshQ® is an extension of this ancient technique</td>
</tr>
<tr>
<td>Natural microorganisms inhibiting contaminants like yeast and mold through fermentation</td>
</tr>
<tr>
<td>Can be an additional hurdle to help manage end product quality by exerting a fungi-static effect</td>
</tr>
<tr>
<td>Enhances the effectiveness of customers sanitation program</td>
</tr>
<tr>
<td>Adds another barrier against contamination, that helps manage end-product quality</td>
</tr>
</tbody>
</table>
Significant opportunities identified based on existing products and new innovation

Bioprotective solutions have seen strong growth in recent years...

- **FreshQ®** an all-natural way to reduce risk of spoilage caused by yeast and mold in dairy
- **SafePro®** minimizes the risk of listeria is and reduces the risk of spore formations from spoilage bacteria in meat

...But further opportunities are available

- Strengthening current base in fresh dairy, cheese, & processed meats
- Expanding into new areas incl. ready-to-eat and fresh meat & fish
- Innovating solutions e.g. for gram-negative pathogens
Driving further scalability through modular expansions

Upstream → Fermentation → Downstream

- 40 m³
- 100 m³

2007 → 2014 → 2017 (planned)

Copenhagen site
## Financial ambitions

<table>
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<tr>
<th></th>
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<th>Old long-term ambitions*</th>
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<th>New 2019/20 ambitions</th>
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<td>7-8%</td>
<td>9% CAGR</td>
<td>✓ 7-8%</td>
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<td>EBIT margin b.s.i.**</td>
<td>30.4% (29.6% on LFL)</td>
<td>Increasing</td>
<td>31.5% in 2014/15</td>
<td>✓ Increasing</td>
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**Main assumptions:**

The long term financial ambitions reflect currency rates at around same levels as in 1H 2015/16 i.e. no major impact from EUR-based pricing

Combined end-market volume growth for fermented milk and cheese is expected to be 3-4%

*Baseline 2012/13.

** Before special items and impairments in 2012/13. Number in () reflects changed level of capitalized development costs
Natural Colors

Jørgen M. Erichsen  
EVP Natural Colors

Mary Bentley  
SVP US Color Sales
Megatrends push conversion to natural colors

**The trend**
- Growing world population and rapid urbanization
- Resource scarcity
- Increasing health care costs
- Demand for cleaner, healthier and more natural products
- Technology breakthroughs

**The implication**
- Market value, growth and conversion for natural colors*

<table>
<thead>
<tr>
<th>Region</th>
<th>Market Value, EURm**</th>
<th>Conversion, Volume**</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMEA</td>
<td>~350</td>
<td>55-60%</td>
</tr>
<tr>
<td>North America</td>
<td>~150</td>
<td>20-25%</td>
</tr>
<tr>
<td>Latin America</td>
<td>~100</td>
<td>25-30%</td>
</tr>
<tr>
<td>APAC</td>
<td>~225</td>
<td>30-35%</td>
</tr>
<tr>
<td>Global</td>
<td>~825</td>
<td>30-40%</td>
</tr>
</tbody>
</table>

**The opportunity**
- Capturing our share in the US
- Further development in coloring foodstuff
- Restore profitability

* Food & beverages natural colors and coloring foodstuff market
** Management estimate
*** CAGR 2012-15, Euromonitor
The US conversion has started

The market for natural colors in the US accounts for 20% of global demand and is expected to grow with a CAGR of 10-20% until 2020...

NC US market 2015

NC US market 2020e

- EUR 150 million

~25%

45-50%

5-10%

10-15%

-15%

-25%

CAGR 10-20%

30-35%

40-45%

Beverages

Prepared food & meat

Confectionery & ice cream

Dairy & fruit prep

...as food manufacturers continue to prepare for a move away from artificial colors

Commitment to natural colors from major brand owners constitute over 50% of the total US food and beverage market

“Nestlé USA to remove artificial ingredients from candy”

“Mars to remove artificial colors from M&Ms, Skittles, Starburst and more”

“Campbell to cut artificial flavors, colors by end of 2018”

“Kellogg to stop using artificial products in cereals, snack bars”

“Mondelez to remove artificial colors, flavors by 2020”

“Kraft Mac & Cheese plans to go for a more natural look”

Note: Examples of company announcements listed on this slide is not exhaustive

US conversion case studies

Launching the world’s largest blind tasting test

Converted to natural colors in December 2015 but only updated the ingredient list

After 50 million boxes sold Kraft introduced new packaging in March 2016

Launched national #didntnotice campaign across all platforms

Example of Kraft Mac & Cheese*

Taking first-mover position sharing ”our journey”

Proactive public commitment to ”axe” artificial colors

Started by converting kids favorites ”Trix” communicating through Social Media

Keeping consumers updated on conversion progress on ”our mutual journey”

Example of General Mills cereals**
Capturing our share in US

**Go to market strategy**
- Roadmap of where to play triangulated from industry segmentation, supply chain footprint and study of unbranded market

**Commercial excellence**
- Establish CH as a partner for conversion through insight leadership and application expertise
- Expanding market reach into private label and food service

**Product portfolio**
- Innovation pipeline to enhance current portfolio performance to enable success in all pigments and core industries

**Production footprint**
- Current set-up in North America has sufficient capacity for the short-to-mid-term depending on the speed of conversion
- Footprint review initiated with planned capacity expansion in 3-5 years
Further development in coloring foodstuff

Our FruitMax® range of coloring foodstuff is one of the fastest growing categories...

Expanding market presence by continuing innovation and market penetration

- Consider acquisitions to get access to complementary technologies and raw materials

FruitMax® sales

-15% CAGR

2012/13 2013/14 2014/15

...yet it remains less than 10% of NCD, and Chr. Hansen is not market leader

Coloring foodstuff: Naturally sourced concentrates from plants, fruits or vegetables. Enables labeling without E numbers
Restoring profitability

We are behind our target for increasing EBIT margins…

- USD exchange rate (USD appreciated 18% vs. EUR since NN1 strategy launched)
- Strengthening of the commercial organization
- Additional cost related to segregation from Food Cultures & Enzymes

....but increased transparency opens up for a number of initiatives addressing both cost and sales performance

Natural Colors EBIT margin

<table>
<thead>
<tr>
<th>Year</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Margin</td>
<td>13.0%</td>
<td>13.0%</td>
<td>8.3%</td>
</tr>
</tbody>
</table>

Examples of profit enhancing initiatives

**Sourcing**
- Less dependent on single suppliers
- Better market intelligence allows for better pricing power

**Sales**
- Transparency enables effective sales force allocation
- Innovation to drive pricing power

**Scalability**
- Leverage production scalability
- Yield improvement programs
- Drive scalability by reducing complexity

**Logistics**
- Smarter packaging
- Small order fee
- Shipping policies
Staying ahead in competitive landscape

Competitive situation

<table>
<thead>
<tr>
<th>Product range</th>
<th>Market presence</th>
<th>Players</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broad</td>
<td>Global</td>
<td>CHR HANSEN</td>
</tr>
<tr>
<td></td>
<td>Local</td>
<td>SENSIENT</td>
</tr>
<tr>
<td></td>
<td></td>
<td>NATUREX</td>
</tr>
<tr>
<td></td>
<td></td>
<td>San-Ei Gen</td>
</tr>
<tr>
<td>Narrow</td>
<td>Global</td>
<td>DDW</td>
</tr>
<tr>
<td></td>
<td>Local</td>
<td>GNT</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Local color blenders</td>
</tr>
</tbody>
</table>

Regulation

EMEA
- Regulation in place for certain artificial colors
- EU issued new guidance on coloring foodstuff to regulate selective extraction
- Gulf Countries pushing new regulation for artificial colors

Americas
- No regulation in US; consumer pressure driving growth
- Review of artificial colors in Latin American countries

APAC
- Indonesia and Vietnam banned artificial colors in some categories
- Artificial colors under review in several countries
## Financial ambitions

<table>
<thead>
<tr>
<th></th>
<th>2012/13</th>
<th>Old long-term ambitions*</th>
<th>Progress 2013-15</th>
<th>New 2019/20 ambitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic revenue growth</td>
<td></td>
<td>Around 10%</td>
<td>5% CAGR</td>
<td>Around 10%</td>
</tr>
<tr>
<td>EBIT margin**</td>
<td>13.0%</td>
<td>Increasing</td>
<td>8.3% in 2014/15</td>
<td>Increasing</td>
</tr>
<tr>
<td></td>
<td>(13.3% on LFL)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Main assumptions:

The long term financial ambitions reflects currency rates and raw material prices to be at around same levels as in 1H 2015/16

---

*Baseline 2012/13. Organic growth adjusted in 2014 from +10% to around 10%  
** Before impairments in 2012/13. Number in () reflects changed level of capitalized development costs
Megatrends drives penetration of microbial solutions

The trend
- Growing world population and rapid urbanization
- Resource scarcity
- Increasing health care costs
- Demand for cleaner, healthier and more natural products
- Technology breakthroughs

The implication

<table>
<thead>
<tr>
<th>Health Category</th>
<th>Market Growth</th>
<th>Penetration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human health</td>
<td>5-15%</td>
<td>&lt;5%</td>
</tr>
<tr>
<td>Animal health</td>
<td>10-15%</td>
<td></td>
</tr>
<tr>
<td>Plant health</td>
<td></td>
<td>&gt;20%</td>
</tr>
</tbody>
</table>

The opportunity
- Continue growth in human health
- Start developing solutions for the human microbiome
- Further expansion of the platform in animal health
- Building the business in plant health

* Based on Euromonitor and management estimates
Moving further into human health and microbiome is an evolutionary journey

Increasing process complexity, quality & cGMP requirements

- cGMP manufacturing of strict anaerobes & spore formers as API’s
- Infant supplement ingredients
- Probiotic DS and Medicinal Products
- cGMP manufacturing of facultative anaerobes
- Dairy cultures

Microbiome at Chr. Hansen

- Chr. Hansen holds & maintains
  - Danish Food Authority approval
  - ISO-9001,
  - ISO-14000 and
  - ISO/FSSC 22000

Continue growth in human health
Start developing solutions for the human microbiome
In human health we continue growth through best value proposition

The best value proposition...

- Only strains with documented health benefits on e.g. GI and Immune
- Further benefits via other ingredients
- Dosage forms that ensure efficacy and appeal to consumers

...and secure future organic growth

Indicative
- Innovation pipeline
- Development projects incl. geo expansion
- Base growth

...Offers opportunities to “Win with the winners”...

- Supporting 8 of the top global consumer health players
- Co-development of solutions create long-term relationships
- Developing solutions that allow customers to differentiate in the high-end market based on our unique selling points

IT WORKS

IT LASTS

IT’S DIFFERENT

- 2 years at 25°C for finished products
- 3 years at 30°C for selected products
- Stability data from blends to packed products

- Comprehensive capabilities for customization
- Unique technology platforms
- Stand-out product concepts

Supporting 8 of the top global consumer health players
Keeping ahead of competition in a complex and increasingly regulatory environment

<table>
<thead>
<tr>
<th>Competitive situation</th>
<th>Regulation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Product range</strong></td>
<td>1. Relevant legislations are becoming more restrictive in both dietary supplements and infant formula space with food safety driving higher compliance standards</td>
</tr>
<tr>
<td><strong>Market presence</strong></td>
<td>2. No harmonized dietary supplements regulation</td>
</tr>
<tr>
<td><strong>Players</strong></td>
<td>3. Still no EFSA approved claim for probiotics (less of an issue for Dietary Supplements than for Food)</td>
</tr>
<tr>
<td>Broad</td>
<td></td>
</tr>
<tr>
<td>Global</td>
<td></td>
</tr>
<tr>
<td>Local</td>
<td></td>
</tr>
<tr>
<td>Narrow</td>
<td></td>
</tr>
<tr>
<td>Global</td>
<td></td>
</tr>
<tr>
<td>Local</td>
<td></td>
</tr>
<tr>
<td>Generic producers</td>
<td></td>
</tr>
</tbody>
</table>

**Market share**

<table>
<thead>
<tr>
<th>Human consumption</th>
<th>Pharma</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infant &amp; dietary supplements excl. $39</td>
<td>Pharma &amp; dietary supplements $39</td>
</tr>
<tr>
<td>Animal &amp; plant</td>
<td></td>
</tr>
<tr>
<td>Food and beverage</td>
<td></td>
</tr>
<tr>
<td>Colors</td>
<td></td>
</tr>
<tr>
<td>Dairy, meat, wine</td>
<td></td>
</tr>
</tbody>
</table>
The human superorganism - of microbes and men

The human microbiome as it develops
We are born sterile but develop an intimate association with bacteria throughout life

Your personal microbiome
160 species - 0.5 million genes of which you share half with any given person

The human microbiome is in and on us
1,100 bacterial species
10 million genes (100-fold the human genome)
Science’s understanding of the human microbiome’s impact on health and diseases has progressed rapidly.

Potential targets in health & disease

Role of microbes long recognized

- Gut health
  - Ulcerative colitis, Crohn’s disease, Pouchitis, IBS
- Pathogen Protection
  - Clostridium difficile & Infectious diarrhea

Microbes and metabolic health

- Energy Metabolism
  - T1D, T2D, NAFLD
  - Metabolic syndrome
- Production & availability of nutrients
  - Malnutrition
- Cardiovascular health
  - Artherosclerosis

New breakthrough insights

- Gut-brain & emotion
  - Autism, Depression
  - Stress & anxiety
- Cell proliferation & cancer
  - Bladder, colon & stomach
- Immune maturation & Functioning
  - Arthritis, Allergy

Cure rate - *Clostridium difficile* infection*

<table>
<thead>
<tr>
<th>Treatment</th>
<th>Percentage Cured without Relapse</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>First infusion of Donor Feces (N=16)</td>
<td>81.3</td>
<td>P &lt; 0.001</td>
</tr>
<tr>
<td>Infusion of Donor Feces Overall (N=16)</td>
<td>93.8</td>
<td>P &lt; 0.001</td>
</tr>
<tr>
<td>Vancomycin (N=13)</td>
<td>30.8</td>
<td>P = 0.008</td>
</tr>
<tr>
<td>Vancomycin with Bowel Lavage (N=13)</td>
<td>23.1</td>
<td>P = 0.003</td>
</tr>
</tbody>
</table>


*without relapse for recurrent infection*
The scientific progress has fueled major private investments.

Looking to introduce new services and products...

- Bacteria from the microbiome as therapeutics
- Diagnostics
- Drugs targeting the microbiome
- Foods & prebiotics

...companies announce many projects...

Indication areas

- IBD/IBS
- C. Diff
- Metabolic
- Others

# projects

- Discovery/preclinical: ~20
- Phase I & II: >10
- Phase III: <5

...but three major challenges remains

1. Which microbe for which health endpoint
2. How to produce and formulate these sensitive microbes
3. What will regulatory look like across pharma, infant and food
Chr. Hansen has made significant progress on addressing two of the challenges

1. Which microbe for which health endpoint

- Discovery for food and dietary supplements within existing business area most notably G.I.
- Development of large well-documented strain libraries of gut commensals through consortium with leading universities

2. How to produce and formulate these sensitive microbes

- Product development partner for biotech and pharma
- Development of a product formulation for E. hallii for a clinical development program on pre-diabetes

Supportive actions

- Dedicated team
- Strong scientific advisory board with leading experts
- Establishing a pilot-scale pharma grade laboratory with production capacity for anaerobic bacteria
Developing new strains to support long-term growth

Methodology

Classical approach
- Effect evaluated by subjective outcome measures e.g. gastrointestinal comfort questionnaires
- Clinical trial populations with fluctuating gastrointestinal symptoms

New approach (example)
- Effect evaluated by quantifiable responses in gastrointestinal and inflammation specific biomarkers
- Physical challenge model induces variable biomarker response depending on the effectiveness of the probiotic

Effectiveness of new probiotic strain evaluated in exploratory clinical trial by quantitative measures
Chr. Hansen offers unique production and formulation capabilities for partners

### Anaerobe capabilities

<table>
<thead>
<tr>
<th></th>
<th>Anaerobe physiology</th>
<th>Fermentation development</th>
<th>Formulation development</th>
<th>Upscaling</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chr. Hansen</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>CMO’s</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
<td>✓</td>
</tr>
<tr>
<td>Probiotic players</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>
Developing the human microbiome business model

Identifying potential partners...

We have identified a large number of opportunities for partnering centered around 2 main areas:

- Gastrointestinal disease
- Metabolic disorders

...But significant uncertainty prevails

- Which strains/combinations will deliver most promising results?
- Which strains/combinations can be produced?
- Who will succeed?
- How will the regulatory environment develop?
Long-term growth opportunity in animal health

The trend

- Growing world population and rapid urbanization
- Resource scarcity
- Increasing health care costs
- Demand for cleaner, healthier and more natural products
- Technology breakthroughs

The implication

- Market growth & penetration *

The opportunity

- Increase penetration through RTM and next generation products
- Expand into adjacent areas
- Offer alternative to antibiotic growth promoters

* Based on Euromonitor and management estimates
Drive growth across categories

Strong value proposition...

- Efficiency of milk production and better rumen health (dairy cows)
- Increased feed conversion (beef)

- Significant reduction in dry matter loss
- Improved aerobic stability and fermentation

- Reduction in piglet mortality
- Increased calorie efficiency (reduced cost with same result)

- Increased feed digestibility and production boost
- Defense against pathogens
- *But increasing competition*

...Offers opportunities to deliver customer value...

- Boosting efficiency and profitability for farmers and producers
- Meeting all regulatory requirements for safety, stability, and efficacy
- Address concern around use of antibiotic growth promoters

...and secure future organic growth

*Indicative*

- Innovation pipeline
- Development projects
- Base growth

![Graph showing growth](chart-growth.png)


---

50

*CHR. HANSEN*

*Improving food & health*
Established an innovation pipeline to support growth

Novel probiotic significantly reduces diarrhea in piglets challenged with E. coli...

... leading to increased feed utilization and growth

Improved Feed Conversion Ratio (FCR) compared to non-treated control (%)

** Significant difference compared to non-treated control (P<0.05)

Novel probiotic reduces gut infection...

... thereby decreasing mortality rates in poultry

** Significant improvement compared to control (P<0.05)
Staying ahead of increasing competition in a market supported by regulation and customer awareness

**Competitive situation**

- Large players
  - LALLEMAND
  - CHR. HANSEN
  - DSM
  - DOW
  - Kemin

- Niche players
  - Novozymes
  - Calpis

**Regulation**

- Increasing legislations against the use of antibiotic growth promoters (AGP)
  - AGP banned in EU in 2006 and in California in 2015
  - In 2014 FDA announced legislation to curb usage in US

...and consumers drive a move away from AGP
Creating a broader platform in animal health

**Acquisition Nutrition Physiology Co. (NPC) has a strong fit with Nature’s No.1**

- Expanding existing business in animal health through complementary microbial solutions for beef cattle
- Aligned with capital allocation principles - bolt-on acquisition to support market presence and technology

**Attractive synergies**

- Sales, supply chain, and innovation
- Synergies expected to be achieved within two years

**Fast returns**

- Acquisition is expected to be EPS accretive by 2016/17

**NPC is a provider of microbial solutions to the US livestock industry**

- Revenue USD 40 million and EBITDA USD 10 million*
- Strong customer relationships backed by strong scientific trial data with IP protection
- Asset light operations with outsourced production (Chr. Hansen a supplier)
- 50 employees across US, mainly within sales, and R&D

**Key products**

- Bovamine®, Bovamine® Defend™, Bovamine® Dairy

*2015
Integrate and obtain synergies

**Synergies to be realized mainly through**

- Utilization of commercial opportunities from complementary businesses
- Optimization of supply chain
- Strengthened innovation efforts
- Full tax deductibility on acquired intangible assets

Approx. EUR 6 million related to the transaction and integration (recognized as special items)

The acquisition is expected to be margin accretive to the Health & Nutrition and EPS accretive by 2016/17

**Integration process and synergy achievement**

- Integration of organization well advanced
- Insourcing of 75-80% of total volume planned and expected to be fully insourced within 1 year at attractive margins
- 20-25% of total volume to remain outsourced for the time being
- Sales synergies primarily in next financial year
- Innovation opportunities identified
- Future of distributor business being reviewed
- Business progress slightly below expectation primarily due to low cattle-on-feed numbers as commodity prices remain depressed
Good bacteria for plant health is a major opportunity

**Growth drivers remain in place**
- Government regulators demand fewer chemicals
- Consumers and supermarkets demand natural solutions
- Pests are developing resistance to chemicals
- Big AG companies are entering the market

**Strong growth expected...**

<table>
<thead>
<tr>
<th>2015</th>
<th>2020E</th>
</tr>
</thead>
<tbody>
<tr>
<td>-3.0</td>
<td>-6.0</td>
</tr>
<tr>
<td>-1.0</td>
<td>-2.5</td>
</tr>
<tr>
<td>-2.0</td>
<td>-3.5</td>
</tr>
</tbody>
</table>

- ‘Good’ bacteria expected to be the fastest growing technology
- Global biologics crop protection sales*, EUR billion

<table>
<thead>
<tr>
<th>Microbials</th>
<th>Non-microbials**</th>
</tr>
</thead>
<tbody>
<tr>
<td>34% Fungi</td>
<td>-3.0</td>
</tr>
<tr>
<td>66% Bacteria</td>
<td>-1.0</td>
</tr>
</tbody>
</table>

**Source:** Markets and markets, Dunham Trimmer, Phillips McDougall
**Plant extracts, pheromones, organics, etc.**

**..Attracting a lot of interest**

- Majority of our direct competitors now active in this field
  - Entered via acquisition of Verdera in 2008
  - Strategic alliance with Monsanto since 2014
  - Strategic alliance with Syngenta since 2015
Chr. Hansen brings distinct capabilities and is uniquely positioned to tap into this opportunity

We bring unique and distinctive capabilities pursuing two paths

**Bacterial production at scale**
- Worlds largest producer of live bacteria
- Produce over 400 different bacterial strains

**Bacteria stabilization**
- Agrochemicals need long shelf life at poorly controlled temperatures
- Chr. Hansen is world leading in stabilization

**Strain improvement**
- >50 years of expertise in non-GMO strain improvement in close collaboration with customers understanding their application

**Alliance with FMC**
- Exclusive R&D partner since 2013
- Chr. Hansen provides unique development capabilities
- FMC leads scouting, field trials, registration & commercialization
- Investments and profits are shared

**Relationships with agrochemical companies**
- Custom process development
- Scale-up
- Manufacturing
Alliance with FMC progressing well

Alliance with FMC in good position to succeed

FMC corp.
- 2015 Agrochemical revenue USD 2.3 billion
- Number 7 globally in agrochemicals (excluding Cheminova)
- Leading positions in some regions and niche industries

R&D Alliance
- Initiated in 2013
- Complementary strengths throughout the value chain

Needed competences for succeeding in plant health in place

Alliance activities progressing well

- Nemix C in testing at all top-10 sugar cane mills in Brazil covering a total area of >25,000 ha.

- Field trials performed on 16 crops in 5 geographies in 2015

- Expecting 1-2 product registration submissions to the US Environmental Protection Agency in 2016

- First product developed by the alliance - Capture VGR - launched in certain states in the US based on strong trial data
Strong value proposition from alliance launch

First alliance product introduced addressing corn yield...

- VGR™ is a Bacillus licheniformis based soil amendment that establishes in the root zone and increases the vigor and resistance of the corn plant
- Product sold in certain states in the US as a combination product with FMC’s Capture® LFR®
- Capture® LFR® + VGR™ had a win rate of 79% in 28 field trials conducted in 2014 and 2015 against untreated corn increasing yield by an average of 9.1 bushel/acre

...with strong value add combined with existing chemical product

- Win rate: 77% of field trials
- Increasing yield over Capture® LFR® by an average of 3.7 bushel/acre

* Liquid starter fertilizer used in all treatments
Capture® LFR® is a restricted use pesticide. VGR not registered in all states. Visit www.fmccrop.com for current list of registered states
Financial ambitions

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic revenue growth</td>
<td>+10%</td>
<td>14% CAGR</td>
<td>✓</td>
<td>&gt;10%</td>
</tr>
<tr>
<td>EBIT margin b.s.i.*</td>
<td>34.6% (32.2% on LFL)</td>
<td>Around 30%</td>
<td>33.3% in 2014/15</td>
<td>✓ Around 30%</td>
</tr>
</tbody>
</table>

Main assumptions:

The long-term financial ambitions reflect currency rates at around same levels as in 1H 2015/16

Meaningful growth from plant health by 2019/20

* Before special items and impairments in 2012/13. Number in () reflects changed level of capitalized development costs
Financial ambitions
Søren W. Lonning
CFO
Securing profitable growth to 2020

1. Organic revenue growth of 8-10% per year

   - Long term ambitions
   - 7-10% (2012/13)
   - 8-10% (2015/16)
   - 8-10% (2019/20)

2. Increasing EBIT margin before special items over the period

   - 2012/13: 27.2%
   - 2015/16: >27.1%
   - 2019/20: >2015/16
   - Efficiency & production optimizations
   - Cost discipline
   - Value upselling

3. Increasing free cash flow before acquisitions, divestments and special items over the period
Ensuring scalability throughout the business

- **Cost of sales**:
  - Targeted efficiency investments
  - Further improvements with planned capacity expansions

- **Sales & marketing expenses**:
  - Scalability driven by sales excellence and best practice
  - Maintain cost discipline

- **R&D expenditure**: 
  - Investments in accretive projects
  - Focused approach to ensure right balance between R&D

- **Administrative expenses**: 
  - Global process improvement
  - Maintain cost discipline

* to revenue
Production scalability in microbials

Continue to reap benefits of consolidated production...

2014 expansion of Copenhagen facility

2017 expansion and optimization investments

Indicative CED production & D&A scalability range

...while investing based on known capabilities
Maintaining our capital allocation priorities

1. Reinvest for organic growth
   - Capacity
   - Innovation
   - People

2. Bolt-on acquisitions
   - Technology
   - Market presence

3. Ordinary dividend
   - 40-60%

4. Additional cash to shareholders
   - Interim dividend
   - Share buy-back

Leverage consistent with a solid investment-grade credit profile
Reinvest for organic growth

**Tangible investments**
- Capacity and efficiency
- Insourcing
- Optimization
- Maintenance

Indicative range of 6.5-7.5% accepting peak investment level in 2016/17

**Innovation**
- Selectively strengthen backbone and competencies
- Ensure a strong product pipeline
- Continue investments in Plant Health, Human Microbiome & BioP

Increasing investments with R&D percentage expected to be around 7%

**People**
- Attracting and retaining talent is key to execution of strategy
- Employee satisfaction above benchmarks
- Health and safety a key focus

Continue investing in people to keep motivation high and attract talent
Pursue bolt-on acquisitions

Technology
- Strains
- Formulation
- Stabilization
- Encapsulation
- Coloring Foodstuff

Most opportunities in Health & Nutrition and Natural Colors

Market presence
- Geographical expansion
- Customer access
- Application formats
- Adjacent products targeting existing customer base

Most opportunities in Health & Nutrition and Natural Colors

Previous acquisitions
- 2008: Medipharm (H&N)
- 2009: Urex Biotech (H&N)
- 2013: Peyma (Subsidiary Turkey)
- 2015: DIAL (FC&E)
- 2016: NPC (H&N)

Selective and careful approach

Divestments of non-core activities in 2005-2011
Deliver shareholder return

**Ordinary dividend**
- Increasing dividends in period
- Paid out 50% of net profit last 2 years

**Dividend payout ratio**
- 30-50%
- 40%
- 50%
- 50%
- 40-60%

**New target of 40-60% of net profit**

**Additional cash to shareholders**
- No preference between interim dividends and share buy-backs
- No additional cash expected in 2015/16 due to acquisition of NPC

**Total cash returned (EUR million)**

**Remain committed to distribute excess cash**

**Capital gain**
- 130% share price increase since launch of NN1
## Financial ambitions

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic revenue growth</td>
<td>7-10%</td>
<td>9% CAGR</td>
<td>✓</td>
<td>8-10%</td>
</tr>
<tr>
<td>Food Cultures &amp; Enzymes</td>
<td>7-8%</td>
<td>9% CAGR</td>
<td>✓</td>
<td>7-8%</td>
</tr>
<tr>
<td>Health &amp; Nutrition</td>
<td>+10%</td>
<td>14% CAGR</td>
<td>✓</td>
<td>+10%</td>
</tr>
<tr>
<td>Natural Colors</td>
<td>Around 10%</td>
<td>5% CAGR</td>
<td>✓</td>
<td>Around 10%</td>
</tr>
<tr>
<td>EBIT margin b.s.i.**</td>
<td>27.2% (26.4%***</td>
<td>Increasing</td>
<td>27.1% in 2014/15</td>
<td>✓</td>
</tr>
<tr>
<td>Food Cultures &amp; Enzymes</td>
<td>30.4% (29.6%)</td>
<td>Increasing</td>
<td>31.5% in 2014/15</td>
<td>✓</td>
</tr>
<tr>
<td>Health &amp; Nutrition</td>
<td>34.6% (32.2%)</td>
<td>Around 30%</td>
<td>33.3% in 2014/15</td>
<td>✓</td>
</tr>
<tr>
<td>Natural Colors</td>
<td>13.0% (13.3%)</td>
<td>Increasing</td>
<td>8.3% in 2014/15</td>
<td>✓</td>
</tr>
<tr>
<td>Free cash flow before acquisition, divestments and special items</td>
<td>EUR 120 million</td>
<td>Increasing</td>
<td>EUR 151 million in 2014/15</td>
<td>✓</td>
</tr>
</tbody>
</table>

* Baseline 2012/13. NCD organic growth adjusted in 2014 from +10% to around 10%
** Before special items and impairments in 2012/13
*** Adjusted for changed level of capitalized development costs
**** Over the period
Key risks to the 2019/20 financial ambition

<table>
<thead>
<tr>
<th>Technology</th>
<th>Customers &amp; consumers</th>
<th>Partners</th>
<th>Markets</th>
<th>Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Increased technical complexity of new solutions</td>
<td>- Customer dependency</td>
<td>- Partner dependency especially in new areas such as plant protection and human microbiome</td>
<td>- Change in the competitive landscape</td>
<td>- Increased dependency on Copenhagen site for Cultures</td>
</tr>
<tr>
<td>- Ability to bring innovation to new and existing markets</td>
<td>- Customer/Consumer demand for probiotic solutions</td>
<td></td>
<td>- Increase and change in regulation</td>
<td>- Food safety standards</td>
</tr>
<tr>
<td>- Patent landscape</td>
<td>- Speed of US conversion in natural colors</td>
<td></td>
<td>- Fluctuations in currencies and raw material prices</td>
<td></td>
</tr>
</tbody>
</table>

Getting the best resources

Customer intimacy

Diligent evaluation of fit

Maintain close surveillance

Continue to improve process standards

69
Beyond 2020
Cees de Jong
CEO
We recently completed a study examining long-term, structural trends in food and health

<table>
<thead>
<tr>
<th>Standpoint</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chr Hansen</td>
<td>Internal opportunities, key capabilities, and ambitions</td>
</tr>
<tr>
<td>Industry &amp; retail</td>
<td>Perspectives from food producers, retailers, and regulators</td>
</tr>
<tr>
<td>Consumer</td>
<td>Ethnographic research on consumers</td>
</tr>
<tr>
<td>Technology</td>
<td>Experts and exciting technologies in the world of food and health</td>
</tr>
<tr>
<td>Marginal practice</td>
<td>Cutting edge ideas that challenge existing business model</td>
</tr>
</tbody>
</table>
The study showed we are moving to a new world in food and health

Old Food World

- Quality = Price
- Fresh or safe
- Hidden and canned
- Snacks are treats
- Processed is acceptable

New Food World

- Value for money
- Fresh and safe
- Visible
- Snacks are healthy
- Processed is undesirable

Success: Being predictable

Success: Solving dilemmas
We also found that dairy is a food category that is expected to remain stable

<table>
<thead>
<tr>
<th>Findings</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consumer</strong></td>
<td>Dairy occupies a background but important space in people’s diets</td>
</tr>
<tr>
<td></td>
<td>People see most dairy products as naturally good for you</td>
</tr>
<tr>
<td><strong>Industry</strong></td>
<td>Dairy will remain stable, with growth driven by new markets</td>
</tr>
<tr>
<td></td>
<td>Focus in dairy will continue to be on incremental innovation</td>
</tr>
</tbody>
</table>

Dairy has a firm position in people’s lives being seen as an essential and healthy category.

Development in dairy is expected to be stable with incremental improvements.
## Launched Natures No.1 strategy - 2016 update

### Evolution, not revolution

<table>
<thead>
<tr>
<th>1</th>
<th>Fully leveraging the potential of Food Cultures &amp; Enzymes</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Bioprotection as a new lighthouse</td>
</tr>
<tr>
<td></td>
<td>New platforms for dairy</td>
</tr>
<tr>
<td>2</td>
<td>Developing the microbial solutions platform in Health &amp; Nutrition</td>
</tr>
<tr>
<td></td>
<td>Expand existing business</td>
</tr>
<tr>
<td></td>
<td>Develop plant protection</td>
</tr>
<tr>
<td></td>
<td>Explore &amp; develop human microbiome</td>
</tr>
<tr>
<td>3</td>
<td>Creating further value in Natural Colors</td>
</tr>
<tr>
<td></td>
<td>Expand FruitMax® range</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4</th>
<th>Driving a step change in innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bioprotection as a new lighthouse</td>
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<td></td>
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</tr>
<tr>
<td>5</td>
<td>Reinforcing position in emerging markets</td>
</tr>
<tr>
<td></td>
<td>Establish direct market presence in key emerging markets</td>
</tr>
<tr>
<td>6</td>
<td>Generating fuel for growth</td>
</tr>
<tr>
<td></td>
<td>Drive scalability through new capacity in Copenhagen</td>
</tr>
</tbody>
</table>

### Continued conversion
- Commercial excellence
- Commercial excellence

### Commercial excellence
- Continued conversion
- Commercial excellence

### Commercial excellence
- Continued conversion
- Commercial excellence

### Drive US conversion and secure APAC growth

### Restore profitability

### Drive US conversion and secure APAC growth
Strategic direction
What we will **still NOT** do

- **X** Pursue acquisitions in unrelated areas
- **X** Expand into products outside microbials/natural colors
- **X** Attempt to become a full fledged pharma player
- **X** Lose focus on cost control & operational efficiency