

Nature's

no

REAFFIRMED

## Progress so far

Cees de Jong  
CEO

# Launched Natures No.1 strategy in 2013

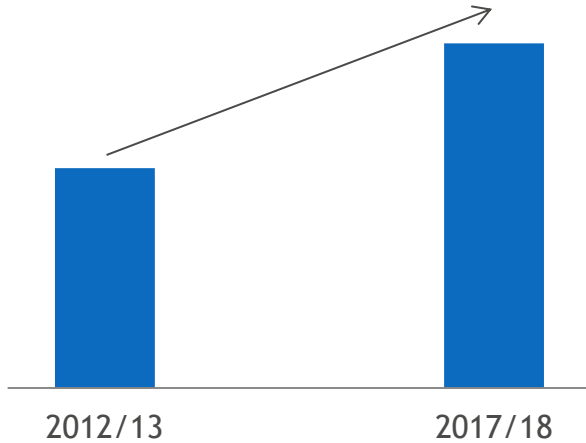
## Evolution, not revolution

	1 Fully leveraging the potential of CED	2 Developing the microbial solutions platform in HND	3 Creating further value in NCD
4 Driving a step change in innovation	<ul style="list-style-type: none"> <li>➤ New innovation for yield &amp; functionality</li> </ul>	<ul style="list-style-type: none"> <li>➤ Expand existing business</li> <li>➤ Develop plant protection</li> <li>➤ Explore human biome</li> </ul>	<ul style="list-style-type: none"> <li>➤ Improve cost-in-use</li> <li>➤ New transformational technologies</li> </ul>
5 Reinforcing position in emerging markets	<ul style="list-style-type: none"> <li>➤ Undisputed leadership in emerging markets</li> </ul>	<ul style="list-style-type: none"> <li>➤ Pursue probiotic opportunities in emerging markets</li> </ul>	<ul style="list-style-type: none"> <li>➤ Drive emerging market conversion</li> </ul>
6 Generating fuel for growth	<ul style="list-style-type: none"> <li>➤ Drive scalability</li> </ul>	<ul style="list-style-type: none"> <li>➤ Reinvest in future growth</li> </ul>	<ul style="list-style-type: none"> <li>➤ Drive scalability</li> </ul>
	<ul style="list-style-type: none"> <li>➤ Continued conversion</li> <li>➤ Commercial excellence</li> </ul>	<ul style="list-style-type: none"> <li>➤ Commercial excellence</li> </ul>	<ul style="list-style-type: none"> <li>➤ Continued conversion</li> <li>➤ Commercial excellence</li> </ul>

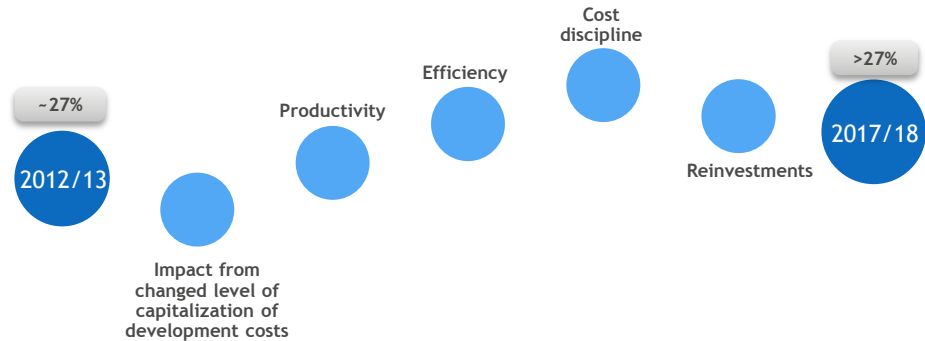
# Launched Natures No.1 strategy in 2013

## 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

9% organic growth CAGR

## 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

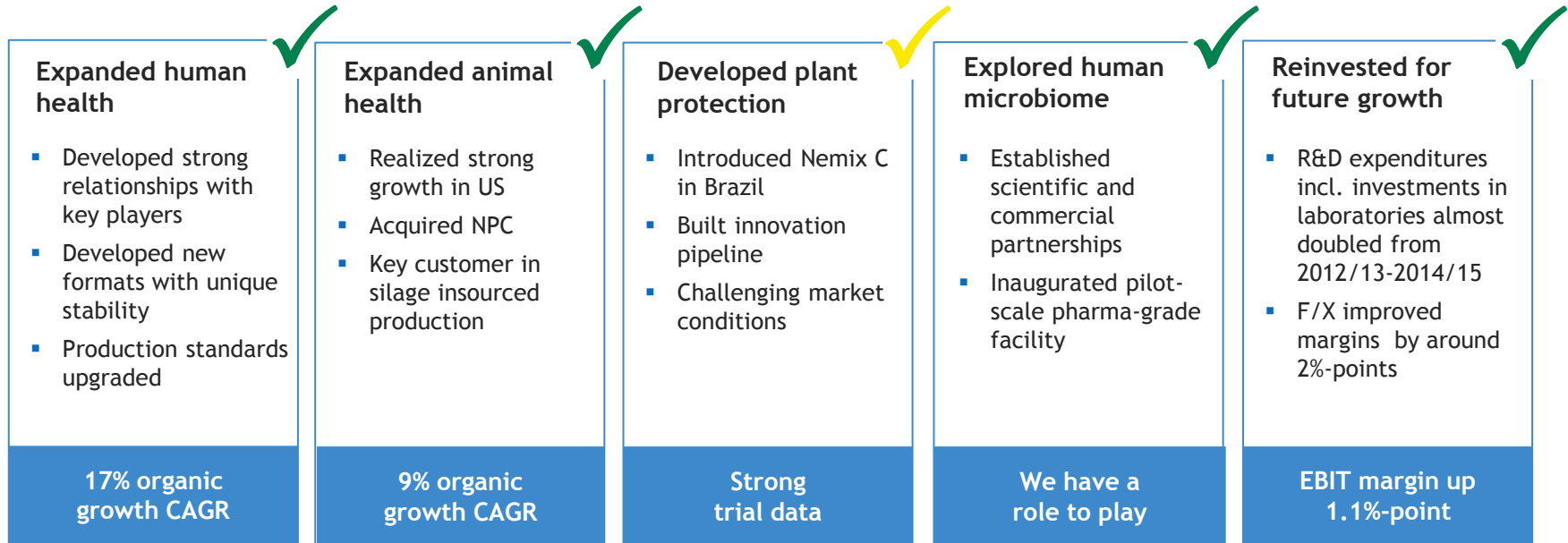
## Developed bioprotection

- 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



# 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

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

\* 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

## 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\*

By 2030 almost 2/3 of world population will reside in cities and the middle class will have increased by 2.5 billion people

Global food production will have to increase with 70% by 2050 to support growing world population

Global health spend is estimated at USD 6.5 trillion, with an expected growth rate of 5.3% until 2018

67% of U.S. consumers prefer groceries with fewer and simpler ingredients

Big data and speed of DNA sequencing allow for much faster strain screening and knowledge sharing

## The opportunity

Need for more industrialized produced food & beverages

Need for innovation to improve productivity

Need for cheaper and preventive solutions

Need for better, safer products based on natural ingredients

Open up for faster innovation and new areas such as human microbiome

\*EIU, WHO, The World Bank, IDA, IBRD, Food & Agriculture Organization of the United Nations, ReD, OECD, PwC, E&Y



# Distinctive capabilities

	Innovation	Production process & capacity	Customer relations
Food cultures	✓	✓	✓
Bioprotection	✓	✓	✓
Dairy enzymes	✓	✓	✓
Human health	✓	✓	✓
Animal health	✓	✓	✓
Human microbiome	✓	✓	✓
Plant health	✓	✓	✓
Natural Colors	✓	✓	✓



# 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

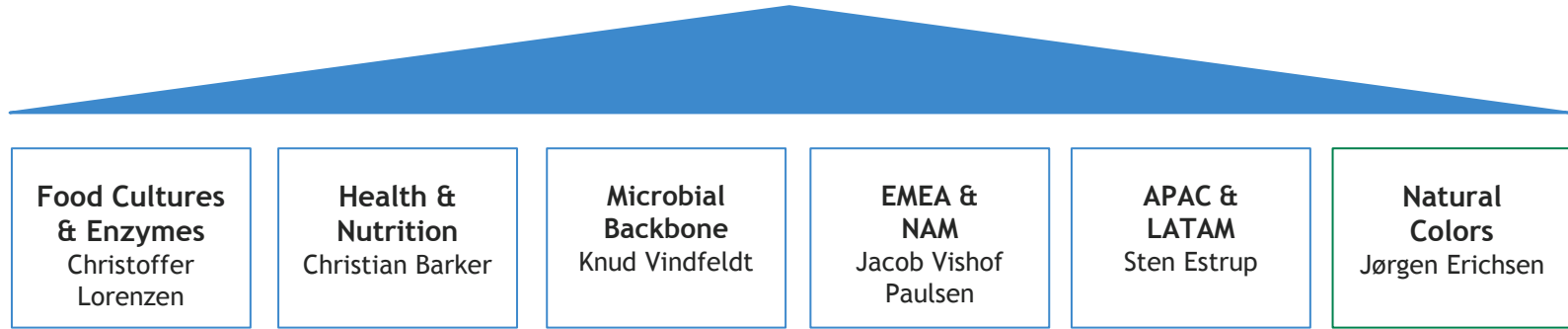
### Regulatory approval

Documentation

**Microbial solutions**



# Preparing the organization for future growth

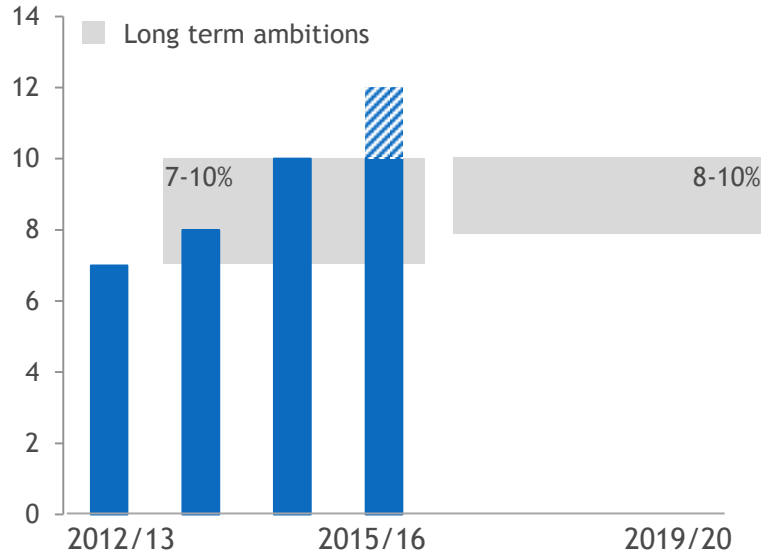


## Main changes to organization

- 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

