INTERIM REPORT SEPTEMBER 1, 2018 – MAY 31, 2019

# YTD 2018/19 IN BRIEF

JUNE 26, 2019 – ANNOUNCEMENT NO. 08

CHR. HANSEN
Improving food & health

**SOLID SALES GROWTH AND PROFITABILITY IN Q3, BUT REDUCED ORGANIC GROWTH OUTLOOK FOR THE YEAR**

Solid organic revenue growth of 9% in the first nine months of 2018/19: Food Cultures & Enzymes 9%, Health & Nutrition 11% and Natural Colors 4%. Currencies impacted Euro growth negatively by 2%. EBIT before special items increased by 10% to EUR 241 million, corresponding to an EBIT margin before special items of 28.2% up 0.7%-point compared to last year. In Q3, organic growth was 8%, and EBIT before special items increased by 9%. Organic growth outlook for 2018/19 is adjusted to 7-8%, whereas the guidance on EBIT is unchanged and the guidance on FCF is adjusted upwards.

| EUR million | Q3 2018/19 | Q3 2017/18 | Growth | YTD 2018/19 | YTD 2017/18 | Growth |
|---|---|---|---|---|---|---|
| Revenue | 302.0 | 282.7 | 7% | 855.2 | 800.9 | 7% |
| EBIT before special items | 91.7 | 84.0 | 9% | 241.3 | 219.9 | 10% |
| Profit for the period | 66.5 | 60.5 | 10% | 175.6 | 158.1 | 11% |
| Free cash flow before acquisitions and special items | 48.9 | 64.4 | (24)% | 56.5 | 75.4 | (25)% |
| Organic growth, % | 8% | 9% | | 9% | 9% | |
| Gross margin, % | 56.6% | 55.6% | | 55.4% | 53.9% | |
| EBIT margin before special items, % | 30.4% | 29.7% | | 28.2% | 27.5% | |
| ROIC excl. goodwill, % | 37.1% | 37.7% | | 34.3% | 34.2% | |

CEO Mauricio Graber says: *"We delivered a solid Q3 result despite more challenging trading conditions, mainly in emerging markets. Performance in Food Cultures & Enzymes continues to be in line with expectations and we are progressing well on our strategic agenda of delivering new innovative solutions to customers, so we can continue to grow solidly and profitably, even in markets with lower volume growth momentum. In Q3, organic growth in Bioprotection increased to around 15%, an acceleration from Q2, and we've launched SWEETY®, a new culture that allows dairies to reduce added sugar by up to 20%. In Health & Nutrition, the business accelerated from Q2, and the 11% organic growth was driven by strong growth in infant formula and Plant Health. Organic growth in Animal Health was solid, although a higher momentum was expected in Q3. In Natural Colors, headwind from a poor economic environment in emerging markets was stronger than anticipated, and 3% organic growth in Q3 is below our ambition.*

*"Our EBIT margin before special items in the first nine months of the year increased by 0.7%-point and was driven by improved margins in all business areas. In FC&E, we're well on track to deliver the scalability benefits from the ramp up of the new capacity in our facility in Copenhagen, while still increasing our investments in the business.*

*"As a result of the lower than expected growth momentum in Natural Colors and Animal Health, and a weaker growth environment in emerging markets, we are adjusting our full-year outlook from 9-11% organic growth for the group to now 7-8% organic growth. Guidance for Food Cultures & Enzymes is unchanged, Health & Nutrition is now expected to grow around 10%, and Natural Colors is now expected to grow 4-5%. The guidance on EBIT margin is unchanged. The free cash flow before acquisitions, divestments and special items is now expected to be above last year, as some investments have been moved into next year. Based on the cash-flow generation in the first nine months, the Board of Directors has decided to pay out an extraordinary dividend totaling EUR 110 million (DKK 6.24 per share)."*

**OUTLOOK FOR 2018/19**

The overall outlook for 2018/19 is adjusted compared to the announcement of April 3, 2019 as follows:

| | June 26, 2019 | April 3, 2019 |
|---|---|---|
| Organic revenue growth | 7-8% | 9-11% |
| EBIT margin before special items | around 29.5% | around 29.5% |
| Free cash flow before acquisitions, divestments and special items | above last year | around last year |

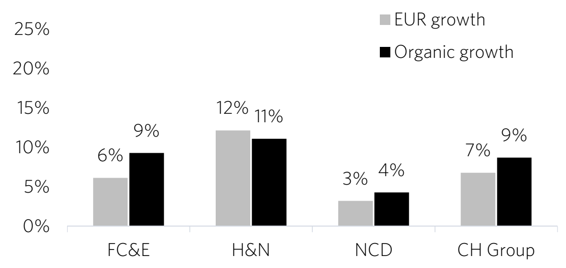
*The guidance for EBIT margin before special items and for free cash flow before acquisitions, divestments and special items assumes constant currencies from the time of this announcement and for the remainder of the financial year.*

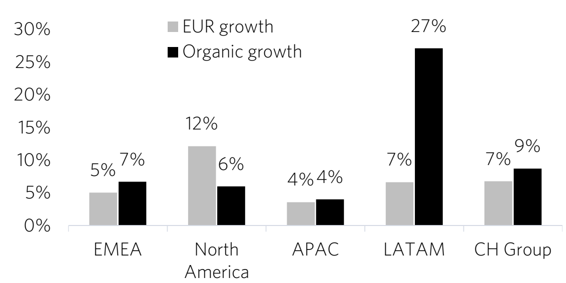
# FINANCIAL HIGHLIGHTS AND KEY FIGURES

| | Q3 2018/19 | Q3 2017/18 | Growth | YTD 2018/19 | YTD 2017/18 | Growth |
|---|---|---|---|---|---|---|
| **Income statement, EUR million** | | | | | | |
| Revenue | 302.0 | 282.7 | 7% | 855.2 | 800.9 | 7% |
| Gross profit | 170.8 | 157.1 | 9% | 473.8 | 431.7 | 10% |
| EBITDA before special items | 107.9 | 100.3 | 8% | 289.0 | 267.5 | 8% |
| EBIT before special items | 91.7 | 84.0 | 9% | 241.3 | 219.9 | 10% |
| Special items | (0.4) | - | 0% | (1.4) | - | 0% |
| EBIT | 91.3 | 84.0 | 9% | 239.9 | 219.9 | 9% |
| Profit for the period | 66.5 | 60.5 | 10% | 175.6 | 158.1 | 11% |
| **Financial position, EUR million** | | | | | | |
| Total assets | | | | 1,974.9 | 1,848.2 | |
| Invested capital | | | | 1,778.0 | 1,665.3 | |
| Net working capital | | | | 266.7 | 237.8 | |
| Equity | | | | 837.0 | 809.5 | |
| Net interest-bearing debt | | | | 740.0 | 672.6 | |
| **Cash flow and investments, EUR million** | | | | | | |
| Cash flow from operating activities | 85.2 | 92.0 | (7)% | 151.8 | 147.9 | 3% |
| Cash flow used for investing activities | (37.2) | (27.6) | (35)% | (106.5) | (72.6) | 47% |
| Free cash flow | 48.0 | 64.4 | (25)% | 45.3 | 75.3 | (40)% |
| Free cash flow before acquisitions and special items | 48.9 | 64.4 | (24)% | 56.5 | 75.4 | (25)% |
| **Earnings per share, EUR** | | | | | | |
| EPS, diluted | 0.50 | 0.46 | 9% | 1.33 | 1.20 | 11% |
| **Key ratios** | | | | | | |
| Organic growth, % * | 8 | 9 | | 9 | 9 | |
| Gross margin, % | 56.6 | 55.6 | | 55.4 | 53.9 | |
| Operating expenses, % | 26.2 | 25.9 | | 27.2 | 26.4 | |
| EBITDA margin before special items, % | 35.7 | 35.5 | | 33.8 | 33.4 | |
| EBIT margin before special items, % | 30.4 | 29.7 | | 28.2 | 27.5 | |
| EBIT margin, % | 30.2 | 29.7 | | 28.1 | 27.5 | |
| ROIC excl. goodwill, % | 37.1 | 37.7 | | 34.3 | 34.2 | |
| ROIC, % | 20.9 | 20.3 | | 18.9 | 18.1 | |
| NWC, % | 23.2 | 21.9 | | 23.2 | 21.9 | |
| R&D, % | 7.4 | 7.3 | | 7.5 | 7.5 | |
| Capital expenditures, % | 12.2 | 9.8 | | 11.3 | 9.1 | |
| Net debt to EBITDA before special items | | | | 1.8x | 1.8x | |

*Organic growth: Increase in revenue adjusted for sales reduction, acquisitions and divestments, and measured in local currency.

# YTD 2018/19 RESULTS




**MARKET DEVELOPMENTS**

During the first nine months of 2018/19, the end markets for fermented milk grew by around 2%, driven by Asia-Pacific, the Middle East and Africa, while the EU was flat, and the US declined slightly. The global production of cheese grew by 1-2%, primarily driven by North America. Globally, pricing structures in the dairy industry continue to favor cheese production over available alternatives.

The market for probiotics for infant formula applications continues to grow, driven by increased consumer awareness leading to higher penetration in all regions, with Asia-Pacific seeing the strongest growth. The market for high-end dietary supplements is also growing globally, but at a lower rate.

The interest in microbial-based solutions for animal health continues to be strong, supported by an increased focus on reducing the use of antibiotics in livestock production. The cattle industry in North America continues to be under pressure, although there were slight signs of improving farmer economics towards the end of Q3.

Conversion to natural colors continued across most segments in EMEA and North America, particularly driven by coloring foodstuffs, whilst the economic climate in emerging markets remained difficult. Raw material prices for key pigments have declined, having a negative impact on market value growth.

**REVENUE**

Organic growth was 9% and adjusted for a negative currency impact of 2% corresponded to a revenue increase of 7% to EUR 855 million. Organic growth was primarily driven by volume/mix effects, while around 3% came from price increases in local currencies. The impact from acquisitions was immaterial. Price increases were mainly achieved by using EUR-based pricing in certain countries to protect EBIT from depreciating currencies.

In Q3, organic growth was 8% and adjusted for a negative currency impact of 1% corresponded to a revenue increase of 7%, primarily driven by volume/mix effects.

| **REVENUE** | **Q3 2018/19** | **YTD 2018/19** |
|---|---|---|
| Organic growth (vol/mix) | 6% | 6% |
| Organic growth (price) | 2% | 3% |
| Acquisition | 0% | 0% |
| **Organic growth** | **8%** | **9%** |
| Currencies | -1% | -2% |
| **EUR growth** | **7%** | **7%** |

**REVENUE BY REGION**

**EMEA (Europe, Middle East and Africa)**

Organic growth was 7% and adjusted for a negative currency impact of 2% corresponded to a revenue increase of 5%. Organic growth was driven by solid growth in Food Cultures & Enzymes and Health & Nutrition, and good growth in Natural Colors.

In Q3, organic growth was 4% and adjusted for a negative currency impact of 1% corresponded to a revenue increase of 3%. Organic growth was driven by solid growth in Food Cultures & Enzymes, while Natural Colors was flat, as demand from the Middle East was lower. Health & Nutrition declined due to timing of orders with a key customer.

**North America**

Organic growth was 6% and adjusted for a positive currency impact of 6% corresponded to a revenue increase of 12%. Organic growth was driven by solid growth in Food Cultures & Enzymes and strong growth in Natural Colors supported by conversion projects, while Health & Nutrition declined,

# YTD 2018/19 RESULTS

primarily due to poor cattle farmer economics and difficult market conditions in dietary supplements.

In Q3, organic growth was 9% and adjusted for a positive currency impact of 8% corresponded to a revenue increase of 17%. Organic growth was driven by strong growth in Food Cultures & Enzymes and strong growth in Natural Colors, while Health & Nutrition showed solid growth driven by customer wins and slightly improved farmer economics.

**APAC (Asia-Pacific)**
Organic growth was 4% and corresponded to a revenue increase of 4%. Organic growth was driven by strong growth in Health & Nutrition, while Food Cultures & Enzymes was flat and Natural Colors declined.

In Q3, organic growth was 3% and corresponded to a revenue increase of 3%. Organic growth was driven by strong growth in Health & Nutrition, while Food Cultures & Enzymes declined due to slowing volume growth in fermented milk and challenging cusrtomer dynamics, mainly in China. Natural Colors declined due to softer demand and timing of orders.

**LATAM (Latin America)**
Organic growth was 27% and adjusted for a negative currency impact of 20% corresponded to a revenue increase of 7%. The EUR-based pricing model contributed almost half of the organic growth. Organic growth was driven by strong growth in Food Cultures & Enzymes and Health & Nutrition, while Natural Colors declined due to a challenging economic climate impacting demand for natural colors.

In Q3, organic growth was 27% and adjusted for a negative currency impact of 16% corresponded to a revenue increase of 11%. The EUR-based pricing model contributed almost half of the organic growth. Organic growth was driven by strong growth in Food Cultures & Enzymes and Health & Nutrition, while Natural Colors was flat.

## GROSS PROFIT

Gross profit was EUR 474 million, up 10% from EUR 432 million in the first nine months of 2017/18. The gross margin increased by 1.5%-points to 55.4%, mainly driven by Food Cultures & Enzymes and Natural Colors, with a slight improvement in Health & Nutrition. In Food Cultures & Enzymes, scalability benefits drove the margin improvement, and in Natural Colors, operating efficiencies combined with lower raw material prices drove the margin increase. Acquisitions had an immaterial impact.

In Q3, gross profit was EUR 171 million, up 9% on 2017/18. The gross margin increased by 1.0%-point to 56.6%, driven by Food Cultures & Enzymes and Natural Colors, and partly offset by Health & Nutrition.

## OPERATING EXPENSES (% OF REVENUE)

Operating expenses totaled EUR 233 million (27.2% of revenue), compared to EUR 212 million (26.4%) in the first nine months of 2017/18.
Research & development (R&D) expenses including amortization and depreciation amounted to EUR 59 million (6.9%), compared to EUR 56 million (7.0%) in the first nine months of 2017/18. Total R&D expenditures incurred amounted to EUR 64 million, compared to EUR 60 million last year. The increase of EUR 4 million was driven by strategic initiatives related to Nature's no. 1.

| EUR million | YTD 2018/19 | YTD 2017/18 |
|---|---|---|
| R&D expenses (P&L) | 59.4 | 56.2 |
| - Amortization | 5.4 | 5.3 |
| - Impairment | 0.2 | - |
| + Capitalization | 10.6 | 8.9 |
| **R&D expenditures incurred** | **64.4** | **59.8** |

Sales & marketing expenses amounted to EUR 117 million (13.7%), compared to EUR 102 million (12.7%) in the first nine months of 2017/18. The increase was driven by initiatives to support the Nature's no. 1 strategy, e.g. investments in digitization, building route-to-market in Health & Nutrition, and a slight increase in sales and application support resources in Food Cultures & Enzymes.

Administrative expenses amounted to EUR 58 million (6.7%), compared to EUR 54 million (6.8%) in the first nine months of 2017/18.

Other operating income was EUR 2 million net, compared to EUR 1 million net in the first nine months of 2017/18.

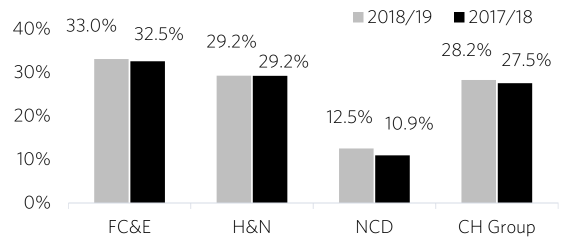
In Q3, total operating expenses were EUR 79 million (26.2%), compared to EUR 73 million (25.9%) in 2017/18.

## OPERATING PROFIT (EBIT) BEFORE SPECIAL ITEMS

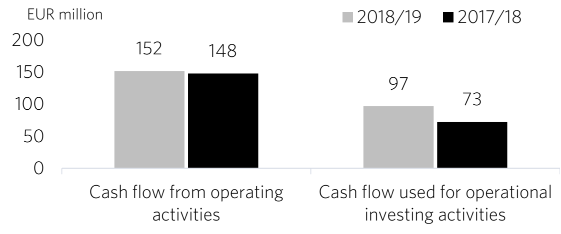
EBIT before special items amounted to EUR 241 million, compared to EUR 220 million in the first nine months of 2017/18, an increase of 10%. All business areas contributed to the higher EBIT. Acquisitions had an immaterial impact.

# YTD 2018/19 RESULTS

**EBIT MARGIN B.S.I.** – YTD




**CASH FLOW** - YTD




The EBIT margin before special items was 28.2%, up 0.7%-point from 27.5% in the first nine months of 2017/18. EBIT margins increased in all business areas, most notably in Food Cultures & Enzymes due to production efficiencies and in Natural Colors from operating efficiencies and lower raw-material prices. Currencies had an immaterial impact on the EBIT margin.

In Q3, the EBIT margin before special items was 30.4%, up from 29.7% last year, driven by production scalability benefits in Food Cultures & Enzymes and raw material-driven margin increases in Natural Colors.

**SPECIAL ITEMS**

Special items were EUR 1 million, compared to nil in the first nine months of 2017/18, driven by costs related to the acquisition and integration of Hundsbichler GmbH as well as the joint venture establishment with Lonza.

**OPERATING PROFIT (EBIT)**

EBIT amounted to EUR 240 million, compared to EUR 220 million, and the EBIT margin was 28.1%, compared to 27.5% in the first nine months of 2017/18.

In Q3, the EBIT margin was 30.2%, compared to 29.7% last year.

**NET FINANCIALS AND TAX**

Net financial expenses amounted to EUR 12 million, compared to EUR 15 million in the first nine months of 2017/18. Net interest expenses were EUR 7 million, unchanged from last year.

The net impact from exchange rate adjustments was a negative EUR 3 million, mainly caused by unrealized losses from the EUR depreciating against the USD.

Income taxes were EUR 53 million, equivalent to an effective tax rate of 23%, unchanged from the first nine months of 2017/18.

**PROFIT FOR THE PERIOD**

Profit for the period was EUR 176 million, compared to EUR 158 million in the first nine months of 2017/18, an increase of 11%. In Q3, profit was EUR 67 million, compared to EUR 61 million last year.

**ASSETS**

At May 31, 2019, total assets amounted to EUR 1,975 million, compared to EUR 1,848 million the year before. The increase was mainly due to investments in the microbial production platform.

Total non-current assets amounted to EUR 1,520 million, compared to EUR 1,437 million at May 31, 2018. Intangible assets increased by EUR 14 million, while property, plant and equipment increased by EUR 70 million.

Total current assets amounted to EUR 455 million, compared to EUR 411 million at May 31, 2018. Inventories increased by EUR 19 million, or 13%, and receivables were up by EUR 14 million, or 7%. Cash increased by EUR 11 million to EUR 68 million.

**NET WORKING CAPITAL**

Net working capital was EUR 267 million, or 23.4% of revenue, compared to EUR 238 million, or 22.3%, in the first nine months of 2017/18. The increase in the percentage of revenue was due to higher inventories and receivables, partly offset by higher trade payables.

**EQUITY**

Total equity amounted to EUR 837 million at May 31, 2019, compared to EUR 810 million a year earlier.

# YTD 2018/19 RESULTS

An ordinary dividend for the financial year 2017/18 totaling EUR 114 million was paid out on December 4, 2018.

**NET DEBT**

Net interest-bearing debt amounted to EUR 740 million, or 1.8x EBITDA, compared to EUR 673 million, or 1.8x EBITDA, at May 31, 2018.

**RETURN ON INVESTED CAPITAL (ROIC) EXCLUDING GOODWILL**

The return on invested capital excluding goodwill was 34.3%, compared to 34.2% in the first nine months of 2017/18. Invested capital excluding goodwill increased to EUR 1,006 million, compared to EUR 901 million at May 31, 2018, mainly due to investments in the microbial production platform.

**CASH FLOW**

Cash flow from operating activities was EUR 152 million, compared to EUR 148 million in the first nine months of 2017/18. The increase was driven by the higher operating profit and a favorable impact from higher non-trade payables relating to the discontinued export credit scheme last year, but largely offset by higher taxes paid. The increase in taxes paid was due to the absence of acquisition-related tax benefits recognized in 2017/18.

Cash flow used for operational investing activities was EUR 97 million, or 11.3% of revenue, compared to EUR 73 million, or 9.1% of revenue, in the first nine months of 2017/18. The increase was primarily driven by investments to expand the capacity for packaging freeze-dried products at the Copenhagen facility.

Free cash flow before acquisitions and special items was EUR 57 million, compared to EUR 75 million from the first nine months of 2017/18. The decrease was driven by the increase in investing activities.

Cash flow used for acquisitions was EUR 10 million and related to the acquisition of Hundsbichler GmbH in October 2018.

In Q3, cash flow from operating activities was EUR 85 million compared to EUR 92 million last year. The decrease was driven by higher taxes paid, partly offset by higher operating profit.

Cash flow used for operational investing activities was EUR 37 million, compared to EUR 28 million last year.

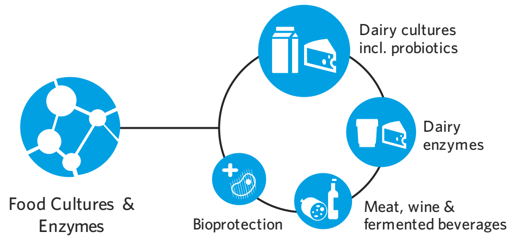
Free cash flow before acquisitions and special items was EUR 49 million, compared to EUR 64 million last year.

# SEGMENT INFORMATION

## FOOD CULTURES & ENZYMES

**59% OF REVENUE**

| EUR million | Q3 2018/19 | Q3 2017/18 | YTD 2018/19 | YTD 2017/18 |
|---|---|---|---|---|
| Revenue | 176.7 | 165.9 | 503.8 | 474.7 |
| Organic growth | 8% | 11% | 9% | 12% |
| EBITDA | 72.0 | 67.6 | 195.3 | 183.4 |
| EBITDA margin | 40.7% | 40.7% | 38.8% | 38.6% |
| EBIT | 62.1 | 57.5 | 166.4 | 154.3 |
| EBIT margin | 35.1% | 34.7% | 33.0% | 32.5% |
| ROIC excluding goodwill | | | 41.1% | 41.6% |




### REVENUE

Organic growth for the first nine months of 2018/19 was 9% and adjusted for a negative currency impact of 3%, corresponded to a revenue increase of 6%. The impact from acquisitions was less than 1%. Organic growth comprised 5% from volume/mix and 4% from price increases in local currencies. The price increases were mainly achieved by using EUR-based pricing.

The organic growth was primarily driven by strong growth in cheese and meat cultures and in enzymes. Fermented milk delivered solid growth, while probiotics grew slightly. Bioprotective cultures delivered organic growth of approximately 15%, and growth was driven by the existing segments within fermented milk and meat and the 2nd generation products.

In Q3, organic growth was 8% and adjusted for a negative currency impact of 1% corresponded to a revenue increase of 7%. The impact from acquisitions was less than 1%. Organic growth comprised 5% from volume/mix and 3% from price increases, which were mainly achieved by using EUR-based pricing. Organic growth was primarily driven by strong growth in cheese cultures, meat and enzymes, good growth in fermented milk, while probiotics declined. Bioprotection growth increased to around 15%, an acceleration from Q2, driven by the existing segments and the 2nd generation products.

SWEETY®, a new culture to reduce the added sugar in fermented milks was launched in Q3. SWEETY® allows dairies to reduce added sugar by up to 20% while offering the same sweetness profile, thus offering a healthier product for consumers. CHY-MAX® Supreme, a new cheese coagulant enzyme, was launched towards the end of Q2, and attracted good customer interest during Q3.

### EBIT

EBIT amounted to EUR 166 million, compared to EUR 154 million in the first nine months of last year. The EBIT margin was 33.0%, up 0.5%-point compared to last year. The scalability benefits achieved in production (around 1%-point on gross margin), most notably from increased capacity utilization at the Copenhagen plant, were partly offset by investments in strategic initiatives.

In Q3, the EBIT margin was 35.1%, up by 0.4%-point from last year, driven by scalability benefits at the Copenhagen plant.

### ROIC EXCLUDING GOODWILL

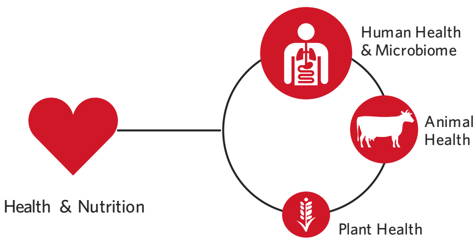
The return on invested capital excluding goodwill was 41.1%, compared to 41.6% in 2017/18. Invested capital excluding goodwill increased by EUR 59 million, or 11%, to EUR 576 million. The increase was mainly due to investments in capacity to package frozen and freeze-dried products, and higher net working capital.

# SEGMENT INFORMATION

## HEALTH & NUTRITION

**22% OF REVENUE**

| EUR million | Q3 2018/19 | Q3 2017/18 | YTD 2018/19 | YTD 2017/18 |
|---|---|---|---|---|
| Revenue | 66.5 | 59.1 | 184.6 | 164.6 |
| Organic growth | 11% | 7% | 11% | 8% |
| EBITDA | 25.1 | 22.6 | 67.7 | 61.2 |
| EBITDA margin | 37.7% | 38.2% | 36.7% | 37.2% |
| EBIT | 20.5 | 18.2 | 54.0 | 48.0 |
| EBIT margin | 30.8% | 30.8% | 29.2% | 29.2% |
| ROIC excluding goodwill | | | 26.7% | 26.0% |




**REVENUE**

Organic growth for the first nine months of 2018/19 was 11% and adjusted for a positive currency impact of 1% corresponded to a revenue increase of 12%, almost all from volume/mix. Human Health delivered strong growth, while Animal Health delivered good growth. Plant Health delivered very strong growth, albeit from a modest base.

Organic growth in Human Health was driven by strong growth in infant formula in all regions. Dietary supplements delivered slight growth, primarily driven by APAC.

Going forward, the Animal Health segment will report on developments in 'Cattle' and 'Poultry & Swine' subsegments. Cattle will consist of probiotics for dairy- and beef cattle and the silage inoculants, which together account for around 60% of Animal Health. Poultry & Swine will cover probiotics for all other species. Animal Health was positively impacted by strong growth in Poultry & Swine, while Cattle declined.

Plant Health continued to benefit from the launch in 2018 of the bionematicides, Quartzo® and Presence®, in Brazil. Growth was very strong, albeit from a modest base.

In Q3, organic growth was 11%, and adjusted for a positive currency impact of 2% corresponded to a revenue increase of 13%, almost all from volume/mix. Human Health delivered solid growth driven by strong growth in infant formula, while dietary supplements were flat.

Animal Health delivered solid growth, reflecting strong growth in Poultry & Swine and a flat development in Cattle. A better momentum was expected in Cattle, and this did only partly materialize. Cattle farmer economics, particularly in North America, improved somewhat towards the end of Q3 after a prolonged period of difficult conditions, but not enough to have a material impact on Q3.

Plant Health continued to grow very strongly in LATAM from a modest base. Sales in Q3 were realized to both sugar cane and soy bean growers in LATAM.

**EBIT**

EBIT amounted to EUR 54 million, compared to EUR 48 million in the first nine months of last year. The EBIT margin was 29.2%, on par with last year.

In Q3, the EBIT margin was 30.8%, on par with last year. A lower gross margin was offset by relatively lower growth in operating expenses.

**ROIC EXCLUDING GOODWILL**

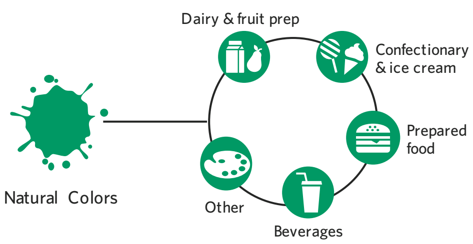
The return on invested capital excluding goodwill was 26.7%, compared to 26.0% in 2017/18. Invested capital excluding goodwill increased by EUR 30 million, or 12%, to EUR 284 million. The increase was due to investments in production capacity and a higher net working capital.

# SEGMENT INFORMATION

## NATURAL COLORS

**19% OF REVENUE**

| EUR million | Q3 2018/19 | Q3 2017/18 | YTD 2018/19 | YTD 2017/18 |
|---|---|---|---|---|
| Revenue | 58.8 | 57.7 | 166.8 | 161.6 |
| Organic growth | 3% | 6% | 4% | 5% |
| EBITDA | 10.8 | 10.1 | 26.0 | 22.9 |
| EBITDA margin | 18.4% | 17.5% | 15.6% | 14.2% |
| EBIT | 9.1 | 8.3 | 20.9 | 17.6 |
| EBIT margin | 15.5% | 14.4% | 12.5% | 10.9% |
| ROIC excluding goodwill | | | 21.7% | 20.1% |




**REVENUE**
Organic growth for the first nine months of 2018/19 was 4% and adjusted for a negative currency impact of 1% corresponded to a revenue increase of 2%. Organic growth comprised approximately 5% from volume/mix effects and -1% from pricing.

Organic volume growth was primarily driven by strong growth in coloring foodstuffs, and launches in the FRUITMAX® range during the past 12 months have supported this trend. Significant raw material price declines for carmine and annatto through the year impacted pricing of natural colors negatively but were largely offset by price increases for other pigments.

Organic growth was strong in North America, EMEA delivered good growth, while LATAM and APAC declined mainly due to lower raw material prices for annatto and a challenging economic climate impacting demand for natural colors.

In Q3, organic growth was 3%, and corresponded to a revenue increase of 3%. Organic growth comprised approximately 4% from volume/mix effects and -1% from pricing. Coloring foodstuffs (the FRUITMAX® range) continue to grow strongly, offset by flat or declining sales of traditional natural color pigments. Growth was driven by strong growth in North America from successful conversion projects with key customers. EMEA and LATAM were flat, while APAC declined, primarily impacted by softer demand and timing of orders.

**EBIT**
EBIT amounted to EUR 21 million, compared to EUR 18 million in the first nine months of last year. The EBIT margin was 12.5%, up 1.6%-points compared to last year. The increase was mainly caused by operating efficiencies, a soft baseline from last year and declining raw material prices, partly offset by currencies.

In Q3, the EBIT margin was 15.5%, up 1.1%-points from last year, driven by operating efficiencies, declining raw material prices, partly offset by currencies.

**ROIC**
The return on invested capital was 21.7%, compared to 20.1% in 2017/18. Invested capital increased by EUR 16 million, or 12%, to EUR 146 million. The increase was driven by the purchase of a property in the US to house future expansions.

# OUTLOOK FOR 2018/19

**ORGANIC REVENUE GROWTH**

For 2018/19, organic revenue growth is now expected to be 7-8%, adjusted from previously 9-11%.

Food Cultures & Enzymes is expected to grow above the long-term ambition of 7-8% organic growth, with the additional growth driven by a relatively high EUR price impact. Health & Nutrition is now expected to grow organically at around 10% while Natural Colors is now expected to grow organically between 4-5% (previously 5-7%), due to the lower raw material prices and a softer momentum in emerging markets.

**EBIT MARGIN BEFORE SPECIAL ITEMS (B.S.I.)**

The EBIT margin b.s.i. is still expected to be around 29.5%. Increased utilization of production capacity in Food Cultures & Enzymes will have a positive impact on the margin. The positive margin development is expected to be partly offset by increased investments in the lighthouse projects and other strategic priorities.

**FREE CASH FLOW**

Free cash flow before acquisitions, divestments and special items is now expected to be above the level realized in 2017/18 (EUR 196 million), previously expected to be around the level realized in 2017/18. The increased expectation is based on postponed CAPEX projects from 2018/19 to 2019/20. This expectation still assumes lower growth in cash flow from operating activities than growth of EBIT before special items, due to a higher level of taxes to be paid in 2018/19, mainly related to the absence of acquisition-driven tax benefits realized in 2017/18.

**ASSUMPTIONS**

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, although there is a risk of increased political and economic uncertainty – e.g. the economic climate in the Middle East and Latin America, the risk of a 'hard' Brexit, and trade tensions between major economies. Any deterioration in these situations might impact the outlook.

**CAPITAL STRUCTURE**

The Board of Directors regularly assesses whether the capital structure of Chr. Hansen is in the shareholders' best interests. The Board of Directors is committed to maintaining leverage consistent with a solid investment-grade credit profile, while returning excess cash to shareholders either through ordinary and extraordinary dividend or share buyback programs.

Following such an assessment, the Board of Directors has decided to declare an extraordinary dividend totaling EUR 110 million (DKK 6.24 per share) with an ex-dividend date of July 4, 2019. The pay-out date will be July 8, 2019.

**SENSITIVITY**

Chr. Hansen is a global company serving more than 140 countries through subsidiaries in more than 30 countries.

The company's most significant currency exposure relates to USD, which accounts for 25-30% of revenue, while exposure to other currencies is more modest. A 5% decrease in the USD exchange rate impacts revenue measured in EUR negatively by around EUR 15-20 million.

Organic revenue growth is sensitive to exchange rate fluctuations in currencies for which Chr. Hansen applies a EUR-based pricing model, and to changes in raw material prices for Natural Colors as some contracts are adjusted for movements in raw material prices.

The EBIT margin is also sensitive to exchange rate fluctuations and to changes in raw material prices for Natural Colors. Production in the US and sourcing in USD only partly offset the impact on revenue from changes in the USD exchange rate. Therefore, the relative EBIT exposure is higher than the 25-30% revenue exposure. A 5% decrease in the USD exchange rate would impact EBIT negatively by roughly half of the revenue impact.

The currency sensitivity for EBIT also applies to free cash flow.

**THE USE OF CURRENCY HEDGING OF BALANCE SHEET EXPOSURES AND FUTURE CASH FLOWS IS DESCRIBED IN NOTE 4.3 TO THE CONSOLIDATED FINANCIAL STATEMENTS 2017/18.**

# STATEMENT OF THE BOARD OF DIRECTORS AND EXECUTIVE BOARD

Today, the Board of Directors and Executive Board have considered and approved the interim report for Chr. Hansen Holding A/S for the period September 1, 2018 to May 31, 2019. The interim report has not been audited or reviewed by the Company's independent auditors.

The unaudited interim report has been prepared in accordance with International Financial Reporting Standards and IAS 34 as adopted by the EU, and additional Danish regulations.

In our opinion, the accounting policies used are appropriate and the overall presentation of the interim report is adequate. Furthermore, the interim report gives a true and fair view of the Group's assets, liabilities and financial position at May 31, 2019, and of the results of the Group's operations and cash flow for the period September 1, 2018 to May 31, 2019.

We further consider that the Management's Review in the preceding pages includes a true and fair account of the development and performance of the Group, the results for the period and the financial position, together with a description of the principal risks and uncertainties that the Group faces, in accordance with Danish disclosure requirements for listed companies. Besides what has been disclosed in this report, no changes in the Group's most significant risks and uncertainties have occurred relative to what was disclosed in the Annual Report of Chr. Hansen Holding A/S for 2017/18.

Hørsholm, June 26, 2019

Executive Board

| | | |
|---|---|---|
| Mauricio Graber<br>President and CEO | Søren Westh Lonning<br>CFO | Thomas Schäfer<br>CSO |

Board of Directors

| | | | |
|---|---|---|---|
| Dominique Reiniche<br>Chairman | Jesper Brandgaard<br>Vice Chairman | Luis Cantarell | Lisbeth Grubov |
| Charlotte Hemmingsen | Heidi Kleinbach-Sauter | Niels Peder Nielsen | Per Poulsen |
| Kim Ib Sørensen | Kristian Villumsen | Mark Wilson | |

# ADDITIONAL INFORMATION

**CONFERENCE CALL**

Chr. Hansen will host a conference call on June 27, 2019 at 11:00 am CET. The conference call can be accessed via the Company's website, www.chr-hansen.com.

For further information, please contact:

Martin Riise, Head of IR
+45 53 39 22 50

Annika Stern, IR Officer
+45 23 99 23 82

**FINANCIAL CALENDAR**

| | |
|---|---|
| October 10, 2019 | Annual Report 2018/19 |
| November 27, 2019 | Annual General Meeting 2019 |

Company information
Chr. Hansen Holding A/S
Bøge Allé 10-12
2970 Hørsholm
Denmark
Tel. +45 45 74 74 74
www.chr-hansen.com

Company reg. no.: 28318677

**FORWARD-LOOKING STATEMENTS**

This report contains forward-looking statements. Such statements are subject to risks and uncertainties, as various factors, many of which are beyond the control of Chr. Hansen Holding A/S, may cause actual developments and results to differ materially from the expectations expressed in this report.

**ABOUT CHR. HANSEN**

Chr. Hansen is a leading, global bioscience company that develops natural ingredient solutions for the food, nutritional, pharmaceutical and agricultural industries. We develop and produce cultures, enzymes, probiotics and natural colors for a rich variety of foods, confectionery, beverages, dietary supplements and even animal feed and plant protection. Our product innovation is based on more than 30,000 microbial strains – we like to refer to them as 'good bacteria'. Our solutions enable food manufacturers to produce more with less – while also reducing the use of chemicals and other synthetic additives – which make our products highly relevant in today's world. Sustainability is an integral part of Chr. Hansen's vision to improve food and health. In 2019 Chr. Hansen was ranked as the world's most sustainable company by Corporate Knights thanks to our strong sustainability efforts and our many collaborative partnerships with our customers. We have been delivering value to our partners – and, ultimately, end consumers worldwide – for over 140 years. We are proud that more than one billion people consume products containing our natural ingredients every day.

# INCOME STATEMENT

| EUR million | Q3 2018/19 | Q3 2017/18 | YTD 2018/19 | YTD 2017/18 |
|---|---|---|---|---|
| **REVENUE** | 302.0 | 282.7 | 855.2 | 800.9 |
| Cost of sales | (131.2) | (125.6) | (381.4) | (369.2) |
| **Gross profit** | **170.8** | **157.1** | **473.8** | **431.7** |
| Research and development expenses | (20.1) | (19.1) | (59.4) | (56.2) |
| Sales and marketing expenses | (40.4) | (36.2) | (117.4) | (102.1) |
| Administrative expenses | (19.0) | (17.9) | (57.5) | (54.4) |
| Other operating income | 0.5 | 0.4 | 4.1 | 1.6 |
| Other operating expenses | (0.1) | (0.3) | (2.3) | (0.7) |
| **Operating profit before special items** | **91.7** | **84.0** | **241.3** | **219.9** |
| Special items | (0.4) | - | (1.4) | - |
| **Operating profit (EBIT)** | **91.3** | **84.0** | **239.9** | **219.9** |
| Net financial expenses | (4.9) | (5.4) | (11.8) | (14.6) |
| **Profit before tax** | **86.4** | **78.6** | **228.1** | **205.3** |
| Income taxes | (19.9) | (18.1) | (52.5) | (47.2) |
| **Profit for the period** | **66.5** | **60.5** | **175.6** | **158.1** |
| Attributable to: | | | | |
| Shareholders of Chr. Hansen Holding A/S | **66.5** | **60.5** | **175.6** | **158.1** |
| Earnings per share (EUR) | 0.50 | 0.46 | 1.33 | 1.20 |
| Earnings per share, diluted (EUR) | 0.50 | 0.46 | 1.33 | 1.20 |

# STATEMENT OF COMPREHENSIVE INCOME

| EUR million | Q3 2018/19 | Q3 2017/18 | YTD 2018/19 | YTD 2017/18 |
|---|---|---|---|---|
| **Profit for the period** | **66.5** | **60.5** | **175.6** | **158.1** |
| **Items that will not be reclassified subsequently to the income statement:** | | | | |
| Remeasurements of defined benefits plans | - | - | - | - |
| **Items that will be reclassified subsequently to the income statement when specific conditions are met:** | | | | |
| Currency translation of foreign Group companies | (0.6) | (0.4) | 6.5 | (7.6) |
| Cash flow hedge | (2.7) | 0.2 | (5.2) | 1.1 |
| Tax related to cash flow hedge | 0.6 | - | 1.1 | 0.3 |
| **Other comprehensive income for the period** | **(2.7)** | **(0.2)** | **2.4** | **(6.2)** |
| **Total comprehensive income for the period** | **63.8** | **60.3** | **178.0** | **151.9** |
| Attributable to: | | | | |
| Shareholders of Chr. Hansen Holding A/S | 63.8 | 60.3 | 178.0 | 151.9 |

# BALANCE SHEET

| EUR million | May 31, 2019 | May 31, 2018 | Aug 31, 2018 |
|---|---|---|---|
| **ASSETS** | | | |
| | | | |
| **Non-current assets** | | | |
| **Intangible assets** | | | |
| Goodwill | 771.9 | 764.3 | 761.7 |
| Other intangible assets | 173.0 | 177.7 | 173.8 |
| Intangible assets in progress | 52.3 | 41.5 | 45.4 |
| **Total intangible assets** | **997.2** | **983.5** | **980.9** |
| | | | |
| **Property, plant and equipment** | | | |
| Land and buildings | 160.0 | 146.3 | 145.3 |
| Plant and machinery | 200.8 | 186.3 | 188.1 |
| Other fixtures and equipment | 27.4 | 23.7 | 25.0 |
| Property, plant and equipment in progress | 125.9 | 87.7 | 103.1 |
| **Total property, plant and equipment** | **514.1** | **444.0** | **461.5** |
| | | | |
| **Other non-current assets** | | | |
| Deferred tax | 8.3 | 9.3 | 7.4 |
| **Total other non-current assets** | **8.3** | **9.3** | **7.4** |
| | | | |
| **Total non-current assets** | **1,519.6** | **1,436.8** | **1,449.8** |
| | | | |
| **Current assets** | | | |
| **Inventories** | | | |
| Raw materials and consumables | 33.4 | 29.8 | 25.9 |
| Work in progress | 63.7 | 56.1 | 53.4 |
| Finished goods and goods for resale | 74.3 | 66.4 | 67.6 |
| **Total inventories** | **171.4** | **152.3** | **146.9** |
| | | | |
| **Receivables** | | | |
| Trade receivables | 182.8 | 165.6 | 160.8 |
| Tax receivables | 2.5 | 3.4 | 3.0 |
| Other receivables | 18.5 | 21.4 | 21.4 |
| Prepayments | 11.8 | 11.4 | 10.1 |
| **Total receivables** | **215.6** | **201.8** | **195.3** |
| | | | |
| **Cash and cash equivalents** | **68.3** | **57.3** | **69.1** |
| **Total current assets** | **455.3** | **411.4** | **411.3** |
| **Total assets** | **1,974.9** | **1,848.2** | **1,861.1** |

# BALANCE SHEET

| EUR million | May 31, 2019 | May 31, 2018 | Aug 31, 2018 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 176.5 | 177.1 | 176.8 |
| Reserves | 660.5 | 632.4 | 594.8 |
| **Total equity** | **837.0** | **809.5** | **771.6** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Employee benefit obligations | 7.3 | 6.8 | 7.1 |
| Deferred tax | 89.5 | 80.0 | 81.6 |
| Provisions | 2.9 | 3.6 | 3.6 |
| Borrowings | 670.5 | 635.0 | 632.4 |
| Tax payables | 15.6 | 15.6 | 21.3 |
| **Total non-current liabilities** | **785.8** | **741.0** | **746.0** |
| **Current liabilities** | | | |
| Provisions | - | 0.1 | 0.1 |
| Borrowings | 137.8 | 94.9 | 95.4 |
| Prepayments from customers | 0.4 | 0.7 | 0.2 |
| Trade payables | 87.5 | 80.1 | 118.6 |
| Tax payables | 27.2 | 37.0 | 44.4 |
| Other payables | 99.2 | 84.9 | 84.8 |
| **Total current liabilities** | **352.1** | **297.7** | **343.5** |
| **Total liabilities** | **1,137.9** | **1,038.7** | **1,089.5** |
| **Total equity and liabilities** | **1,974.9** | **1,848.2** | **1,861.1** |

# STATEMENT OF CHANGES IN EQUITY

| EUR million | Share capital | Currency translation | Cash flow hedges | Retained earnings | 2018/19 Total |
|---|---|---|---|---|---|
| **Equity at September 1, 2018** | **176.8** | **(51.0)** | **(0.7)** | **646.5** | **771.6** |
| Total comprehensive income for the year, cf. statement of comprehensive income | (0.3) | 6.8 | (4.1) | 175.6 | 178.0 |
| **Transactions with owners:** | | | | | |
| Purchase of treasury shares | - | - | - | (2.2) | (2.2) |
| Share-based payment | - | - | - | 3.8 | 3.8 |
| Dividend | - | - | - | (114.2) | (114.2) |
| **Equity at May 31, 2019** | **176.5** | **(44.2)** | **(4.8)** | **709.5** | **837.0** |

# CASH FLOW STATEMENT

| EUR million | Q3 2018/19 | Q3 2017/18 | YTD 2018/19 | YTD 2017/18 |
|---|---|---|---|---|
| **Operating profit** | 91.3 | 84.0 | 239.9 | 219.9 |
| Non-cash adjustments | 15.3 | 16.8 | 47.4 | 49.2 |
| Change in working capital | (4.8) | (1.1) | (62.2) | (71.2) |
| Interest payments made | (2.4) | (2.4) | (7.6) | (7.3) |
| Taxes paid | (14.2) | (5.3) | (65.7) | (42.7) |
| **Cash flow from operating activities** | **85.2** | **92.0** | **151.8** | **147.9** |
| Investments in intangible assets | (6.9) | (3.8) | (16.6) | (12.1) |
| Investments in property, plant and equipment | (29.8) | (23.8) | (80.1) | (60.5) |
| Sale of property, plant and equipment | - | - | - | - |
| **Cash flow used for operational investing activities** | **(36.7)** | **(27.6)** | **(96.7)** | **(72.6)** |
| **Free operating cash flow** | **48.5** | **64.4** | **55.1** | **75.3** |
| Acquisition of entities, net of cash acquired | (0.5) | - | (9.8) | - |
| **Cash flow used for investing activities** | **(37.2)** | **(27.6)** | **(106.5)** | **(72.6)** |
| **Free cash flow** | **48.0** | **64.4** | **45.3** | **75.3** |
| Borrowings | 94.6 | - | 212.5 | 139.1 |
| Repayment of long-term loans | (128.1) | (52.1) | (144.3) | (112.8) |
| Exercise of options | - | 0.3 | - | 0.8 |
| Purchase of treasury shares, net | - | - | (2.1) | (4.7) |
| Dividends paid | - | - | (114.2) | (112.0) |
| **Cash flow used in financing activities** | **(33.5)** | **(51.8)** | **(48.1)** | **(89.6)** |
| **Net cash flow for the period** | **14.5** | **12.6** | **(2.8)** | **(14.3)** |
| Cash and cash equivalents, beginning of period | 54.2 | 44.7 | 69.1 | 73.0 |
| Unrealized exchange gains/(losses) included in cash and cash equivalents | (0.4) | - | 2.0 | (1.4) |
| Net cash flow for the year | 14.5 | 12.6 | (2.8) | (14.3) |
| **Cash and cash equivalents, end of period** | **68.3** | **57.3** | **68.3** | **57.3** |

# ACCOUNTING POLICIES

This unaudited interim report has been prepared in accordance with IAS 34 and additional Danish regulations for the presentation of quarterly interim reports by listed companies. The interim report has been prepared in accordance with the accounting policies set out in the Annual Report for 2017/18, except for all new, amended or revised accounting standards and interpretations (IFRSs) adopted by the European Union effective for financial years beginning on or after January 1, 2018.
Most relevant to the Group are: IFRS 9 Financial instruments and IFRS 15 Revenue from contracts with customers.

**Impact of IFRS 9 Financial instruments**
IFRS 9 changes the classification and measurement of financial assets and liabilities, impairment methodology and general hedge accounting. The standard was implemented effective from September 1, 2018.
The implementation of IFRS 9 has neither changed the existing policies nor had an impact on the Consolidated Financial Statement. However, the basis for calculating the allowance for bad debt has changed from being based on incurred losses to being based on expected losses. This change has not had a significant impact on the allowances for bad debt and consequently no significant impact on the Consolidated Financial Statement.

**Impact of IFRS 15 Revenue from contracts with customers**
IFRS 15 establishes a single comprehensive framework for revenue recognition from contracts with customers to reflect the transfer of control of goods to customers at a value that the entity expects to be entitled to. The standard has been implemented as at September 1, 2018 by using the modified retrospective approach.
The changes to the applied accounting policy are not significant. The accounting policies applied by the Group prior to IFRS 15 for revenue recognition have essentially been in accordance with the principles of IFRS 15. The principal change to the Group's accounting policies comprise:

- Sales are recognized when control of the products has transferred.

The implementation of IFRS 15 has had no impact on the income statement and no significant impact on the Statement of Financial Position.

IASB has issued IFRS 16 Leases which will be effective for financial years beginning on or after January 1, 2019. The initial assessment is that there will be an increase in total assets of approximately 1-2% which would consequently impact the related key ratios in the Consolidated Financial Statement such as EBITDA and ROIC.

**SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS**
In preparing this interim report Management has made various accounting estimates and assumptions that may significantly influence the amounts recognized in the Consolidated Financial Statement and related information at the reporting date. The accounting estimates and assumptions which Management considers to be material for the preparation and understanding of the interim report are stated in Note 1.2 in the Annual Report 2017/18 and relate to, e.g., income taxes, goodwill, other intangible assets, inventories as well as acquisition of entities.

# SEGMENT INFORMATION

| EUR million | Food Cultures & Enzymes | Health & Nutrition | Natural Colors | Q3 2018/19 Group |
|---|---|---|---|---|
| **INCOME STATEMENT** | | | | |
| Revenue | 176.7 | 66.5 | 58.8 | 302.0 |
| EUR growth | 7% | 13% | 2% | 7% |
| Organic growth | 8% | 11% | 3% | 8% |
| EBITDA before special items | 72.0 | 25.1 | 10.8 | 107.9 |
| EBITDA margin before special items | 40.7% | 37.7% | 18.4% | 35.7% |
| Depreciation, amortization and impairment losses | (9.9) | (4.6) | (1.7) | (16.2) |
| EBIT before special items | 62.1 | 20.5 | 9.1 | 91.7 |
| EBIT margin before special items | 35.1% | 30.8% | 15.5% | 30.4% |
| Special items and net financial expenses | | | | (5.3) |
| **Profit before tax** | | | | **86.4** |

| EUR million | Food Cultures & Enzymes | Health & Nutrition | Natural Colors | YTD 2018/19 Group |
|---|---|---|---|---|
| **INCOME STATEMENT** | | | | |
| Revenue | 503.8 | 184.6 | 166.8 | 855.2 |
| EUR growth | 6% | 12% | 3% | 7% |
| Organic growth | 9% | 11% | 4% | 9% |
| EBITDA before special items | 195.3 | 67.7 | 26.0 | 289.0 |
| EBITDA margin before special items | 38.8% | 36.7% | 15.6% | 33.8% |
| Depreciation, amortization and impairment losses | (28.9) | (13.7) | (5.1) | (47.7) |
| EBIT before special items | 166.4 | 54.0 | 20.9 | 241.3 |
| EBIT margin before special items | 33.0% | 29.2% | 12.5% | 28.2% |
| Special items and net financial expenses | | | | (13.2) |
| **Profit before tax** | | | | **228.1** |

# SEGMENT INFORMATION
(CONTINUED)

EUR million

| | Food Cultures & Enzymes | Health & Nutrition | Natural Colors | Q3 2017/18 Group |
|---|---|---|---|---|
| **INCOME STATEMENT** | | | | |
| Revenue | 165.9 | 59.1 | 57.7 | 282.7 |
| EUR growth | 2% | 1% | 0% | 2% |
| Organic growth | 11% | 7% | 6% | 9% |
| EBITDA before special items | 67.6 | 22.6 | 10.1 | 100.3 |
| EBITDA margin before special items | 40.7% | 38.2% | 17.5% | 35.5% |
| Depreciation, amortization and impairment losses | (10.1) | (4.4) | (1.8) | (16.3) |
| EBIT before special items | 57.5 | 18.2 | 8.3 | 84.0 |
| EBIT margin before special items | 34.7% | 30.8% | 14.4% | 29.7% |
| Special items and net financial expenses | | | | (5.4) |
| **Profit before tax** | | | | **78.6** |

EUR million

| | Food Cultures & Enzymes | Health & Nutrition | Natural Colors | YTD 2017/18 Group |
|---|---|---|---|---|
| **INCOME STATEMENT** | | | | |
| Revenue | 474.7 | 164.6 | 161.6 | 800.9 |
| EUR growth | 5% | 1% | (1)% | 3% |
| Organic growth | 12% | 8% | 5% | 9% |
| EBITDA before special items | 183.4 | 61.2 | 22.9 | 267.5 |
| EBITDA margin before special items | 38.6% | 37.2% | 14.2% | 33.4% |
| Depreciation, amortization and impairment losses | (29.1) | (13.2) | (5.3) | (47.6) |
| EBIT before special items | 154.3 | 48.0 | 17.6 | 219.9 |
| EBIT margin before special items | 32.5% | 29.2% | 10.9% | 27.5% |
| Special items and net financial expenses | | | | (14.6) |
| **Profit before tax** | | | | **205.3** |

# SEGMENT INFORMATION
(CONTINUED)

EUR million

| ASSETS | Food Cultures & Enzymes | Health & Nutrition | Natural Colors | May 31, 2019 Group |
|---|---|---|---|---|
| Goodwill | 534.7 | 237.2 | - | 771.9 |
| Other intangible assets | 103.4 | 103.9 | 18.0 | 225.3 |
| **Intangible assets** | **638.1** | **341.1** | **18.0** | **997.2** |
| Property, plant and equipment | 332.7 | 125.3 | 56.1 | 514.1 |
| **Total non-current assets excluding deferred tax** | **970.8** | **466.4** | **74.1** | **1,511.3** |
| Inventories | 81.7 | 30.1 | 59.6 | 171.4 |
| Trade receivables | 101.1 | 41.1 | 40.6 | 182.8 |
| Trade payables | (43.0) | (16.4) | (28.1) | (87.5) |
| **Net working capital** | **139.8** | **54.8** | **72.1** | **266.7** |
| Assets not allocated | | | | 109.4 |
| **Group assets** | | | | **1,974.9** |
| **Invested capital excluding goodwill** | **575.9** | **284.0** | **146.2** | **1,006.1** |
| **ROIC excluding goodwill** | **41.1%** | **26.7%** | **21.7%** | **34.3%** |
| Investment in non-current assets excluding deferred tax | 56.1 | 24.5 | 16.1 | 96.7 |

| ASSETS | Food Cultures & Enzymes | Health & Nutrition | Natural Colors | May 31, 2018 Group |
|---|---|---|---|---|
| Goodwill | 532.0 | 232.3 | - | 764.3 |
| Other intangible assets | 98.2 | 104.3 | 16.7 | 219.2 |
| **Intangible assets** | **630.2** | **336.6** | **16.7** | **983.5** |
| Property, plant and equipment | 292.3 | 104.6 | 47.1 | 444.0 |
| **Total non-current assets excluding deferred tax** | **922.5** | **441.2** | **63.8** | **1,427.5** |
| Inventories | 72.5 | 27.2 | 52.6 | 152.3 |
| Trade receivables | 93.3 | 32.9 | 39.4 | 165.6 |
| Trade payables | (39.3) | (15.1) | (25.7) | (80.1) |
| **Net working capital** | **126.5** | **45.0** | **66.3** | **237.8** |
| Assets not allocated | | | | 102.8 |
| **Group assets** | | | | **1,848.2** |
| **Invested capital excluding goodwill** | **517.0** | **253.9** | **130.1** | **901.0** |
| **ROIC excluding goodwill** | **41.6%** | **26.0%** | **20.1%** | **34.2%** |
| Investment in non-current assets excluding deferred tax | 47.3 | 18.5 | 6.8 | 72.6 |

# SEGMENT INFORMATION
(CONTINUED)

EUR million

| GEOGRAPHIC ALLOCATION | EMEA | North America | APAC | LATAM | Q3 2018/19 Group |
|---|---|---|---|---|---|
| Revenue | 135.4 | 81.0 | 48.6 | 37.0 | 302.0 |
| EUR growth | 2% | 17% | 3% | 10% | 7% |
| Organic growth | 4% | 9% | 3% | 27% | 8% |

| | EMEA | North America | APAC | LATAM | YTD 2018/19 Group |
|---|---|---|---|---|---|
| Revenue | 376.0 | 227.2 | 142.7 | 109.3 | 855.2 |
| EUR growth | 5% | 12% | 4% | 7% | 7% |
| Organic growth | 7% | 6% | 4% | 27% | 9% |
| **Non-current assets excluding deferred tax** | **1,281.1** | **185.5** | **12.9** | **31.8** | **1,511.3** |

EUR million

| | EMEA | North America | APAC | LATAM | Q3 2017/18 Group |
|---|---|---|---|---|---|
| Revenue | 132.6 | 69.3 | 47.2 | 33.6 | 282.7 |
| EUR growth | 6% | (9)% | 7% | 0% | 2% |
| Organic growth | 10% | 2% | 11% | 20% | 9% |

| | EMEA | North America | APAC | LATAM | YTD 2017/18 Group |
|---|---|---|---|---|---|
| Revenue | 358.0 | 202.6 | 137.8 | 102.5 | 800.9 |
| EUR growth | 6% | (8)% | 13% | 2% | 3% |
| Organic growth | 8% | 3% | 17% | 17% | 9% |
| **Non-current assets excluding deferred tax** | **1,224.5** | **159.4** | **13.6** | **30.0** | **1,427.5** |

# ACQUISITIONS

On October 4, 2018, Chr. Hansen acquired full ownership of the assets of Österreichische Laberzeugung Hundsbichler GmbH. Hundsbichler’s products are widely recognized for their high quality.

Details of the purchase consideration, net assets acquired, and goodwill are as follows:

| EUR million | 2018/19 |
|---|---|
| **PURCHASE CONSIDERATION:** | |
| Cash paid | 9.3 |
| Cash consideration | 5.2 |
| Adjustment for fair value of cash | (1.2) |
| **Fair value of total consideration** | **13.3** |

Goodwill represents synergies within innovation, sales and supply chain.

According to IFRS 3, the acquired assets are recognized at fair value in the opening balance based on market participants' use of assets, even if the acquirer does not intend to use them or does not intend to use them in a way that is similar to what would be expected.

The finalization of the purchase price allocation based on the fair value of identified assets, liabilities and contingent liabilities is still ongoing.

| EUR million | 2018/19 |
|---|---|
| **FAIR VALUE OF NET ASSETS ACQUIRED:** | |
| Trademarks | 1.0 |
| Technology (patents and other rights) | 6.3 |
| Customer relationships | 0.9 |
| Inventories | 0.2 |
| **Net identifiable assets acquired** | **8.4** |
| Fair value of total consideration | 13.3 |
| **Goodwill from acquisition** | **4.9** |