INTERIM REPORT SEPTEMBER 1, 2019 - NOVEMBER 30, 2019

Q1 2019/20 IN BRIEF

JANUARY 15, 2020

Q1 RESULTS IN LINE WITH EXPECTATIONS, MOMENTUM IMPROVED IN FOOD CULTURES & ENZYMES; NEW PRELIMINARY LONG-TERM GROWTH AMBITION

Organic revenue growth of 1% in the first three months of 2019/20, corresponding to 1% EUR growth, was in line with expectations: Food Cultures & Enzymes 4%, Health & Nutrition (4)% and Natural Colors (1)%. EBIT before special items decreased by 1% to EUR 70 million, corresponding to an EBIT margin b.s.i. of 25.7%, down 0.6%-point compared to last year. The organic growth outlook for 2019/20 is narrowed to 4-6% whereas the guidance for EBIT margin and free cash flow is unchanged. New preliminary long-term growth ambition of mid to high single-digit organic sales growth per year until 2024/25.

EUR million	Q1 2019/20	Q1 2018/19	Growth
Revenue	272.4	269.4	1%
EBIT before special items	70.1	70.8	(1)%
Profit for the period	49.9	51.1	(2)%
Free cash flow before acquisitions and special items	(6.3)	(32.5)	81%
Organic growth, %	1%	10%	
Gross margin, %	55.3%	54.9%	
EBIT margin before special items, %	25.7%	26.3%	
ROIC excl. goodwill, %	27.8%	31.4%	

CEO Mauricio Graber says: *"We have had a mixed start to the year, as expected. Food Cultures & Enzymes delivered good organic growth driven by all segments apart from probiotics, in line with our expectations. The recently launched enzyme for cheese making, CHY-MAX® Supreme, has been very well received by customers and is off to a very good start. In Health & Nutrition, Animal Health showed very strong growth driven by the timing of sales in silage and good momentum in Cattle, whereas Human Health and Plant Health declined, as expected, due to the timing of orders. Natural colors declined due to continued negative raw material price impacts and challenging market conditions but showed a strong EBIT growth of 10% - and growth in the FRUITMAX® range remained strong.*

"Our Q1 EBIT margin before special items was down by 0.6%-point, due to the lower margin in Health & Nutrition caused by the lower revenue. The EBIT margin in Food Cultures & Enzymes improved, impacted by a continued positive development in gross margin, and the EBIT margin in Natural Colors also increased, driven by lower raw material prices. We continue to invest in growth opportunities and innovation across our three business areas.

"Even though Q1 was very much in line with our expectations, we are narrowing our guidance for 2019/20. We started the year with a cautious outlook due to the market challenges that we were facing, and those challenges have proven to be persistent. The end-market growth in Food Cultures & Enzymes is not improving, and we also see lower growth in dietary supplements. As a consequence of the lower end-market growth, and reflecting the preliminary conclusions in our on-going strategy review, which will be finalized in April 2020, we are issuing a preliminary long-term growth ambition of mid to high-single digit organic sales growth per year until 2024/25."

OUTLOOK FOR 2019/20

The organic growth outlook for 2019/20 is narrowed to 4-6% whereas the guidance on EBIT margin b.s.i and FCF is unchanged.

	January 15, 2020	October 10, 2019
Organic revenue growth	4-6%	4-8%
EBIT margin before special items	Around 29.5%	Around 29.5%
Free cash flow before acquisitions, divestments and special items	Around EUR 190 million	Around EUR 190 million

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.

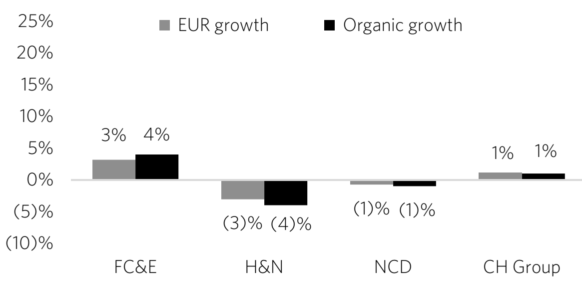
FINANCIAL HIGHLIGHTS AND KEY FIGURES

	Q1 2019/20	Q1 2018/19	Growth
Income statement, EUR million			
Revenue	272.4	269.4	1%
Gross profit	150.7	147.9	2%
EBITDA before special items	88.8	86.4	3%
EBIT before special items	70.1	70.8	(1)%
Special items	(0.8)	(0.5)	n/a
EBIT	69.3	70.3	(1)%
Profit for the period	49.9	51.1	(2)%
Financial position, EUR million			
Total assets	2,096.8	1,877.7	
Invested capital	1,816.3	1,706.3	
Net working capital	244.1	231.1	
Equity	727.2	713.1	
Net interest-bearing debt	792.8	714.1	
Cash flow and investments, EUR million			
Cash flow from operating activities	21.9	(3.1)	806%
Cash flow used for investing activities	(29.0)	(39.2)	26%
Free cash flow	(7.1)	(42.3)	83%
Free cash flow before acquisitions and special items	(6.3)	(32.5)	81%
Earnings per share, EUR			
EPS, diluted	0.38	0.39	(3)%
Key ratios			
Organic growth, % *	1	10	
Gross margin, %	55.3	54.9	
Operating expenses, %	29.6	28.6	
EBITDA margin before special items, %	32.6	32.1	
EBIT margin before special items, %	25.7	26.3	
EBIT margin, %	25.4	26.1	
ROIC excl. goodwill, %	27.8	31.4	
ROIC, %	15.7	17.0	
NWC, %	21.0	20.8	
R&D, %	8.4	7.8	
Capital expenditures, %	10.6	11.1	
Net debt to EBITDA before special items	1.9x	1.8x	

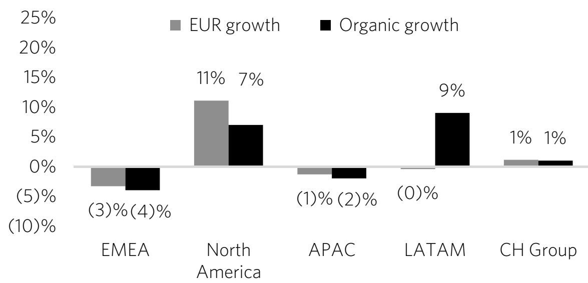
*Organic growth: Increase in revenue adjusted for sales reduction, acquisitions and divestments, and measured in local currency.

Q1 2019/20 RESULTS

REVENUE GROWTH BY BUSINESS - YTD



REVENUE GROWTH BY REGION - YTD



MARKET DEVELOPMENT

The end markets for fermented milk grew by 1-2% in the first three months of 2019/20, driven by Asia-Pacific and Latin America, while Europe, Middle East and Africa was flat, and the US declined slightly.

The global production of cheese grew by around 1%, primarily driven by North America and Latin America. Globally, pricing structures still favor cheese production over available alternatives.

The overall market for probiotics for human health is estimated to have grown by 5-7%, with the strongest growth in infant formula applications and a lower momentum in the market for dietary supplements.

The market for microbial-based solutions for animal health developed favorably overall, supported by an increased focus on reducing the use of antibiotics in livestock production. Milk prices in North America continued the improving momentum from previous quarters, which supported the probiotics business for dairy cattle.

Conversion to natural colors continued across most segments, particularly driven by coloring foodstuffs such as FRUITMAX®. Absent new regulation to influence conversion, consumer demand for cleaner food labels is a key driver for the inclusion of natural colors. Raw material prices for key pigments (carmine and annatto) declined in Q1, impacting the pricing environment for natural colors negatively.

REVENUE

Organic growth was 1%, corresponding to a revenue increase of 1% to EUR 272 million. The organic growth was primarily driven by volume/mix effects, with a slight positive impact from price increases in local currencies.

REVENUE	**Q1 2019/20**
Organic growth (vol/mix)	1%
Organic growth (price)	0%
Organic growth	**1%**
Currencies	0%
EUR growth	**1%**

REVENUE BY REGION

EMEA (Europe, Middle East and Africa)

Organic growth was (4)% and adjusted for a positive currency impact of 1% corresponded to a revenue decrease of 3%. Food Cultures & Enzymes delivered good growth, while Health & Nutrition and Natural Colors declined. Health & Nutrition declined primarily due to the timing of orders from key customers in Human Health. Natural Colors declined due to lower raw material prices and lower volumes in selected pigments.

North America

Organic growth was 7% and adjusted for a positive currency impact of 4% corresponded to a revenue increase of 11%. Organic growth was driven by very strong growth in Health & Nutrition primarily due to very strong growth in Animal Health driven by Cattle, but also by strong growth in Human Health. Natural Colors delivered good growth driven by FRUITMAX®, while Food Cultures & Enzymes was flat.

APAC (Asia-Pacific)

Organic growth was (2)% and adjusted for a positive currency impact of 1% corresponded to a revenue decrease of 1%. Food Cultures & Enzymes grew slightly as strong growth in fermented milk in China was partly offset by a decline in probiotics. Health & Nutrition declined due to the timing of orders in Human Health, and a very high comparable from last year, while Natural Colors was flat.

LATAM (Latin America)
Organic growth was 9% and adjusted for a negative currency impact of 9% corresponded to a revenue on par with last year. EUR-based pricing contributed positively to the organic growth. Organic growth was driven by very strong growth in Food Cultures & Enzymes, driven especially by the successful launch of CHY-MAX® Supreme, and solid growth in Natural Colors driven by customer wins. Health & Nutrition declined, as expected, due to timing of orders in Plant Health.

GROSS PROFIT
Gross profit was EUR 151 million, a 2% increase from EUR 148 million in the first three months of 2018/19. The gross margin increased by 0.4%-point to 55.3%, driven by Food Cultures & Enzymes and Natural Colors and partly offset by Health & Nutrition. In Food Cultures & Enzymes, scalability benefits drove the margin improvement and in Natural Colors lower raw material prices drove the margin increase. In Health & Nutrition the reduced sales volumes impacted the gross margin negatively.

OPERATING EXPENSES (% OF REVENUE)
Operating expenses totaled EUR 81 million (29.6% of revenue), compared to EUR 77 million (28.6%) in the first three months of 2018/19.

Research & development (R&D) expenses including amortization and depreciation amounted to EUR 22 million (8.1%), compared to EUR 19 million (7.2%) in the first three months of 2018/19.

Total R&D expenditures incurred amounted to EUR 23 million (8.4%), compared to EUR 21 million (7.8%) in the first three months of 2018/19. The increase in cost relative to sales was in part driven by the low revenue growth and the increase of EUR 2 million was driven by increased activities in Food Cultures & Enzymes and Plant Health.

EUR million	Q1 2019/20	Q1 2018/19
R&D expenses (P&L)	22.0	19.3
- Amortization	1.9	1.8
- Impairment	-	-
+ Capitalization	2.7	3.4
R&D expenditures incurred	**22.8**	**20.9**

Sales & marketing expenses amounted to EUR 41 million (15.1%), compared to EUR 39 million (14.4%) in the first three months of 2018/19. The increase was primarily driven by higher activity levels in Food Cultures & Enzymes and Natural Colors.

Administrative expenses were EUR 18 million (6.5%), compared to EUR 19 million (7.2%) in the first three months of 2018/19.

Net other operating income was EUR 0 million, compared to EUR 1 million in the first three months of 2018/19.

OPERATING PROFIT (EBIT) BEFORE SPECIAL ITEMS
EBIT before special items amounted to EUR 70 million, compared to EUR 71 million in the first three months of 2018/19, a decrease of 1%. The decrease was driven by Health & Nutrition and partly offset by Food Cultures & Enzymes and Natural Colors.

The EBIT margin before special items was 25.7%, down 0.6%-point from 26.3% in the first three months of 2018/19. EBIT margins in Food Cultures & Enzymes and Natural Colors increased, and the margin in Health & Nutrition decreased compared to last year. Currencies had a negligible impact.

SPECIAL ITEMS
Special items were EUR 1 million, on par with the first three months of 2018/19, primarily related to costs associated with Bacthera, the recently launched JV with Lonza AG.

OPERATING PROFIT (EBIT)
EBIT amounted to EUR 69 million, compared to EUR 70 million, and the EBIT margin was 25.4%, compared to 26.1% in the first three months of 2018/19.

NET FINANCIALS, SHARE OF JV AND TAX
Net financial expenses amounted to EUR 3 million, compared to EUR 4 million in the first three months of 2018/19. Net interest expenses were EUR 1 million, down from EUR 3 million last year. The interest expense from the implementation of IFRS 16 leasing was less than EUR 1 million.

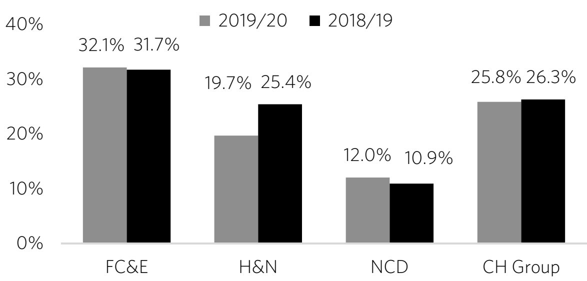
The net impact from exchange rate adjustments was negative at EUR 1 million, mainly due to unrealized losses from DKK depreciating against EUR.

The Bacthera JV produced a EUR 2 million loss to Chr. Hansen. The JV was launched in September 2019, so there is no comparison from last year. The loss was as expected.

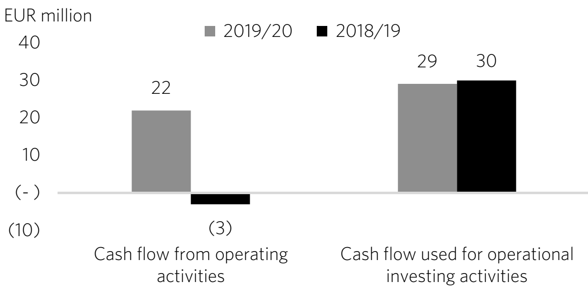
Income taxes were EUR 15 million, equivalent to an effective tax rate of 23%, unchanged compared to the first three months of 2018/19.

Q1 2019/20 RESULTS

EBIT MARGIN B.S.I. – YTD



CASH FLOW - YTD



PROFIT FOR THE PERIOD

Profit for the period was EUR 50 million, compared to EUR 51 million in the first three months of 2018/19.

ASSETS

At November 30, 2019, total assets amounted to EUR 2,097 million, compared to EUR 1,878 million the year before.

Total non-current assets amounted to EUR 1,641 million, compared to EUR 1,482 million at November 30, 2018. Property, plant and equipment increased by EUR 154 million, while intangible assets were unchanged. The increase was driven by the sale-and-lease-back of the Company's main site in Hørsholm, Denmark, and the implementation of IFRS 16 for leased assets, in total around EUR 100 million, and as well as investments in the microbial platform.

Total current assets amounted to EUR 456 million, compared to EUR 395 million at November 30, 2018. Inventories increased by EUR 12 million, or 7%, and receivables were up by EUR 14 million, or 8%. Cash increased by EUR 34 million to EUR 83 million.

NET WORKING CAPITAL

Net working capital was EUR 244 million, or 21.0% of revenue, compared to EUR 231 million, or 20.8%, in the first three months of 2018/19. The increase in the percentage of revenue was due to higher inventories and receivables, but partly offset by higher trade payables.

EQUITY

Total equity amounted to EUR 727 million at November 30, 2019, compared to EUR 713 million a year earlier.
An ordinary dividend for the 2018/19 financial year totaling EUR 124 million was paid out on December 2, 2019.

NET DEBT

Net interest-bearing debt amounted to EUR 799 million, or 1.9x EBITDA, compared to EUR 714 million, or 1.8x EBITDA last year.

RETURN ON INVESTED CAPITAL (ROIC) EXCLUDING GOODWILL

The return on invested capital excluding goodwill was 27.8%, compared to 31.4% in the first three months of 2018/19. More than 1%-point of the decline in ROIC was due to the implementation of IFRS 16. Invested capital excluding goodwill increased to EUR 1,043 million (including IFRS 16 leased assets, app. EUR 44 million), compared to EUR 936 million last year, mainly due to investments in the microbial production platform.

CASH FLOW

Cash flow from operating activities was an inflow of EUR 22 million, compared to an outflow of EUR 3 million in the first three months of 2018/19. The improvement was driven by a favorable change in net working capital and lower taxes paid.

Cash flow used for operational investing activities was EUR 29 million, or 10.6% of revenue, compared to EUR 30 million, or 11.1% of revenue, in the first three months of 2018/19.

Free cash flow before acquisitions and special items was an outflow of EUR 6 million, compared to an outflow of EUR 33 million from the first three months of 2018/19. The improvement was driven by the positive cash flow from operating activities.

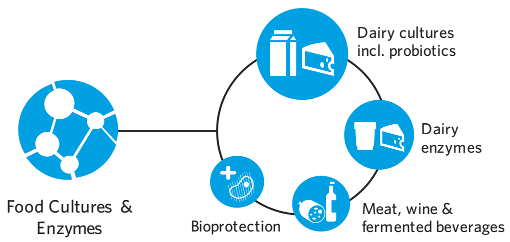
Investments in associates was EUR 6 million and represented the investment in the Bacthera JV.

SEGMENT INFORMATION

FOOD CULTURES & ENZYMES

61% OF REVENUE

EUR million	Q1 2019/20	Q1 2018/19
Revenue	166.1	161.0
Organic growth	4%	10%
EBIT	53.2	50.9
EBIT margin	32.1%	31.7%
ROIC excluding goodwill	36.7%	39.0%



REVENUE
Organic growth for the first three months of 2019/20 was 4% corresponding to a revenue increase of 4%. Organic growth comprised 3% from volume/mix and 1% from price increases in local currencies. The price increases were achieved through a combination of like-for-like price increases and by using EUR-based pricing in certain countries.

The organic growth was primarily driven by solid growth in fermented milk, enzymes, wine and meat cultures. In enzymes, growth was driven by the launch of CHY-MAX® Supreme, and by continued growth of the NOLA® Fit lactase enzyme. Cheese delivered good growth, while probiotics declined. As expected, the normalization of inventory levels in the distribution chain impacted growth negatively (by an estimated 2%-points).

Bioprotective cultures delivered organic growth of approximately 10%. Growth was driven by the existing segments within fermented milk and meat, and was primarily driven by 2nd generation products.

EBIT
EBIT amounted to EUR 53 million, compared to EUR 51 million in the first three months of 2018/19. The EBIT margin was 32.1%, up 0.4%-point compared to last year. The increase was driven primarily by scalability benefits in production.

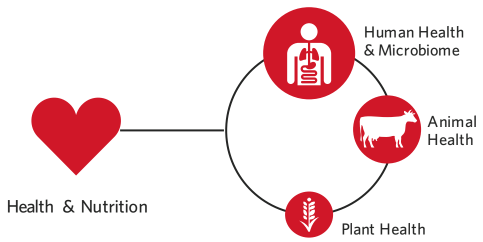
ROIC EXCLUDING GOODWILL
The return on invested capital excluding goodwill was 36.7%, compared to 39.0% in 2018/19. More than 1%-point of the decline in ROIC was due to the implementation of IFRS 16. Invested capital excluding goodwill increased by EUR 66 million, or 11%, to EUR 604 million (including IFRS 16 leased assets, app. EUR 23 million). The increase was mainly due to investments in production capacity and lower trade payables.

SEGMENT INFORMATION

HEALTH & NUTRITION

20% OF REVENUE

EUR million	Q1 2019/20	Q1 2018/19
Revenue	53.9	55.6
Organic growth	(4)%	17%
EBIT	10.6	14.2
EBIT margin	19.6%	25.4%
ROIC excluding goodwill	14.7%	21.7%



REVENUE

Organic growth for the first three months of 2019/20 was (4)% and adjusting for a positive currency impact of 1% corresponded to a revenue decrease of 3%, mainly due to volume/mix. Human Health declined, while Animal Health delivered very strong growth. Plant Health also declined, as expected, due to the timing of orders.

The decline in Human Health was primarily due to the timing of orders from key customers in infant formula, whereas dietary supplements declined due to the reduction of inventories by key customers. In Q1, Chr. Hansen launched a new probiotic blend to help support the health and development of intestines in pre-term infants.

Animal Health delivered very strong growth in Cattle while Poultry & Swine declined. Dairy farmer economics in North America have improved and sales were supported by the roll-out of a new product, BOVAMINE® DAIRY PLUS probiotic. The late season in silage inoculants also had a positive impact in Q1. The negative developments in Poultry & Swine were primarily due to the timing of orders from distributors.

Plant Health declined as expected, as most of the sales for the year 2019/20 are expected in Q2-Q4. Growth in Plant Health for the full year is expected to be very strong driven by continuing growth in Quartzo™ and Presence™ in Latin America.

EBIT

EBIT amounted to EUR 11 million, compared to EUR 14 million in Q1 2018/19. The EBIT margin was 19.6%, down 5.8%-points compared to last year. The decrease was due to the decline in the revenue and the slightly increased R&D expenses in Plant Health.

ROIC EXCLUDING GOODWILL

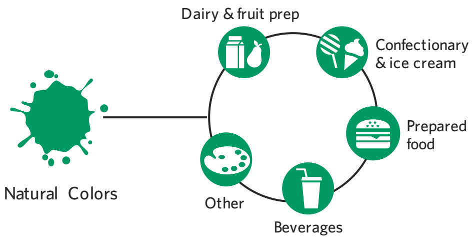
The return on invested capital excluding goodwill was 14.7%, compared to 21.7% in 2018/19. App. 1%-point of the decline in ROIC was due to the implementation of IFRS 16. Invested capital excluding goodwill increased by EUR 18 million, or 6%, to EUR 282 million (including IFRS 16 leased assets, app. EUR 7 million). The increase was due to investments in production capacity for Human Health.

SEGMENT INFORMATION

NATURAL COLORS

19% OF REVENUE

EUR million	Q1 2019/20	Q1 2018/19
Revenue	52.4	52.8
Organic growth	(1)%	6%
EBIT	6.3	5.7
EBIT margin	12.0%	10.9%
ROIC excluding goodwill	17.8%	19.2%



REVENUE

Organic growth for the first three months of 2019/20 was (1)%, corresponding to a revenue decrease of 1%, primarily driven by lower prices.

FRUITMAX® continued to grow strongly, particularly in EMEA, but was offset by a decline in traditional natural colors, primarily driven by a continued decline in raw material prices for carmine and annatto, impacting pricing of natural colors negatively.

Organic growth was good in North America, solid in LATAM while APAC was flat and EMEA declined, mainly driven by lower raw material prices and a challenging economic climate in emerging markets impacting demand for natural colors.

EBIT

EBIT amounted to EUR 6 million, compared to EUR 6 million in Q1 2018/19. The EBIT margin was 12.0%, up 1.1%-points compared to last year. The increase was mainly due to lower raw material prices.

ROIC EXCLUDING GOODWILL

The return on invested capital was 17.8%, compared to 19.2% in 2018/19. App. 1%-point of the decline in ROIC was due to the implementation of IFRS 16. Invested capital increased by EUR 29 million, or 22%, to EUR 158 million (including IFRS 16 leased assets, app. EUR 14 million). The increase was primarily driven by the investments in the US footprint and new investments in the application center in France.

OUTLOOK

OUTLOOK FOR 2019/20: ORGANIC REVENUE GROWTH

For 2019/20, organic growth is narrowed to 4-6% (previously 4-8%), with a neutral impact from EUR pricing.

In the remaining nine months of the year, Food Cultures & Enzymes and Health & Nutrition combined are expected to grow around 7%. Despite the lower momentum in dairy end-market growth, Food Cultures & Enzymes is expected to grow 5-6%, significantly above the end market growth, which is around 1%-point less than previously assumed. Continued momentum in recently launched innovation, such as CHY-MAX® Supreme and NOLA® Fit, and strong execution on the commercial pipeline will be the key growth drivers. Growth expectations for Human Health have also been lowered, as customer projects in dietary supplements have been delayed due to lower growth in the end-market. Expectations for Animal Health and Plant Health are largely unchanged, as both are expected to deliver strong growth. Natural Colors is still expected to grow low to mid-single-digit in the remaining nine months of the year, driven primarily by continued growth in FRUITMAX® but partly offset by lower raw material prices leading to lower sales prices.

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, which is expected to be offset by investments in the lighthouse projects and other strategic priorities.

FREE CASH FLOW

Free cash flow before acquisitions and special items is still expected to be around EUR 190 million. Cash flow used for operational investment activities is expected to be higher than the EUR 139 million realized in 2018/19 (excluding the proceeds from the sale-and-lease-back), primarily related to investment phasing from 2018/19 to 2019/20.

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. Any deterioration in the political and economic climate might impact the outlook negatively. This includes, but is not limited to, the economic climate in several emerging markets, such as China, Turkey, Brazil and Argentina; the risk of a global economic recession; the overall situation in the Middle East, including any potential sanctions; a deepening of the US-China trade tension; an escalation of the US-EU tariff situation; and a no-deal Brexit scenario.

LONG TERM FINANCIAL AMBITIONS

As part of the two-year strategy cycle operated by Chr. Hansen, the company has in the past months worked in-depth with analyzing the dynamics in the end-markets that it serves. As a part of this analysis, a thorough review of the growth opportunities in the existing segments, the products in the R&D pipeline and current customer initiatives has been undertaken. Although Chr. Hansen remains very excited about the opportunities of our technology platform, our innovation capabilities and our market-leading position, the preliminary conclusions do not support maintaining the existing long-term organic growth ambition of 8-10% for the group until 2021/22.

The on-going strategy work will conclude in April 2020, at which time a new set of long-term financial ambitions is expected to be confirmed and announced. Until then, Chr. Hansen will issue a preliminary, long-term growth ambition for the period until 2024/25 for the group to grow organically at mid to high single-digit per year, primarily reflecting lower end market growth across several of our business segments incl. dairy, dietary supplements and natural colors. Specifically, for Food Cultures & Enzymes we forecast a fundamental market growth of around 2% (compared to around 3% at the time of the capital market day in April 2018), and with an ambition for Food Cultures & Enzymes to continue to deliver significantly above market growth.

The Group's ambitions on EBIT margin and free cash flow until 2021/22 is maintained but will be reviewed alongside the new growth ambition and announced in April 2020.

SENSITIVITY

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

The most significant currency exposure relates to USD, which accounts for around 30% of revenue, while exposure to other currencies is more modest. A 5% decrease in the EUR/USD exchange rate would impact revenue measured in EUR negatively by 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 EUR/USD exchange

OUTLOOK

rate. Therefore, the relative EBIT exposure is higher than the revenue exposure. A 5% decrease in the EUR/USD exchange rate would impact EBIT negatively by roughly half of the revenue impact.

The sensitivity to currency also applies to the 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 2018/19.

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, 2019 to November 30, 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 November 30, 2019, and of the results of the Group's operations and cash flow for the period September 1, 2019 to November 30, 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 2018/19.

Hørsholm, January 15, 2020

Executive Board

Mauricio Graber President and CEO	Søren Westh Lonning CFO	Thomas Schäfer CSO

Board of Directors

Dominique Reiniche Chair	Jesper Brandgaard Vice Chair	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 January 15, 2020 at 10:00 am CET. The conference call can be accessed via the Company's website, www.chr-hansen.com.

For further information, please contact:

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FINANCIAL CALENDAR

April 16, 2020	Interim Report Q2 2019/20
July 2, 2020	Interim Report Q3 2019/20
October 8, 2020	Annual Report 2019/20
November 25, 2020	Annual General Meeting 2020

Company information
Chr. Hansen Holding A/S
Bøge Allé 10-12
2970 Hørsholm
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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 around 40,000 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 makes 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 145 years. We are proud that more than 1 billion people consume products containing our natural ingredients every day.

INCOME STATEMENT

EUR million	Q1 2019/20	Q1 2018/19
REVENUE	272.4	269.4
Cost of sales	(121.7)	(121.5)
Gross profit	**150.7**	**147.9**
Research and development expenses	(22.0)	(19.3)
Sales and marketing expenses	(41.2)	(38.9)
Administrative expenses	(17.7)	(19.4)
Other operating income	0.5	0.6
Other operating expenses	(0.2)	(0.1)
Operating profit before special items	**70.1**	**70.8**
Special items	(0.8)	(0.5)
Operating profit (EBIT)	**69.3**	**70.3**
Net financial expenses	(2.8)	(3.9)
Share of loss of associates/joint ventures	(1.7)	-
Profit before tax	**64.8**	**66.4**
Income taxes	(14.9)	(15.3)
Profit for the period	**49.9**	**51.1**
Attributable to:		
Shareholders of Chr. Hansen Holding A/S	**49.9**	**51.1**
Earnings per share (EUR)	0.38	0.39
Earnings per share, diluted (EUR)	0.38	0.39

STATEMENT OF COMPREHENSIVE INCOME

EUR million	Q1 2019/20	Q1 2018/19
Profit for the period	**49.9**	**51.1**
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	1.3	6.0
Cash flow hedge	1.4	(0.5)
Tax related to cash flow hedges	(0.1)	0.1
Other comprehensive income for the period	**2.6**	**5.6**
Total comprehensive income for the period	**52.5**	**56.7**
Attributable to:		
Shareholders of Chr. Hansen Holding A/S	52.5	56.7

BALANCE SHEET

EUR million	Nov 30, 2019	Nov 30, 2018	Aug 31, 2019
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	772.9	770.6	772.9
Other intangible assets	172.3	182.1	172.3
Intangible assets in progress	50.7	43.3	53.2
Total intangible assets	**995.9**	**996.0**	**998.4**
Property, plant and equipment			
Land and buildings	246.5	145.7	207.1
Plant and machinery	201.0	188.0	200.7
Other fixtures and equipment	36.6	24.8	31.6
Property, plant and equipment in progress	143.1	120.7	138.4
Total property, plant and equipment	**627.2**	**479.2**	**577.8**
Other non-current assets			
Investment in associates/joint ventures	10.6	-	-
Deferred tax	7.6	7.2	7.6
Total other non-current assets	**18.2**	**7.2**	**7.6**
Total non-current assets	**1,641.3**	**1,482.4**	**1,583.8**
Current assets			
Inventories			
Raw materials and consumables	30.5	33.7	30.0
Work in progress	63.7	56.0	59.8
Finished goods and goods for resale	77.1	69.8	70.2
Total inventories	**171.3**	**159.5**	**160.0**
Receivables			
Trade receivables	165.3	152.2	192.7
Tax receivables	3.3	3.1	3.8
Other receivables	20.5	20.3	19.1
Prepayments	11.9	11.3	11.0
Total receivables	**201.0**	**186.9**	**226.6**
Cash and cash equivalents	**83.2**	**48.9**	**87.4**
Total current assets	**455.5**	**395.3**	**474.0**
Total assets	**2,096.8**	**1,877.7**	**2,057.8**

BALANCE SHEET

EUR million	Nov 30, 2019	Nov 30, 2018	Aug 31, 2019
EQUITY AND LIABILITIES			
Equity			
Share capital	176.8	176.4	176.8
Reserves	550.4	536.7	620.4
Total equity	**727.2**	**713.1**	**797.2**
Liabilities			
Non-current liabilities			
Employee benefit obligations	7.9	7.2	7.8
Deferred tax	92.4	82.8	91.2
Provisions	3.6	3.5	3.7
Borrowings	626.9	639.2	668.9
Leasing liability (due after 1 year)	85.8	-	54.6
Tax payables	15.6	15.6	15.6
Deferred gain	49.1	-	49.6
Other payables	-	-	8.3
Total non-current liabilities	**881.3**	**748.3**	**899.7**
Current liabilities			
Provisions	-	-	0.1
Borrowings	148.6	123.8	96.2
Leasing liability (due within 1 year)	14.7	-	2.1
Prepayments from customers	0.3	0.4	0.2
Trade payables	92.5	80.6	132.1
Tax payables	14.7	16.5	40.7
Declared dividend	123.7	114.2	-
Deferred gain	1.8	-	1.8
Other payables	92.0	80.8	87.7
Total current liabilities	**488.3**	**416.3**	**360.9**
Total liabilities	**1,369.6**	**1,164.6**	**1,260.6**
Total equity and liabilities	**2,096.8**	**1,877.7**	**2,057.8**

STATEMENT OF CHANGES IN EQUITY

EUR million	Share capital	Currency translation	Cash flow hedges	Retained earnings	Total 2019/20
Equity at September 1, 2019	**176.8**	**(45.3)**	**(6.2)**	**671.9**	**797.2**
Total comprehensive income for the year, cf. statement of comprehensive income	-	1.3	1.3	49.9	52.5
Transactions with owners:					
Share-based payment	-	-	-	1.2	1.2
Dividend	-	-	-	(123.7)	(123.7)
Equity at November 30, 2019	**176.8**	**(44.0)**	**(4.9)**	**599.3**	**727.2**

EUR million	Share capital	Currency translation	Cash flow hedges	Retained earnings	Total 2018/19
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	(0.4)	6.4	(0.4)	51.1	56.7
Transactions with owners:					
Purchase of treasury shares	-	-	-	(2.2)	(2.2)
Exercised share options	-	-	-	-	-
Share-based payment	-	-	-	1.2	1.2
Dividend	-	-	-	(114.2)	(114.2)
Equity at November 30, 2018	**176.4**	**(44.6)**	**(1.1)**	**582.4**	**713.1**

CASH FLOW STATEMENT

EUR million	Q1 2019/20	Q1 2018/19
Operating profit	69.3	70.3
Non-cash adjustments	19.1	15.8
Change in working capital	(24.7)	(39.7)
Interest payments made	(2.2)	(2.2)
Taxes paid	(39.6)	(47.3)
Cash flow from operating activities	**21.9**	**(3.1)**
Investments in intangible assets	(4.7)	(4.4)
Investments in property, plant and equipment	(24.3)	(25.5)
Cash flow used for operational investing activities	**(29.0)**	**(29.9)**
Free operating cash flow	**(7.1)**	**(33.0)**
Acquisition of entities, net of cash acquired	-	(9.3)
Cash flow used for investing activities	**(29.0)**	**(39.2)**
Free cash flow	**(7.1)**	**(42.3)**
Borrowings	24.0	28.8
Repayment of long-term loans	(16.5)	(6.7)
Investment in associates	(5.5)	-
Purchase of treasury shares, net	-	(2.1)
Cash flow used in financing activities	**2.0**	**20.0**
Net cash flow for the period	**(5.1)**	**(22.3)**
Cash and cash equivalents, beginning of period	87.4	69.1
Unrealized exchange gains/(losses) included in cash and cash equivalents	0.9	2.1
Net cash flow for the year	(5.1)	(22.3)
Cash and cash equivalents, end of period	**83.2**	**48.9**

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 2018/19, 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, 2019.
Most relevant to the Group is IFRS 16 Leases.

Impact of IFRS 16 Leases
The Group implemented IFRS 16, Leases, effective January 1, 2019. Under IFRS 16, which replaces IAS 17, the lessee must recognize all leases with a term of more than 12 months, unless the leased asset is of low value. Accordingly, the Group's leases were recognized in the balance sheet at September 1, 2019 in the form of lease liabilities and lease assets representing the Groups right to use the underlying assets.

As regards the income statement, IFRS 16 implementation has resulted in lease payments being replaced by depreciation on leased assets and interest on lease liabilities.

The implementation of IFRS 16 resulted in almost all leased assets and liabilities being recognized in the statement of financial position, except for short-term leases and leases of low-value assets. The Group has applied the simplified transition approach and, accordingly, not restated the comparative figures. The impact in Q1 on EBIT was positive by EUR 0.1 million, depreciation increase by EUR 2.3 million. Net interest-bearing debt increased by EUR 45.6 million.

Any new leases entered in 2019/20 will be recognized as additions of lease assets and liabilities, respectively, which will enhance the effect on the above-mentioned accounting items and ratios in 2019/20.

Joint Ventures
Investments in Joint Ventures are recognized and measured under the equity method. The item "Investments in Joint Ventures" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealized intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises. Joint Ventures with a negative net asset value are recognized at EUR 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognized in provisions.

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 2018/19 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	Q1 2019/20 Group
INCOME STATEMENT				
Revenue	166.1	53.9	52.4	272.4
EUR growth	3%	(3)%	(1)%	1%
Organic growth	4%	(4)%	(1)%	1%
Depreciation, amortization and impairment losses	(11.3)	(5.0)	(2.4)	(18.7)
EBIT before special items	53.2	10.6	6.3	70.1
EBIT margin before special items	32.1%	19.6%	12.0%	25.7%
Special items and net financial expenses				(5.3)
Profit before tax				**64.8**

EUR million	Food Cultures & Enzymes	Health & Nutrition	Natural Colors	Q1 2018/19 Group
INCOME STATEMENT				
Revenue	161.0	55.6	52.8	269.4
EUR growth	4%	15%	3%	6%
Organic growth	10%	17%	6%	10%
Depreciation, amortization and impairment losses	(9.4)	(4.5)	(1.7)	(15.6)
EBIT before special items	50.9	14.2	5.7	70.8
EBIT margin before special items	31.7%	25.4%	10.9%	26.3%
Special items and net financial expenses				(4.4)
Profit before tax				**66.4**

SEGMENT INFORMATION

(CONTINUED)

EUR million

ASSETS	Food Cultures & Enzymes	Health & Nutrition	Natural Colors	Nov 30, 2019 Group
Goodwill	535.7	237.2	-	772.9
Other intangible assets	101.7	103.3	18.0	223.0
Intangible assets	**637.4**	**340.5**	**18.0**	**995.9**
Property, plant and equipment	401.2	145.4	80.6	627.2
Total non-current assets excluding deferred tax	**1,038.6**	**485.9**	**98.6**	**1,623.1**
Inventories	83.7	30.1	57.5	171.3
Trade receivables	97.8	31.2	36.3	165.3
Trade payables	(45.4)	(17.4)	(29.7)	(92.5)
Net working capital	**136.1**	**43.9**	**64.1**	**244.1**
Assets not allocated				137.1
Group assets				**2,096.8**
Invested capital excluding goodwill	**604.1**	**281.7**	**157.6**	**1,043.4**
ROIC excluding goodwill	**36.7%**	**14.7%**	**17.8%**	**27.8%**
Investment in non-current assets excluding deferred tax	15.6	7.6	5.8	29.0

ASSETS	Food Cultures & Enzymes	Health & Nutrition	Natural Colors	Nov 30, 2018 Group
Goodwill	533.5	237.1	-	770.6
Other intangible assets	104.0	103.9	17.5	225.4
Intangible assets	**637.5**	**341.0**	**17.5**	**996.0**
Property, plant and equipment	314.9	117.4	46.9	479.2
Total non-current assets excluding deferred tax	**952.4**	**458.4**	**64.4**	**1,475.2**
Inventories	76.0	29.2	54.3	159.5
Trade receivables	87.0	29.2	36.0	152.2
Trade payables	(39.6)	(15.1)	(25.9)	(80.6)
Net working capital	**123.4**	**43.3**	**64.4**	**231.1**
Assets not allocated				90.8
Group assets				**1,877.7**
Invested capital excluding goodwill	**542.3**	**264.6**	**128.8**	**935.7**
ROIC excluding goodwill	**39.0%**	**21.7%**	**19.2%**	**31.4%**
Investment in non-current assets excluding deferred tax	19.0	7.4	3.5	29.9

SEGMENT INFORMATION

(CONTINUED)

EUR million

GEOGRAPHIC ALLOCATION	EMEA	North America	APAC	LATAM	Q1 2019/20 Group
Revenue	112.8	76.7	47.1	35.7	272.4
EUR growth	(3)%	11%	(1)%	(0)%	1%
Organic growth	(4)%	7%	(2)%	9%	1%
Non-current assets excluding deferred tax	**1,365.6**	**198.5**	**19.9**	**45.3**	**1,629.3**

EUR million

	EMEA	North America	APAC	LATAM	Q1 2018/19 Group
Revenue	116.7	69.1	47.7	35.9	269.4
EUR growth	5%	6%	8%	5%	6%
Organic growth	8%	4%	9%	31%	10%
Non-current assets excluding deferred tax	**1,260.3**	**170.8**	**13.3**	**30.8**	**1,475.2**

APPENDIX TO THE FINANCIAL STATEMENTS

IMPACT OF ACCOUNTING POLICIES FOLLOWING THE IMPLEMENTATION OF IFRS 16 'LEASES'
There has been no significant financial impact on Chr. Hansen's consolidated financial statements in Q1 2019/20.

On adoption, the Group recognized lease liabilities for leases previously classified as operating leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's average incremental borrowing rate of 1.1%. The associated right-of-use assets were measured at the amount equal to the lease liability resulting in an increase in property, plant and equipment and in borrowings of EUR 45.6 million, respectively. In the Annual Report 2018/19, the estimated effect of IFRS 16 was an increased value in property, plant and equipment of EUR 30-35 million. The higher value primarily relates to extended estimated lifetime of leaseholds. The right-of-use assets are depreciated over the shorter of the lease term or the useful life of the asset.

Based on the current lease composition, IFRS 16 implementation will mean that annual leasing expenses of EUR 9.7 million are replaced by depreciation of EUR 9.2 million and interest of EUR 0.5 million in 2019/20. Implementation will thus increase operating profit by EUR 0.5 million.

The Group's key figures and financial ratios are also affected by capitalization of leases under IFRS 16. Invested capital and net interest-bearing debt both increased by EUR 45.6 million at September 1, 2019 and based on the current composition of leases, implementation is expected to reduce the return on invested capital (ROIC) by about 1.8 percentage point. The new IFRS 16 rules are not expected to have any significant effect on the profit margin due to the negligible positive effect on operating profit.

A reconciliation between the reported operating leases at August 31, 2019 and the recognized lease liabilities at September 1, 2019 is disclosed in the table below.

RECONCILIATION OF CHANGES IN ACCOUNTING POLICY

EURm	
Operating lease commitments disclosed at August 31, 2019	26.4
Discounted using the Group's incremental borrowing interest rate of 1.1%	-1.4
Adjustments as a result of a different treatment including extension and termination options, indexation and variable payments	20.6
Lease liability recognized at September 1, 2019 related to right-of-use assets	45.6

JOINT VENTURES
In April 2019 Chr. Hansen announced that it has entered into an agreement to establish a 50/50 joint venture with Lonza. The joint venture, BacThera®, will be operating in the emerging market for live biotherapeutic products and position themselves as the leading contract development and manufacturing partner (CDMO) for biotech and pharma customers. The total investment of EUR 90 million will be financed, shared equally between Chr. Hansen and Lonza, over a period of three years. BacThera® is expected to be largely self-funding after that.

There has been no significant financial impact on Chr. Hansen's consolidated financial statements in Q1 2019/20.