

# INTERIM REPORT SEPTEMBER 1, 2018 - FEBRUARY 28, 2019

## YTD 2018/19 IN BRIEF

APRIL 3, 2019



### SOLID MOMENTUM CONTINUES, OUTLOOK MAINTAINED

Solid organic revenue growth of 9% in the first half of 2018/19: Food Cultures & Enzymes 10%, Health & Nutrition 11% and Natural Colors 5%. EBIT before special items increased by 10% to EUR 150 million, corresponding to an EBIT margin before special items of 27.0% up 0.8%-point compared to last year. In Q2, organic growth was 8%, and EBIT before special items increased by 11%. The overall outlook for 2018/19 remains unchanged.

EUR million	Q2 2018/19	Q2 2017/18	Growth	YTD 2018/19	YTD 2017/18	Growth
Revenue	283.7	263.7	8%	553.2	518.2	7%
EBIT before special items	78.8	71.2	11%	149.6	135.9	10%
Profit for the period	58.0	51.1	14%	109.1	97.6	12%
Free cash flow before acquisitions and special items	40.1	29.9	34%	7.6	11.0	(31)%
Organic growth, %	8%	9%		9%	9%	
Gross margin, %	54.7%	53.4%		54.8%	53.0%	
EBIT margin before special items, %	27.8%	27.0%		27.0%	26.2%	
ROIC excl. goodwill, %	33.3%	32.8%		32.8%	32.1%	

CEO Mauricio Graber says: "We continued the solid momentum, with Food Cultures & Enzymes delivering strong organic growth with an increasing contribution from volume in Q2, which was in line with our expectations. Towards the end of Q2, we launched CHY-MAX<sup>®</sup> Supreme, a truly innovative enzyme which raises the bar for what cheesemakers can expect from coagulants. Organic growth in Health & Nutrition was solid and with a more balanced growth contribution between Human Health and Animal Health compared to what we saw in Q1, although livestock farming economics in North America remain challenging. Yesterday, we announced a joint-venture with Lonza AG, which marks a quantum leap for Chr. Hansen's Human Microbiome lighthouse and which will create a global pioneer and partner of choice for production of live biotherapeutic products. In Natural Colors we secured important conversions in North America, but this was to some extent offset by weaker demand from Latin America in particular.

"Our EBIT margin before special items in the first half of the year increased by 0.8%-point and was driven by improved margins in all business areas. In FC&E, we achieved a gross margin benefit of more than 1%-point from the ramp up of the new capacity in our facility in Copenhagen, which more than offsets the increasing investments we are making in the business. We continue to pursue strong and profitable organic growth while also investing significantly for the future.

"The progress in the first half year makes us confident about our overall outlook, which is maintained and in line with our long-term financial ambition."

### OUTLOOK FOR 2018/19

The overall outlook for 2018/19 is unchanged compared to the announcement of October 15, 2018.

	April 3, 2019	January 17, 2019
Organic revenue growth	9-11%	9-11%
EBIT margin before special items	around 29.5%	around 29.5%
Free cash flow before acquisitions, divestments and special items	around 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

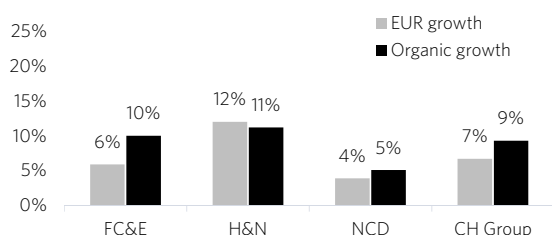
	Q2 2018/19	Q2 2017/18	Growth	YTD 2018/19	YTD 2017/18	Growth
<b>Income statement, EUR million</b>						
Revenue	283.7	263.7	8%	553.2	518.2	7%
Gross profit	155.1	140.9	10%	303.0	274.6	10%
EBITDA before special items	94.7	87.2	9%	181.2	167.2	8%
EBIT before special items	78.8	71.2	11%	149.6	135.9	10%
Special items	(0.5)	-	0%	(1.0)	-	0%
EBIT	78.3	71.2	10%	148.6	135.9	9%
Profit for the period	58.0	51.1	14%	109.1	97.6	12%
<b>Financial position, EUR million</b>						
Total assets				1,926.1	1,809.9	
Invested capital				1,738.7	1,641.8	
Net working capital				249.5	229.9	
Equity				772.5	747.9	
Net interest-bearing debt				785.0	732.7	
<b>Cash flow and investments, EUR million</b>						
Cash flow from operating activities	69.7	51.7	35%	66.6	55.9	19%
Cash flow used for investing activities	(30.1)	(21.8)	(38)%	(69.3)	(45.0)	54%
Free cash flow	39.6	29.9	32%	(2.7)	10.9	(125)%
Free cash flow before acquisitions and special items	40.1	29.9	34%	7.6	11.0	(31)%
<b>Earnings per share, EUR</b>						
EPS, diluted	0.44	0.39	13%	0.83	0.74	12%
<b>Key ratios</b>						
Organic growth, % *	8	9		9	9	
Gross margin, %	54.7	53.4		54.8	53.0	
Operating expenses, %	26.9	26.4		27.7	26.8	
EBITDA margin before special items, %	33.4	33.1		32.8	32.3	
EBIT margin before special items, %	27.8	27.0		27.0	26.2	
EBIT margin, %	27.6	27.0		26.9	26.2	
ROIC excl. goodwill, %	33.3	32.8		32.8	32.1	
ROIC, %	18.4	17.4		17.9	16.9	
NWC, %	22.0	21.3		22.0	21.3	
R&D, %	7.5	7.4		7.6	7.6	
Capital expenditures, %	10.6	8.3		10.8	8.7	
Net debt to EBITDA before special items				2.0x	2.0x	

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

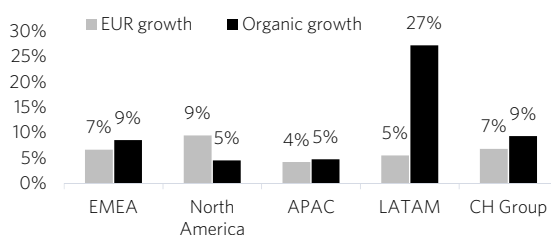
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## YTD 2018/19 RESULTS

### REVENUE GROWTH BY BUSINESS - YTD



### REVENUE GROWTH BY REGION - YTD



### MARKET DEVELOPMENTS

During the first half of 2018/19, the end markets for fermented milk grew by 2-3%, driven by Asia-Pacific, the Middle East and Africa, while the EU was flat, and the US declined slightly. Global production of cheese grew by around 2%, primarily driven by North America. Globally, pricing structures still 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 highest growth. The market for high-end dietary supplements also grows globally, but at a lower growth rate.

The market for microbial-based solutions for animal health developed favorably, supported by an increased focus on reducing the use of antibiotics in livestock production. However, the dairy cattle industry in North America continues to be under pressure.

Conversion to natural colors continued across most segments in EMEA and North America, particularly driven by coloring foodstuffs. Raw material prices for key pigments declined and impacted market growth negatively.

### REVENUE

Organic growth was 9% and adjusted for a negative currency impact of 2% corresponded to a revenue increase of 7% to EUR 284 million. The 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. The price increases were mainly achieved by using EUR-based pricing in certain countries to protect EBIT from depreciating currencies.

In Q2, organic growth was 8% and corresponded to a revenue increase of 8%, primarily driven by volume/mix effects.

### REVENUE

	Q2 2018/19	YTD 2018/19
Organic growth (vol/mix)	6%	6%
Organic growth (price)	2%	3%
Acquisition	0%	0%
<b>Organic growth</b>	<b>8%</b>	<b>9%</b>
Currencies	0%	-2%
<b>EUR growth</b>	<b>8%</b>	<b>7%</b>

### REVENUE BY REGION

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

Organic growth was 9% and adjusted for a negative currency impact of 2% corresponded to a revenue increase of 7%.

Organic growth was driven by strong growth in Human Health and Animal Health, and solid growth in Food Cultures & Enzymes and Natural Colors.

In Q2, organic growth was 9% and adjusted for a negative currency impact of 1% corresponded to a revenue increase of 8%. Organic growth was driven by strong growth in Human Health and Food Cultures & Enzymes, and solid growth in Natural Colors. Animal Health declined due to changes in distribution setup.

#### North America

Organic growth was 5% and adjusted for a positive currency impact of 4% corresponded to a revenue increase of 9%. Organic growth was driven by solid growth in Food Cultures & Enzymes and strong growth in Natural Colors, while Human Health was flat, and Animal Health declined, the latter being primarily due to poor farmer economics and timing of orders for silage.

In Q2, organic growth was 5% and adjusted for a positive currency impact of 7% corresponded to a revenue increase of 12%. Organic growth was driven by solid growth in Food

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## YTD 2018/19 RESULTS

Cultures & Enzymes and strong growth in Natural Colors, while sales in Human Health were flat and sales in Animal Health declined slightly, primarily due to soft farmer economics.

### APAC (Asia-Pacific)

Organic growth was 5% and adjusted for a negative currency impact of 1% corresponded to a revenue increase of 4%. Organic growth was driven by strong growth in Human Health and good growth in Food Cultures & Enzymes, while Natural Colors was flat.

In Q2, organic growth was slightly positive and adjusted for a positive currency impact corresponded to a revenue increase of 1%. Organic growth was driven by good growth in Food Cultures & Enzymes, while Health & Nutrition declined due to timing of orders in dietary supplements, and Natural Colors declined due to declining raw material prices.

### LATAM (Latin America)

Organic growth was 27% and adjusted for a negative currency impact of 22% corresponded to a revenue increase of 5%. 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 declining raw material prices and a challenging economic climate impacting demand for natural colors.

In Q2, organic growth was 23% and adjusted for a negative currency impact of 17% corresponded to a revenue increase of 6%. Organic growth was driven by strong growth in Food Cultures & Enzymes, Health & Nutrition, while Natural Colors declined due to declining raw material prices.

### GROSS PROFIT

Gross profit was EUR 303 million, up 10% from EUR 275 million in the first half of 2017/18. The gross margin increased by 1.8%-points to 54.8%, driven by all business areas. Acquisitions did not have a material impact on the gross margin.

In Q2, gross profit was EUR 155 million, up 10% on 2017/18. The gross margin increased by 1.3%-points to 54.7%, driven by Food Cultures & Enzymes and Natural Colors, and partly offset by Health & Nutrition.

### OPERATING EXPENSES (% OF REVENUE)

Operating expenses totaled EUR 153 million (27.7% of revenue), compared to EUR 139 million (26.8%) in the first half of 2017/18.

Research & development (R&D) expenses including amortization and depreciation amounted to EUR 39 million (7.1%), compared to EUR 37 million (7.2%) in the first half of 2017/18. Total R&D expenditures incurred amounted to EUR 42 million, compared to EUR 39 million last year. The increase of EUR 3 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)	39.3	37.1
- Amortization	3.7	3.5
- Impairment	0.2	-
+ Capitalization	6.6	5.6
<b>R&amp;D expenditures incurred</b>	<b>42.0</b>	<b>39.2</b>

Sales & marketing expenses amounted to EUR 77 million (13.9%), compared to EUR 66 million (12.7%) in the first half 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 an increase in sales and application support resources in Food Cultures & Enzymes.

Administrative expenses amounted to EUR 39 million (7.0%), compared to EUR 37 million (7.0%) in the first half of 2017/18.

Other operating income was EUR 1 million net, on par with the first half of 2017/18.

In Q2, total operating expenses were EUR 76 million (26.9%), compared to EUR 70 million (26.4%) in 2017/18.

### OPERATING PROFIT (EBIT) BEFORE SPECIAL ITEMS

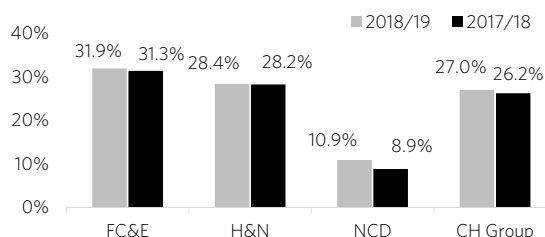
EBIT before special items amounted to EUR 150 million, compared to EUR 136 million in the first half of 2017/18, an increase of 10%. All business areas contributed to the higher EBIT. Acquisitions did not have a material impact on EBIT.

The EBIT margin before special items was 27.0%, up 0.8%-point from 26.2% in the first half of 2017/18. EBIT margins increased in all business areas, most notably in FC&E due to production efficiencies and NCD. Currencies had an immaterial impact on the EBIT margin.

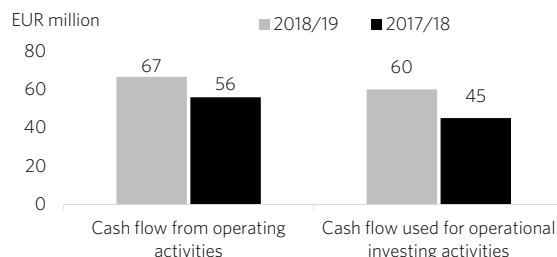
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## YTD 2018/19 RESULTS

### EBIT MARGIN B.S.I. – YTD



### CASH FLOW – YTD



In Q2, the EBIT margin before special items was 27.8%, up from 27.0% last year. Scalability benefits in production in Food Cultures & Enzymes were partially offset by investments in strategic initiatives.

### SPECIAL ITEMS

Special items were EUR 1 million, compared to nil in the first half of 2017/18, driven by costs related to the acquisition and integration of Hundsbichler GmbH.

### OPERATING PROFIT (EBIT)

EBIT amounted to EUR 149 million, compared to EUR 136 million, and the EBIT margin was 26.9%, compared to 26.2% in the first half of 2017/18.

In Q2, the EBIT margin was 27.6%, compared to 27.0% last year.

### NET FINANCIALS AND TAX

Net financial expenses amounted to EUR 7 million, compared to EUR 9 million in the first half of 2017/18. Net interest expenses were EUR 6 million, unchanged from last year.

The net impact from exchange rate adjustments was a negative EUR 1 million, mainly caused by unrealized losses from the EUR depreciating against the USD.

Income taxes were EUR 33 million, equivalent to an effective tax rate of 23%, unchanged from the first half of 2017/18.

### PROFIT FOR THE PERIOD

Profit for the period was EUR 109 million, compared to EUR 98 million in the first half of 2017/18, an increase of 12%. In Q2, profit was EUR 58 million, compared to EUR 51 million last year.

### ASSETS

At February 28, 2019, total assets amounted to EUR 1,926 million, compared to EUR 1,810 million the year before. The increase was mainly due to investments in the microbial production platform.

Total non-current assets amounted to EUR 1,497 million, compared to EUR 1,419 million at February 28, 2018. Intangible assets increased by EUR 11 million, while property, plant and equipment increased by EUR 67 million.

Total current assets amounted to EUR 429 million, compared to EUR 391 million at February 28, 2018. Inventories increased by EUR 14 million, or 9%, and receivables were up by EUR 15 million, or 8%. Cash increased by EUR 9 million to EUR 54 million.

### NET WORKING CAPITAL

Net working capital was EUR 250 million, or 22.0% of revenue, compared to EUR 230 million, or 21.3%, in the first half 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 773 million at February 28, 2019, compared to EUR 748 million a year earlier.

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 785 million, or 2.0x EBITDA, compared to EUR 733 million, or 2.0x EBITDA, at February 28, 2019.

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## **YTD 2018/19 RESULTS**

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

The return on invested capital excluding goodwill was 32.8%, compared to 32.1% in the first half of 2017/18. Invested capital excluding goodwill increased to EUR 968 million, compared to EUR 880 million at February 28, 2018, mainly due to investments in the microbial production platform.

### **CASH FLOW**

Cash flow from operating activities was EUR 67 million, compared to EUR 56 million in the first half of 2017/18. The increase was driven by the growth in the operating profit, a change in working capital, 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 60 million, or 10.8% of revenue, compared to EUR 45 million, or 8.7% of revenue, in the first half of 2017/18. The increase was primarily driven by investments to expand the capacity for packaging freeze-dried products in Copenhagen.

Free cash flow before acquisitions and special items was EUR 8 million, compared to EUR 11 million from the first half of 2017/18. The decrease was driven by the increase in investing activities, partly offset by the increase in cash flow from operating activities.

Cash flow used for acquisitions was EUR 9 million and related to the acquisition of Hundsbichler GmbH in October 2018.

In Q2, cash flow from operating activities was EUR 70 million compared to EUR 52 million last year. The increase was driven by a change in working capital and a higher operating profit.

Cash flow used for operational investing activities was EUR 30 million, compared to EUR 22 million last year.

Free cash flow before acquisitions and special items was EUR 40 million, compared to EUR 30 million last year.

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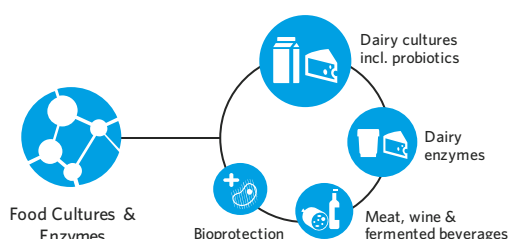
## SEGMENT INFORMATION

### FOOD CULTURES & ENZYMES

#### 59% OF REVENUE

EUR million

	Q2 2018/19	Q2 2017/18	YTD 2018/19	YTD 2017/18
Revenue	166.0	153.7	327.1	308.8
Organic growth	11%	12%	10%	12%
EBITDA	63.0	57.4	123.4	115.8
EBITDA margin	38.0%	37.3%	37.7%	37.5%
EBIT	53.3	47.6	104.3	96.8
EBIT margin	32.1%	31.0%	31.9%	31.3%
ROIC excluding goodwill			39.1%	39.7%



#### REVENUE

Organic growth for the first half of 2018/19 was 10% and adjusted for a negative currency impact of 4% corresponded to a revenue increase of 6%. The impact from acquisitions was less than 1%. Organic growth comprised 6% 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 enzymes. Fermented milk and probiotics delivered solid growth. LATAM grew strongly, while North America and EMEA showed solid growth, and APAC delivered good growth. Bioprotective cultures delivered organic growth of approximately 10%, and growth was driven by the existing segments within fermented milk, cheese and meat, with EMEA being the strongest growing region. LATAM and APAC also reported strong growth, albeit from a low base.

In Q2, organic growth was 11% and adjusted for a negative currency impact of 3% corresponded to a revenue increase of 8%. Organic growth comprised 7% from volume/mix and 4% from price increases, which were mainly achieved by using EUR-based pricing. The impact from acquisitions was less than

1%. Organic growth was primarily driven by strong growth in cheese cultures, probiotics and enzymes, solid growth in fermented milk and bioprotection, and good growth in meat cultures.

A new cheese coagulant enzyme, CHY-MAX<sup>®</sup> Supreme, was launched towards the end of Q2. This game-changing coagulant enables up to one percent yield increase for certain types of cheeses, which will be an important growth driver for Food Cultures & Enzymes. Also, a new product to ferment plant-based dairy alternatives was launched, NU-TRISH<sup>®</sup> LGG<sup>®</sup>, which includes the world's best documented probiotic strain, LGG<sup>®</sup>.

#### EBIT

EBIT amounted to EUR 104 million, compared to EUR 97 million in the first half of last year. The EBIT margin was 31.9%, up 0.6%-point compared to last year. The realized scalability benefits in production (in excess of 1%-point on gross margin), most notably from increased capacity utilization at Copenhagen, were partly offset by investments in strategic initiatives.

In Q2, the EBIT margin was 32.1%, up by 1.1%-points from last year driven by scalability benefits at Copenhagen.

#### ROIC EXCLUDING GOODWILL

The return on invested capital excluding goodwill was 39.1%, compared to 39.7% in 2017/18. Invested capital excluding goodwill increased by EUR 59 million, or 12%, to EUR 563 million. The increase was mainly due to investments in production capacity and higher net working capital.

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## SEGMENT INFORMATION

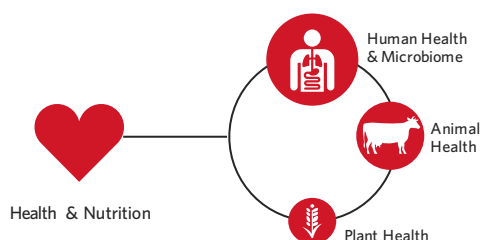
### HEALTH & NUTRITION

#### 21% OF REVENUE

EUR million

Revenue
Organic growth
EBITDA
EBITDA margin
EBIT
EBIT margin
ROIC excluding goodwill

Q2 2018/19	Q2 2017/18	YTD 2018/19	YTD 2017/18
62.5	57.2	118.1	105.5
6%	7%	11%	8%
23.9	23.0	42.6	38.6
38.2%	40.2%	36.1%	36.6%
19.3	18.6	33.5	29.8
31.0%	32.5%	28.4%	28.2%
		25.3%	24.6%



#### REVENUE

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

Organic growth in Human Health was driven by strong growth in infant formula in all regions. Dietary supplements in EMEA delivered solid growth, while revenue from the remaining regions was on par with last year.

Animal Health was positively impacted by strong growth in poultry and solid growth in swine, while the cattle segment encompassing beef, dairy and silage declined. Cattle farmer economics, particularly in North America, negatively impacted demand for probiotics. The negative developments in silage was driven by timing of orders. Organic growth in Animal Health is expected to improve during the year.

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 Q2, organic growth was 6%, and adjusted for a positive currency impact of 3% corresponded to a revenue increase of

9%, driven by volume/mix. Human Health delivered solid growth driven by EMEA, while North America was slightly negative, and APAC declined due to timing of orders from a key customer. Animal Health delivered modest growth reflecting strong growth in poultry and solid growth in silage, while cattle and swine declined. The former was due to challenging farmer economics in North America, while the latter was due to changes in the distribution setup in EMEA. Plant Health continued to grow strongly in LATAM from a modest base.

#### JOINT VENTURE WITH LONZA AG

Referencing our Company Announcement no. 4 of 2019, Chr. Hansen and Lonza AG will establish a joint venture in the Human Microbiome that brings together best-in-class, complementary capabilities and will be the first CDMO (contract development and manufacturing organization) globally to provide a full supply chain offering for manufacturing bacterial strains for therapeutic use.

#### EBIT

EBIT amounted to EUR 34 million, compared to EUR 30 million in the first half of last year. The EBIT margin was 28.4%, up 0.2%-point compared to last year.

In Q2, the EBIT margin was 31.0%, compared to 32.5% last year, driven by resources for strategic initiatives and slightly higher production costs, offset partly by currencies.

#### ROIC EXCLUDING GOODWILL

The return on invested capital excluding goodwill was 25.3%, compared to 24.6% in 2017/18. Invested capital excluding goodwill increased by EUR 27 million, or 11%, to EUR 273 million. The increase was due to investments in production capacity and higher net working capital.



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## SEGMENT INFORMATION

### NATURAL COLORS

#### 20% OF REVENUE

EUR million

	Q2 2018/19	Q2 2017/18	YTD 2018/19	YTD 2017/18
Revenue	55.2	52.8	108.0	103.9
Organic growth	5%	4%	5%	4%
EBITDA	7.7	6.8	15.2	12.8
EBITDA margin	13.9%	12.9%	14.1%	12.3%
EBIT	6.0	5.0	11.8	9.3
EBIT margin	11.0%	9.5%	10.9%	8.9%
ROIC excluding goodwill			19.4%	15.9%



#### REVENUE

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

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 first half of 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 solid growth, APAC was flat, while LATAM declined mainly due to lower raw material prices and a challenging economic climate impacting demand for natural colors.

In Q2, organic growth was 5%, and adjusted for a negative currency impact of 1% corresponded to a revenue increase of 4%. Organic growth comprised approximately 6% from

volume/mix effects and a negative impact of 1% from prices. Growth was driven by strong growth in North America from successful conversion projects with key customers and solid growth in EMEA driven by FRUITMAX®, while LATAM and APAC declined, primarily impacted by lower prices for carmine and annatto.

#### EBIT

EBIT amounted to EUR 12 million, compared to EUR 9 million in the first half of last year. The EBIT margin was 10.9%, up 2.0%-points compared to last year. The increase was mainly caused by operating efficiencies, a soft baseline from last year and a temporary impact from declining raw material prices, partly offset by currencies.

In Q2, the EBIT margin was 11.0%, up 1.5%-points from last year, driven by operating efficiencies, a soft baseline from last year and a temporary impact from declining raw material prices, the cost of last year's management change, and partly offset by currencies.

#### ROIC

The return on invested capital was 19.4%, compared to 15.9% in 2017/18. Invested capital increased by EUR 3 million, or 2%, to EUR 132 million.

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## OUTLOOK FOR 2018/19

### ORGANIC REVENUE GROWTH

For 2018/19, organic revenue growth is still expected to be 9-11%, positively impacted by a moderate EUR price effect.

Food Cultures & Enzymes is expected to grow above the long-term ambition of 7-8% organic growth, with the additional growth driven by a high EUR price impact. Health & Nutrition is expected to grow organically at 10% or above, while Natural Colors is now expected to grow organically between 5-7% (previously 6-9%), due to the lower raw material prices and a softer momentum in LATAM and APAC.

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

The EBIT margin b.s.i. is 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 into the lighthouse projects and other strategic priorities.

### FREE CASH FLOW

Free cash flow before acquisitions, divestments and special items is expected to be around the EUR 196 million realized in 2017/18. This expectation 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. Cash flow used for operational investment activities will be at a relatively high level and is expected to be between EUR 110-130 million. This includes multiple investments across the group, and also assumes a successful sale-and-lease-back of the company's main site in Hørsholm in Q4 2018/19.

### 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 large economies. Any deterioration in these situations might impact the outlook.

### 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 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.

# INTERIM REPORT SEPTEMBER 1, 2018 - FEBRUARY 28, 2019

## **ADDITIONAL INFORMATION**

### **CHANGES IN CHR. HANSEN'S EXECUTIVE BOARD**

Regrettably, Christoffer Lorenzen, member of the Executive Board and EVP of Food Cultures & Enzymes, has decided to pursue a career outside of Chr. Hansen as CEO of Karo Pharma (HQ in Stockholm, Sweden). Christoffer will leave his position at Chr. Hansen by the end of June 2019.

Jacob Vishof Paulsen, currently EVP of the EMEA and North American regions, will assume the responsibility for Food Cultures & Enzymes, reporting to CEO Mauricio Graber. During the next few months Christoffer and Jacob will work closely together to ensure a smooth transition of responsibilities.

Jacob Vishof Paulsen joined Chr. Hansen in October 2006 as Sales & Business Development Director in Global Sales. He was later appointed Area Country Manager for Central East Europe and spent one year at the Chr. Hansen office in Parma, Italy. In April 2011 he took up the position as Regional VP for Europe. In 2013 he was appointed Group VP and Head of EMEA with report to the CEO. In 2016 Jacob was appointed EVP of the EMEA & North American regions.

Following the change, the Executive Board will consist of: CEO Mauricio Graber, CFO Søren Westh Lonning and CSO Thomas Schäfer. The Executive Board is appointed by the Board of Directors and is responsible for the day-to-day management within the guidelines and directions given by the Board of Directors.

# 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 February 28, 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 February 28, 2019, and of the results of the Group's operations and cash flow for the period September 1, 2018 to February 28, 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, April 3, 2019

## Executive Board

Mauricio Graber  
President and CEO

Søren Westh Lønning  
CFO

Christoffer Lorenzen  
EVP

Thomas Schäfer  
CSO

## Board of Directors

Dominique Reiniche  
Chairman

Jesper Brandgaard  
Vice Chairman

Luis Cantarell

Lisbeth Grubov

Charlotte Hemmingsen

Heidi Kleinbach-Sauter

Niels Peder Nielsen

Per Poulsen

Kim Ib Sørensen

Kristian Villumsen

Mark Wilson

# INTERIM REPORT SEPTEMBER 1, 2018 - FEBRUARY 28, 2019

## YTD 2018/19 RESULTS

### CONFERENCE CALL

Chr. Hansen will host a conference call on April 3, 2019 at 10:00 am CET. The conference call can be accessed via the Company's website, [www.chr-hansen.com](http://www.chr-hansen.com).

For further information, please contact:

**Martin Riise, Head of IR**  
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**Annika Stern, IR Officer**  
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### FINANCIAL CALENDAR

July 3, 2019	Interim Report Q3 2018/19
October 10, 2019	Annual Report 2018/19
November 27, 2019	Annual General Meeting 2019

### Company information

**Chr. Hansen Holding A/S**

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Denmark

Tel. +45 45 74 74 74

[www.chr-hansen.com](http://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

	Q2 2018/19	Q2 2017/18	YTD 2018/19	YTD 2017/18
<b>REVENUE</b>	283.7	263.7	553.2	518.2
Cost of sales	(128.7)	(122.8)	(250.2)	(243.6)
<b>Gross profit</b>	<b>155.0</b>	<b>140.9</b>	<b>303.0</b>	<b>274.6</b>
Research and development expenses	(20.0)	(18.1)	(39.3)	(37.1)
Sales and marketing expenses	(38.1)	(33.5)	(77.0)	(65.9)
Administrative expenses	(19.1)	(18.5)	(38.5)	(36.5)
Other operating income	3.0	0.7	3.6	1.2
Other operating expenses	(2.1)	(0.3)	(2.2)	(0.4)
<b>Operating profit before special items</b>	<b>78.7</b>	<b>71.2</b>	<b>149.6</b>	<b>135.9</b>
Special items	(0.5)	-	(1.0)	-
<b>Operating profit (EBIT)</b>	<b>78.2</b>	<b>71.2</b>	<b>148.6</b>	<b>135.9</b>
Net financial expenses	(3.0)	(4.9)	(6.9)	(9.2)
<b>Profit before tax</b>	<b>75.2</b>	<b>66.3</b>	<b>141.7</b>	<b>126.7</b>
Income taxes	(17.3)	(15.2)	(32.6)	(29.1)
<b>Profit for the period</b>	<b>58.0</b>	<b>51.1</b>	<b>109.1</b>	<b>97.6</b>
Attributable to:				
Shareholders of Chr. Hansen Holding A/S	<b>57.9</b>	<b>51.1</b>	<b>109.1</b>	<b>97.6</b>
Earnings per share (EUR)	0.44	0.39	0.83	0.74
Earnings per share, diluted (EUR)	0.44	0.39	0.83	0.74

# STATEMENT OF COMPREHENSIVE INCOME

EUR million	Q2 2018/19	Q2 2017/18	YTD 2018/19	YTD 2017/18
<b>Profit for the period</b>	<b>57.9</b>	<b>51.1</b>	<b>109.1</b>	<b>97.6</b>
<b>Items that will not be reclassified subsequently to the income statement:</b>				
Remeasurements of defined benefits plans	-	-	-	-
<b>Items that will be reclassified subsequently to the income statement when specific conditions are met:</b>				
Currency translation of foreign Group companies	1.1	(5.4)	7.1	(7.2)
Cash flow hedge	(2.0)	0.4	(2.5)	0.9
Tax related to cash flow hedge	0.4	0.2	0.5	0.3
<b>Other comprehensive income for the period</b>	<b>(0.5)</b>	<b>(4.8)</b>	<b>5.1</b>	<b>(6.0)</b>
<b>Total comprehensive income for the period</b>	<b>57.4</b>	<b>46.3</b>	<b>114.2</b>	<b>91.6</b>
Attributable to:				
Shareholders of Chr. Hansen Holding A/S	57.4	46.3	114.2	91.6

# BALANCE SHEET

EUR million

	Feb 28, 2019	Feb 28, 2018	Aug 31, 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Goodwill	770.4	761.8	761.7
Other intangible assets	178.4	182.9	173.8
Intangible assets in progress	45.8	39.2	45.4
<b>Total intangible assets</b>	<b>994.6</b>	<b>983.9</b>	<b>980.9</b>
<b>Property, plant and equipment</b>			
Land and buildings	146.5	147.1	145.3
Plant and machinery	189.7	187.7	188.1
Other fixtures and equipment	24.9	23.8	25.0
Property, plant and equipment in progress	133.5	69.4	103.1
<b>Total property, plant and equipment</b>	<b>494.6</b>	<b>428.0</b>	<b>461.5</b>
<b>Other non-current assets</b>			
Deferred tax	8.2	7.3	7.4
<b>Total other non-current assets</b>	<b>8.2</b>	<b>7.3</b>	<b>7.4</b>
<b>Total non-current assets</b>	<b>1,497.4</b>	<b>1,419.2</b>	<b>1,449.8</b>
<b>Current assets</b>			
<b>Inventories</b>			
Raw materials and consumables	36.1	34.5	25.9
Work in progress	60.4	55.4	53.4
Finished goods and goods for resale	69.7	62.6	67.6
<b>Total inventories</b>	<b>166.2</b>	<b>152.5</b>	<b>146.9</b>
<b>Receivables</b>			
Trade receivables	172.5	156.6	160.8
Tax receivables	2.1	4.3	3.0
Other receivables	22.3	20.7	21.4
Prepayments	11.4	11.9	10.1
<b>Total receivables</b>	<b>208.3</b>	<b>193.5</b>	<b>195.3</b>
<b>Cash and cash equivalents</b>	<b>54.2</b>	<b>44.7</b>	<b>69.1</b>
<b>Total current assets</b>	<b>428.7</b>	<b>390.7</b>	<b>411.3</b>
<b>Total assets</b>	<b>1,926.1</b>	<b>1,809.9</b>	<b>1,861.1</b>



# BALANCE SHEET

EUR million

	Feb 28, 2019	Feb 28, 2018	Aug 31, 2018
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	176.4	177.1	176.8
Reserves	596.1	570.8	594.8
<b>Total equity</b>	<b>772.5</b>	<b>747.9</b>	<b>771.6</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Employee benefit obligations	7.2	6.9	7.1
Deferred tax	84.7	71.8	81.6
Provisions	3.6	3.1	3.6
Borrowings	706.3	675.7	632.4
Tax payables	15.6	15.6	21.3
<b>Total non-current liabilities</b>	<b>817.4</b>	<b>773.1</b>	<b>746.0</b>
<b>Current liabilities</b>			
Provisions	-	0.1	0.1
Borrowings	132.9	101.7	95.4
Prepayments from customers	0.6	0.3	0.2
Trade payables	89.2	79.2	118.6
Tax payables	27.0	30.8	44.4
Other payables	86.5	76.8	84.8
<b>Total current liabilities</b>	<b>336.2</b>	<b>288.9</b>	<b>343.5</b>
<b>Total liabilities</b>	<b>1,153.6</b>	<b>1,062.0</b>	<b>1,089.5</b>
<b>Total equity and liabilities</b>	<b>1,926.1</b>	<b>1,809.9</b>	<b>1,861.1</b>

# STATEMENT OF CHANGES IN EQUITY

	2018/19				
EUR million					
	Share capital	Currency translation	Cash flow hedges	Retained earnings	Total
<b>Equity at September 1, 2018</b>	<b>176.8</b>	<b>(51.0)</b>	<b>(0.7)</b>	<b>646.5</b>	<b>771.6</b>
Total comprehensive income for the year, cf. statement of comprehensive income	(0.4)	7.5	(2.0)	109.1	114.2
<b>Transactions with owners:</b>					
Purchase of treasury shares	-	-	-	(2.2)	(2.2)
Share-based payment	-	-	-	3.1	3.1
Dividend	-	-	-	(114.2)	(114.2)
<b>Equity at February 28, 2019</b>	<b>176.4</b>	<b>(43.5)</b>	<b>(2.7)</b>	<b>642.3</b>	<b>772.5</b>

	2017/18				
EUR million					
	Share capital	Currency translation	Cash flow hedges	Retained earnings	Total
<b>Equity at September 1, 2017</b>	<b>177.3</b>	<b>(38.2)</b>	<b>(1.9)</b>	<b>631.3</b>	<b>768.5</b>
Total comprehensive income for the year, cf. statement of comprehensive income	(0.2)	(7.0)	1.2	97.6	91.6
<b>Transactions with owners:</b>					
Purchase of treasury shares	-	-	-	(4.7)	(4.7)
Exercised share options	-	-	-	0.5	0.5
Share-based payment	-	-	-	4.0	4.0
Dividend	-	-	-	(112.0)	(112.0)
<b>Equity at February 28, 2018</b>	<b>177.1</b>	<b>(45.2)</b>	<b>(0.7)</b>	<b>616.7</b>	<b>747.9</b>

# CASH FLOW STATEMENT

EUR million	Q2 2018/19	Q2 2017/18	YTD 2018/19	YTD 2017/18
<b>Operating profit</b>	78.3	71.2	148.6	135.9
Non-cash adjustments	16.3	16.3	32.1	32.4
Change in working capital	(17.7)	(28.4)	(57.4)	(70.1)
Interest payments made	(3.0)	(2.7)	(5.2)	(4.9)
Taxes paid	(4.2)	(4.7)	(51.5)	(37.4)
<b>Cash flow from operating activities</b>	<b>69.7</b>	<b>51.7</b>	<b>66.6</b>	<b>55.9</b>
Investments in intangible assets	(5.3)	(5.0)	(9.7)	(8.3)
Investments in property, plant and equipment	(24.8)	(16.8)	(50.3)	(36.7)
<b>Cash flow used for operational investing activities</b>	<b>(30.1)</b>	<b>(21.8)</b>	<b>(60.0)</b>	<b>(45.0)</b>
<b>Free operating cash flow</b>	<b>39.6</b>	<b>29.9</b>	<b>6.6</b>	<b>10.9</b>
Acquisition of entities, net of cash acquired	-	-	(9.3)	-
<b>Cash flow used for investing activities</b>	<b>(30.1)</b>	<b>(21.8)</b>	<b>(69.3)</b>	<b>(45.0)</b>
<b>Free cash flow</b>	<b>39.6</b>	<b>29.9</b>	<b>(2.7)</b>	<b>10.9</b>
Borrowings	89.1	125.3	117.9	139.1
Repayment of long-term loans	(9.5)	(45.7)	(16.2)	(60.7)
Exercise of options	-	-	-	0.5
Purchase of treasury shares, net	-	(4.7)	(2.1)	(4.7)
Dividends paid	(114.2)	(112.0)	(114.2)	(112.0)
<b>Cash flow used in financing activities</b>	<b>(34.6)</b>	<b>(37.1)</b>	<b>(14.6)</b>	<b>(37.8)</b>
<b>Net cash flow for the period</b>	<b>5.0</b>	<b>(7.2)</b>	<b>(17.3)</b>	<b>(26.9)</b>
Cash and cash equivalents, beginning of period	48.9	52.8	69.1	73.0
Unrealized exchange gains/(losses) included in cash and cash equivalents	0.3	(0.9)	2.4	(1.4)
Net cash flow for the year	5.0	(7.2)	(17.3)	(26.9)
<b>Cash and cash equivalents, end of period</b>	<b>54.2</b>	<b>44.7</b>	<b>54.2</b>	<b>44.7</b>

# 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

	Q2 2018/19			
	Food Cultures & Enzymes	Health & Nutrition	Natural Colors	Group
<b>INCOME STATEMENT</b>				
Revenue	166.0	62.5	55.2	283.7
EUR growth	8%	9%	4%	8%
Organic growth	11%	6%	5%	8%
EBITDA before special items	63.0	24.0	7.7	94.7
EBITDA margin before special items	38.0%	38.3%	14.0%	33.4%
Depreciation, amortization and impairment losses	(9.7)	(4.5)	(1.7)	(15.9)
EBIT before special items	53.3	19.5	6.0	78.8
EBIT margin before special items	32.1%	31.0%	11.0%	27.8%
Special items and net financial expenses				(3.5)
<b>Profit before tax</b>				<b>75.3</b>

EUR million

	YTD 2018/19			
	Food Cultures & Enzymes	Health & Nutrition	Natural Colors	Group
<b>INCOME STATEMENT</b>				
Revenue	327.1	118.1	108.0	553.2
EUR growth	6%	12%	4%	7%
Organic growth	10%	11%	5%	9%
EBITDA before special items	123.4	42.6	15.2	181.2
EBITDA margin before special items	37.7%	36.1%	14.1%	32.8%
Depreciation, amortization and impairment losses	(19.1)	(9.1)	(3.4)	(31.6)
EBIT before special items	104.3	33.5	11.8	149.6
EBIT margin before special items	31.9%	28.4%	10.9%	27.0%
Special items and net financial expenses				(7.9)
<b>Profit before tax</b>				<b>141.7</b>

# SEGMENT INFORMATION

## (CONTINUED)

EUR million	Q2 2017/18			
	Food Cultures & Enzymes	Health & Nutrition	Natural Colors	Group
<b>INCOME STATEMENT</b>				
Revenue	153.7	57.2	52.8	263.7
EUR growth	5%	(2)%	(3)%	2%
Organic growth	12%	7%	4%	9%
EBITDA before special items	57.4	23.0	6.8	87.2
EBITDA margin before special items	37.3%	40.2%	12.9%	33.1%
Depreciation, amortization and impairment losses	(9.8)	(4.4)	(1.8)	(16.0)
EBIT before special items	47.6	18.6	5.0	71.2
EBIT margin before special items	31.0%	32.5%	9.5%	27.0%
Special items and net financial expenses				(4.9)
<b>Profit before tax</b>				<b>66.3</b>

EUR million	YTD 2017/18			
	Food Cultures & Enzymes	Health & Nutrition	Natural Colors	Group
<b>INCOME STATEMENT</b>				
Revenue	308.8	105.5	103.9	518.2
EUR growth	6%	1%	(2)%	3%
Organic growth	12%	8%	4%	9%
EBITDA before special items	115.8	38.6	12.8	167.2
EBITDA margin before special items	37.5%	36.6%	12.3%	32.3%
Depreciation, amortization and impairment losses	(19.0)	(8.8)	(3.5)	(31.3)
EBIT before special items	96.8	29.8	9.3	135.9
EBIT margin before special items	31.3%	28.2%	8.9%	26.2%
Special items and net financial expenses				(9.2)
<b>Profit before tax</b>				<b>126.7</b>

# SEGMENT INFORMATION

## (CONTINUED)

EUR million

				Feb 28, 2019
	Food Cultures & Enzymes	Health & Nutrition	Natural Colors	Group
<b>ASSETS</b>				
Goodwill	533.3	237.1	-	770.4
Other intangible assets	103.3	103.1	17.8	224.2
<b>Intangible assets</b>	<b>636.6</b>	<b>340.2</b>	<b>17.8</b>	<b>994.6</b>
Property, plant and equipment	324.5	121.0	49.1	494.6
<b>Total non-current assets excluding deferred tax</b>	<b>961.1</b>	<b>461.2</b>	<b>66.9</b>	<b>1,489.2</b>
Inventories	82.5	28.6	55.1	166.2
Trade receivables	96.3	37.4	38.8	172.5
Trade payables	(43.8)	(16.8)	(28.6)	(89.2)
<b>Net working capital</b>	<b>135.0</b>	<b>49.2</b>	<b>65.3</b>	<b>249.5</b>
Assets not allocated				98.2
<b>Group assets</b>				<b>1,926.1</b>
<b>Invested capital excluding goodwill</b>	<b>562.8</b>	<b>273.3</b>	<b>132.2</b>	<b>968.3</b>
<b>ROIC excluding goodwill</b>	<b>39.1%</b>	<b>25.3%</b>	<b>19.4%</b>	<b>32.8%</b>
Investment in non-current assets excluding deferred tax	38.0	14.8	7.2	60.0

				Feb 28, 2018
	Food Cultures & Enzymes	Health & Nutrition	Natural Colors	Group
<b>ASSETS</b>				
Goodwill	529.9	231.9	-	761.8
Other intangible assets	100.1	105.3	16.7	222.1
<b>Intangible assets</b>	<b>630.0</b>	<b>337.2</b>	<b>16.7</b>	<b>983.9</b>
Property, plant and equipment	283.5	98.2	46.3	428.0
<b>Total non-current assets excluding deferred tax</b>	<b>913.5</b>	<b>435.4</b>	<b>63.0</b>	<b>1,411.9</b>
Inventories	71.8	25.3	55.4	152.5
Trade receivables	87.7	32.6	36.3	156.6
Trade payables	(38.9)	(14.9)	(25.4)	(79.2)
<b>Net working capital</b>	<b>120.6</b>	<b>43.0</b>	<b>66.3</b>	<b>229.9</b>
Assets not allocated				88.9
<b>Group assets</b>				<b>1,809.9</b>
<b>Invested capital excluding goodwill</b>	<b>504.2</b>	<b>246.5</b>	<b>129.3</b>	<b>880.0</b>
<b>ROIC excluding goodwill</b>	<b>39.7%</b>	<b>24.6%</b>	<b>15.9%</b>	<b>32.1%</b>
Investment in non-current assets excluding deferred tax	30.1	10.5	4.4	45.0

# SEGMENT INFORMATION

## (CONTINUED)

EUR million	Q2 2018/19				
GEOGRAPHIC ALLOCATION	EMEA	North America	APAC	LATAM	Group
<b>Total Revenue</b>	<b>123.9</b>	<b>77.0</b>	<b>46.4</b>	<b>36.4</b>	<b>283.7</b>
EUR growth	8%	12%	1%	6%	8%
Organic growth	9%	5%	0%	23%	8%

	YTD 2018/19				
	EMEA	North America	APAC	LATAM	Group
Revenue	240.6	146.2	94.1	72.3	553.2
EUR growth	7%	9%	4%	5%	7%
Organic growth	9%	5%	5%	27%	9%
<b>Non-current assets excluding deferred tax</b>	<b>1,269.6</b>	<b>174.3</b>	<b>13.0</b>	<b>32.3</b>	<b>1,489.2</b>

EUR million	Q2 2017/18				
	EMEA	North America	APAC	LATAM	Group
<b>Total Revenue</b>	<b>114.8</b>	<b>68.5</b>	<b>46.1</b>	<b>34.2</b>	<b>263.7</b>
EUR growth	7%	(12)%	16%	(1)%	2%
Organic growth	9%	1%	22%	14%	9%

	YTD 2017/18				
	EMEA	North America	APAC	LATAM	Group
Revenue	225.7	133.6	90.4	68.5	518.2
EUR growth	6%	(7)%	15%	3%	3%
Organic growth	7%	4%	21%	15%	9%
<b>Non-current assets excluding deferred tax</b>	<b>1,214.0</b>	<b>152.8</b>	<b>13.5</b>	<b>31.6</b>	<b>1,411.9</b>



# 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
<b>PURCHASE CONSIDERATION:</b>	
Cash paid	9.3
Cash consideration	5.2
Adjustment for fair value of cash	(1.2)
<b>Fair value of total consideration</b>	<b>13.3</b>

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
<b>FAIR VALUE OF NET ASSETS ACQUIRED:</b>	
Trademarks	1.0
Technology (patents and other rights)	6.3
Customer relationships	0.9
Inventories	0.2
<b>Net identifiable assets acquired</b>	<b>8.4</b>
Fair value of total consideration	13.3
<b>Goodwill from acquisition</b>	<b>4.9</b>