

INTERIM REPORT 1 SEPTEMBER - 30 NOVEMBER 2016 YTD 2016/17 IN BRIEF

Strong organic revenue growth of 11% in Q1 2016/17: Food Cultures & Enzymes (10%), Health & Nutrition (8%) and Natural Colors (13%). EBIT before special items increased by 21% to EUR 66 million.

EUR million	Q1 2016/17	Q1 2015/16	Growth
Revenue	241.7	214.4	13%
EBIT before special items	65.5	54.0	21%
Profit for the period	47.0	38.9	21%
Free cash flow before acquisitions, divestments and special items	(19.1)	(16.6)	(15)%
Organic growth, %	11%	14%	
Gross margin, %	53.4%	52.3%	
EBIT margin before special items, %	27.1%	25.2%	
ROIC excl. goodwill, %	34.3%	33.1%	

“The results in Q1 gave us a good start to the year, and we maintain our guidance for the full year. Both Food Cultures & Enzymes and Natural Colors delivered strong organic growth and improved profitability. The organic growth in Health & Nutrition was still below our long-term ambitions, however, better than expected for the quarter, mainly due to timing of orders. The EBIT margin for the business area was down, partly due to an unfavorable product mix,” says CEO Cees de Jong.

“We made good progress on our focus areas for 2016/17. Our bioprotective cultures continue to deliver strong growth. In Q1, growth was approximately 25%, and the segment now accounts for approximately 5% of the revenue in Food Cultures & Enzymes. In November, we concluded the acquisition of LGG[®], and we have initiated integrating the business into Chr. Hansen. The integration of NPC is being concluded and we are starting to reap the synergies from the acquisition. Plant health supported the growth in Health & Nutrition with sales of both Nemix[®] C and VGR[™], and we are making progress in our work to introduce new products in the coming years. Natural Colors showed good progress in Q1.”

OUTLOOK FOR 2016/17

The outlook for 2016/17 is unchanged compared to the announcement of 26 October 2016.

	11 January 2017	26 October 2016
Organic revenue growth	8-10%	8-10%
EBIT margin before special items	slightly increasing	slightly increasing
Free cash flow before acquisitions, divestments and special items	around EUR 175 million	around EUR 175 million

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FINANCIAL HIGHLIGHTS AND KEY FIGURES

This unaudited interim report has been prepared in accordance with IAS 34 and additional Danish regulations. The interim report has been prepared in accordance with the accounting policies set out in the Annual Report for 2015/16.

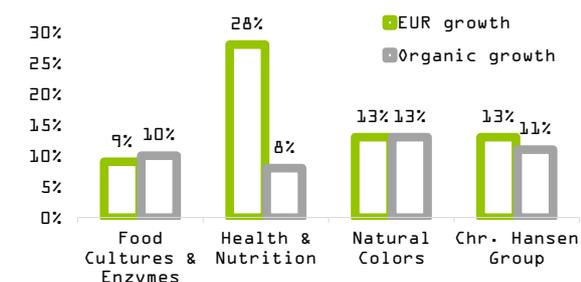
EUR million	Q1 2016/17	Q1 2015/16
Income statement		
Revenue	241,7	214,4
Gross profit	129,0	112,1
EBITDA before special items	79,5	66,6
EBIT before special items	65,5	54,0
Special items	(0,9)	-
EBIT	64,6	54,0
Profit for the period	47,0	38,9
Financial position		
Total assets	1.767,2	1.456,0
Invested capital	1.589,9	1.295,2
Net working capital	200,0	171,3
Equity	696,7	563,8
Net interest-bearing debt	645,2	512,7
Cash flow and investments		
Cash flow from operating activities	2,4	1,2
Cash flow used for investing activities	(95,4)	(17,8)
Free cash flow	(93,0)	(16,6)
Free cash flow before special items and acquisitions	(19,1)	(16,6)
Earnings per share		
EPS, diluted	0,35	0,30
Key ratios		
Organic growth, %	11	14
Gross margin, %	53,4	52,3
Operating expenses, %	26,3	27,1
EBITDA margin before special items, %	32,9	31,1
EBIT margin before special items, %	27,1	25,2
EBIT margin, %	26,8	25,2
ROIC excl. goodwill, %	34,3	33,1
ROIC, %	17,3	17,0
NWC, %	20,5	19,4
R&D, %	7,4	7,8
Capital expenditures, %	10,2	8,3
Net debt to EBITDA before special items	1.9x	1.7x

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

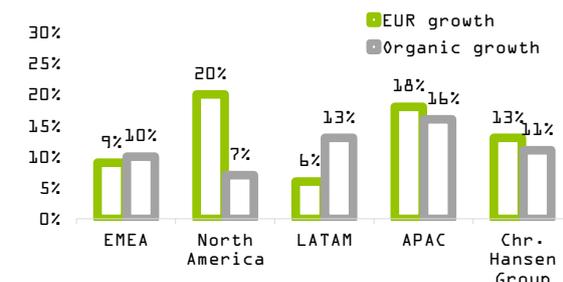
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YTD 2016/17 RESULTS

REVENUE GROWTH BY BUSINESS - YTD



REVENUE GROWTH BY REGION - YTD



MARKET DEVELOPMENT

During the first three months of 2016/17, the end markets for fermented milk grew in line with previous years at around 3-4%. Asia-Pacific, the Middle East and Africa continued to drive growth. The global market for cheese grew by around 2%.

The market for probiotic dietary supplements showed strong growth, largely due to a higher penetration in the US. The market for microbial-based solutions for animal health continues to be negatively impacted by commodity prices for milk and pork, but the trend is slowly improving.

Conversion to natural colors continued in all regions during the first three months of 2016/17.

REVENUE

Revenue increased by 13% to EUR 242 million (10% excluding NPC and LGG®), corresponding to organic growth of 11%. The organic growth was primarily driven by volume/mix effects, with around 2% coming from price increases in local currencies. The price increases were achieved by using EUR-based pricing in certain countries to protect EBIT from depreciating currencies and to reflect higher raw material prices in Natural Colors.

REVENUE

	Q1 2016/17
Organic growth (volume/mix)	9%
Organic growth (price)	2%
Organic growth	11%
Currencies	(1)%
NPC acquisition	3%
EUR growth	13%

REVENUE BY REGION

EMEA (Europe, Middle East and Africa)

Revenue increased by 9%, with organic growth of 10%, driven by strong growth in fermented milk, bioprotection, animal health and natural colors. Cheese, meat cultures and probiotics for fermented milk delivered solid growth. Enzymes saw modest growth, and revenue from human health was unchanged compared to Q1 2015/16.

North America

Revenue increased by 20% (8% excluding NPC), with organic growth of 7%, driven by strong growth in cheese, natural colors and plant health. The growth in cheese was partly driven by conversion of various customers from bulk starter to Chr. Hansen's DVS® (Direct-Vat-Set) solutions.

Human health delivered good growth, while fermented milk including probiotics and meat showed modest growth. Organic growth was negative for enzymes and animal health. Revenue was positively impacted by the acquisition of NPC by approximately EUR 7 million.

LATAM (Latin America)

Revenue increased by 6%, with organic growth of 13%. The organic growth was driven by strong growth in cheese, enzymes, meat, natural colors, animal health and plant health. Fermented milk delivered solid growth, while revenue from probiotics was below Q1 2015/16.

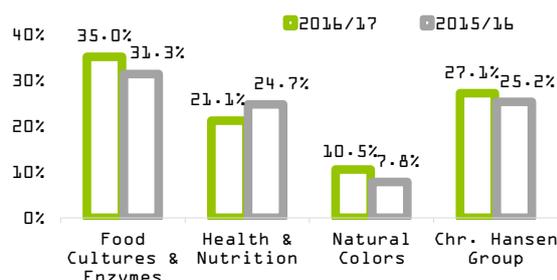
APAC (Asia-Pacific)

Revenue increased by 18%, with organic growth of 16%. The organic growth was driven primarily by strong growth in fermented milk including probiotics, cheese, human health and animal health. Growth in fermented milk including probiotics was mainly driven by strong growth in China.

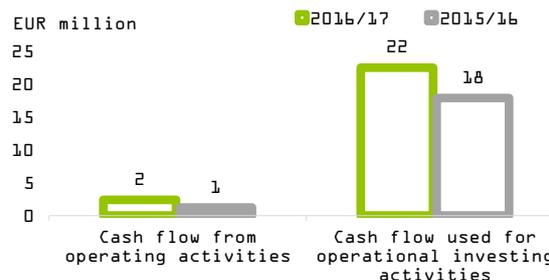
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YTD 2016/17 RESULTS

EBIT B.S.I. – YTD



CASH FLOW - YTD



GROSS PROFIT

Gross profit was EUR 129 million, up 15% on Q1 2015/16. The gross margin increased by 1.1 percentage points to 53.4%. The increase was mainly due to improved operating efficiencies, and timing of production costs in Food Cultures & Enzymes.

OPERATING EXPENSES (% OF REVENUE)

Operating expenses totaled EUR 64 million (26.3%), compared to EUR 58 million (27.1%) in Q1 2015/16.

Research & development (R&D) expenses including amortization and depreciation amounted to EUR 17 million (7.0%), compared to EUR 14 million (6.5%) in Q1 2015/16. The increase was driven by higher activity across the microbial platform.

Total R&D expenditures incurred amounted to EUR 18 million (7.4%), compared to EUR 17 million (7.8%) in Q1 2015/16. The increase was due to higher activity across the microbial platform, partly offset by lower capitalization due to the acquisition of Dairy Innovation Australia Ltd (DIAL) last year.

Sales & marketing expenses amounted to EUR 32 million (13.3%), compared to EUR 27 million (12.5%) in Q1 2015/16. The increase was driven by higher activity and the acquisition of NPC.

Administrative expenses amounted to EUR 17 million (7.1%), compared to EUR 18 million (8.3%) in Q1 2015/16. The decrease was primarily due to non-recurring costs in Q1 2015/16 related to the strategy update process and a management change.

Net other operating income/expenses was an income of EUR 3 million, compared to nil in Q1 2015/16. The income was mainly driven by sale of a property in Argentina.

OPERATING PROFIT (EBIT) BEFORE SPECIAL ITEMS

EBIT before special items amounted to EUR 66 million, compared to EUR 54 million in Q1 2015/16, an increase of 21%. The increase in EBIT was mainly due to higher sales volumes and operating efficiencies in Food Cultures & Enzymes and Natural Colors, and the sale of a property in Argentina.

The EBIT margin before special items was 27.1%, up 1.9 percentage points from 25.2% in Q1 2015/16.

SPECIAL ITEMS

Special items of EUR 1 million concerned costs related to the acquisition and integration of LGG®.

OPERATING PROFIT (EBIT)

EBIT amounted to EUR 65 million, compared to EUR 54 million in Q1 2015/16. The EBIT margin was 26.8%, compared to 25.2% in Q1 2015/16.

NET FINANCIALS AND TAX

Net financial expenses amounted to EUR 3 million, compared to EUR 2 million in Q1 2015/16. The increase related mainly to higher debt.

Income taxes were EUR 15 million, equivalent to an effective tax rate of 24%, compared to 25% in Q1 2015/16.

PROFIT FOR THE PERIOD

Profit for the period increased by 21% to EUR 47 million from EUR 39 million in Q1 2015/16.

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YTD 2016/17 RESULTS

ASSETS

At 30 November 2016, total assets amounted to EUR 1,767 million, compared to EUR 1,456 million a year earlier. The increase was mainly due to the acquisitions of NPC and LGG®. Both acquisitions were completed as asset deals providing certain tax deductibles.

Total non-current assets amounted to EUR 1,400 million, compared to EUR 1,131 million at 30 November 2015. Intangible assets increased by EUR 227 million, while property, plant and equipment increased by EUR 39 million.

Total current assets amounted to EUR 368 million, compared to EUR 325 million at 30 November 2015. Inventories increased by EUR 9 million, or 7%, and receivables by EUR 27 million, or 19%. Cash increased by EUR 6 million to EUR 62 million.

ACQUISITION IMPACT

EUR million	NPC	LGG®
Intangible assets incl. goodwill	163.0	71.7
Property, plant and equipment	2.5	2.0
Inventories	3.0	0.6
Other receivables and payables, net	1.1	(1.3)
Total effect	169.6	73.0

NET WORKING CAPITAL

Net working capital was EUR 200 million, or 20.5% of revenue, compared to EUR 171 million, or 19.4%, in Q1 2015/16.

EQUITY

Total equity amounted to EUR 697 million at 30 November 2016, compared to EUR 564 million a year earlier.

An ordinary dividend for the financial year 2015/16 totaling EUR 92 million was paid out in December 2016 (subsequent to the balance sheet date).

NET DEBT

Net interest-bearing debt amounted to EUR 645 million, or 1.9x EBITDA, compared to EUR 513 million, or 1.7x EBITDA, at 30 November 2015. The increase was due to the acquisitions of NPC and LGG®.

RETURN ON INVESTED CAPITAL (ROIC) EXCLUDING GOODWILL

The return on invested capital excluding goodwill was 34.3%, compared to 33.1% in Q1 2015/16. Invested capital excluding goodwill increased to EUR 811 million, compared to EUR 673 million at 30 November 2015, due mainly to the acquisitions of NPC and LGG®.

CASH FLOW

Cash flow from operating activities was EUR 2 million, compared to EUR 1 million in Q1 2015/16. The increase was mainly due to the improved operating profit and less tax paid following the acquisition of NPC, partly offset by higher net working capital.

Cash flow used for operational investing activities was EUR 22 million, or 9.3% of revenue, compared to EUR 18 million, or 8.3% of revenue, in Q1 2015/16. The increase was primarily driven by capacity expansion for culture production.

Development expenditures of EUR 3 million, or 1.0% of revenue, were capitalized, compared to EUR 4 million, or 2.0%, in Q1 2015/16 when assets from the acquisition of Dairy Innovation Australia Ltd (DIAL) were capitalized.

Free cash flow before acquisitions and special items was a negative EUR 19 million, compared to a negative EUR 17 million in Q1 2015/16.

Cash flow used for acquisitions was EUR 73 million and related to the acquisition of LGG® in November 2016.

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SEGMENT INFORMATION

FOOD CULTURES & ENZYMES

60% OF REVENUE

EUR million	Q1 2016/17	Q1 2015/16
Revenue	144.3	132.9
Organic growth	10%	14%
EBITDA	59.1	50.4
EBIT	50.4	41.6
EBIT margin	35.0%	31.3%
ROIC excluding goodwill	45.0%	40.0%

REVENUE

Revenue increased by 9% to EUR 144 million, corresponding to organic growth of 10%. The organic growth comprised 9% from volume/mix and 1% from price increases in local currencies. The price increases were achieved by using EUR-based pricing in certain countries to protect EBIT from depreciating currencies.

The organic growth was primarily driven by strong growth in fermented milk, cheese and wine cultures. Cultures for meat and probiotics delivered solid growth, while revenue from enzymes showed good growth.

The growth in cheese was partly driven by conversion of various US customers from bulk starter to Chr. Hansen's DVS[®] (Direct-Vat-Set) solutions.

EBIT

EBIT amounted to EUR 50 million, compared to EUR 42 million in Q1 2015/16. The EBIT margin was 35.0%, up 3.7 percentage points on 2015/16 due to operating efficiencies, sale of a property in Argentina and a positive product mix. The increase was partly offset by higher research & development costs.

ROIC EXCLUDING GOODWILL

The return on invested capital excluding goodwill was 45.0%, compared to 40.0% in 2015/16. Invested capital excluding goodwill increased by EUR 40 million, or 10%, to EUR 465 million. The increase was due to investments in production capacity.

LGG[®] ACQUISITION

The acquisition of LGG[®] and related products was concluded in November 2016 and had a minor impact on the result in Q1.

BIOPROTECTION

Bioprotective cultures, which account for approximately 5% of revenue, delivered organic growth of approximately 25%. The growth was driven by the existing segments within fermented milk, cheese and meat.

Chr. Hansen will over the year increase investments within both R&D, regulatory and sales & marketing to support the long term growth ambitions in the area of bioprotective solutions.

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SEGMENT INFORMATION

HEALTH & NUTRITION

19% OF REVENUE

EUR million	Q1 2016/17	Q1 2015/16
Revenue	46.0	36.0
Organic growth	8%	5%
EBITDA	13.4	11.2
EBIT	9.7	8.9
EBIT margin	21.1%	24.7%
ROIC excluding goodwill	17.8%	24.9%

REVENUE

Revenue increased by 28% to EUR 46 million (9% excluding NPC and LGG[®]), corresponding to organic growth of 8%. Animal health delivered solid growth, while human health showed good growth, and plant health delivered strong growth.

Organic growth in human health was driven by dietary supplements in North America, whereas animal health was positively impacted by strong growth in swine and poultry, while dairy cattle declined. Plant health benefited from the continued penetration of Nemix[®] C and the launch of VGR[™].

The market for animal health products, especially for dairy cattle, remained negatively impacted by low commodity prices, although signs of improvement are slowly emerging.

EBIT

EBIT amounted to EUR 10 million, compared to EUR 9 million in Q1 2015/16. The EBIT margin was 21.1%, down 3.6 percentage points on 2015/16. The decrease was mainly due to unfavorable timing of production costs, sales mix and US tariff costs, partly offset by an improvement in scrap levels in human health production.

ROIC EXCLUDING GOODWILL

The return on invested capital excluding goodwill was 17.8%, compared to 24.9% in 2015/16. Invested capital excluding goodwill increased by EUR 88 million, or 60%, to EUR 235 million, driven by intangible assets from the acquisitions of NPC and LGG[®].

NPC INTEGRATION

The integration of NPC into Chr. Hansen's animal health organization is being completed, and the process of realizing identified synergies, including optimization of the supply chain, cross-selling and internationalization of NPC's product portfolio, is ahead of schedule. In Q1, revenue amounted to approximately EUR 7 million, which was slightly below initial expectations due to the market conditions for dairy cattle.

LGG[®] ACQUISITION

The acquisition of LGG[®] and related products was concluded in November 2016 and had a minor impact on the result in Q1.

Integration of the acquired business has been initiated including investments to strengthen commercial support for promoting LGG[®].

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SEGMENT INFORMATION

NATURAL COLORS

21% OF REVENUE

EUR million	Q1 2016/17	Q1 2015/16
Revenue	51.4	45.4
Organic growth	13%	23%
EBITDA	7.0	5.0
EBIT	5.4	3.5
EBIT margin	10.5%	7.8%
ROIC excluding goodwill	22.1%	15.2%

REVENUE

Revenue increased by 13% to EUR 51 million, corresponding to organic growth of 13%. The organic growth comprised approximately 6% from volume/mix effects and 7% from price increases in local currencies. The price increases mainly reflected increased raw material prices and, to a lesser extent, general price increases.

The organic volume growth was primarily driven by strong growth in the anthocyanin, natural carotene and annatto categories, while carmine volume declined due to price discipline in a dedicated effort to improve profitability. Growth was anchored across most industries with very strong growth in beverages.

The North America, EMEA and LATAM regions all delivered strong growth, while APAC delivered good growth.

EBIT

EBIT amounted to EUR 5 million, compared to EUR 4 million in Q1 2015/16. The EBIT margin was 10.5%, up 2.7 percentage points on 2015/16. The increase was mainly driven by operating efficiencies and the ongoing optimization initiatives.

ROIC

The return on invested capital was 22.1%, compared to 15.2% in 2015/16. The invested capital increased by EUR 10 million, or 10%, to EUR 111 million, driven by property, plant and equipment and higher inventories.

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OUTLOOK FOR 2016/17

ORGANIC REVENUE GROWTH

Based on the results for the first three months of the year the expectation for organic revenue growth is kept at 8-10%, unchanged from the announcement of 26 October 2016.

All three business areas are expected to grow in line with the long-term ambitions.

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

The EBIT margin b.s.i. is still expected to be slightly above the 28.2% achieved in 2015/16.

FREE CASH FLOW

Free cash flow before acquisitions, divestments and special items is still expected to be around the EUR 175 million achieved in 2015/16.

An increase in the cash flow used for investing activities is expected to offset an improvement in the operational cash flow.

SENSITIVITY

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

The greatest exchange rate exposure relates to USD, which accounts for around 25% of revenue, while the exposure to other currencies is modest.

The organic revenue growth is sensitive to exchange rate fluctuations in currencies where Chr. Hansen applies a EUR-based pricing model, and to changes in raw material prices for natural colors.

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 partly offset the impact from changes to the USD exchange rate on revenue.

The use of currency hedging of balance sheet exposures and future cash flows is described in note 4.3 in the Annual Report for 2015/16.

INTERIM REPORT 1 SEPTEMBER - 30 NOVEMBER 2016

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 1 September 2016 to 30 November 2016. 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 IAS 34 and additional Danish regulations. Furthermore, the interim report has been prepared in accordance with the accounting policies set out in the Annual Report of Chr. Hansen Holding A/S for 2015/16.

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 30 November 2016, and of the results of the Group's operations and cash flow for the period 1 September 2016 to 30 November 2016.

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.

Hørsholm, 11 January 2017

Executive Board

Cees De Jong
President and CEO

Knud Vindfeldt
COO and Vice CEO

Søren Westh Lonning
CFO

Board of Directors

Ole Andersen
Chairman

Dominique Reiniche
Vice Chairman

Frédéric Stévenin

Mark Wilson

Tiina Mattila-Sandholm

Luis Cantarell Rocamora

Kristian Villumsen

Per Poulsen

Svend Laulund

Mads Bennedsen

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ADDITIONAL INFORMATION

CONFERENCE CALL

Chr. Hansen will host a conference call on 11 January 2017 at 10:00 am CET. The conference call can be accessed via the Company's website, www.chr-hansen.com.

FINANCIAL CALENDAR

6 April 2017	Interim Report Q2
5 July 2017	Interim Report Q3
25 October 2017	Annual Report 2016/17
28 November 2017	Annual General Meeting 2016/17

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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 global bioscience company that develops natural ingredient solutions for the food, nutritional, pharmaceutical and agricultural industries. Products include cultures, enzymes, probiotics and natural colors, and all solutions are based on strong research and development competencies coupled with significant technology investments. Revenue in the 2015/16 financial year was EUR 949 million. The Company has more than 2,700 dedicated employees in 30 countries and main production facilities in Denmark, France, the US and Germany. Chr. Hansen was founded in 1874 and is listed on Nasdaq Copenhagen. For further information, please visit www.chr-hansen.com.

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INCOME STATEMENT

EUR million	Q1 2016/17	Q1 2015/16
REVENUE	241.7	214.4
Cost of sales	(112.7)	(102.3)
Gross profit	129.0	112.1
Research and development expenses	(17.0)	(13.9)
Sales and marketing expenses	(32.1)	(26.7)
Administrative expenses	(17.2)	(17.9)
Other operating income	2.8	0.5
Other operating expenses	-	(0.1)
Operating profit before special items	65.5	54.0
Special items	(0.9)	-
Operating profit (EBIT)	64.6	54.0
Net financial expenses	(2.8)	(2.2)
Profit before tax	61.8	51.8
Income taxes	(14.8)	(12.9)
Profit for the year	47.0	38.9
Attributable to:		
Shareholders of Chr. Hansen Holding A/S	47.0	38.9
Earnings per share (EUR)	0.36	0.30
Earnings per share, diluted (EUR)	0.35	0.30

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STATEMENT OF COMPREHENSIVE INCOME

EUR million	Q1 2016/17	Q1 2015/16
PROFIT FOR THE YEAR	47.0	38.9
Items that will not be reclassified subsequently to the income statement:		
Remeasurements of defined benefit plans	(0.1)	-
Items that will be reclassified subsequently to the income statement when specific conditions are met:		
Currency translation of foreign Group companies	2.0	5.6
Cash flow hedges	1.3	(0.8)
Tax related to cash flow hedges	(0.3)	0.2
Other comprehensive income for the year	2.9	5.0
Total comprehensive income for the year	49.9	43.9
Attributable to:		
Shareholders of Chr. Hansen Holding A/S	49.9	43.9

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BALANCE SHEET

EUR million	30 Nov 2016	30 Nov 2015	31 Aug 2016
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	779.1	622.3	726.5
Other intangible assets	204.7	129.8	182.5
Intangible assets in progress	34.6	39.3	35.3
Total intangible assets	1,018.4	791.4	944.3
Property, plant and equipment			
Land and buildings	139.1	134.9	138.9
Plant and machinery	148.4	140.2	142.5
Other fixtures and equipment	16.9	14.1	16.2
Property, plant and equipment in progress	67.1	43.3	55.7
Total property, plant and equipment	371.5	332.5	353.3
Other non-current assets			
Deferred tax	9.6	7.0	9.8
Total other non-current assets	9.6	7.0	9.8
Total non-current assets	1,399.5	1,130.9	1,307.4
Current assets			
Inventories			
Raw materials and consumables	24.7	24.0	21.5
Work in progress	47.7	44.4	42.4
Finished goods and goods for resale	61.8	56.7	56.2
Total inventories	134.2	125.1	120.1
Receivables			
Trade receivables	140.4	120.9	137.1
Tax receivables	4.8	3.0	4.8
Other receivables	18.4	13.8	16.6
Prepayments	8.4	6.9	9.5
Total receivables	172.0	144.6	168.0
Cash and cash equivalents	61.5	55.4	119.8
Total current assets	367.7	325.1	407.9
Total assets	1,767.2	1,456.0	1,715.3

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BALANCE SHEET

EUR million	30 Nov 2016	30 Nov 2015	31 Aug 2016
EQUITY AND LIABILITIES			
Equity			
Share capital	177.2	176.7	177.2
Reserves	519.5	387.1	553.1
Total equity	696.7	563.8	730.3
Liabilities			
Non-current liabilities			
Employee benefit obligations	7.6	6.4	7.4
Deferred tax	68.5	55.0	66.4
Provisions	8.0	2.5	2.1
Borrowings	606.4	540.3	601.0
Tax payables	17.5	19.5	17.5
Other non-current debt	-	0.6	-
Total non-current liabilities	708.0	624.3	694.4
Current liabilities			
Provisions	0.1	0.1	6.2
Borrowings	100.3	27.8	66.7
Prepayments from customers	0.4	1.0	0.8
Trade payables	74.6	74.7	109.9
Tax payables	13.2	11.5	25.5
Declared dividend	92.4	82.1	-
Other payables	81.5	70.7	81.5
Total current liabilities	362.5	267.9	290.6
Total liabilities	1,070.5	892.2	985.0
Total equity and liabilities	1,767.2	1,456.0	1,715.3

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STATEMENT OF CHANGES IN EQUITY

EUR million	2016/17				
	Share capital	Currency translation	Cash flow hedges	Retained earnings	Total
Equity at 1 September 2016	177.2	(31.0)	(3.7)	587.8	730.3
Total comprehensive income for the year, cf. statement of comprehensive income	-	2.0	1.0	46.9	49.9
Transactions with owners:					
Purchase of treasury shares				(6.8)	(6.8)
Exercised share options	-	-	-	14.9	14.9
Share-based payment	-	-	-	0.8	0.8
Dividend	-	-	-	(92.4)	(92.4)
Equity at 30 November 2016	177.2	(29.0)	(2.7)	551.2	696.7

EUR million	2015/16				
	Share capital	Currency translation	Cash flow hedges	Retained earnings	Total
Equity at 1 September 2015	176.7	(33.4)	(3.2)	460.7	600.8
Total comprehensive income for the year, cf. statement of comprehensive income	-	5.6	(0.6)	38.9	43.9
Transactions with owners:					
Share-based payment	-	-	-	1.2	1.2
Dividend	-	-	-	(82.1)	(82.1)
Equity at 30 November 2015	176.7	(27.8)	(3.8)	418.7	563.8

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CASH FLOW STATEMENT

EUR million	Q1 2016/17	Q1 2015/16
Operating profit	64.6	54.0
Non-cash adjustments	14.3	11.3
Change in working capital	(49.0)	(23.8)
Interest payments made	(2.1)	(1.9)
Taxes paid	(25.4)	(38.4)
Cash flow from operating activities	2.4	1.2
Investments in intangible assets	(3.0)	(5.2)
Investments in property, plant and equipment	(21.7)	(12.6)
Sale of property, plant and equipment	2.3	-
Cash flow used for operational investing activities	(22.4)	(17.8)
Free operating cash flow	(20.0)	(16.6)
Acquisition of entities, net of cash acquired	(73.0)	-
Cash flow used for investing activities	(95.4)	(17.8)
Free cash flow	(93.0)	(16.6)
Borrowings	33.6	-
Repayment of long-term loans	(7.4)	(7.1)
Exercise of options	14.9	-
Purchase of treasury shares, net	(6.8)	-
Dividends paid	-	-
Non-controlling interests, dividends, etc.	-	-
Cash flow used in financing activities	34.3	(7.1)
Net cash flow for the year	(58.7)	(23.7)
Cash and cash equivalents at 1 September	119.8	76.4
Unrealized exchange gains/(losses) included in cash and cash equivalents	0.4	2.7
Net cash flow for the year	(58.7)	(23.7)
Cash and cash equivalents, end of period	61.5	55.4

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SEGMENT INFORMATION

EUR million	Q1 2016/17			
	Food Cultures & Enzymes	Health & Nutrition	Natural Colors	Group
INCOME STATEMENT				
Revenue	144.3	46.0	51.4	241.7
EUR growth	9%	28%	13%	13%
Organic growth	10%	8%	13%	11%
EBITDA	59.1	13.4	7.0	79.5
EBITDA margin	41.0%	29.2%	13.6%	32.9%
Depreciation, amortization and impairment losses	(8.7)	(3.7)	(1.6)	(14.0)
EBIT before special items	50.4	9.7	5.4	65.5
EBIT margin before special items	35.0%	21.1%	10.5%	27.1%
Special items and net financial expenses				(0.9)
Profit before tax				64.6

EUR million	Q1 2015/16			
	Food Cultures & Enzymes	Health & Nutrition	Natural Colors	Group
INCOME STATEMENT				
Revenue	132.9	36.0	45.4	214.4
EUR growth	13%	11%	20%	14%
Organic growth	14%	5%	23%	14%
EBITDA	50.4	11.2	5.0	66.6
EBITDA margin	37.9%	31.2%	11.1%	31.1%
Depreciation, amortization and impairment losses	(8.8)	(2.3)	(1.5)	(12.6)
EBIT before special items	41.6	8.9	3.5	54.0
EBIT margin before special items	31.3%	24.7%	7.8%	25.2%
Special items and net financial expenses				(5.0)
Profit before tax				49.0

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SEGMENT INFORMATION

(CONTINUED)

EUR million	30 Nov 2016			
	Food Cultures & Enzymes	Health & Nutrition	Natural Colors	Group
ASSETS				
Goodwill	545.3	233.8	-	779.1
Other intangible assets	109.8	113.7	15.8	239.3
Intangible assets	655.1	347.5	15.8	1,018.4
Property, plant and equipment	248.3	79.4	43.8	371.5
Total non-current assets excluding deferred tax	903.4	426.9	59.6	1,389.9
Inventories	64.0	24.8	45.4	134.2
Trade receivables	79.7	29.7	31.0	140.4
Trade payables	(36.9)	(13.0)	(24.7)	(74.6)
Net working capital	106.8	41.5	51.7	200.0
Assets not allocated				102.7
Group assets				1,767.2
Invested capital excluding goodwill	464.9	234.6	111.3	810.8
ROIC excluding goodwill	45.0%	17.8%	22.1%	34.3%
Investment in non-current assets excluding deferred tax	16.5	5.8	2.4	24.7
EUR million	30 Nov 2015			
	Food Cultures & Enzymes	Health & Nutrition	Natural Colors	Group
ASSETS				
Goodwill	545.0	77.3	-	622.3
Other intangible assets	115.6	38.0	15.5	169.1
Intangible assets	660.6	115.3	15.5	791.4
Property, plant and equipment	218.0	74.5	40.0	332.5
Total non-current assets excluding deferred tax	878.6	189.8	55.5	1,123.9
Inventories	59.1	23.4	42.6	125.1
Trade receivables	70.4	22.8	27.7	120.9
Trade payables	(38.6)	(11.7)	(24.4)	(74.7)
Net working capital	90.9	34.5	45.9	171.3
Assets not allocated				86.1
Group assets				1,456.0
Invested capital excluding goodwill	424.5	147.0	101.4	672.9
ROIC excluding goodwill	40.0%	24.9%	15.2%	33.1%
Investment in non-current assets excluding deferred tax	12.6	3.7	1.5	17.8

INTERIM REPORT 1 SEPTEMBER - 30 NOVEMBER 2016

SEGMENT INFORMATION

(CONTINUED)

EUR million	Q1 2016/17				
	EMEA	North America	LATAM	APAC	Group
GEOGRAPHIC ALLOCATION					
Revenue	105.4	65.7	32.1	38.5	241.7
EUR growth	9%	20%	6%	18%	13%
Organic growth	10%	7%	13%	16%	11%
Non-current assets excluding deferred tax	1,171.2	170.4	33.8	14.5	1,389.9

	Q1 2015/16				
	EMEA	North America	LATAM	APAC	Group
Revenue	96.8	54.5	30.4	32.7	214.4
EUR growth	4%	24%	15%	30%	14%
Organic growth	8%	8%	32%	31%	14%
Non-current assets excluding deferred tax	921.8	155.4	32.8	13.9	1,123.9

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ACQUISITION OF ENTITIES

On 10 November 2016, Chr. Hansen acquired full ownership of the LGG[®] strain, including trademarks and related business, from Valio, Finland. The acquired business includes the LGG[®] trademarks and related royalties, a collection of around 3,200 strains and a small production site in Tikkurila, Finland, which currently produces the LGG[®] strain and a number of specialty strains for cheese, etc. The purchase consideration was paid in cash. The acquisition expands Chr. Hansen's business within microbial solutions for human health, allowing us to capture the full potential of the LGG[®] brand across markets for dietary supplements and infant formula offerings, as well as pursuing new opportunities in dairy.

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

EUR million	2016/17
PURCHASE CONSIDERATION:	
Cash paid	73.0
Net assets acquired	25.6
Goodwill from acquisition	47.4

Goodwill represents synergies from innovation, sales and technology.

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	2016/17
FAIR VALUE OF NET ASSETS ACQUIRED:	
Trademarks	5.0
Technology (patents and other rights)	16.9
Customer relations	2.4
Property, plant and equipment	2.0
Inventories	0.6
Other receivables and payables, net	(1.3)
Cash	-
Net identifiable assets acquired	25.6