

INTERIM REPORT 1 SEPTEMBER 2016 - 31 MAY 2017

YTD 2016/17 IN BRIEF

Strong organic revenue growth of 10% in the first nine months of 2016/17: Food Cultures & Enzymes 9%, Health & Nutrition 12% and Natural Colors 9%. EBIT before special items has increased by 15% to EUR 217 million. In Q3, organic growth reached 10%: Food Cultures & Enzymes 10%, Health & Nutrition 14% and Natural Colors 6%. EBIT before special items has increased by 15% to EUR 82 million.

EUR million	Q3 2016/17	Q3 2015/16	Growth	YTD 2016/17	YTD 2015/16	Growth
Revenue	278.4	249.8	11%	779.5	693.1	12%
EBIT before special items	81.6	71.0	15%	217.2	188.9	15%
Profit for the period	57.9	51.6	12%	155.8	127.9	22%
Free cash flow before acquisitions, divestments and special items	68.4	42.0	63%	98.3	57.8	70%
Organic growth, %	10%	12%		10%	13%	
Gross margin, %	54.2%	53.3%		53.8%	52.8%	
EBIT margin before special items, %	29.3%	28.4%		27.9%	27.2%	
ROIC excl. goodwill, %	39.2%	37.5%		37.4%	36.0%	

"We continue to grow our business with Food Cultures & Enzymes and Health & Nutrition performing slightly better than expected. Based on this we have narrowed our organic revenue expectations for 2016/17 to 9%-10% from previously 8-10%. Both Food Cultures & Enzymes and Natural Colors delivered further improvements in profitability, while Health & Nutrition showed a solid margin progression in Q3. The capacity expansion for dairy cultures in Copenhagen is on track, and we are preparing for the final implementation later this year," says CEO Cees de Jong.

"It is exciting to see that we are making solid progress in the area of the human microbiome, where we have recently expanded our strain library with lead candidates targeting gastrointestinal, immune and metabolic health. Adding these novel bacterial strains to our portfolio is a major milestone in developing the next-generation probiotics."

"Given the strong operational performance and free cash flow generation, we have decided to declare an interim dividend totaling EUR 100 million (DKK 5.64 per share). The interim dividend will be paid out on 13 July 2017."

OUTLOOK FOR 2016/17

The outlook for 2016/17 has been narrowed to the upper end of the range compared to the announcement of 6 April 2017.

	5 July 2017	6 April 2017
Organic revenue growth	9-10%	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

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.

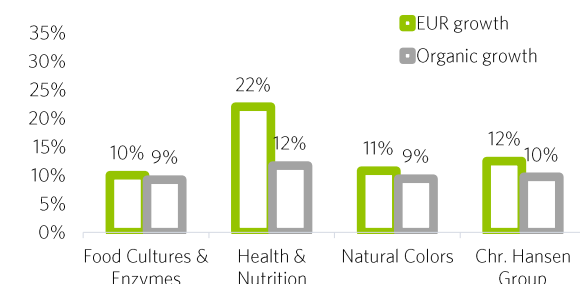
EUR million	Q3 2016/17	Q3 2015/16	Growth	YTD 2016/17	YTD 2015/16	Growth
Income statement						
Revenue	278.4	249.8	11%	779.5	693.1	12%
Gross profit	150.9	133.2	13%	419.2	365.9	15%
EBITDA before special items	96.5	84.4	14%	260.7	228.0	14%
EBIT before special items	81.6	71.0	15%	217.2	188.9	15%
Special items	(0.4)	(1.1)	(64)%	(1.4)	(7.9)	(82)%
EBIT	81.2	69.9	16%	215.8	181.0	19%
Profit for the period	57.9	51.6	12%	155.8	127.9	22%
Financial position						
Total assets				1,791.8	1,661.5	
Invested capital				1,605.3	1,494.2	
Net working capital				206.1	195.0	
Equity				798.7	667.2	
Net interest-bearing debt				629.0	665.9	
Cash flow and investments						
Cash flow from operating activities	90.5	60.4	50%	160.3	115.0	39%
Cash flow used for investing activities	(22.3)	(19.5)	(14)%	(142.4)	(230.3)	(38)%
Free cash flow	68.2	40.9	67%	17.9	(115.3)	-
Free cash flow before special items and acquisitions	68.4	42.0	63%	98.3	57.8	70%
Earnings per share						
EPS, diluted	0.44	0.39	13%	1.17	0.97	21%
Key ratios						
Organic growth, %	10	12		10	13	
Gross margin, %	54.2	53.3		53.8	52.8	
Operating expenses, %	24.9	24.9		25.9	25.5	
EBITDA margin before special items, %	34.7	33.8		33.4	32.9	
EBIT margin before special items, %	29.3	28.4		27.9	27.2	
EBIT margin, %	29.1	28.0		27.7	26.1	
ROIC excl. goodwill, %	39.2	37.5		37.4	36.0	
ROIC, %	20.2	19.1		19.0	18.4	
NWC, %	19.9	21.0		19.9	21.0	
R&D, %	6.7	7.0		7.0	7.3	
Capital expenditures, %	8.0	7.8		9.2	8.8	
Net debt to EBITDA before special items				1.8x	2.1x	

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

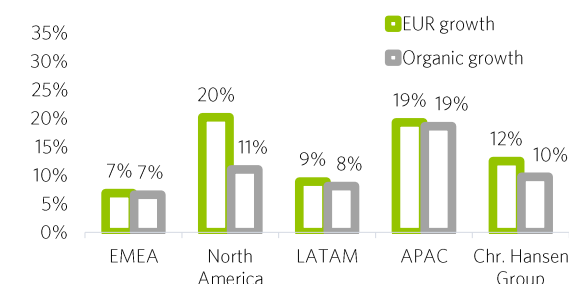
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YTD 2016/17 RESULTS

REVENUE GROWTH BY BUSINESS - YTD



REVENUE GROWTH BY REGION - YTD



MARKET DEVELOPMENT

During the first nine months of 2016/17, the end markets for fermented milk grew in line with previous years, driven by Asia-Pacific and the Middle East and Africa, while key markets in the EU and the US showed little or no growth.

The global market for cheese grew by around 2%, supported by higher consumption in major cheese markets, including the US.

The market for probiotic dietary supplements continues to show strong growth, driven by increased consumer awareness leading to higher penetration in all regions, with Asia-Pacific seeing the highest growth.

The market for microbial-based solutions for animal health is normalizing in Europe. The beef and dairy cattle markets in North America continue to be under some pressure, but are slowly improving.

Conversion to natural colors continued in all regions during the first nine months of 2016/17, with North America showing the highest growth.

REVENUE

Revenue increased by 12% to EUR 780 million (10% excluding acquisitions), corresponding to organic growth of 10%. The organic growth was primarily driven by volume/mix effects, with around 1% coming from price increases in local currencies.

The price increases primarily reflect higher raw material prices in Natural Colors.

In Q3, revenue increased by 11%, corresponding to organic growth of 10%, all from volume/mix effects. A positive price development reflecting higher raw material prices in Natural

Colors was offset by a negative impact from using EUR-based pricing in certain countries.

REVENUE

	Q3 2016/17	YTD 2016/17
Organic growth (volume/mix)	10%	9%
Organic growth (price)	0%	1%
Organic growth	10%	10%
Currencies	1%	0%
Acquisitions	0%	2%
EUR growth	11%	12%

REVENUE BY REGION

EMEA (Europe, Middle East and Africa)

Revenue increased by 7%, with organic growth of 7%, driven by strong growth in bioprotection, animal health and natural colors, and solid growth in cheese. Fermented milk including probiotics, enzymes and human health delivered good growth.

In Q3, revenue increased by 8%, with organic growth of 7%. Human health and animal health delivered strong growth, while cheese and enzymes showed solid growth. Fermented milk including probiotics and natural colors delivered good growth.

North America

Revenue increased by 20% (13% excluding acquisitions), with organic growth of 11%, driven by strong growth in bioprotection, cheese, probiotics for fermented milk, meat, animal health and natural colors. Fermented milk and enzymes showed modest growth.

The growth in cheese was partly driven by conversion projects. Revenue was positively impacted by the acquisition of NPC.

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YTD 2016/17 RESULTS

In Q3, revenue increased by 10%, with organic growth of 9%. Cheese, fermented milk including probiotics, enzymes, animal health and natural colors all delivered strong growth, while revenue from human health was below 2015/16 due to timing of orders.

LATAM (Latin America)

Revenue increased by 9%, with organic growth of 8%, driven by strong growth in natural colors, animal health and plant health. Cheese, fermented milk and enzymes delivered good growth, while revenue from probiotics for fermented milk was unchanged from 2015/16.

In Q3, revenue increased by 15%, with organic growth of 7%. Animal health, plant health and probiotics for fermented milk delivered strong growth. Enzymes showed good growth, while growth from fermented milk was modest. Revenue from cheese was below 2015/16.

APAC (Asia-Pacific)

Revenue increased by 19%, with organic growth of 19%, driven by strong growth in fermented milk including probiotics, human health and animal health. Cheese and enzymes showed solid growth, while natural colors delivered good growth. Growth in fermented milk including probiotics was mainly driven by strong growth in China.

In Q3, revenue increased by 21%, with organic growth of 21%. The organic growth was driven by strong growth in fermented milk including probiotics, human health and natural colors. Growth in fermented milk in China was lower than in 1H due to tougher comparables.

GROSS PROFIT

Gross profit was EUR 419 million, up 15% on the first nine months of 2015/16. The gross margin increased by 1.0 percentage point to 53.8%, driven by improvements in all areas.

In Q3, gross profit was EUR 151 million, up 13% on 2015/16. The gross margin increased by 0.9 percentage point to 54.2%. The increase was mainly due to animal health, and margin management and mix in Natural Colors, partly offset by higher production costs in Food Cultures & Enzymes.

OPERATING EXPENSES (% OF REVENUE)

Operating expenses totaled EUR 202 million (25.9%), compared to EUR 177 million (25.5%) in the first nine months of 2015/16.

Research & development (R&D) expenses including amortization and depreciation amounted to EUR 52 million (6.6%), compared to EUR 45 million (6.5%) in the first nine months of 2015/16. The increase was driven by execution of Nature's no. 1 initiatives, including bioprotection and LGG®.

Total R&D expenditures incurred amounted to EUR 57 million (7.0%), compared to EUR 51 million (7.3%) in the first nine months of 2015/16. The increase of EUR 6 million was driven by Nature's no. 1 initiatives, including bioprotection and LGG®, partly offset by the acquisition of a bacterial strain collection from Dairy Innovation Australia Ltd (DIAL) in 2015/16.

Sales & marketing expenses amounted to EUR 100 million (12.8%), compared to EUR 83 million (12.0%) in the first nine months of 2015/16. The increase was mainly driven by strategic initiatives to support Nature's no. 1, including bioprotection and the acquisition of NPC.

Administrative expenses amounted to EUR 54 million (6.9%), compared to EUR 50 million (7.3%) in the first nine months of 2015/16.

Net other operating income/expenses was an income of EUR 4 million, compared to EUR 1 million in the first nine months of 2015/16. The income was mainly driven by sale of a property in Argentina.

In Q3, operating expenses were EUR 69 million (24.9%), compared to EUR 62 million (24.9%) in 2015/16.

OPERATING PROFIT (EBIT) BEFORE SPECIAL ITEMS

EBIT before special items amounted to EUR 217 million, compared to EUR 189 million in the first nine months of 2015/16, an increase of 15%. The increase in EBIT was mainly due to higher sales volumes and operating efficiencies.

The EBIT margin before special items was 27.9%, up 0.7 percentage point from 27.2% in the first nine months of 2015/16.

In Q3, EBIT before special items amounted to EUR 82 million, compared to EUR 71 million in 2015/16. The EBIT margin before special items was 29.3%, compared to 28.4% in 2015/16. The increase was driven by a higher gross margin.

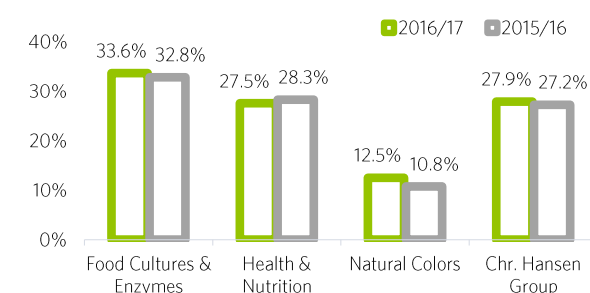
SPECIAL ITEMS

Special items of EUR 1 million concerned costs related to the acquisition and integration of LGG® and the announced closure of the acquired factory. In the first nine months of 2015/16,

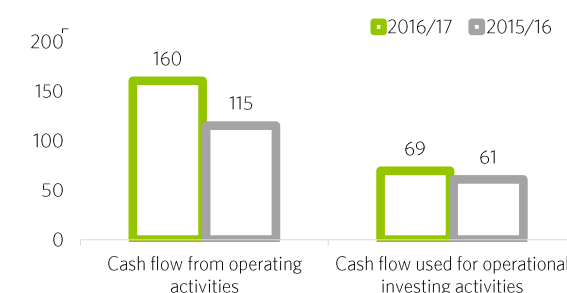
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YTD 2016/17 RESULTS

EBIT MARGIN B.S.I. - YTD



CASH FLOW - YTD



special items of EUR 8 million concerned an accrual for US import duty costs covering reclassification of certain human health products related to previous years, and costs related to the acquisition and integration of NPC.

OPERATING PROFIT (EBIT)

EBIT amounted to EUR 216 million, compared to EUR 181 million in the first nine months of 2015/16. The EBIT margin was 27.7%, compared to 26.1% in the first nine months of 2015/16.

In Q3, the EBIT margin was 29.1%, up 1.1 percentage points from 28.0% in the first nine months of 2015/16.

NET FINANCIALS AND TAX

Net financial expenses amounted to EUR 11 million, unchanged from the first nine months of 2015/16. The net interest cost was EUR 9 million, unchanged from the first nine months of 2015/16.

The net impact from exchange rate adjustments was a negative EUR 2 million, unchanged from the first nine months of 2015/16. The negative impact was mainly caused by unrealized losses from a depreciating currency in Argentina.

Income taxes were EUR 49 million, equivalent to an effective tax rate of 24%, compared to 25% in the first nine months of 2015/16.

PROFIT FOR THE PERIOD

Profit for the period increased by 22% to EUR 156 million from EUR 128 million in the first nine months of 2015/16. In Q3, profit increased by 12% to EUR 58 million.

ASSETS

At 31 May 2017, total assets amounted to EUR 1,792 million, compared to EUR 1,662 million a year earlier. The increase was

mainly due to the acquisition of LGG® and investments in the microbial production platform.

Total non-current assets amounted to EUR 1,407 million, compared to EUR 1,306 million at 31 May 2016. Intangible assets increased by EUR 58 million, while property, plant and equipment increased by EUR 42 million.

Total current assets amounted to EUR 385 million, compared to EUR 356 million at 31 May 2016. Inventories increased by EUR 12 million, or 10%, and receivables by EUR 14 million, or 8%. Cash increased by EUR 4 million to EUR 62 million.

ACQUISITION IMPACT

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

NET WORKING CAPITAL

Net working capital was EUR 206 million, or 19.9% of revenue, compared to EUR 195 million, or 21.0%, in the first nine months of 2015/16. The decrease in percentage of revenue was due to improvements in all areas.

EQUITY

Total equity amounted to EUR 799 million at 31 May 2017, compared to EUR 667 million a year earlier.

An ordinary dividend for the financial year 2015/16 totaling EUR 92 million was paid out in December 2016.

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YTD 2016/17 RESULTS

NET DEBT

Net interest-bearing debt amounted to EUR 629 million, or 1.8x EBITDA, compared to EUR 666 million, or 2.1x EBITDA, at 31 May 2016.

RETURN ON INVESTED CAPITAL (ROIC) EXCLUDING GOODWILL

The return on invested capital excluding goodwill was 37.4%, compared to 36.0% in the first nine months of 2015/16. Invested capital excluding goodwill increased to EUR 832 million, compared to EUR 768 million at 31 May 2016, due mainly to investments in the microbial production platform and the acquisition of LGG®.

CASH FLOW

Cash flow from operating activities was EUR 160 million, compared to EUR 115 million in the first nine months of 2015/16. The increase was mainly due to the improved operating profit and less tax paid following the acquisition of NPC.

Cash flow used for operational investing activities was EUR 69 million, or 9.2% of revenue, compared to EUR 61 million, or 8.8% of revenue, in the first nine months of 2015/16. The increase was primarily driven by capacity expansion for culture production.

the acquisition of Dairy Innovation Australia Ltd (DIAL) were capitalized.

Free cash flow before acquisitions and special items was EUR 98 million, compared to EUR 58 million in the first nine months of 2015/16.

Cash flow used for acquisitions was EUR 73 million and related to the acquisition of LGG® in November 2016. In the first nine months of 2015/16, the cash flow used for acquisitions was EUR 169 million and related to the acquisition of NPC.

In Q3, cash flow from operating activities was EUR 91 million, compared to EUR 60 million in 2015/16. The increase was driven by higher operating profit and higher trade payables.

Cash flow used for operational investing activities was EUR 22 million, compared to EUR 20 million in 2015/16.

Free cash flow before special items and acquisitions was EUR 68 million, up from EUR 41 million in 2015/16.

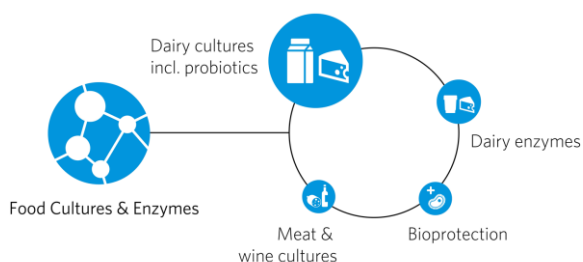
Development expenditures of EUR 8 million, or 1.1% of revenue, were capitalized, compared to EUR 10 million, or 1.5%, in the first nine months of 2015/16, when assets from

SEGMENT INFORMATION

FOOD CULTURES & ENZYMES

58% OF REVENUE

EUR million	Q3 2016/17	Q3 2015/16	YTD 2016/17	YTD 2015/16
Revenue	162.0	144.0	452.9	411.8
Organic growth	10%	13%	9%	13%
EBITDA	65.9	58.9	178.5	161.6
EBITDA margin	40.7%	40.9%	39.4%	39.3%
EBIT	56.8	50.1	151.9	135.1
EBIT margin	35.1%	34.8%	33.6%	32.8%
ROIC excluding goodwill			45.0%	41.6%



REVENUE

Revenue for the first nine months of 2016/17 increased by 10% to EUR 453 million, corresponding to organic growth of 9%, all from volume/mix effects.

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

The growth in cheese was partly driven by conversion of various customers in the US, while the growth in fermented milk was mainly driven by further penetration of both ambient and regular yoghurts in China.

Bioprotective cultures delivered organic growth of approximately 30%. The growth was driven by the existing segments within fermented milk, cheese and meat.

In Q3, organic growth was 10%. The organic growth comprised 10% from volume/mix effects, while a negative

impact from using EUR-based pricing in certain countries was partly offset by price increases.

Cheese, fermented milk, meat and wine cultures delivered strong growth, while enzymes and probiotics showed solid growth.

EBIT

EBIT amounted to EUR 152 million, compared to EUR 135 million in the first nine months of 2015/16.

The EBIT margin was 33.6%, up 0.8 percentage point on 2015/16, driven by scalability in production. The increase was partly offset by initiatives to secure full utilization of existing production capacity ahead of the new capacity expansion planned for fall 2017, and higher research & development expenses driven by bioprotection and LGG®.

In Q3, the EBIT margin increased by 0.3 percentage point, driven by scalability in the operating cost base and improved scrap levels. The increase was partly offset by initiatives to secure full utilization of existing production capacity ahead of the new capacity expansion planned for fall 2017, and an unfavorable product mix.

ROIC EXCLUDING GOODWILL

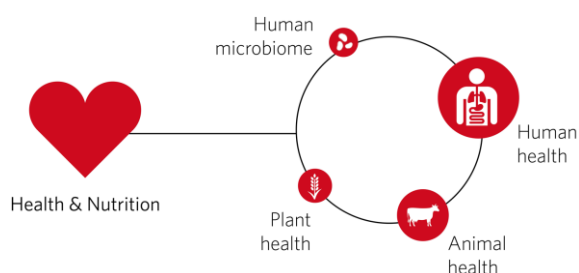
The return on invested capital excluding goodwill was 45.0%, compared to 41.6% in 2015/16. Invested capital excluding goodwill increased by EUR 10 million, or 2%, to EUR 467 million. The increase was mainly due to investments in production capacity.

YTD 2016/17 RESULTS

HEALTH & NUTRITION

21% OF REVENUE

EUR million	Q3 2016/17	Q3 2015/16	YTD 2016/17	YTD 2015/16
Revenue	58.5	52.4	163.1	133.7
Organic growth	14%	3%	12%	2%
EBITDA	20.7	17.4	56.9	45.9
EBITDA margin	35.4%	33.3%	34.9%	34.3%
EBIT	16.6	14.2	44.9	37.8
EBIT margin	28.3%	27.2%	27.5%	28.3%
ROIC excluding goodwill			26.4%	29.5%



REVENUE

Revenue for the first nine months of 2016/17 increased by 22% to EUR 163 million (14% excluding acquisitions), corresponding to organic growth of 12%. Animal health delivered strong growth, while human health showed solid growth. Plant health delivered very strong growth, albeit from a small base.

Organic growth in human health was driven by both dietary supplements and infant formula in APAC, whereas animal health was positively impacted by strong growth in silage and poultry, driven by wins of customer projects. The growth in swine was solid, while dairy and beef cattle declined. Plant health benefited from the continued penetration of Nemix® C in Brazil.

The markets for animal health probiotics for beef and dairy cattle in North America are improving only slowly, while market conditions in Europe have normalized.

In Q3, organic growth was 14%. Animal health and plant health delivered strong growth, and human health showed solid growth.

EBIT

EBIT amounted to EUR 45 million, compared to EUR 38 million in 2015/16. The EBIT margin was 27.5%, down 0.8 percentage point on 2015/16. The decrease was mainly due to increased activity to support strategic initiatives, including commercial support to LGG®, and higher depreciation and amortization related to acquisitions, partly offset by lower scrap levels in human health and the discontinuation of NPC-traded products.

In Q3, the EBIT margin was 28.3%, compared to 27.2% in 2015/16. The increase was primarily driven by the discontinuation of NPC-traded products and insourcing of NPC products, partly offset by higher depreciation and amortization from acquisitions and increased R&D activity.

ROIC EXCLUDING GOODWILL

The return on invested capital excluding goodwill was 26.4%, compared to 29.5% in 2015/16. Invested capital excluding goodwill increased by EUR 46 million, or 23%, to EUR 250 million, driven by intangible assets from the acquisition of LGG®.

NPC INTEGRATION

The realization of identified synergies, including optimization of the supply chain, cross-selling and internationalization of NPC's product portfolio, is ahead of schedule. Revenue was slightly below initial expectations due to the market conditions for cattle, while EBIT contribution was above initial expectations.

LGG® INTEGRATION

Customer projects are starting to materialize, and investments to strengthen commercial support for promoting LGG® are ongoing. Financial results are in line with expectations.

SEGMENT INFORMATION

NATURAL COLORS

21% OF REVENUE

EUR million	Q3 2016/17	Q3 2015/16	YTD 2016/17	YTD 2015/16
Revenue	57.9	53.4	163.5	147.6
Organic growth	6%	17%	9%	20%
EBITDA	9.9	8.1	25.3	20.4
EBITDA margin	17.0%	15.2%	15.5%	13.9%
EBIT	8.2	6.6	20.4	16.0
EBIT margin	14.1%	12.4%	12.5%	10.8%
ROIC excluding goodwill			27.4%	22.2%



REVENUE

Revenue for the first nine months of 2016/17 increased by 11% to EUR 164 million, corresponding to organic growth of 9%. The organic growth comprised approximately 5% from volume/mix effects and 4% from price increases in local currencies. The price increases reflected increased raw material prices and general price increases.

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

North America and EMEA delivered strong growth, while LATAM showed solid growth and APAC good growth.

In Q3, organic growth was 6%. This comprised approximately 5% from volume/mix effects and 1% from price increases in local currencies, driven by price increases in annatto, which more than offset negative price development in carmine.

Growth was driven by dairy, prepared food and beverages. North America, benefiting from continued conversion in the US, and APAC delivered strong growth.

EBIT

EBIT amounted to EUR 20 million, compared to EUR 16 million in 2015/16. The EBIT margin was 12.5%, up 1.7 percentage points on 2015/16. The increase was mainly driven by ongoing optimization initiatives, including product management and operating efficiencies, and positive timing from inventories.

In Q3, the EBIT margin increased by 1.7 percentage points compared to 2015/16. The increase was driven by margin management and a positive mix effect from coloring foodstuffs.

ROIC

The return on invested capital was 27.4%, compared to 22.2% in 2015/16. Invested capital increased by EUR 8 million, or 7%, to EUR 114 million, driven by property, plant and equipment and higher working capital.

OUTLOOK FOR 2016/17

ORGANIC REVENUE GROWTH

Based on the results for the first nine months of the year, the expectation for organic revenue growth is narrowed to the upper end of the range at 9-10%.

Food Cultures & Enzymes is now expected to grow slightly higher than the long-term ambition, while Health & Nutrition and Natural Colors are expected to grow in line with the long-term ambitions.

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

As previously guided, the EBIT margin b.s.i. is 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 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.

DIVIDEND

The Board of Directors regularly assesses whether the capital structure of Chr. Hansen is in the shareholders' best interests. The Board of Directors is committed to maintaining leverage consistent with a solid investment-grade credit profile, while returning excess cash to shareholders either through ordinary and extraordinary dividend or share buyback programs. To ensure a capital structure in the shareholders' best interest, the Board of Directors has decided to declare an interim dividend totaling EUR 100 million (DKK 5.64 per share) with an ex-dividend date of 11 July 2017 and a pay-out date of 13 July 2017.

SENSITIVITY

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

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

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 only partly offset the impact on revenue from changes in the USD exchange rate. Therefore, the relative exposure on EBIT is higher than the 25% exposure 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.

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 31 May 2017. 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 31 May 2017, and of the results of the Group's operations and cash flow for the period 1 September 2016 to 31 May 2017.

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, 5 July 2017

Executive Board

Cees De Jong
President and CEO

Søren Westh Lønning
CFO

Board of Directors

Ole Andersen
Chairman

Dominique Reiniche
Vice Chairman

Svend Laulund

Tiina Mattila-Sandholm

Per Poulsen

Luis Cantarell Rocamora

Frédéric Stévenin

Kristian Villumsen

Mark Wilson

ADDITIONAL INFORMATION

CONFERENCE CALL

Chr. Hansen will host a conference call on 5 July 2017 at 10:00 am CET. The conference call can be accessed via the Company's website, www.chr-hansen.com.

FINANCIAL CALENDAR

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 3,000 dedicated employees in more than 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.

INCOME STATEMENT

EUR million	Q3 2016/17	Q3 2015/16	YTD 2016/17	YTD 2015/16
REVENUE	278.4	249.8	779.5	693.1
Cost of sales	(127.5)	(116.6)	(360.3)	(327.2)
Gross profit	150.9	133.2	419.2	365.9
Research and development expenses	(17.4)	(16.0)	(51.6)	(44.8)
Sales and marketing expenses	(34.9)	(30.2)	(100.0)	(83.1)
Administrative expenses	(17.5)	(16.3)	(54.0)	(50.3)
Other operating income	0.6	0.3	4.0	1.3
Other operating expenses	(0.1)	-	(0.4)	(0.1)
Operating profit before special items	81.6	71.0	217.2	188.9
Special items	(0.4)	(1.1)	(1.4)	(7.9)
Operating profit (EBIT)	81.2	69.9	215.8	181.0
Net financial expenses	(5.0)	(1.1)	(10.8)	(10.5)
Profit before tax	76.2	68.8	205.0	170.5
Income taxes	(18.3)	(17.2)	(49.2)	(42.6)
Profit for the year	57.9	51.6	155.8	127.9
Attributable to:				
Shareholders of Chr. Hansen Holding A/S	57.9	51.6	155.8	127.9
Earnings per share (EUR)	0.44	0.40	1.19	0.98
Earnings per share, diluted (EUR)	0.44	0.39	1.17	0.97

STATEMENT OF COMPREHENSIVE INCOME

EUR million	Q3 2016/17	Q3 2015/16	YTD 2016/17	YTD 2015/16
PROFIT FOR THE YEAR	57.9	51.6	155.8	127.9
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	(9.8)	3.6	(2.0)	1.0
Cash flow hedges	-	1.1	1.1	(0.6)
Tax related to cash flow hedges	0.1	(0.3)	0.5	0.1
Other comprehensive income for the year	(9.7)	4.4	(0.5)	0.5
Total comprehensive income for the year	48.2	56.0	155.3	128.4
Attributable to:				
Shareholders of Chr. Hansen Holding A/S	48.2	56.0	155.3	128.4

BALANCE SHEET

EUR million	31 May 2017	31 May 2016	31 Aug 2016
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	773.8	726.4	726.5
Other intangible assets	196.0	180.5	185.3
Intangible assets in progress	36.5	41.1	32.5
Total intangible assets	1,006.3	948.0	944.3
Property, plant and equipment			
Land and buildings	136.1	131.4	138.9
Plant and machinery	141.7	136.0	142.5
Other fixtures and equipment	18.4	16.6	16.2
Property, plant and equipment in progress	96.7	67.2	55.7
Total property, plant and equipment	392.9	351.2	353.3
Other non-current assets			
Deferred tax	8.0	6.8	9.8
Total other non-current assets	8.0	6.8	9.8
Total non-current assets	1,407.2	1,306.0	1,307.4
Current assets			
Inventories			
Raw materials and consumables	24.0	21.2	21.5
Work in progress	48.5	46.3	42.4
Finished goods and goods for resale	65.6	58.6	56.2
Total inventories	138.1	126.1	120.1
Receivables			
Trade receivables	151.3	140.3	137.1
Tax receivables	3.8	4.5	4.8
Other receivables	19.3	18.3	16.6
Prepayments	9.9	7.6	9.5
Total receivables	184.3	170.7	168.0
Cash and cash equivalents	62.2	58.7	119.8
Total current assets	384.6	355.5	407.9
Total assets	1,791.8	1,661.5	1,715.3

BALANCE SHEET

EUR million	31 May 2017	31 May 2016	31 Aug 2016
EQUITY AND LIABILITIES			
Equity			
Share capital	177.2	177.3	177.2
Reserves	621.5	489.9	553.1
Total equity	798.7	667.2	730.3
Liabilities			
Non-current liabilities			
Employee benefit obligations	7.7	6.5	7.4
Deferred tax	73.5	58.1	66.4
Provisions	3.1	7.2	2.1
Borrowings	658.4	576.9	601.0
Tax payables	17.5	19.5	17.5
Other non-current debt	-	0.6	-
Total non-current liabilities	760.2	668.8	694.4
Current liabilities			
Provisions	0.1	-	6.2
Borrowings	32.8	147.7	66.7
Prepayments from customers	0.6	0.6	0.8
Trade payables	83.3	71.4	109.8
Tax payables	24.2	23.0	25.5
Other payables	91.9	82.8	81.6
Total current liabilities	232.9	325.5	290.6
Total liabilities	993.1	994.3	985.0
Total equity and liabilities	1,791.8	1,661.5	1,715.3

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)	1.6	155.7	155.3
Transactions with owners:					
Purchase of treasury shares	-	-	-	(20.1)	(20.1)
Exercised share options	-	-	-	23.5	23.5
Share-based payment	-	-	-	2.1	2.1
Dividend	-	-	-	(92.4)	(92.4)
Equity at 31 May 2017	177.2	(33.0)	(2.1)	656.6	798.7

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	0.6	0.4	(0.5)	127.9	128.4
Transactions with owners:					
Exercised share options	-	-	-	17.5	17.5
Share-based payment	-	-	-	2.6	2.6
Dividend	-	-	-	(82.1)	(82.1)
Equity at 31 May 2016	177.3	(33.0)	(3.7)	526.6	667.2

CASH FLOW STATEMENT

EUR million	Q3 2016/17	Q3 2015/16	YTD 2016/17	YTD 2015/16
Operating profit	81.2	69.9	215.8	181.0
Non-cash adjustments	16.5	13.8	40.2	46.6
Change in working capital	7.8	(8.5)	(47.7)	(50.2)
Interest payments made	(2.3)	(2.4)	(6.9)	(7.7)
Taxes paid	(12.7)	(12.4)	(41.1)	(54.7)
Cash flow from operating activities	90.5	60.4	160.3	115.0
Investments in intangible assets	(4.0)	(4.3)	(10.4)	(14.1)
Investments in property, plant and equipment	(18.3)	(15.2)	(61.3)	(46.8)
Sale of property, plant and equipment	-	-	2.3	-
Cash flow used for operational investing activities	(22.3)	(19.5)	(69.4)	(60.9)
Free operating cash flow	68.2	40.9	90.9	54.1
Acquisition of entities, net of cash acquired	-	-	(73.0)	(169.4)
Cash flow used for investing activities	(22.3)	(19.5)	(142.4)	(230.3)
				-
Free cash flow	68.2	40.9	17.9	(115.3)
Borrowings	-	(33.2)	158.1	177.2
Repayment of long-term loans	(51.7)	(2.1)	(143.2)	(14.5)
Exercise of options	1.1	4.3	23.5	17.5
Purchase of treasury shares, net	(13.3)	-	(20.1)	-
Dividends paid	-	-	(92.4)	(82.1)
Cash flow used in financing activities	(63.9)	(31.0)	(74.1)	98.1
Net cash flow for the year	4.3	9.9	(56.2)	(17.2)
Cash and cash equivalents at 1 September	60.6	49.2	119.8	76.4
Unrealized exchange gains/(losses) included in cash and cash equivalents	(2.7)	(0.4)	(1.4)	(0.5)
Net cash flow for the year	4.3	9.9	(56.2)	(17.2)
Cash and cash equivalents, end of period	62.2	58.7	62.2	58.7

SEGMENT INFORMATION

EUR million	Q3 2016/17			
	Food Cultures & Enzymes	Health & Nutrition	Natural Colors	Group
INCOME STATEMENT				
Revenue	162.0	58.5	57.9	278.4
EUR growth	12%	12%	8%	11%
Organic growth	10%	14%	6%	10%
EBITDA before special items	65.9	20.7	9.9	96.5
EBITDA margin before special items	40.7%	35.4%	17.0%	34.7%
Depreciation, amortization and impairment losses	(9.1)	(4.1)	(1.7)	(14.9)
EBIT before special items	56.8	16.6	8.2	81.6
EBIT margin before special items	35.1%	28.3%	14.1%	29.3%
Special items and net financial expenses				(5.4)
Profit before tax				76.2

EUR million	YTD 2016/17			
	Food Cultures & Enzymes	Health & Nutrition	Natural Colors	Group
INCOME STATEMENT				
Revenue	452.9	163.1	163.5	779.5
EUR growth	10%	22%	11%	12%
Organic growth	9%	12%	9%	10%
EBITDA before special items	178.5	56.9	25.3	260.7
EBITDA margin before special items	39.4%	34.9%	15.5%	33.4%
Depreciation, amortization and impairment losses	(26.6)	(12.0)	(4.9)	(43.5)
EBIT before special items	151.9	44.9	20.4	217.2
EBIT margin before special items	33.6%	27.5%	12.5%	27.9%
Special items and net financial expenses				(12.2)
Profit before tax				205.0

SEGMENT INFORMATION

(CONTINUED)

EUR million	Q3 2015/16			
	Food Cultures & Enzymes	Health & Nutrition	Natural Colors	Group
INCOME STATEMENT				
Revenue	144.0	52.4	53.4	249.8
EUR growth	6%	22%	9%	10%
Organic growth	13%	3%	17%	12%
EBITDA before special items	58.9	17.4	8.1	84.5
EBITDA margin before special items	40.9%	33.3%	15.2%	33.8%
Depreciation, amortization and impairment losses	(8.8)	(3.2)	(1.5)	(13.5)
EBIT before special items	50.1	14.2	6.6	71.0
EBIT margin before special items	34.8%	27.2%	12.4%	28.4%
Special items and net financial expenses				(2.2)
Profit before tax				68.8

EUR million	YTD 2015/16			
	Food Cultures & Enzymes	Health & Nutrition	Natural Colors	Group
INCOME STATEMENT				
Revenue	411.8	133.7	147.6	693.1
EUR growth	9%	12%	15%	11%
Organic growth	13%	2%	20%	13%
EBITDA before special items	161.6	45.9	20.4	227.9
EBITDA margin before special items	39.3%	34.3%	13.9%	32.9%
Depreciation, amortization and impairment losses	(26.6)	(8.0)	(4.5)	(39.1)
EBIT before special items	135.1	37.8	16.0	188.9
EBIT margin before special items	32.8%	28.3%	10.8%	27.2%
Special items and net financial expenses				(18.4)
Profit before tax				170.5

SEGMENT INFORMATION

(CONTINUED)

EUR million	31 May 2017			
	Food Cultures & Enzymes	Health & Nutrition	Natural Colors	Group
ASSETS				
Goodwill	540.5	233.3	-	773.8
Other intangible assets	100.6	116.3	15.6	232.5
Intangible assets	641.1	349.6	15.6	1,006.3
Property, plant and equipment	259.0	89.8	44.1	392.9
Total non-current assets excluding deferred tax	900.1	439.4	59.7	1,399.2
Inventories	65.5	26.7	45.9	138.1
Trade receivables	83.2	31.9	36.2	151.3
Trade payables	(41.2)	(14.5)	(27.6)	(83.3)
Net working capital	107.5	44.1	54.5	206.1
Assets not allocated				103.2
Group assets				1,791.8
Invested capital excluding goodwill	467.1	250.2	114.2	831.5
ROIC excluding goodwill	45.0%	26.4%	27.4%	37.4%
Investment in non-current assets excluding deferred tax	46.7	18.6	6.4	71.7

EUR million	31 May 2016			
	Food Cultures & Enzymes	Health & Nutrition	Natural Colors	Group
ASSETS				
Goodwill	538.8	187.6	-	726.4
Other intangible assets	120.2	84.5	16.9	221.6
Intangible assets	659.0	272.1	16.9	948.0
Property, plant and equipment	234.2	76.9	40.1	351.2
Total non-current assets excluding deferred tax	893.2	349.0	57.0	1,299.2
Inventories	57.6	26.6	41.9	126.1
Trade receivables	79.7	29.3	31.3	140.3
Trade payables	(34.2)	(13.3)	(23.9)	(71.4)
Net working capital	103.1	42.6	49.3	195.0
Assets not allocated				95.9
Group assets				1,661.5
Invested capital excluding goodwill	457.5	204.0	106.3	767.8
ROIC excluding goodwill	41.6%	29.5%	22.2%	36.0%
Investment in non-current assets excluding deferred tax	44.3	11.6	5.0	60.9

SEGMENT INFORMATION

(CONTINUED)

EUR million	Q3 2016/17				
	EMEA	North America	LATAM	APAC	Group
GEOGRAPHIC ALLOCATION					
Revenue	124.5	76.1	33.8	44.0	278.4
EUR growth	8%	10%	15%	21%	11%
Organic growth	7%	9%	7%	21%	10%
	YTD 2016/17				
	EMEA	North America	LATAM	APAC	Group
Revenue	337.3	219.4	100.4	122.4	779.5
EUR growth	7%	20%	9%	19%	12%
Organic growth	7%	11%	8%	19%	10%
Non-current assets excluding deferred tax	1,185.4	166.4	33.6	13.8	1,399.2
EUR million	Q3 2015/16				
	EMEA	North America	LATAM	APAC	Group
Revenue	115.0	68.9	29.5	36.4	249.8
EUR growth	5%	27%	0%	8%	10%
Organic growth	9%	14%	15%	16%	12%
	YTD 2015/16				
	EMEA	North America	LATAM	APAC	Group
Revenue	315.7	182.5	92.2	102.6	693.1
EUR growth	7%	20%	4%	17%	11%
Organic growth	10%	8%	22%	21%	13%
Non-current assets excluding deferred tax	1,091.6	162.8	31.6	13.2	1,299.2

ACQUISITIONS

2016/17

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

ACQUISITIONS

(CONTINUED)

2015/16

On 18 February 2016, Chr. Hansen acquired full ownership interest in Nutrition Physiology Holdings LLC and Guardian Food Tech. LLC, USA.

The acquisition expands Chr. Hansen's business within microbial solutions for animal health, especially in the US beef cattle segment, and complements the Company's existing market position within dairy cattle, swine and poultry.

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

EUR million	2015/16
PURCHASE CONSIDERATION:	
Cash paid	169.6
Net assets acquired	60.9
Goodwill from acquisition	108.7

Goodwill represents staff competencies and synergies from innovation, optimization of 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.

EUR million	2015/16
FAIR VALUE OF NET ASSETS ACQUIRED:	
Trademarks	6.3
Technology (patents and other rights)	38.3
Customer relationships	9.7
Property, plant and equipment	2.5
Inventories	3.0
Trade receivables	2.5
Trade payables	(0.8)
Other receivables and payables, net	(0.8)
Cash	0.2
Net identifiable assets acquired	60.9