First you add knowledge...

Danisco A/S
Langebrogade 1
P.O.Box 17
1001 Copenhagen K
Tel. +45 3266 2000
Fax +45 3266 2175
www.danisco.com
info@danisco.com

4 March 2008

Danisco increases outlook for Sugar and commences Sugar separation

Danisco Sugar upgrades its long-term financial targets on the back of an improved outlook for the EU sugar market. Due to a combination of one-offs and better-than-expected performance, Danisco Sugar also lifts its full-year outlook for 2007/08. Furthermore, we provide Danisco Sugar's preliminary outlook for 2008/09. Formal preparations have begun for a spin-off of Danisco Sugar by the end of calendar year 2008. At the same time we are commencing a sales process for the sugar business.

CEO Tom Knutzen states: 'Today's announcement underscores our sustained and determined commitment to create long-term shareholder value. We remain confident that Danisco Sugar has a compelling future as an independent entity due to its strong cash flow generating characteristics that result from it having one of the most efficient sugar production platforms in Europe. We continue our preparations for the independence of Danisco Sugar, in line with what we stated at our AGM in August 2007.'

Highlights

- As announced by the EU in February, a total of 2.5 million tonnes of sugar were renounced in the latest round of quota reductions, with a further cut expected to be renounced by 31 March 2008. We now anticipate greater clarity for the EU sugar market, and an improved balance between demand and supply

- As a result of the improved sugar industry outlook, we raise our long-term financial target for Danisco Sugar to revenue of at least DKK 6.0 billion and an EBIT margin (before special items and share-based payments) of at least 10%, to be achieved after the full implementation of the EU sugar reform

- In 2008/09, we preliminarily expect Danisco Sugar to report revenue of around DKK 7.0 billion and EBIT (before special items and share-based payments) of between DKK 400 million and DKK 450 million

- Due to better operating performance as well as certain one-off items, we now expect Danisco Sugar to report revenue of at least DKK 6.75 billion and EBIT (before special items and share-based payments) of around DKK 600 million in 2007/08

- The full-year 2007/08 outlook for Danisco A/S will be updated in connection with the release of our Q3 2007/08 results on 26 March 2008, in accordance with previously announced plans

- Also as a result of the improved sugar industry outlook, Danisco will now formally initiate preparations for the spin-off of Danisco Sugar to its shareholders before the end of calendar year 2008. Our primary objective remains an independent listing for Danisco Sugar, unless an outright sale of the business proves to be more value enhancing

- Regardless of the outcome of this process, we will ask our shareholders to approve either the spin-off or sale at a general meeting

- We will today host and webcast an analyst and press meeting at 2:00 p.m. CET at our Copenhagen offices.

Improved outlook for the EU sugar market

On 15 February 2008, the European Commission (EC) announced that a total of 2.5 million tonnes of sugar quota had been renounced in connection with the first round of its most recent sugar market reforms (see appendix for EC release). On 26 February, the EC also announced that while it would refrain from introducing a preventive withdrawal for 2008/09, a final quota cut in 2010/11 of 1.1 million tonnes would likely be carried out without compensation should the EU sugar industry fail to announce further quota cuts under the current voluntary scheme. The current scheme allows the sugar industry to either adapt to the lower quota targets by 31 March 2008, by 31 January 2009 (at lower levels of financial compensation), or at a later stage at no financial compensation.

In line with what we indicated already in September 2007 (see Stock Exchange Release no. 29/2007), Danisco Sugar informed the EU on 31 January 2008 that it would renounce around 134,000 tonnes of sugar quota. This will bring Danisco Sugar's total EU sugar quota to around 967,000 tonnes for the quota year 2008/09, excluding 60,000 tonnes of additional quota for refining raw sugar in Finland and before any further quota reduction in the second wave of reform. As a result of the above-mentioned announcements by the European Commission, Danisco Sugar will now enter into negotiations with the beet growers to discuss how best to adjust to the EU targets. At this stage, we anticipate that a quota cut of around 5% is likely to be renounced by the 31 March 2008 deadline. We do not expect this to have any consequence for Danisco Sugar's current production platform.

Mogens Granborg, CEO of Danisco Sugar, comments: 'We see the recent EU announcement as a major positive step towards a more stable sugar market in Europe as it provides a visible mechanism to address the historic issues of oversupply. The European sugar industry is acting responsibly by accepting the determination of the EC to achieve a sustainable balance between demand and supply in the EU market.'

This increased certainty triggers an upward adjustment to our long-term financial targets. We hold more positive assumptions regarding our market position. Furthermore, we are more optimistic regarding pricing of feed and molasses, and the results of the successful restructuring of our sugar business have also started to materialise.

Financial outlook for Danisco Sugar

Outlook for 2007/08

For the current financial year ending on 30 April 2008, Danisco Sugar now expects revenue of at least DKK 6.75 billion and EBIT (before special items and share-based payments) of around DKK 600 million (previously revenue of around DKK 6.75 billion and EBIT of around DKK 500 million). The improved outlook is due to a combination of stronger operating performance and approximately DKK 60 million of one-off items.

Outlook for 2008/09

In order to enhance transparency, we have also decided to provide a preliminary outlook for the financial year 2008/09, which we expect will be a challenging transitional year for the EU sugar industry as it adjusts to the new lower quotas. Therefore, we expect Danisco Sugar to report revenue of around DKK 7.0 billion and EBIT (before special items and share-based payments) of between DKK 400 million and 450 million in 2008/09.

Long-term financial targets

As a result of the sugar reform measures highlighted above, and the improved outlook for the EU sugar industry, Danisco Sugar has increased its long-term financial targets as follows:

- Revenue of at least DKK 6.0 billion
- An EBIT margin (before special items and share-based payments) of at least 10%

Danisco Sugar has previously stated that it was targeting an EBIT margin of at least 10% based on expected revenue of DKK 5.0 billion - DKK 5.5 billion.

Based on our current assumptions as to market developments, these long-term financial targets are expected to be achieved after the full implementation of the EU sugar reform.

As a result of recent restructuring efforts and significant historical capital investment, Danisco Sugar has a well-invested production platform. As such, Danisco Sugar expects capital investments to remain below the expected level of depreciation for the foreseeable future.

Plans to spin off Danisco Sugar whilst soliciting offers from potential acquirers

As a result of the improved outlook for the European sugar market, Danisco has decided to formally commence its preparation for the complete separation of Danisco Sugar by way of a spin-off of Danisco Sugar to existing Danisco shareholders. If the spin-off is implemented, Danisco shareholders would receive one new share in Danisco Sugar for each existing share in Danisco. Danisco Sugar would then be independently listed on OMX Copenhagen.

In conjunction with tax advisers, we have considered all options to effect the separation of Danisco Sugar. The conclusion was that the goal of separating Danisco Sugar can best be achieved by way of a spin-off of Danisco Sugar to existing Danisco shareholders. Danisco is currently in discussions with the Danish tax authorities regarding the taxation consequences of this transaction, and we are confident of achieving the spin-off in a tax-free manner.

In parallel, Danisco will formally commence a process of soliciting offers for Danisco Sugar from potential acquirers.

These actions are consistent with the original objectives outlined by the Chairman of the Board of Directors of Danisco at the time of our Annual General Meeting on 29 August 2007. As previously announced, Deutsche Bank has been appointed as advisers to Danisco in connection with the separation of Danisco Sugar.

Unless an outright sale can be agreed in a timely manner and at a price reflecting the long-term value of the business, it is the Board's intention to spin off Danisco Sugar before the end of the current calendar year.

As previously stated, the Board of Directors will seek shareholder approval at a general meeting before proceeding with a spin-off or outright sale of the business.

Danisco Sugar as an independent business

As a stand-alone business, Danisco Sugar offers attractive investment characteristics:

- Highly cash-generative business model
- Clear market leader in the Nordic and Baltic regions
- Strong and mutually beneficial relationship with the beet growers
- Well-invested production platform
- One of the most efficient sugar producers in Europe
- Well-established customer relationships
- Beet-based bioethanol production in Anklam to commence in autumn 2008
- Other new side-stream products with attractive return characteristics
- Experienced management team and a motivated and stable workforce

Danisco Sugar was established as a separate legal entity in September 2006. It operates independently from its parent company, with Danisco providing only limited support services to Danisco Sugar.

Analyst and media briefing
A meeting and accompanying conference call and webcast for members of the investment community and news media will be hosted by CEO Tom Knutzen, CFO Søren Bjerre-Nielsen and CEO Danisco Sugar Mogens Granborg today at 2:00 p.m. CET at Danisco's headquarters in Copenhagen. Presentation material and access to the webcast are available at www.danisco.com.

Should you wish to take part in the conference call during the presentation, please read the following:
The call-in number is +353 1 436 4265 (you must prefix the number with your international dialling code, as this number is a local Dublin number, also when dialling the digital replay number).

You will be asked to state your full name and company name. It is advisable to call 5-7 minutes prior to the start of the conference. For assistance during the conference call, please dial *0 on your touchtone phone.

The conference call will be available in digital replay until 11 March 2008 at 5.00 pm. To access the recording you will need to dial +353 1 436 4267. The digital replay will have a security code of 1190810#.

For further information, please contact:
Tom Knutzen, CEO Danisco, Tel: +45 3266 2000
Mogens Granborg, Executive Vice President Danisco and CEO Danisco Sugar, Tel: +45 3266 2000

Danisco Investor Relations: Julie Quist, Tel.: +45 3266 2925, investor@danisco.com
Danisco Media Relations: Carl Johan Corneliussen, Tel.: +45 3266 2913, info@danisco.com
Danisco Sugar Media Relations: Dorthe Lindgreen, Tel +45 3266 2588, dorthe.lindgreen@danisco.com

Appendix

IP/08/306

Brussels, 26. February 2008

No preventive withdrawal of sugar in 2008/09; possible final quota cut in 2010 of 1.16 million tonnes

The EU sugar sector faces a possible final quota cut of 1.16 million tonnes in 2010, based on renunciations at this stage under the revised sugar Restructuring Fund. This week the breakdown between Member States for this possible final cut will be delivered to Member States and to the stakeholders with a view to facilitate companies' decision in the second step for 2008/09. The restructuring scheme was drawn up to achieve the structural balance of the sugar market in the medium term where exports are limited to the WTO commitment (1.374 millions tonnes) and imports from LDCs should increase substantially. The reduction objective is set at 6 millions tonnes. Until now, 4.8 millions tonnes have been renounced within the restructuring scheme: 2.2 millions in 2006 and 2007; 2.5 millions tonnes in the first step for 2008/09 and 0.1 million tonnes for 2009/10. If, by 2010, insufficient quota has been renounced within the restructuring scheme, the Commission is mandated to make compulsory quota cuts, with no financial compensation. Based on the 4.84 millions tonnes of renunciations at this stage, the quantity to be cut in 2010 would be 1.16 million tonnes.

These cuts would vary depending on how much each Member State and each company had renounced under the voluntary restructuring scheme. This week, in the Sugar Management Committee, the Commission services will indicate the probable breakdown of the possible final cut of 1.16 million tonnes between Member States. A letter with the same information will be sent to C.E.F.S., the European Committee for Sugar Producers, and C.I.B.E., the European association of sugar beet producers, in order to raise the awareness of the economic actors.

It will be up to the companies to decide either to renounce the quantity before 31 March 2008 under the generous conditions for 2008/09 or to renounce them next year under less attractive conditions or to take the risk of a final cut with no compensation.

Further reductions in the restructuring scheme will reduce any final cut. Moreover the Commission would have to take its decision in February 2010 on the basis of the data available until then and in view of the market balance at that time.

No preventive withdrawal

Having reviewed all of the available information, including the opinions of the various stakeholders, and considering that 2.5 millions tonnes of sugar and isoglucose quotas have been renounced in the first step of the 2008/09 restructuring scheme with additional renunciations expected in the second step for 2008/09, Commissioner Mariann Fischer Boel has decided that there is no justification for a "Withdrawal of Sugar" at this time for 2008/09.

Each year, before 16 March at the latest, the Commission may decide on a (mandatory) withdrawal of quota sugar and isoglucose, if the forecast market situation were to show this to be necessary. The deadline for this decision is to allow producers to adjust areas sown to beet in order to avoid the production of surplus stocks.

Under the improved restructuring scheme, sugar and isoglucose producers have renounced 2.5 millions tonnes of quotas in the first step for the 2008/09 renunciations which ended on 31 January 2008. Following specific provisions for the 2008/09 restructuring scheme, companies which renounced in the first step at least the level of their 2007/08 preventive withdrawal are entitled to take part in the second step until 31 March 2008 and to further reduce their quota under the attractive conditions for 2008/09. Additional quantities are expected to be renounced in that second step. Based on these expectations, a "preventive" withdrawal decision in March is judged not to be necessary. However, if the results of the second phase of the restructuring for 2008/09 are not sufficient so that the market suffers from huge oversupply the Commission might have to come back on the withdrawal in October this year.