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# Chr. Hansen acquires UAS Laboratories LLC to extend the microbial platform and strengthen probiotic production flexibility

Chr. Hansen Holding A/S has today entered into an agreement with the

owners of UAS Laboratories LLC (“UAS Labs”) to acquire 100% of the Wisconsin based B2B company specializing in clinically documented probiotics. The acquisition of UAS Labs will further strengthen and expand Chr. Hansen’s global microbial platform and Human Health business, and is aligned with the strategy of pursuing bolt-on acquisitions that fit into the microbial platform.

UAS Labs is being acquired from the private equity fund Lakeview Equity Partners, management team and other shareholders at a transaction value, net of tax assets, of USD 530 million. UAS Labs has 230 employees and is expected to generate revenues of around USD 85 million and EBITDA above USD 30 million before synergies in 2020.

**Highlights:**

- UAS Labs has a strong organic growth track record based on documented strains and high-potency multi-species blends of dietary supplement probiotics, serving a range of application areas
- 6 trademarked strains within a range of indications including digestive disorders, immune stimulation, infant probiotics, weight management, and other areas
- Broader offerings to customers will generate revenue synergies with current customers, and also provide access to new customers
- Two GMP facilities in Wisconsin, close to Chr. Hansen’s own facilities in Milwaukee, with fermentation capacity and downstream processing, will complement Chr. Hansen’s own facilities, allowing for increased flexibility in phasing of CAPEX projects in the coming years
- Strong fit to Chr. Hansen with significant potentials for production, innovation and commercial synergies, primarily within Human Health
- Chr. Hansen’s outlook for 2019/20 is unchanged, although there will be a minor negative impact to EBIT, depending on the timing of the closing
- Minor EBITDA accretion in 2020/21, EBIT margin neutral to slightly accretive by 2024/25

Closing of the transaction is pending customary regulatory review in the United States.

Mauricio Graber, CEO of Chr. Hansen, said: *“We are excited about the acquisition of UAS Labs and look forward to welcoming all its talented people, to join forces in our shared purpose – to develop and expand the global probiotics market, and we look forward to building upon the strengths of both companies. The two UAS Labs production facilities in the United States will increase our flexibility and capacity to produce, and also create a better balance in our geographical footprint. We believe that the UAS Labs acquisition will accelerate our efforts to grow our Health & Nutrition business globally,*

*especially in the Asian markets.”*

*Kent Velde, President of Lakeview Equity Partners, said: “The leadership and strategic vision of UAS Labs’ executive team, who we originally partnered with in this investment, took UAS Labs to a new level within the global probiotics industry. We are thrilled to have partnered with them. The company is well positioned for continued growth and success within Chr. Hansen’s business platform.”*

*Kevin Mehring, CEO of UAS Labs, said: “Over the past seven years I have been honored to lead the team at UAS Labs with our science-backed probiotic solutions. We have grown and matured in our strain to solution manufacturing capabilities and commitment to clinical research. I could not be more proud of all the dedicated individuals that have worked tirelessly to get us to this point. We are very excited to join Chr. Hansen, and by our shared vision and future.”*

### **Financial implications and outlook**

The acquisition is fully aligned with Chr. Hansen’s capital allocation principles, and does not impact the ability to pay out an ordinary dividend of 40-60% of net profit. The purchase price will be financed from a low-interest bridge facility provided by core banks.

Full-year outlook for organic growth and free cash flow before acquisitions and special items are unchanged. Depending on the timing of the closing, there will be a minor negative impact on the outlook for 2019/20 EBIT margin before special items, but the guidance of around 29.5% is maintained. In 2020/21, there will be a negative impact on group EBIT before special items of around 1%-point (preliminary estimate) due to depreciations of the acquired tangible and intangible assets. The acquisition is expected to have a minor EBITDA accretion already from 2020/21, and to be EBIT neutral to slightly accretive by 2024/25.

### **Conference call**

Chr. Hansen will host a conference call on June 10, 2020 at 17:00 CET. The conference call can be accessed via <https://www.chr-hansen.com/en/investors>

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### **About Chr. Hansen**

Chr. Hansen is a leading, global bioscience company that develops natural solutions for the food, nutritional, pharmaceutical and agricultural industries. We develop and produce cultures, enzymes, probiotics and natural colors for a rich variety of foods, confectionery, beverages, dietary supplements, animal feed, and plant protection. Our product innovation is based on around 40,000 microbial strains – we like to refer to them as “good bacteria”. Our solutions enable food manufacturers to produce more with less – while also reducing the use of chemicals and other synthetic

additives – which makes our products highly relevant in today’s world. Sustainability is an integral part of Chr. Hansen’s vision to improve food and health. In 2019 Chr. Hansen was ranked as the world’s most sustainable company by Corporate Knights thanks to our strong sustainability efforts and our many collaborative partnerships with our customers. We have been delivering value to our partners – and, ultimately, end consumers worldwide – for over 145 years. We are proud that more than one billion people consume products containing our natural ingredients every day. Chr. Hansen was founded in 1874 and is listed on Nasdaq Copenhagen.

### **About UAS Laboratories LLC**

UAS Laboratories LLC, founded in 1979, is a vertically integrated global supplier and manufacturer of probiotic solutions to customers worldwide. The Company provides a comprehensive suite of solutions along the entire probiotic value chain and boasts a differentiated value proposition through deep scientific expertise, world class facilities and capabilities, substantial capacity for growth, vertical integration and global presence. The Company has 230 employees with two manufacturing sites based in Madison and Wausau in Wisconsin, US.

### **About Lakeview Equity Partners LLC**

Lakeview Equity Partners, LLC, established in 2005, is a Milwaukee based private equity fund that focuses on investments in traditional, Midwest-based, middle market companies. Lakeview Equity’s mission is to identify and invest in strong, well-managed companies to help them achieve continued growth and profitability and support ownership change, including ownership opportunities for managers and employees. The firm’s principals have more than a century of collective experience as successful entrepreneurs, chief executive officers and investors.

## **Contacts**



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