



Chr. Hansen today announces that it will initiate a process to explore strategic options for Natural Colors Division.

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Chr. Hansen reports solid 7% organic growth for Q3 – with improved EBIT margin

Full year guidance maintained – new strategy to be presented in August

Chr. Hansen today reports organic revenue growth of 7% in Q3, corresponding to 4% EUR growth, with an improved momentum compared to 1H as expected: Food Cultures & Enzymes 8%, Health & Nutrition 12%

and Natural Colors 1%, increasing the Group organic revenue growth in the first nine months of 2019/20 to 5%. COVID-19 impacts on revenues in Q3 were a net positive. In Q3, EBIT before special items increased by 5% to EUR 97 million, and EBIT margin before special items increased by 0.4 %-point to 30.8%. The full-year outlook on organic growth and EBIT margin b.s.i. is unchanged, while FCF b.a.s.i is increased to above EUR 200 million.

EUR million	Q3 2019/ 20	Q3 2018/ 19	Gro wth	YTD 2019/2 0	YTD 2018/1 9	Gro wth
Revenue	313.8	302.0	4%	880.9	855.2	3%
EBIT before special items	96.5	91.7	5%	249.8	241.3	4%
Profit for the period	70.0	66.5	5%	178.8	175.6	2%
Free cash flow before acquisitions and special items	106.3	48.9	117 %	147.4	56.5	161 %
Organic growth, %	7%	8%		5%	9%	
Gross margin, %	54.9%	56.6%		55.0%	55.4%	
EBIT margin before special items, %	30.8%	30.4%		28.4%	28.2%	
ROIC excl. goodwill, %	35.0%	37.1%		31.8%	34.3%	

Demonstrated resilience

CEO Mauricio Graber says: “We are pleased with our Q3 performance, as our business demonstrated resilience during the first volatile months since the outbreak of COVID-19 thanks to our essential natural ingredient solutions for the food, nutritional and agricultural industries. Customers increased safety stocks of essential ingredients in March and early April, to carry them through potential supply chain disruptions and then inventories began to normalize late April and in May. Our innovative solutions have proved their value, and we were able to continue the strong momentum from recent product launches such as the dairy enzymes CHY-MAX® Supreme and NOLA® Fit, and bioprotection posted another strong quarter. Animal Health continued to perform strongly driven by BOVAMINE® Dairy probiotics; and Human Health also delivered strong growth, supported by consumers’ interest in probiotics with indications for immune benefits. Natural Colors also delivered positive growth driven by FRUITMAX®, despite challenging conditions from COVID-19 and low raw material prices.

“Our Q3 EBIT margin before special items was up by 0.4%-point driven by scalability benefits in production and lower travel expenses due to COVID-19 travel restrictions – however, these positives were partly offset by

higher freight costs that were also driven by COVID-19. Our strong business model and financial position allow us to sustain investments in growth opportunities and innovation. Free cash flow before acquisitions and special items grew by 117% in Q3 and is up 161% after nine months, primarily due to good management of working capital. The Q3 performance was in line with our expectations, and based on the business performance after nine months, we maintain our organic growth and EBIT margin guidance for the full year and increase the free cash flow before acquisitions and special items, although macroeconomic and end-market uncertainty persist due to COVID-19.

“We also completed an acquisition in Q3, and signed another early in Q4. HSO Health Care and UAS Laboratories represent important investments in our microbial platform, and we expect to continue to extend our platform through a disciplined acquisition strategy.

“As part of the strategic review, the Board of Directors and the Executive Board have considered the portfolio of Chr. Hansen, and given that Natural Colors does not share the microbial and fermentation technology platforms, strategic options for the future of Natural Colors will be explored, including a potential sale of the business. We also announce August 25 as the new date for our virtual Capital Markets Day, where we will present all the results of the on-going strategy review.”

OUTLOOK FOR 2019/20

	July 2, 2020	April 16, 2020
Organic revenue growth	4-6%	4-6%
EBIT margin before special items	Around 29.5%	Around 29.5%
Free cash flow before acquisitions, divestments and special items	Above EUR 200 million	Around EUR 190 million

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.

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