



Chr. Hansen has had a mixed start to the year, as expected

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Q1 results in line with expectations, momentum improved in Food Cultures & Enzymes

Organic revenue growth of 1% in the first three months of 2019/20, corresponding to 1% EUR growth, was in line with expectations: Food

Cultures & Enzymes 4%, Health & Nutrition (4)% and Natural Colors (1)%. EBIT before special items decreased by 1% to EUR 70 million, corresponding to an EBIT margin b.s.i. of 25.7%, down 0.6%-point compared to last year. The organic growth outlook for 2019/20 is narrowed to 4-6% whereas the guidance for EBIT margin and free cash flow is unchanged. New preliminary long-term growth ambition of mid to high single-digit organic sales growth per year until 2024/25.

EUR million	Q1 2019/20	Q1 2018/19	Growth
Revenue	272.4	269.4	1%
EBIT before special items	70.1	70.8	(1)%
Profit for the period	49.9	51.1	(2)%
Free cash flow before acquisitions and special items	(6.3)	(32.5)	81%
Organic growth, %	1%	10%	
Gross margin, %	55.3%	54.9%	
EBIT margin before special items, %	25.7%	26.3%	
ROIC excl. goodwill, %	27.8%	31.4%	

CEO Mauricio Graber says: “We have had a mixed start to the year, as expected. Food Cultures & Enzymes delivered good organic growth driven by all segments apart from probiotics, in line with our expectations. The recently launched enzyme for cheese making, CHY-MAX® Supreme, has been very well received by customers and is off to a very good start. In Health & Nutrition, Animal Health showed very strong growth driven by the timing of sales in silage and good momentum in Cattle, whereas Human Health and Plant Health declined, as expected, due to the timing of orders. Natural colors declined due to continued negative raw material price impacts and challenging market conditions but showed a strong EBIT growth of 10% - and growth in the FRUITMAX® range remained strong.

“Our Q1 EBIT margin before special items was down by 0.6%-point, due to the lower margin in Health & Nutrition caused by the lower revenue. The EBIT margin in Food Cultures & Enzymes improved, impacted by a continued positive development in gross margin, and the EBIT margin in Natural Colors also increased, driven by lower raw material prices. We continue to invest in growth opportunities and innovation across our three business areas.

“Even though Q1 was very much in line with our expectations, we are narrowing our guidance for 2019/20. We started the year with a cautious outlook due to the market challenges that we were facing, and those challenges have proven to be persistent. The end-market growth in Food Cultures & Enzymes is not improving, and we also see lower growth in dietary supplements. As a consequence of the lower end-market growth, and reflecting the preliminary conclusions in our on-going strategy review, which will be finalized in April 2020, we are issuing a preliminary long-term growth ambition of mid to high-single digit organic sales growth per year until 2024/25.”

OUTLOOK FOR 2019/20

The organic growth outlook for 2019/20 is narrowed to 4-6% whereas the guidance on EBIT margin b.s.i and FCF is unchanged.

	January 15, 2020	October 10, 2019
Organic revenue growth	4-6%	4-8%
EBIT margin before special items	Around 29.5%	Around 29.5%
Free cash flow before acquisitions, divestments and special items	Around EUR 190 million	Around EUR 190 million

The guidance for EBIT margin before special items and for free cash flow before acquisitions, divestments and special items assumes constant currencies from the time of this announcement and for the remainder of the financial year.

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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