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

**COMPANY DESCRIPTION AND KEY FACTS**

**About UAS Labs**
- US biotechnology company offering probiotic cultures and finished products
- UAS Labs has shifted focus from being a CMO player to develop own products
- Two GMP facilities in Wisconsin, close to Chr. Hansen’s own facilities in Milwaukee, with fermentation capacity and downstream processing
- Commercial presence in over 35 countries
- UAS Labs has a strong organic growth track record based on documented strains and high-potency multi-species blends of probiotics, serving a range of application areas

**Key trademarks and products**
- DDS-1: Digestive disorders
- Immune stimulation
- Infant probiotics
- Weight management
- High-potency multispecies blends

**Key facts**
- ~85 USDm: 2020B revenue
- >30 USDm: 2020B EBITDA
- 35 countries: Offering over 60 private label SKUs
- Founded in 1979: As a scientific CMO focused on dietary supplement probiotics
- 230 employees
- Located in Wisconsin: Close to Chr. Hansen US site
- ~30 USDm: 2020B revenue
- 35 countries: Offering over 60 private label SKUs
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- 230 employees
- Located in Wisconsin: Close to Chr. Hansen US site
Chr. Hansen’s and UAS Labs’ combined capabilities holds significant potentials for production, innovation and commercial synergies

- Broader offerings to customers
- Chr. Hansen’s global infrastructure to complement UAS’ product portfolio
- Two GMP facilities in Wisconsin to complement Chr. Hansen’s own facilities
- Reduced enterprise risk
- Increased flexibility in phasing of CAPEX projects
- Optimization and cost reductions of existing production
HEALTH & NUTRITION

Acquiring UAS Labs will make Chr. Hansen a stronger partner with a full value chain offering to customers across the high-end and mid-tier segments.

FULL SOLUTIONS OFFERING ACROSS ENTIRE VALUE CHAIN

1. Bioprocessing
2. Fermentation
3. Centrifugation
4. Cryo protection
5. Freezing
6. Freeze drying
7. Milling
8. Storage
9. Shipping
10. Blending
11. Dosage
12. Package
13. Final product

Production flexibility
- Today, in Human Health, Chr. Hansen produces bacteria and relies to a large extent on external providers for downstream processing.
- UAS Labs has its own downstream processing, in addition to own fermentation capacity.
- By acquiring UAS Labs, Chr. Hansen increases the capacity to produce and expands the downstream capabilities.
- The result is a stronger partner to customers across the high-end and mid-tier segments, with a full value chain ability to supply anything from fermented bacteria to final product.
FINANCIAL IMPLICATIONS AND OUTLOOK

FY 2019/20 outlook unchanged – EBIT margin neutral to slightly accretive by 2024/25

- Transaction value net of tax assets of USD 530 million
- The acquisition is fully aligned with Chr. Hansen’s capital allocation principles of pursuing bolt-on acquisitions, 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
- Closing of the transaction is pending customary regulatory review in the United States

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<th>FY 2019/20</th>
<th>FY 2020/21</th>
<th>FY 2024/25</th>
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<tr>
<td>Full-year outlook for organic growth and free cash flow before acquisitions and special items are unaffected</td>
<td>Minor EBITDA margin accretion</td>
<td>EBIT margin neutral to slightly accretive by 2024/25</td>
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<td>Depending on the timing of the closing, there will be a minor negative impact on the outlook for FY 2019/20 EBIT margin before special items, but the guidance of around 29.5% is maintained</td>
<td>In 2020/21, there will be a negative impact on group EBIT margin before special items of around 1%-point (preliminary estimate) due to deprecations of the acquired tangible and intangible assets</td>
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<td>Increased flexibility in phasing of CAPEX projects</td>
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