

Hartmann expands with acquisition of Mohan Fibre in India

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Brødrene Hartmann A/S ("Hartmann") has entered into an agreement with the shareholders of Mohan Fibre Products Pvt. Ltd. ("Mohan Fibre") for the acquisition of the company, which sells moulded-fibre packaging to egg and apple producers in India with a particular focus on the northern states of Himachal Pradesh, Punjab and Haryana.

The purchase price is DKK 119 million, corresponding to an EBITDA multiple of around 9. The transaction will strengthen Hartmann's earnings per share (EPS) immediately after the acquisition, which is expected to be completed by mid-2020 conditional on a formal authority approval of Hartmann as a buyer.

Profitable business in an attractive market

Mohan Fibre operates a factory near the city of Chandigarh, which is located around 250 kilometres north of New Delhi. In 2019, Mohan Fibre is expected to generate revenue around DKK 75 million and EBITDA around DKK 13 million based on current exchange rates.

Mohan Fibre is India's largest and leading manufacturer of quality egg and fruit packaging. The transaction establishes a solid platform for Hartmann in the attractive Indian market, which is characterised by a favourable demographic development and increasing egg and fruit production. The combination of population growth and rising urbanisation in the coming years forms a solid foundation for continued development of the retail industry and increasing demand for quality egg packaging. In addition, the penetration of moulded-fibre packaging for protection of fruit is expected to increase as supply chains are professionalised.

"Mohan Fibre is a profitable company and will improve our earnings from day one. The acquisition marks a strategic decision to enter into the great Indian market in which we see significant growth potential," says Torben Rosenkrantz-Theil, CEO of Hartmann.

The expansion is in line with Hartmann's strategy 'Think ahead', which also entails significant investments in existing markets. In 2020, Hartmann will complete a significant capacity expansion in Europe with a particular focus on the British and Southern European markets, significantly expand the existing factory in the US and open a new factory in Brazil.

The acquisition is financed within the framework of the group's existing credit facilities.

Outlook for 2019 and 2020

Hartmann maintains expectations to 2019 of reaching the upper end of the DKK 2.2-2.4 billion range after restatement for hyperinflation and a profit margin around 11% before special items and restatement for hyperinflation. Capital expenditure for 2019 is expected to amount to about DKK 200 million before restatement for hyperinflation against former expectations of around DKK 250 million.

The outlook for 2020 will be presented in the annual report for 2019, which will be released on 10 March 2020.

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About Brødrene Hartmann A/S

Hartmann is the world's leading manufacturer of moulded-fibre egg packaging, a market-leading manufacturer of fruit packaging in South America and one of the world's largest manufacturers of technology for the production of moulded-fibre packaging. Founded in 1917, Hartmann's market position builds on its strong technology know-how and extensive experience of sustainable moulded-fibre production dating back to 1936. Hartmann sells egg and fruit packaging to manufacturers, distributors and retail chains, which are increasingly demanding sustainable packaging solutions and specialised marketing expertise. Our versatile product portfolio is customised to accommodate customer and consumer needs in each individual market. Hartmann sells machinery and technology to manufacturers of moulded-fibre packaging in selected markets. Headquartered in Gentofte, Denmark, Hartmann has 2,000 employees. Hartmann's production platform consists of 12 factories in Europe, Israel and North and South America.

Attachments

- [200129 Company announcement.pdf](#)