

Danish Crown overcomes challenges to grow revenue

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Red meat processor Danish Crown has posted solid financial results for the past year despite a challenging market.



In its results for the financial year 2018/19, the group reported a 21% increase in profit from ordinary operations, up from DKK 2,091m in 2017/18 to DKK2,522m. Revenue was up from DKK53,551m to DKK56,506m, equating to growth of 6% year-on-year.

The profit for the year from ongoing operations was DKK1,953m, on a par with 2017/18.

Its Polish business Sokolów posted a 25% increase in earnings, which is a historical high following the acquisition of the competitor Gzella and despite an 40% increase in raw materials in the second half of the year.

Danish Crown Foods recorded solid earnings, with Baconspecialist Zandbergen and Danish Crown Toppings acquisitions returning particularly strong results, although the margins on, among other things, fresh meat and canned products remain under pressure.

Group CEO Jais Valeur said: *"These are solid financial results. We're seeing a positive development in our processing companies as well as record increases in the price of pork, so while the settlement paid to our owners was critically low in the first half of the year, supplying pigs to Danish Crown has been good business in the second half. The past two to three months have been really good, so it's now a question of keeping up the good work."*

It reported that exports to Asia, especially China, a market which has been severely affected by African Swine Fever, grew significantly during the year. Total pork sales to China alone were up 29% in volume terms and up 63% in value.

Beef concerns

One area of concern for the business was its beef division. It stated that earnings in Danish Crown Beef, which cover the group's beef business in Denmark and Germany, have been under pressure. This was attributed to a weak market for hides and by-products, with prices decreasing by 1.57 kr. per kg. Valeur said that a number of initiatives have therefore been launched to increase and restore earnings in Danish Crown Beef as soon as possible.

Looking ahead, Valeur said there would be more of a focus on value creation. *“Our focus is now on the projects that have been initiated to realise the goal set out in our 4WD strategy of being 0.60 DKK ahead of the European countries against which we benchmark ourselves. During the year, our competitiveness has been improved by 0.34 DKK. We still have some way to go, and we must further increase the value creation from our strong branded products and through organic growth in general.”*

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