

Underpinned by cash and essential products

2 April 2020

In today's trading update, BMK has highlighted that it is well supported by strong financial liquidity and a resilient Genetics division. BMK also benefits from holding sufficient stocks of Animal Health products to support trading. However, the Advanced Nutrition division is likely to face a material impact on demand caused by lower global demand for shrimp arising from the Covid-19 crisis.

BMK's leading role in essential sustainable food production provides support for its long-term growth prospects.

Resilience in Genetics: encouragingly, trading in the Genetics division remains defensive. Short term swings in demand for salmon from the catering sector are not affecting egg sales today owing to the longer (2.5-3 year) production cycle of salmon. Those buying eggs today are looking to the long term.

Advanced Nutrition impact: lower demand for shrimp has caused a reduction in production in most markets. There have been early signs of recovery in China, although this is offset by a backlog of shrimp stocks. Demand for sea bass and bream in main markets has been significantly impacted, leading to a reduction in production and this is subject to further challenges if border restrictions increase. It is currently difficult to judge the full year impact, but the Company warns of significant impact from Covid-19 on this division's earnings.

Adequate stocks in Animal Health: access to stocks of launched products are sufficient to meet ongoing demand and sustain trading. While the forthcoming launch of the Company's proprietary sea lice treatment CleanTreat® + BMK08 remains a key focus, regulatory delays cannot be ruled out whilst efforts are made to halt the pandemic.

Strong liquidity and cost control: BMK responded to Covid-19 by focusing on minimising costs where possible, reducing R&D and capex spend, and controlling working capital, while prioritising the health of its employees and customers. BMK continues to work towards the disposal of non-core activities and restructuring measures as far as current challenges allow. BMK's strong liquidity position of £63.6m cash and undrawn facilities well within covenant levels, underpins operations.

The Company has not given new guidance and we have withdrawn our forecasts with a view to reinstating them once there is greater clarity on earnings, recognising that Advanced Nutrition challenges are likely to have a significant impact.

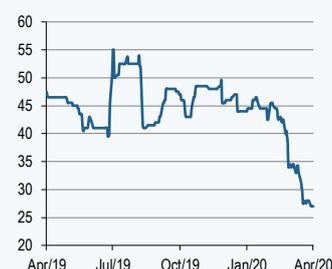
Strong fundamentals

The cash reserves, resilience of Genetics and Animal Health divisions, and long-term fundamentals including the Company's positioning in the food supply chain, all remain defensive factors. This leaves BMK well positioned once the crisis has abated. We look forward to updating our forecasts in late May to reflect interim results / Q4'19 reporting.

Company Data

EPIC	BMK
Price (last close)	27p
52 weeks Hi/Lo	52.5p/27p
Market cap	£180.2m

Share Price, p



Source: ADVFN

Description

Benchmark Holdings (BMK) helps deliver improved healthcare products and services to the Aquaculture industry.

Rising demand from clients for its products and services to manage sustainability practice in worldwide production and supply chains underlines BMK's opportunity for significant organic and external growth.

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