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## Genus sounds note of caution over African swine fever and trade disputes

Investors turned bearish on animal genetics company Genus PLC (LON:GNS) after some cautious comments in its full-year results statement.

The company warned that the external environment for many of its customers is challenging because of trade disputes and the recent spread of African swine fever to China.

**READ:** Genus ordered to pay US\$2mln after cow semen court case  
Peel Hunt responded to the cautious outlook by adjusting its estimates for the current fiscal year by around 4% but left its fiscal 2020 estimates unchanged as it does not see the tricky conditions lasting for too long.

The broker left its 2,600p price target unchanged but downgraded the stock to 'hold' from 'buy'; the shares currently trade at 2,598p, down 4.6% on the day.

Aside from the cautious outlook, this morning's statement was generally a story of growth with revenue in the year to the end of June rising 2% (+6% in constant currency terms) to £470.3mln from £459.1mln the year before and adjusted profit before tax climbing 4% (+6%) to £58.5mln from £56.4mln the previous year.

The results were in line with management's expectations.

Reflecting confidence in the future, the dividend was increased by 10% to 26p from 23.6p the previous year.

"Genus performed strongly in 2018, achieving our financial objectives and making good strategic progress," said Karim Bitar, the chief executive officer of Genus.

Bitar said growth in the dairy and beef cattle business, ABS, was particularly strong, while it was another good year for PIC, the pigs business.

"The successful launch of Sexcel, our innovative proprietary 21st century sexed semen product in September 2017, was a real highlight after many years of pioneering development. It was very pleasing to hear from dairy farmers how the product performance is exceeding their expectations. The commencement of the strategic partnership with Møllevang in July 2018 will further strengthen and bring new opportunities to our PIC business," Kitar said.

### Short-term uncertainty

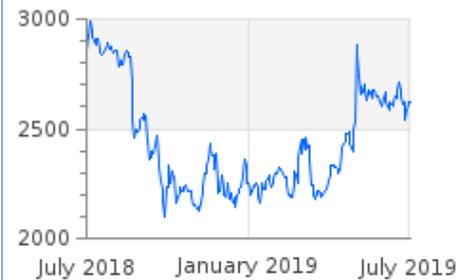
Stockbroker Liberum left its rating at 'hold' and its target price at 2,400p, saying market swings have brought short-term caution but long-term opportunities.

Like Peel Hunt, it has revised the current year estimate for profit before tax down by 4% but unlike Peel Hunt, it has also

**Price:** 2640p

**Market Cap:** £1717.44M

### 1 Year Share Price Graph



### Share Information

**Code:** GNS

**Listing:** LSE

**52 week High Low**  
2,998.00p 2,090.00p

**Sector:** Pharma & Biotech

**Website:** www.genusplc.com

### Company Synopsis:

*Genus' principal activity is the global application of quantitative genetics and biotechnology to animal breeding. The Company operates in five operating segments: North America, Latin America, Europe, Far East, and research and development. The research and development segment includes research, bovine product development and porcine product development.*

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trimmed 2% off next year's forecast.

"Genus is confident in the future growth prospects for the business yet trade disputes, FX volatility and the recent outbreak of African Swine Fever in China bring short-term uncertainty. While the short-term market-led outlook is cautious, in the mid-term, this may bode well for Genus given it may increase the need for breeding stock," the broker said.

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