



**HAARSLEV™**

# PRESS RELEASE 4Q-2020



**POULTRY  
RENDERING**



**MEAT  
RENDERING**



**FISH  
PROCESSING**



**INDUSTRIAL  
PROCESSING**



## A DIFFICULT YEAR DOMINATED BY UNCERTAINTY AND NEW WAYS OF WORKING

*"2020 was a year dominated by the COVID-19 pandemic, increased market uncertainty and continuous adaption to new ways of working. We have encountered many challenges during this difficult period, yet it has been truly impressive to see how our extraordinary team at Haarslev, our customers, partners and suppliers together, have managed to keep the wheels running in the rendering industry. I am thankful and extremely proud to be part of this great organization.*

*Our ability to continue our operations and deliver equipment to our customers through these difficult times have been a testimony to the resilience of our operating model. Nevertheless, it was necessary for us to adjust our operations and undertake a short-term cost reduction program, focusing to balance cost against the new activity levels, to ensure an operational and financially efficient business model.*

*The global pandemic caused severe restrictions and uncertainty, which led many customers to postpone projects, in turn leading to a lower order intake in the first nine months of the year. Yet in the fourth quarter, we saw the first signs of market recovery with multiple large projects materializing and many new projects coming into our pipeline. Though we finished the year with a strong order intake, we expect an even higher intake in the next three months and look forward to working with both existing, and new customers on their upcoming projects.*

*While ensuring the safety of our employees and customers, we have focused on finding smarter ways to deliver solutions and services, at the right quality and at the right time. Along with the changes in our operating model, we have made major improvements in our operational efficiency and delivery performance. Additionally, I am very pleased that we achieved the best possible score for working environment in a recent audit by the Danish Working Environment Authority.*

*At the end of the year, we successfully renewed our financing facilities, ensuring Haarslev is well prepared for the future.*

*All in all, 2020 was an exceptional year, but I firmly believe that we came out as a stronger and more efficient company, ready to offer the best service to our customers going forward.*

HAN DEFAUWES, CEO

## A NEW HOME IN BRAZIL

- In July Haarslev Brazil moved to a new and improved facility, only a few blocks from the previous location.
- The new building has been completely remodeled to support all activities including engineering, sales, services, as well as storage and workshop.
- The move is part of our strategy to further improve our setup and operating model across logistics, assembly, quality control and project management.
- The new facilities provide improved efficiency in our workflows, while the size and layout offer excellent storage capacity and a highly efficient workshop.
- We now look forward to welcoming customers to our new, modern office facilities.





## NEW FACTORY IN GERMANY

- In December we opened a new manufacturing site in Germany, designed and optimized for manufacturing workflows and production of world-class press parts.
- The site is equipped with state-of-the-art manufacturing machinery and offers separate machining and grinding sections, as well as multiple heavy-duty cranes to ensure safe loading and assembly.
- The new site will be home to an outstanding team of Haarslev employees, who amongst other skills, are highly specialized in hard-facing of steel and alloy base materials with tungsten carbide.
- The site is already fully operational and has delivered multiple orders to our customers.
- The site covers 6.500 m<sup>2</sup> and, in line with our sustainability focus, the building is a low energy construction with a 145 kW photovoltaic system and integrated heat exchangers.

## FY 2020 HIGHLIGHTS – PRELIMINARY NUMBERS

- Order Intake in 4Q-20 was strong and well ahead of the pre-COVID average of 2019.
- Full year order intake ended exceeding updated expectations for the year.
- Revenue and EBITDA are in line with expectations.
- Order book ended at a level of 45% of the trailing twelve months revenue.
- 18% reduction of SG&A cost against 2019.
- Increased operational efficiency and EBITDA margins in third and fourth quarter.

## MARKET UNCERTAINTY LEADING TO POSTPONED ORDERS

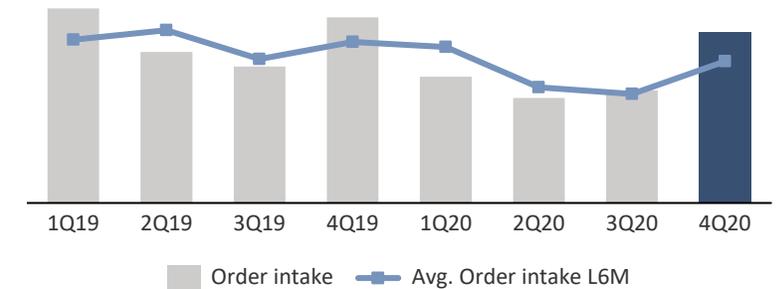
- As uncertainty swept through the market, we saw projects being postponed or cancelled, while our service and installation crews were restricted from travelling to customer sites, in turn negatively impacting our order intake.
- During Q1-Q3 we experienced an absence of greenfield and large projects across all industries and geographies.
- In the fourth quarter we managed to book several greenfield projects across multiple regions, in turn ending the quarter with an outstanding order intake, further improving our market position.
- In Q1-20 we anticipated a recovery trajectory where activity levels would start to normalize around 4Q-20. While the market is yet to return to normal levels, we are seeing signs of market recovery as postponed projects started coming in during the fourth quarter and with an upturn of new projects being initiated. Additionally, Jan-21 was very strong.
- Our current outlook indicates continuous recovery and a strong order intake in the first quarter.

## ADJUSTING TO THE NEW REALITY

- We entered the year 2020 with an order book of EUR 111 mln, allowing us to cushion the impact of the lower order intake. However, we saw profit levels under pressure in the first half of the year as activity levels were reduced, and our production site in China was forced to a complete shutdown during January due to COVID restrictions.
- During the year we made a number of changes to our operating model to adjust to the new situation, and to increase flexibility and focus across the supply chain. In combination with an ambitious short-term cost reduction program, we managed to adjust to the new situation, improving our delivery performance and profitability.

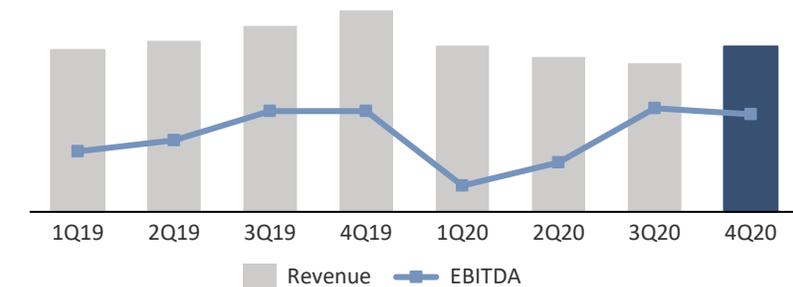
### ORDER INTAKE

(EUR MLN)



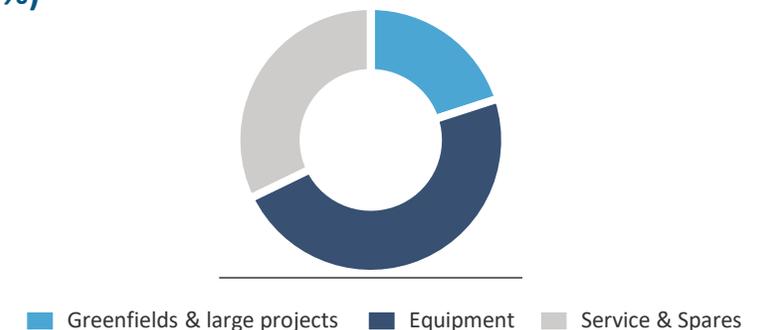
### Revenue and EBITDA margin

(EUR MLN, %)



### Revenue by business mix

(%)



# OUTLOOK

- Travel restrictions will remain in force in the coming months, limiting our ability to travel and perform onsite services in certain countries.
- Continuous market recovery is expected during the year, with more normal activity levels anticipated in the second half of the year.
- Steel prices are at the highest level since late 2018 and expected to increase further during 2021.
- We will continue ramping up our focus on sustainability and our contributing to a sustainable future.
- Opportunities for automation and the digital transformation in rendering industry are immense. We will continue to further tighten our partnership with CORE to offer state-of-the-art solutions within advanced process control systems.

# SELECTED PROJECTS

- Over the years, Haarslev have delivered equipment into more than 120 countries around the world. In 2020 we were able to add yet another country to the list when Haarslev was selected by “Fresh Chicken Albania” to design and supply a modern rendering plant for their poultry processing plant in Fier, Albania.
- In early 2011 Haarslev was selected as supplier to a large greenfield facility in Saudi Arabia. The Rendering facility comprised of 4 lines which were to process Poultry by-products materials coming from the slaughterhouse and was to be supplied on a turnkey basis. Haarslev delivered, installed and commissioned the facility on time in 2012. Since then, the facility has been producing some of the highest quality poultry protein meals and fat anywhere in the world. We are honored that the customer decided to continue our cooperation and in October, placed the order for a new line for this facility to cover projected increases in volume in the next years.

*“Haarslev has been the leading provider of rendering equipment in Saudi Arabia for decades and it is great to see the recognition for our dedication and support during the years gone by” says Henning Haugaard, CCO.*

- In 2001 Haarslev built a greenfield continuous rendering plant for Foyle Meats in Northern Ireland. The plant has performed very well since it was commissioned and in August 2020, we won the order to replace and upgrade the cookers in the plant. Our delivery will comprise a disc cooker, two Batch sterilizers and a new decanter.

*“The order was won in tough competition. The excellent service provided by Haarslev during the many years of operation, along with the tenacity of the sales team, was the deciding factor for the customer” explains Martin Gaffney, Haarslev UK Director.*

- Haarslev is currently executing an order for several fish meal plants for the company “Russian Fisheries”. The first of the series of supertrawlers being built, the “Vladimir Limanov” is currently undergoing sea trials with two Haarslev commissioning engineers onboard.

*“This is the first plant in a series of meal plants which will set a new standard for yield as well as meal and oil quality produced on a ship. We are excited to test and prove the fish meal plants performance in the coming weeks” says David Coen, COO at Haarslev.*

