



PRESS RELEASE 1Q-2021



POULTRY
RENDERING



MEAT
RENDERING



FISH
PROCESSING



INDUSTRIAL
PROCESSING



GOOD START TO THE YEAR AND POSITIVE OUTLOOK FOR THE MONTHS TO COME

"We've started the year in a strong position with orders received above budgeted levels, continuing the positive trajectory from 4Q-20, bringing our order intake in the last 6 months to a total of circa EUR 110 mln.

The market outlook and dynamics this year are vastly different from the situation only one year ago. While 2020 was off to a difficult start with significant uncertainty, 2021 started on the back of a strong finish to 2020 and continued the positive trajectory throughout this quarter. The pipeline continues to grow in all industry segments, and we are expecting a good order intake in the coming months.

We are very grateful for the level of trust our customers continue to put in us, and we are working together across the entire Haarslev organization to meet and exceed customer expectations.

Our improvement initiatives are starting to pay off as we are seeing a strong delivery performance and substantially improved resiliency of our operating margins. As the market is coming back, this provides a strong platform for further improvements in our service levels and investing in innovation.

As part of our efforts to bring the best technology and solutions to our customers, we are proud to have entered a strategic partnership with TOMRA Food. We believe that Haarslev's process and rendering expertise combined with TOMRA's market leading sensor-based sorting technology will help our customers on their journey to attain unprecedented levels of efficiency, food safety and product quality.

While the pandemic is still at large, we continue our key focus on the safety of our employees and customers. Yet, we are excited about the times ahead and look forward to starting new projects with existing and new customers across the globe."

HAN DEFAUWES, CEO

1Q 2021 HIGHLIGHTS

- 1Q-21 was another strong quarter with a high order intake and good inflow of new projects in our pipeline
- Revenue was in line with expectations and is expected to increase in 2H-21 as a reflection of the higher order intake during 4Q-20 and 1Q-21
- EBITDA margins remain solid and are expected to increase further as volume goes up in 2H-21
- Cash flow has improved and liquidity is stabilized at more comfortable levels

ORDERS RECEIVED AT HIGH LEVELS

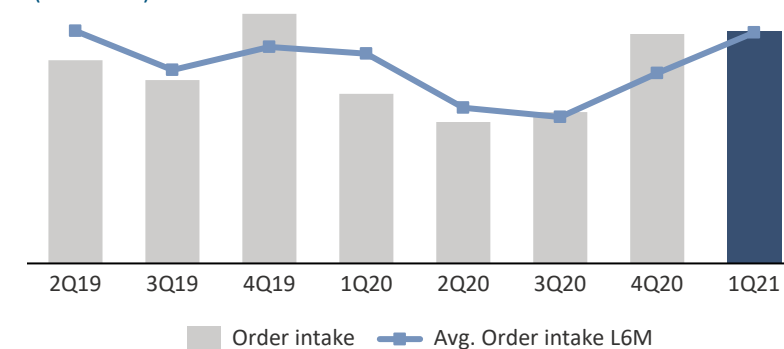
- Markets continues to stabilize and converge towards pre-COVID levels in most regions
- In line with our expectations, 1Q-21 was another strong quarter with orders received at high levels, our average order intake for the last 6 months are at the same level as full year 2021 expectations
- Our Service & Spare parts business, Global Services, are running at full speed despite ongoing travel restrictions and delivered yet another quarter with strong order intake
- We continue to see new projects coming in across all industry segments with orders covering single machines, complete process lines and Greenfields
- Outlook for the second quarter indicates yet another strong period with a very healthy business mix

OPERATIONAL EFFICIENCY

- During the pandemic, ensuring the safety of our employees and customers has been a key priority, however, we have maintained focus on finding smarter ways to deliver solutions & services, at the right quality and at the right time
- We continued to implement improvement initiatives across business lines, which have strengthened our delivery performance and the resiliency of our operating model. In turn, this has enabled us to maintain healthy EBITDA margins despite lower than usual revenue levels
- Improvement initiatives will continue during 2021 and are expected to further improve our services and performance. Ultimately, the benefits will be shared with our customers through more competitive offerings

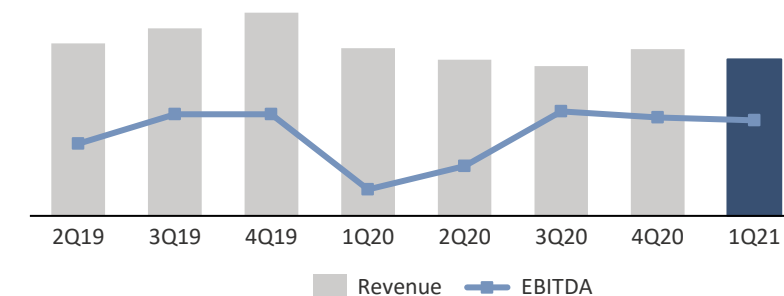
ORDER INTAKE

(EUR MLN)



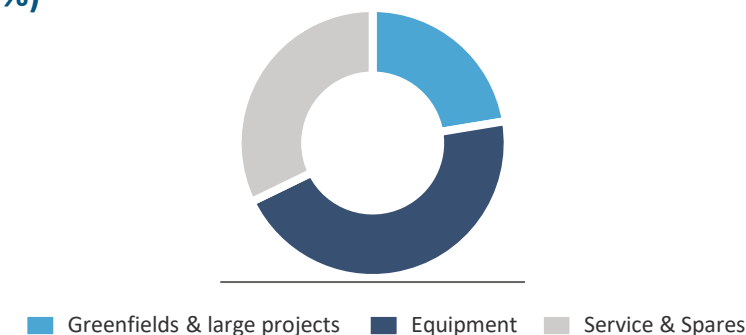
Revenue and EBITDA margin

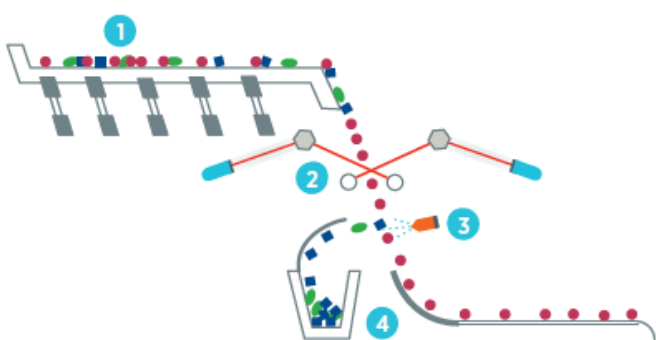
(EUR MLN, %)



Revenue by business mix

(%)





- 1 Infeed conveyor (unsorted)
- 2 Lasers
- 3 Precise air guns
- 4 Accept/ reject

WORKING PRINCIPLE

A feed shaker uniformly spreads the ground frozen meat over the free-fall chute. The product falls down towards the inspection zone, where it is scanned by lasers. A few milliseconds later the defects are hit with a precise powerful burst of air sending them into the rejection zone while the good product continues its natural free-fall.



STRATEGIC PARTNERSHIP

TOMRA FOOD AND HAARSLEV FORM STRATEGIC PARTNERSHIP TO BRING NEW TECHNOLOGY TO THE GLOBAL RENDERING MARKET

TOMRA Food and Haarslev have formed a strategic partnership to introduce new sensor-based sorting technologies to the global rendering industry. This is expected to be a game-changer in the industry, enabling renderers and by-product processors to attain unprecedented levels of efficiency, food safety and product quality.

This new partnership is established at a time of increasing demand for higher-quality, sustainable raw materials in the global feed and pet food industry.

Bringing the latest technology to the market

Many renderers will be familiar with the problems that can be caused in product streams by foreign materials such as gloves, hairnets, metal clips, plastic tags, foil, stones, and broken glass. Some of these foreign materials are initially large and easy-to-see objects but can be reduced in size by grinding processes to almost invisibly small fragments. If just one of these fragments reaches the end-product, customer complaints can escalate into expensive product recalls and long-lasting reputational damage.

The latest sorting technologies protect renderers, pet food producers, retailers, and consumers against these risks by detecting and ejecting foreign material's tiniest fragments with reliable accuracy. TOMRA's world-leading sorting machines can detect and eject foreign material according to appearance and color and according to structure and composition.

TOMRA's sorters' accuracy means that they remove unwanted materials with low levels of false rejects, minimizing product waste. And because TOMRA's technologies enable renderers to pre-determine desired bone meal levels and protein content, premium ingredients can be tailored to fetch a premium price.

Henning Haugaard, CCO of Haarslev, said: *"We see a strong shift in the market towards increasing the end-product quality. One of the main challenges faced by renderers is foreign materials in processed animal protein. TOMRA Food has proven its strength in removing foreign bodies in various ways and is, therefore, the ideal partner for our customers and us."*

HAARSLEV PAPER

Haarslev has this year launched its first ever white paper – or ‘Haarslev paper’ as we affectionately refer to it.

The topic for this first publication is “Meal cooling operations”, the idea behind this paper – and the additional papers to come – is to give fact-based information to renderers about certain technological aspects or challenges within the industry.

The Haarslev paper can be found on our website www.haarslev.com and we hope you will enjoy reading it. If you want to give us feedback or input for upcoming papers, feel free to this by mail to Innovation@haarslev.com



OUTLOOK

- We expect travel restrictions to remain in force during 2Q-21 and ease up during summer, though still limiting our ability to travel and perform onsite services in certain countries through the end of the year
- Number of exhibitions will remain low during 2021. We always appreciate meeting new and existing customers and would prefer to participate in every exhibition. We are however carefully considering and evaluating the situation for each exhibition and participate wherever possible considering the COVID situation
- Steel prices are at the highest level since late 2018 and expected to increase further during 2021. We are using a series of instruments to mitigate the risk of further increases, but expect that some impact on pricing will be unavoidable

SELECTED PROJECTS

- In March, Haarslev was chosen by Grupo Gusi as supplier for their new continuous rendering plant in Mexico. The plant will have the capacity to process by-products from the slaughter of 2.300 cows per day. The plant is foreseen to increase its capacity in the future to approx. 4.000 animals per day in an extension project for the rendering facilities.
- In January, Haarslev was awarded the contract for the design and supply of a modern rendering plant for Frimesa's meat plant in Assis Chateaubriand in Brazil. This plant is based on our well proven CC1800US continuous cooker and a HM100 Coil dryer for blood.
- In Q1, Haarslev added another five ship-based fish meal plants to its order books. The plants are for two different Russian fishing companies and will be delivered between 2021 and 2022. With these last plants in the books, Haarslev have now sold fifteen modern low energy plants which will be installed on fishing vessel deployed in the Sea of Okhotsk and the Bering sea. *"We will be looking into establishing a service base for all our customers land- and ship-based plants in the Eastern Province within the coming year"* says Maxim Kaslauskas, General Manager of Haarslev Russia.
- Outside our traditional business areas of Meat and Fish, Haarslev Disc dryers are also used in a number of Industrial applications. During the first months of 2021, we have already secured orders for nine of our largest dryers for Industrial applications. These Haarslev dryers are for various undisclosed projects in Northern Europe.

