



PRESS RELEASE 3Q-2021



POULTRY
RENDERING



MEAT
RENDERING



FISH
PROCESSING



INDUSTRIAL
PROCESSING



MAINTAINING MOMENTUM AND A POSITIVE OUTLOOK

"For three consecutive quarters, we have delivered order intake at strong levels. In Q3, we saw a slow down during the summer period and two large orders moving to Q4, in turn leading to a lower-than-expected order intake. Nevertheless, orders in the first 9 months of 2021 were up 35% compared to the same period last year - and the two large orders were booked in the first half of Q4.

Revenues in Q3 continued to grow in line with expectations and are now at the level of 2019. Operating margins stabilized despite the significant increases in steel and component prices. To partly offset higher costs, we had to adjust our prices during the quarter. As development on steel pricing remains difficult to predict, we do our utmost to ensure the lowest possible cost for our customers, and we strive to continuously keep customers updated on the latest developments and potential impact on our pricing.

While lead times on everything from steel to electronic components continue to increase, we have taken decisive steps in building up strategic inventories to ensure customer deliveries. Operational cash flow year-to-date remains positive despite the significant inventory buildup.

Making our customers successful is our key priority and in doing so, we remain firmly committed to bringing new and better solutions to our customers. In the third quarter, we launched a new patent-pending sealing solution that will help customers reduce leakage and maintenance costs.

Our pipeline continues to build up across all industries and geographies, and we remain positive for the outlook ahead. Our forecast for the fourth quarter of 2021 is strong, and we target a step-up in volume and operational profits as we look into 2022. We are excited about the times ahead as we maintain momentum and a keen focus on customer success and continued innovation while ensuring customer deliveries."

HAN DEFAUWES, CEO

3Q 2021 HIGHLIGHTS

- Order intake for the first 9 months are up 35% compared to the same period last year, despite a slow intake during the summer
- Revenues continued a steady growth trajectory
- Margins stabilized in the third quarter despite the significant impact of increasing component and material cost and global mobility and logistical challenges

ORDERS RECEIVED

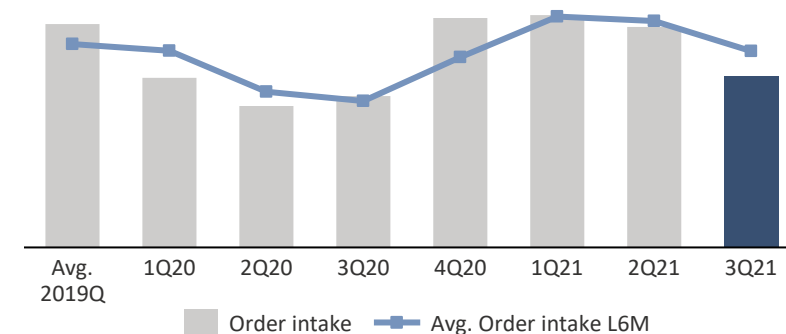
- Following three consecutive quarters of high order intake, we saw a slow down during the summer period leading to a lower than expected order intake. Two larger orders expected in 3Q were slightly delayed and were instead been received in 4Q
- Our relentless focus on improving our aftermarket offerings, services, and delivery times are being recognized by the market, illustrated by a YoY volume increase of 25% compared to third quarter of 2020
- Our pipeline is building up and we continue to see new projects coming in across geographies and industry segments
- Pipeline of large greenfield and modernization projects is particularly strong, we have already received orders for two greenfield projects in Q4 and expect additional greenfield orders to materialize in the quarter

OPERATIONAL EFFICIENCY

- While the global material shortage continued to impact our operations in 3Q-21, we continued to see our delivery performance improve as we maintained our focus on ensuring timely delivery of goods to our customers
- Our relentless pursuit to improve the end-to-end spare parts handling continued throughout 3Q-21 with decisive steps in strategic inventory buildup, go-live with a new spare parts warehouse and further digitization of processes to support shorter leads times to our customers
- A strategic partnership was formed within the shipping and logistics area, which in combination with internal changes have already proven fruitful to reduce response- and quoting times on project shipping

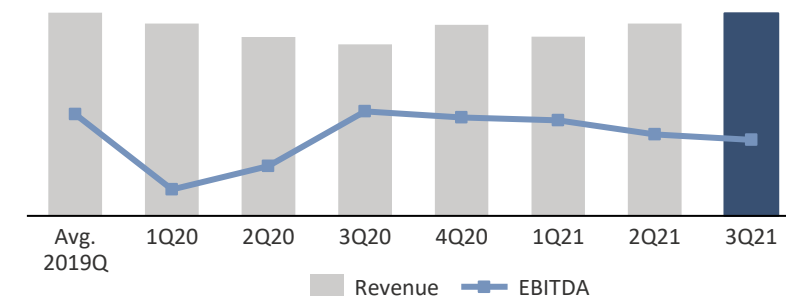
ORDER INTAKE

(EUR MLN)



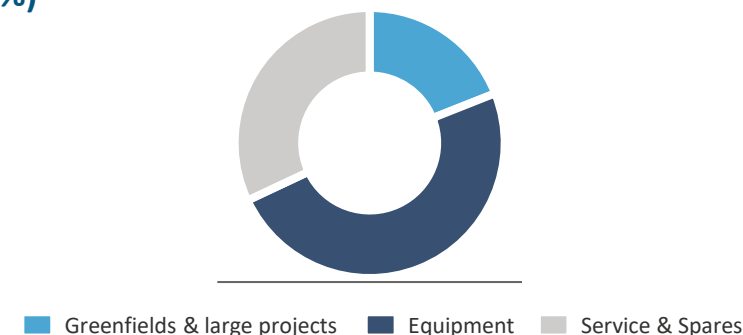
Revenue and EBITDA margin

(EUR MLN, %)



Revenue by business mix

(%)



NEW FLEXICON™ SEALING SOLUTION

Introducing our new patent-pending Flexicon™ sealing. It is a flexible stuffing box shaft sealing for rotating parts, allowing the stuffing box house to move with the radial and vertical movement of the shaft.

With Flexicon, tests have shown a significant decrease in leakages, up to as much as 99%, as well as a decrease in service and maintenance time.

The sealing solution can be used for all slow rotating equipment in the wet areas of a rendering or fish meal plant such as screw conveyors, Bin screws, Rotating Strainers, etc.

Flexicon™ is available for shafts seals with diameters from Ø70 to Ø170 mm.

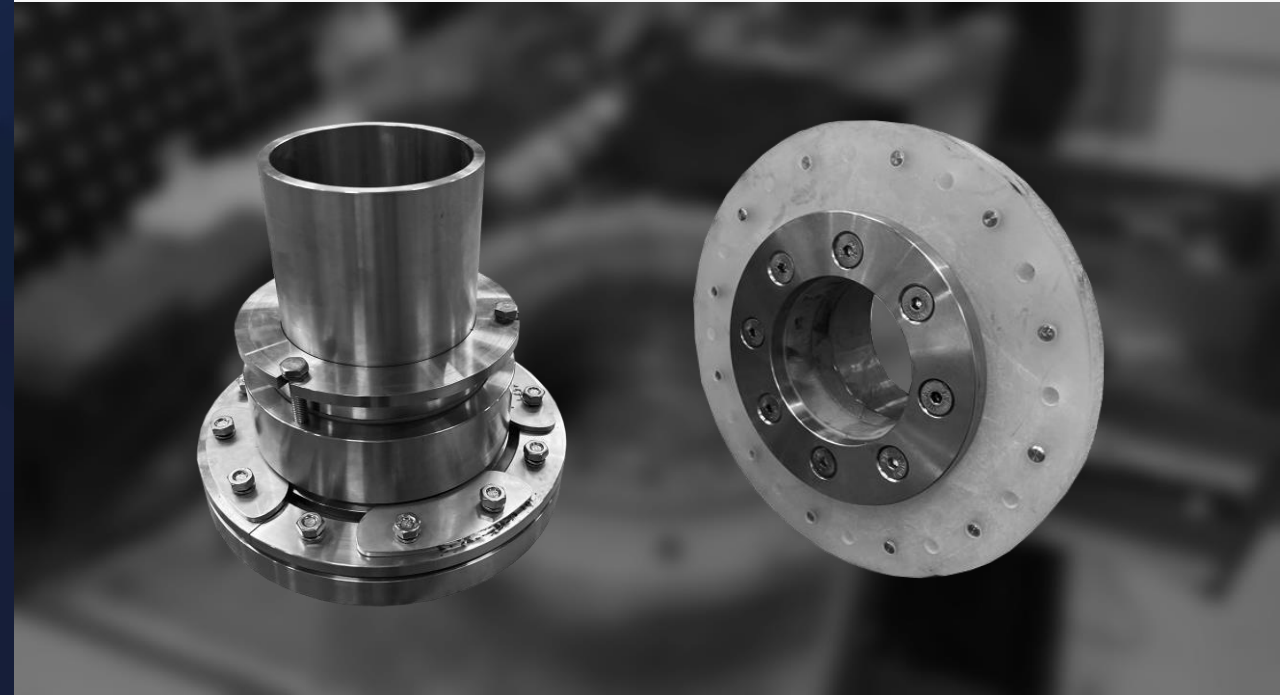
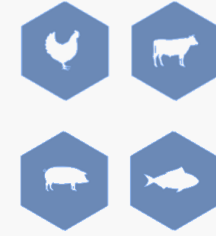
BENEFITS

- Limiting the leakage from the stuffing box house with up to 99%
- Improves the lifetime of the braided packing up to 10 times or more
- The overall service time is drastically lowered compared with fixed stuffing box houses
- Lower total cost of ownership



SCAN

OR LINK



“We do not have the same challenges with retightening packing and replacing packing cords ... this is something we would recommend to others.” –Jonas Løth, Foreman, FF Skagen

OUTLOOK

- Market conditions are expected to remain challenging due to the global logistical challenges and radical price increases in commodities and container shipping. Haarslev benefits from a balanced exposure to global economies and local markets through its global footprint and diversified business mix, in turn partly mitigating these challenges
- Outlook is positive with significant growth expectations for both top and bottom line, supported by a strong pipeline and improved financial and operational performance
- Growth is not expected to be linear but based on opportunities and economic fluctuations. Operational results may vary from quarter to quarter due to general economic developments, fluctuations in orders received and timing of deliveries of larger projects

SELECTED PROJECTS

- In July, we secured another order for a new Batch plant from our long-term customer Fakieh Poultry Farms in Saudi Arabia for installation at a new site which the company has just acquired. This brings our total to 3 separate plants with this important customer.
- In August we won an order for the supply of an ATEX approved disc dryer and a Twin screw press. The two machines will be used for the processing of Soy Protein Concentrate
- Also in August, we were awarded a contract from company “Yakovlevsky” a subsidiary of the Russian pork processor Agro Belogorie. Yakovlevsky built their first plant with Haarslev in 2012. This latest order is a further expansion of the original plant adding cooking capacity and odor abatement technology
- In September we secured a contract for a new continuous feather rendering plant for a large agro-industrial customer in Southeast Asia. Our business relationship with this customer spans over almost 40 years. *“We are very proud to again be the selected process supplier and continue the long-standing relationship”* says Aakon Schüssel – Regional Director APAC



DELIVERY OF A STATE-OF-THE-ART PROTEIN RECOVERY PLANT IN AUSTRALIA

During 3Q-21 we have been busy finalizing the installation and commissioning of a state-of-the-art Protein Recovery plant at Midfield Meat International in Warrnambool, Australia.

The impressive plant combines dry- and wet rendering processes to convert by-products from Bovine and Ovine slaughtering into valuable feed and pet food ingredients.

The project saw the worst of COVID-19, leading to delays in the civil works, delays due to scarcity of shipping containers, and severe travel restrictions in Australia prohibiting overseas specialists from entering the country.

Through hard efforts from a combined workforce of Haarslev specialists, local contractors and customer personnel, it was possible to overcome all obstacles and in October, Midfield announced the first shipment of premium dried ovine meal for export – another important milestone for this great plant.

“Midfield is an inspiring and ambitious family-owned company with strong values and we are proud to have worked through the challenges and built this plant together with them”

Henning Haugaard, CCO, Haarslev Industries



ANOTHER GREENFIELD PROJECT IN THE US

Haarslev Industries has a long-standing and proud history as the market leader in rendering equipment for the Poultry industry in the United States. Additionally, we have delivered several largescale greenfield projects within the Pork industry in the past five years.

We are delighted to further extend our presence in the U.S. with several greenfield projects for the Beef sector in 2021. In Q3, we were awarded another order for a greenfield beef rendering plant in the Midwest. The plant will recover tallow for further processing into renewable Biodiesel and premium feed grade meal.

"We are honored by the trust granted to us in the award of this project, and we are looking forward to working with all stakeholders, as well as the local and global Haarslev team to make the project a success," says Troels Svendsen, President Haarslev Inc.

