



# **DEIF A/S**

2020 ANNUAL REPORT ABSTRACT  
(CVR NO. 15798416)



## Group overview

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### Parent company

	<b>DEIF A/S</b> Skive, Denmark
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### Consolidated subsidiaries

	<b>DEIF do Brasil (100%)</b> Campinas, Brazil
	<b>DEIF Electrical (Shanghai) Co., Ltd. (100%)</b> Shanghai, China
	<b>WPT China Holding A/S (55.22%)</b> Skive, Denmark
	<b>DEIF WPT Shanghai Co. Ltd (100%)</b> Shanghai, China
	<b>DEIF MEDiterranea SARL (100%)</b> Sophia-Antipolis, France
	<b>DEIF GmbH (100%)</b> Bensheim, Germany
	<b>DEIF India Pvt. Ltd. (100%)</b> Mumbai, India
	<b>DEIF Korea Co. Ltd (100%)</b> Busan, Republic of Korea
	<b>DEIF Mexico S.A. de C.V. (100%)</b> Mexico City, México
	<b>DEIF Norge AS (100%)</b> Tønsberg, Norway
	<b>DEIF Asia Pacific Pte Ltd (100%)</b> Singapore, Singapore
	<b>DEIF Middle East FZE (100%)</b> Dubai, UAE
	<b>DEIF (UK) Limited (100%)</b> Manchester, England
	<b>DEIF, Inc. (100%)</b> Wood Dale, Illinois, USA
	<b>DEIF WPT Austria GmbH (100%)</b> Klagenfurt, Austria

# Financial highlights of the DEIF group

Seen over a five-year period the development of the group can be described by the following financial highlights:

Highlights	2020 (DKK 1,000)	2019 (DKK 1,000)	2018 (DKK 1,000)	2017 (DKK 1,000)	2016 (DKK 1,000)
<b>Profit/Loss</b>					
Net turnover	531.932	566,723	544,726	620,942	609,817
Gross profit/loss	291.865	315,466	292,209	323,114	328,426
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	79.954	75,502	22,369	52,248	55,149
Earnings before interest, taxes (EBIT)	17.903	29,474	-17,426	21,312	24,558
Profit/loss before tax	3.006	16,182	-30,343	9,478	12,176
Annual profit/loss	5.044	13,060	-24,745	7,081	6,772
<b>Balance sheet</b>					
Balance sheet total	633.664	599,608	563,905	541,382	497,949
Equity	188.894	187,085	174,250	201,291	188,434
<b>Cash flows</b>					
Operating activities	54.201	47,084	31,347	22,363	56,456
Investment activities	-81.402	-65,562	-80,142	-74,938	-68,509
Of this, tangible and intangible fixed assets	-81.452	-65,823	-80,077	-74,238	-67,837
Financing activities	33.137	23,555	49,909	52,714	10,027
Annual change in cash	5.935	5,077	1,114	139	-2,026
<b>Number of employees</b>					
Denmark	337	350	396	399	397
Foreign subsidiaries	206	196	228	237	241
Total	542	546	624	636	638
<b>KPIs</b>					
Growth	-6,1%	4.0%	-12.3%	1.8%	-1.2%
Gross margin	54,9%	55.7%	53.6%	52.0%	53.9%
EBITDA – margin	15,0%	13.3%	4.1%	8.4%	9.0%
Profit margin (EBIT)	3,4%	5.2%	-3.2%	3.4%	4.0%
Return on capital employed	2,8%	4.9%	-3.1%	3.9%	4.9%
Solvency ratio	29,8%	31.2%	30.9%	37.2%	37.8%
Return on equity	2,7%	7.2%	-13.2%	3.6%	3.7%

The ratios have been prepared in accordance with the recommendations and guidelines of The Danish Society of Financial Analysts.

# Financial highlights of the DEIF group

(Converted into EURO rate date 1/1 2021)

Seen over a five-year period the development of the group can be described by the following financial highlights:

Highlights	2020 (EUR 1,000)	2019 (EUR 1,000)	2018 (EUR 1,000)	2017 (EUR 1,000)	2016 (EUR 1,000)
<b>Profit/Loss</b>					
Net turnover	71.516	75,870	72,948	83,405	82,026
Gross profit/loss	39.240	42,233	39,132	43,401	44,176
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	10.749	10,108	2,996	7,018	7,418
Earnings before interest, taxes (EBIT)	2.407	3,946	-2,334	2,863	3,303
Profit/loss before tax	404	3,946	-4,063	1,273	1,638
Annual profit/loss	678	1,748	-3,314	951	911
<b>Balance sheet</b>					
Balance sheet total	85.194	80,272	75,517	72,719	66,979
Equity	25.396	25,046	23,335	27,037	25,346
<b>Cash flows</b>					
Operating activities	7.287	6,303	4,198	3,004	7,594
Investment activities	-10.944	-8,777	-10,732	-10,066	-9,215
Of this, tangible and intangible fixed assets	-10.951	-8,812	-10,724	-9,972	-9,125
Financing activities	4.455	3,153	6,682	7,057	1,342
Annual change in cash	798	680	149	19	-271
<b>Number of employees</b>					
Denmark	337	350	396	399	397
Foreign subsidiaries	206	196	228	237	241
Total	542	546	624	636	638
<b>KPIs</b>					
Growth	-6,1%	4.0%	-12.3%	1.8%	-1.2%
Gross margin	54,9%	55.7%	53.6%	52.0%	53.9%
EBITDA – margin	15,0%	13.3%	4.1%	8.4%	9.0%
Profit margin (EBIT)	3,4%	5.2%	-3.2%	3.4%	4.0%
Return on capital employed	2,8%	4.9%	-3.1%	3.9%	4.9%
Solvency ratio	29,8%	31.2%	30.9%	37.2%	37.8%
Return on equity	2,7%	7.2%	-13.2%	3.6%	3.7%

The ratios have been prepared in accordance with the recommendations and guidelines of The Danish Society of Financial Analysts.

# Introduction

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DEIF A/S's annual report for 2020 has been prepared in accordance with the Danish Financial Statements Act regarding large enterprises in reporting class C.

## The Group's primary activities & strategy

DEIF develops, manufactures and markets digital solutions and electronic products for the global energy and marine markets – with a focus on production, distribution and consumption of electrical energy (electricity).

Development and production takes place in the parent company in Denmark. Sales, development, delivery and servicing of customer solutions takes place in both the parent company and subsidiaries.

DEIF's main objective is to provide technology that helps to improve the environment and supports green growth. This objective is driven by a number of global megatrends:

- Higher energy consumption, increasingly based on electricity.
- A political desire to limit global warming and reduce air pollution.
- Renewable energy has become economically competitive relative to oil and gas.
- Green energy technology is a significant growth engine in the global economy.

In recent years, DEIF has invested heavily in developing solutions in renewable energy with a particular focus on wind turbines and hybrid energy technologies that combine various sources of energy, including solar panels and batteries.

Through its products and solutions, DEIF contributes to the optimisation of fuel consumption in decentralised power production and ships, and the company supports the cleanest technologies, such as conversion to bio-based fuels.

Increased electrification creates a high demand for supply security and cybersecurity. DEIF contributes to this with technology for complex emergency power systems that protect e.g. data centres, hospitals and vital infrastructure from power failures.



# Business areas & strategic objectives

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DEIF has divided the market into three business areas:

## Marine & Offshore

DEIF is by far the largest global supplier of power management solutions for ships and offshore entities, as well as special instruments for ship bridges. DEIF supplies components and complete solutions for securing and optimising the often very complex power generation and distribution on ships. DEIF also helps ensure maximum safety on the ships' bridges through the delivery of custom-designed and extremely reliable instrumentation.

Marine & Offshore Technology helps to reduce pollution from shipping through a "green marine" programme that focuses on minimising fuel consumption by optimising power supply, while always taking into account the ships' safety and power needs.

## Land Power

DEIF is among the leading global suppliers of control systems for decentralised power production. DEIF provides solutions for generator systems and power plants based on e.g. diesel, gas, steam and hydropower, as well as hybrid solar/diesel/battery systems. DEIF is also the leader in control systems for complex emergency power systems ("critical power").

Land Power focuses on green and economic solutions that optimise the power production relative to the demand, to minimise the consumption of fuel. DEIF's technology promotes the use of more environmentally friendly power sources such as solar panels and biogas.

## Wind Power

DEIF is a leading global supplier of control system technology for wind turbines of all sizes. The solutions are based on a very deep knowhow, including all knowledge about the control systems of wind turbines.

The solutions include hardware, software and IT for complete control and monitoring of individual wind turbines, and also entire wind parks. They are used for both new wind turbines and to retrofit existing turbines. DEIF's strategy is to work closely with wind turbine owners to minimise Total Cost of Ownership.

Wind Power helps promote the expansion and optimisation of wind turbines. Using DEIF's technology can optimise the performance of wind turbines and minimise service costs for owners.

# Management's statement on the annual report

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The Board of Directors and the Management have today considered and adopted the annual report of DEIF A/S for the financial year 1. januar - 31. december 2020.

The annual report has been prepared in accordance with the Danish Financial Statements Act. We consider the accounting policies applied appropriate and the used financial estimates sound. Thus, the complete annual report provides a true and fair view of the Group's and parent company's assets and liabilities, financial position and the results of the Group's and parent company's activities and cash flows.

In our opinion, the management report gives a true and fair view of the financial standings and conditions it deals with, and it describes the Group's most significant risks and uncertainties.

We recommend that the annual report be approved at the annual general meeting.

Skive, 7 July 2021

## MANAGEMENT

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**Toke Foss**  
CEO

## BOARD OF DIRECTORS

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**Mogens Filtenborg**  
Chair

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**Birgitte Brinch Madsen**

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**Frederik A. Foss**

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**Peter H. Røpke**

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**Hans Henrik Pontoppidan**

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**Søren Dahl Christensen**  
Staff-elected

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**Ole Ravnborg**  
Staff-elected

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**Jacob Danielsen**  
Staff-elected

# The past year & expectations for the coming year

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## The Group

DEIF's turnover decreased by 6.1% to MDKK 531.9 (MDKK 566.7 the previous year) while our gross profit similarly dropped to MDKK 292. The decrease in turnover and gross result primarily happened in our Marine & Offshore business area while we saw a smaller decrease in Land Power, and Wind Power achieved a marginally improved turnover.

The decrease in turnover can be attributed to the Covid-19 pandemic which resulted in diminishing sales in Q2 and Q3 due to customer cautiousness and de-stocking in investment-heavy business areas. This trend was reversed in Q4.

Our financial performance result (EBITDA) was MDKK 80, an improvement over the previous year (MDKK 75.5) and resulting in a satisfactory 15% EBITDA margin. We achieved this through tight and efficient cost control.

Our net result is a MDKK 5 profit compared to MDKK 13 the previous year. This is not a satisfactory level. It is, however, seen as acceptable that we achieved a positive result in a very difficult year characterised by uncertainty and decreased turnover due to Covid-19. In addition, the result is influenced by major depreciation on development projects; MDKK 49.3 compared to MDKK 31.8 the previous year. These projects are expected to make a positive contribution to our future development and revenue.

## The coming year

Markets have bounced back in the wake of Covid-19, and DEIF is winning market shares, for example through increased sales of newly developed products. As a result, we expect increased turnover and revenue in 2021.



# Operational & financial risks and basis of earnings

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## Capital resources

The company has the necessary credit facilities to finance next year's operations.

## Operations & markets

DEIF's business typically consists of permanent and longterm customer relationships, and the company generally has an advantage in a relatively wide geographical area and customer distribution. However, an increasing share of sales is project-oriented for specific markets, which reduces the spread and thus increases the risks relating to specific customers and countries

## Currency exchange risks

Activities abroad mean that revenue, cash flows and equity are affected by price movements in a number of currencies. For each currency, ongoing evaluations are made on whether to hedge the exchange rate risk-taking into account the related costs, relative to DEIF's total risk.

The main currency risk for DEIF is related to movements in USD and CNY.

## Interest rate risks

Moderate changes in interest rates will have no significant direct effect on earnings. The interest rate risk on secured debt was partially hedged by an interest rate SWAP.

## Credit risks

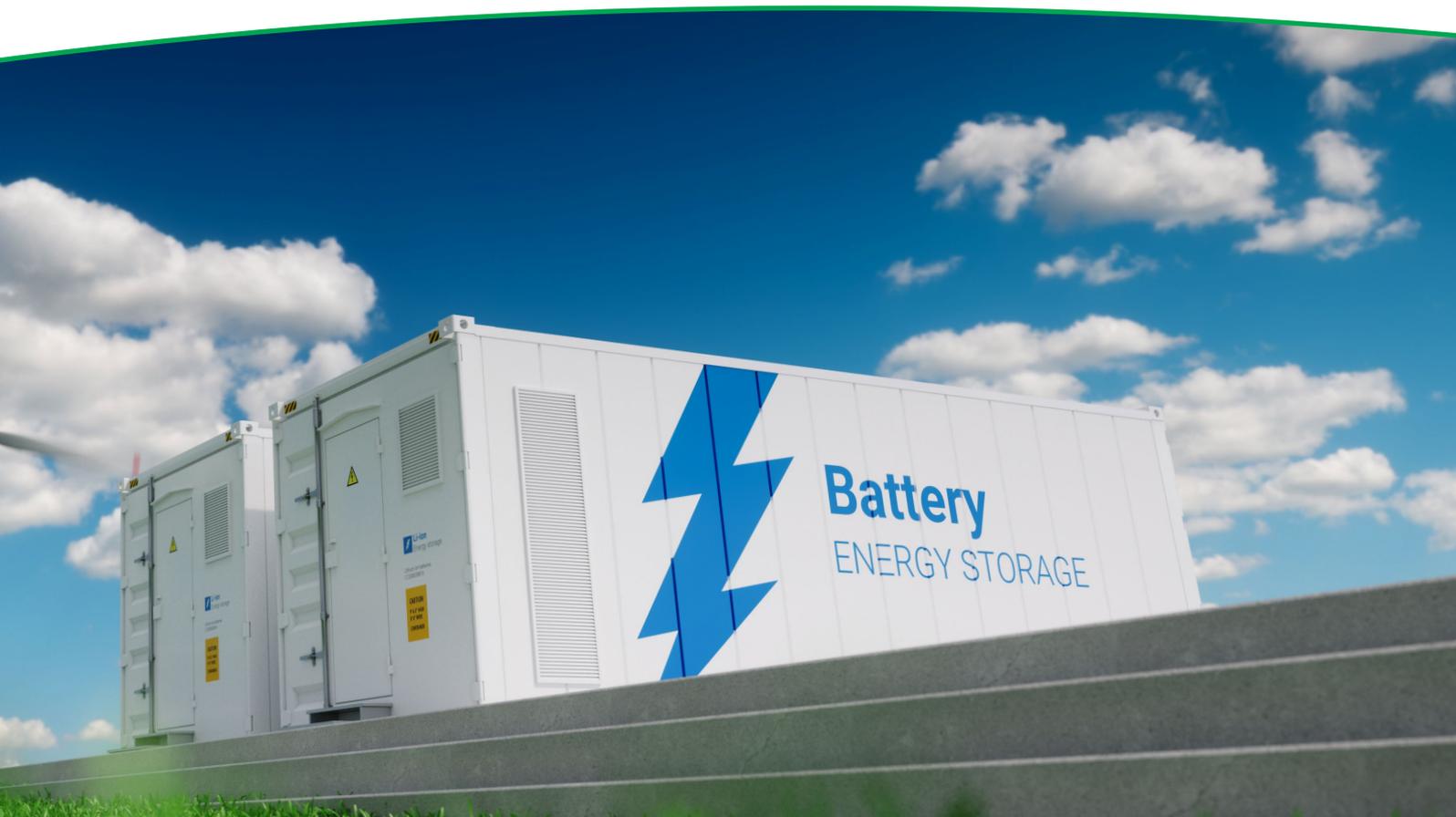
A systematic credit assessment was made of all significant customers and credit is only offered within the internally adopted credit limits. Credit insurance is sought for trade with major customers in relevant markets.

The group does not have any risk relating to individual customers that would be cause for concern with regard to the overall financial situation.

## Research and development

DEIF invests a significant share of its turnover in product development, spending DKK 68.2 million (12.8% of turnover) in 2020 compared to DKK 64.7 million (11.4% of turnover) the previous year. An additional DKK 72.7 million was invested in new applications and products (DKK 60.5 million in 2019).

This amounts to a sustained and very significant investment in the future. DEIF is a technology company, and it is of critical importance that all software and hardware platforms and derived products are leading compared to the market standard. In recent years, DEIF has invested great resources in developing completely new product platforms and successfully implementing a series of products based on these platforms. Over the coming period, additional new market-leading products will be introduced based on these platforms which will make decisive contributions to future growth.



## CSR & code of conduct

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### Following the principles of UN Global Compact

DEIF has been a member of the UN Global Compact initiative since 2016, which sets 10 general principles for socially responsible corporate work with regard to human rights, working environment, safety and environment, as well as anti-corruption.

We have developed policies and guidelines within each of the four areas that have been communicated and implemented throughout the company. They are formalised in the 'DEIF Code of Conduct', DEIF's internal code of practice, which follows the principles of the Global Compact.

### Ambitions, activities and aims

At the end of 2018, we set a number of goals and activities for 2020 within CSR management and the four areas.

During 2020, we worked systematically to implement the planned activities and achieve the objectives. New goals and activities were also set for 2021.



# CSR & code of conduct highlights from 2019

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## In the overall CSR work, we have undertaken the following activities in 2019, among others:

- Preparation of the 'DEIF 2030 Strategy', which was approved by the Board of Directors in December 2020. The DEIF 2030 Strategy is a long-term vision for a sustainable development of the company, aiming for profitable growth with a strong focus on clean and green solutions.
- DEIF supports an initiative to make responsible and climate-friendly development part of the Danish Constitution. The so-called 'Green Constitution' is a joint initiative between NGOs, political parties and several large, Danish companies.
- The annual CSR risk analysis did not reveal any serious CSR risks in 2020. 578 projects were screened for CSR risks with a special focus on risk of corruption throughout the global value chain. No major project risks were identified.
- In-depth review of CSR compliance following the guidelines set up by the UN in the Global Compact Self-Assessment Tool allow us to monitor compliance and progress as well as to identify areas of improvement in our CSR work. In 2020, assessments were carried out in Denmark, China, Singapore, Brazil, India and Korea. The assessments show a strong commitment and compliance to the principles laid out and that CSR is an integrated part of the business. The 2020 audit of compliance with the DEIF Code of Conduct among 40 dealers, service partners and other DEIF partners showed compliance with the DEIF Code of Conduct.

## Next steps in sustainable management 2021

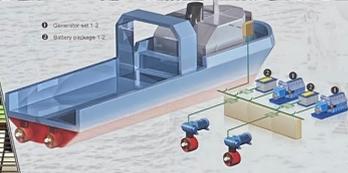
- Covid-19: Continue the effort to ensure the health and safety of the employees, while keeping the business running.
- Long-term development vision: Communicate and implement the DEIF 2030 Strategy in the global organization and prepare strategies for all business units and functions that support the vision.
- Monitor climate impact: Prepare for implementation of a system to monitor the climate footprint and handprint of DEIF's activities as the basis for continuous improvement.
- CSR risk management: Continue the annual CSR assessments and risk screening of projects in the global organization.

See the full CSR Report 2020 at:  
[www.deif.com/about/corporate-social-responsibility](http://www.deif.com/about/corporate-social-responsibility)





Download the new whitepaper:  
**BATTERY HYBRID POWER  
 in MARINE APPLICATIONS**  
 deif.com/whitepapers



● Generator set 1.2

● Battery package 1.2



»Even though we only have used the battery hybrid solution for a short while, we already have saved **12-13% on fuel consumption** – a number that we expect to increase with time. Furthermore, we predict to reduce the genset operational hours with approx 35% per year. It has been a pleasure working with DEIF, and we now have a well-functioning solution for a complex installation thanks also to the competent project team from DEIF.«



**Alf Magne Simonsen**  
 Project Manager  
 Eidesvik  
 Subsea 7 i-Tech



Scan the QR code to download the whitepaper

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Learn more at [deif.com](http://deif.com)

