



### Special points of interest:

- Organizational development
- Focus on project management
- Expansion of production capacity
- Market development
- Energy matchmaking - a new way to stimulate business
- New markets
- Exhibitions
- New test facilities
- New products



*The factory with the new administration building in Baelum, Denmark.*

### Market - and product development at C.F. Nielsen A/S

**Increasing demand in most markets in 2008 have brought us closer to customers, resulting in more focused product development of machines and applications.**

#### Organizational development

During the year, we continued to strengthen our organisation. New employees joined the company in the following departments: Sales, Engineering, Production and Finance and Administration. The expansion has made it necessary to enlarge our administration building, which can be seen in the picture above.

#### Focus on project management

The increasing number of machines sold and the higher amount of more complicated lines has led us to change the way we handle our projects when a sale has been completed.

Each project is now handled by one project manager, who communicates with the customer and co-ordinates activities between our sales, engineering, production and installation staff to secure better communication through the whole project. We have in the past experienced that many of our customers were not fully prepared for receiving the machinery.

Due to this we have focused more on testing raw materials and communicating more about lay-outs and electrical

installations. The two Project Managers handling the projects are Rasmus Christensen and Kjeld Juhl Nielsen.



Rasmus Christensen



Kjeld Juhl Nielsen

### Expansion of production capacity

We manufacture most of the components for our systems ourselves, which results in improved quality and flexibility as well as shorter delivery times. During 2008, we invested in a new state-of-the-art machining center, which will make it possible to meet the increasing demand during the coming years.



### Market development

During 2008, more governments passed legislation on reduction of

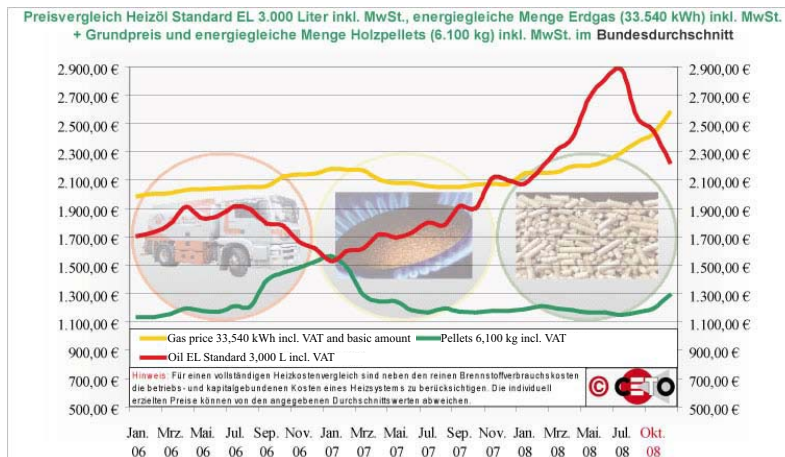
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CO2 emissions of 20-30% within a fairly short period. In most countries these measures have been followed by support schemes to motivate companies to invest in renewable energy. During the year the oil price reached a record high – more than USD 150 per barrel - before dropping to the lowest level in 5 years, due to the financial crisis. We expect the oil price to increase again in the near future, but even with an oil price at the present level, it is still a good investment to invest in a briquetting plant. In spite of the financial crisis, we still have a positive outlook for 2009.

To offset the impact of the financial crisis, we will – together with our distributors and customers – seek to use the full potential of new government support schemes for renewable energy. Furthermore, in certain markets we will be able to use preferential financing and credit insurance programs supported by the Danish or local governments.

### Energy matchmaking – a new way to stimulate business

In many markets, briquettes are still unknown, and even though many of our potential customers have high amounts of waste that can be turned into bio fuel briquettes, it is often difficult for many new customers to fill their production capacity for their new briquetting plant during the first years. To help new customers, we have created a new function inside our company. The purpose of this new

function is to create a link between potential customers for our machines and potential customers for bio fuel briquettes.



Potential customers for bio fuel briquettes will in the beginning be energy companies in Scandinavia and U.K. Later we will expand to other markets. It is important to observe that it is not our intention to compete with our customers, but to help new and existing



Brian Schou Nielsen

customers in finding a new market for their briquettes. For more information about the new function, please contact Brian Schou Nielsen at [bsn@cfnielsen.com](mailto:bsn@cfnielsen.com). In the near future, we will present a

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thorough analysis of the advantages of briquettes against other biomass.

#### New markets

2008 was another record year, where we managed to expand our sales into new markets, of which the U.K. and Finland were some of the most important. The year showed as expected, an increase in plants for industrial fuel.

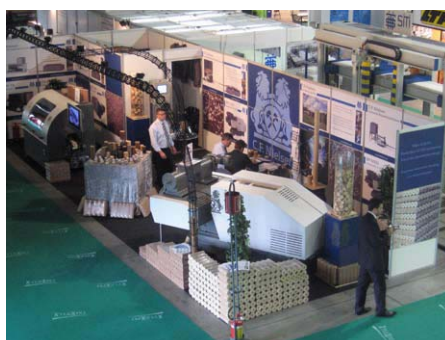
Bogma in Sweden was integrated into our company and renamed CFN Bogma. CFN Bogma is handling the sales and service activities in Sweden, Norway and Finland for the entire product range. During 2008, we strengthened our external sales organisation and entered distribution agreements in the U.S. and France.

#### Exhibitions

During 2008, we participated in local exhibitions in Bosnia, Croatia, Canada, France, Russia, Sweden, Portugal, U.K., and U.S.

Important international exhibitions in 2008:

- Xylexpo, Milano, Italy, May 27-31
- IWF, Atlanta, USA, August 20-23



We had the opportunity to meet customers and other business associates from all over the world. The exhibitions were very successful. During 2009 you can meet us again at several local exhibitions as well as the Ligna exhibition in Hannover from May 18-22.

#### New test facilities

During 2008, we expanded our test facilities to include the newest product development and control systems.



We are now able to test most dry raw materials and mix them and add water or additives, to improve briquette quality.

#### New products

During 2008, we continued to expand our product program with the following:

- BP6500 HD - A new and stronger version of the BP6000 HD. The BP6500 HD should always be used for production of briquettes with centre-hole and square briquettes 75x75 mm. The BP6500 will as standard be equipped with the Advanced Briquette Control system including touch screen control panel.



- All BP6000 HD can be mechanically upgraded to a BP6500 HD. Just ask for a quote.

- Mobile BP5500-6000 - The range of

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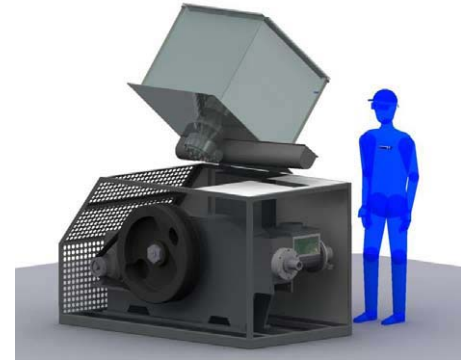
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mobile units now include two of our largest briquetting presses.

- Mobile Walking Floor (to substitute a storage silo) This new unit is made in a 40' container with a capacity of approx. 35 cbm per hour (depending on raw material)



- Advanced Briquette Control system – The new control panel has been updated with numerous options. Please contact us for further information.



- New units – During 2009, we will introduce new units with base frame, dosing silo and control panel for our models BP2000 and BP3200. These units are offering an improved value for money and will also be easier to install and offer several other improvements.

- Furthermore, we will introduce a new BP2500 during the 1st half of 2009.

We look forward to continue the good co-operation with customers and other business associates in 2009.

Best regards

**C. F. Nielsen a/s**

Mogens Slot Knudsen  
Managing Director and Co-owner

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