



Q2 2017 presentation

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Q2: Strong order intake, solid performance with delays in orders booked off



- Revenue of €244 million
 - Q2 2016: 264m
- Order intake of €273 million
 - Q2 2016: 231m
- Order book €419 million
 - Q2 2016: 307m
- EBIT* €35.9 million or 14.7%
 - EBIT* Q2 2016: 15.0%
- EPS 2.62 euro cents
 - Q2 2016: 3.09 euro cents



**Adjustments in Q2 2017 consist of €6.3 million amortization of acquisition-related intangible assets (PPA); €6.6 million in Q2 2016*

Business overview for the first half of 2017



POULTRY

Good market conditions and strong competitive position

Solid operational performance and profitability as well as volume and order intake

Marel is reaping the benefits of a steady flow of innovative products

54% of revenue
17.6% EBIT margin



MEAT

Solid first half of the year with good margins, order intake and volume

Good projects secured around the globe including Greenfields in growth markets

Marel is strengthening its position in South America with the acquisition of Brazilian Sulmaq

33% of revenue
14.0% EBIT* margin



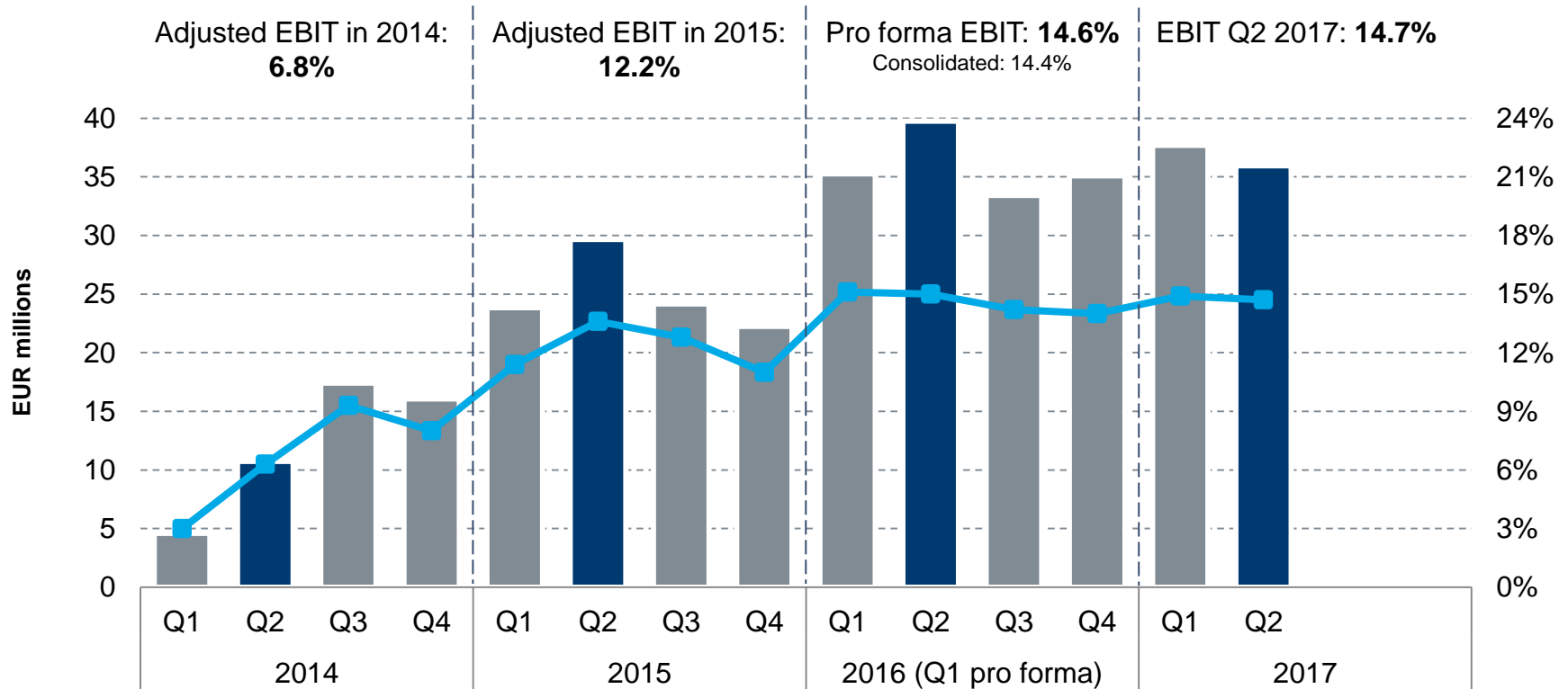
FISH

Revenue and margins affected by product mix and timing of deliveries of large orders

Market conditions remain good in the fish industry and order book is strengthening

12% of revenue
2.9% EBIT margin

Solid operational performance



— EBIT —■— EBIT as % of revenue

Note: Operating income adjusted for amortization of acquisition-related intangible assets (PPA) in 2016-2017. 2014-2015 EBIT adjusted for refocusing cost and acquisition costs.



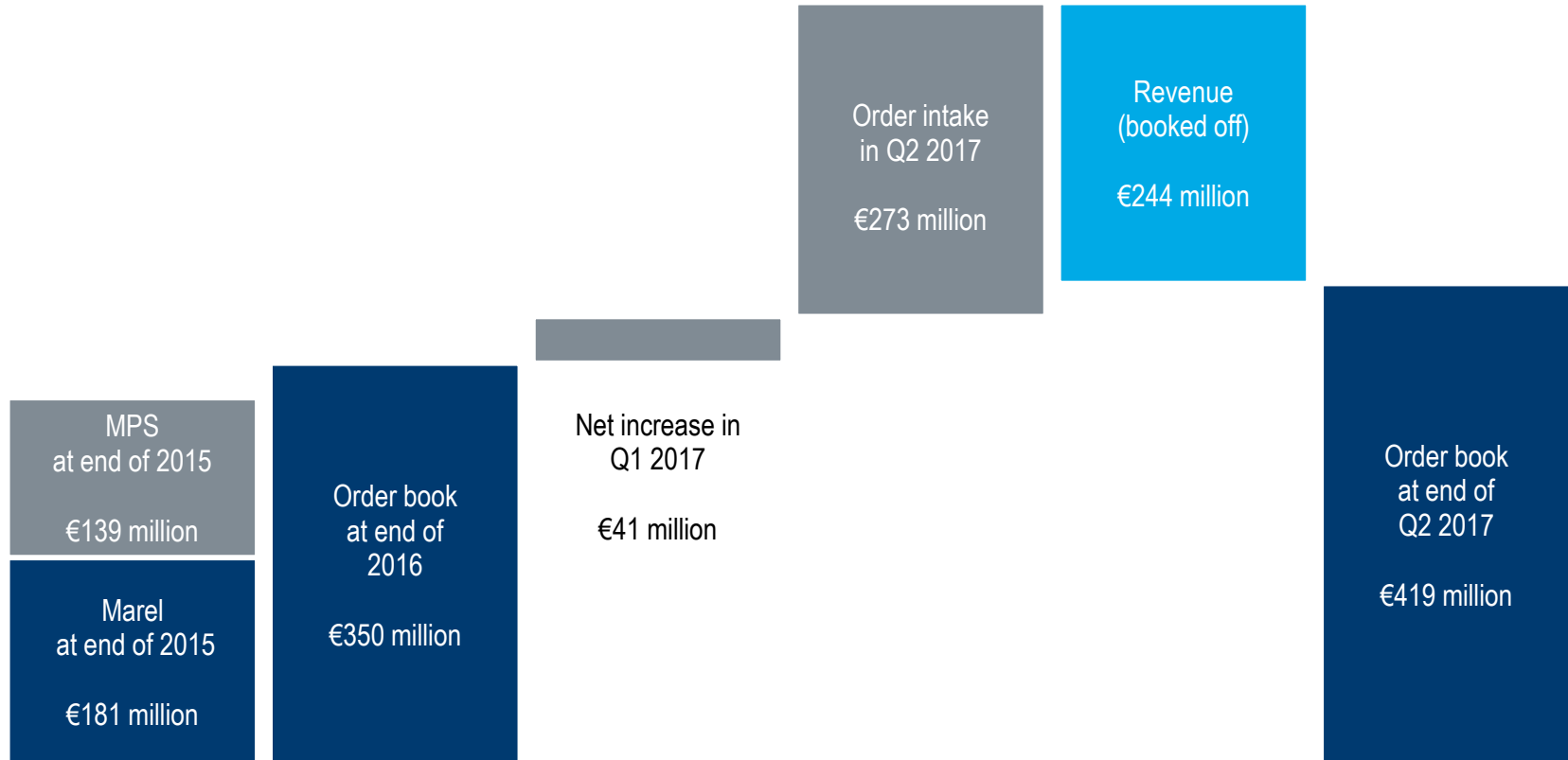
Consolidated accounts

Second quarter financial results



<i>EUR thousands</i>	Q2 2017	% of revenue	Q2 2016	% of revenue	Change in %
Revenue	244,019		264,208		(7.6)
Gross profit	96,420	39.5	109,199	41.3	(11.7)
Selling and marketing expenses	(29,096)	11.9	(33,893)	12.8	(14.2)
General and administrative expenses	(17,173)	7.0	(17,700)	6.7	(3.0)
Research and development expenses	(14,217)	5.8	(17,857)	6.8	(20.4)
Other operating income / (expenses)	-	-	-	-	-
Before PPA					
Result from operations (EBIT)	35,934	14.7	39,749	15.0	(9.6)
EBITDA	44,218	18.1	48,379	18.3	(8.6)
After PPA					
Result from operations (EBIT)	29,624	12.1	33,162	12.6	(10.7)
Net result	18,638	7.6	22,128	8.4	(15.8)
Orders received	272,676		230,766		18.2
Order book	418,907		306,507		36.7

Record order book at the end of Q2 2017



Consolidated: Balance sheet



ASSETS *(EUR thousands)*

Non-current assets

	30/6 2017	31/12 2016
Property, plant and equipment	126,880	118,991
Goodwill	633,062	635,180
Intangible assets (excluding goodwill)	262,810	277,458
Trade receivables	144	237
Derivative financial instruments	317	447
Deferred income tax assets	7,064	7,343

1,030,277

1,039,656

Current assets

Inventories	120,646	122,250
Production contracts	32,415	36,962
Trade receivables	128,870	115,259
Other receivables and prepayments	37,203	32,723
Derivative financial instruments	-	55
Cash and cash equivalents	25,004	45,523

344,138

352,772

Total assets

1,374,415

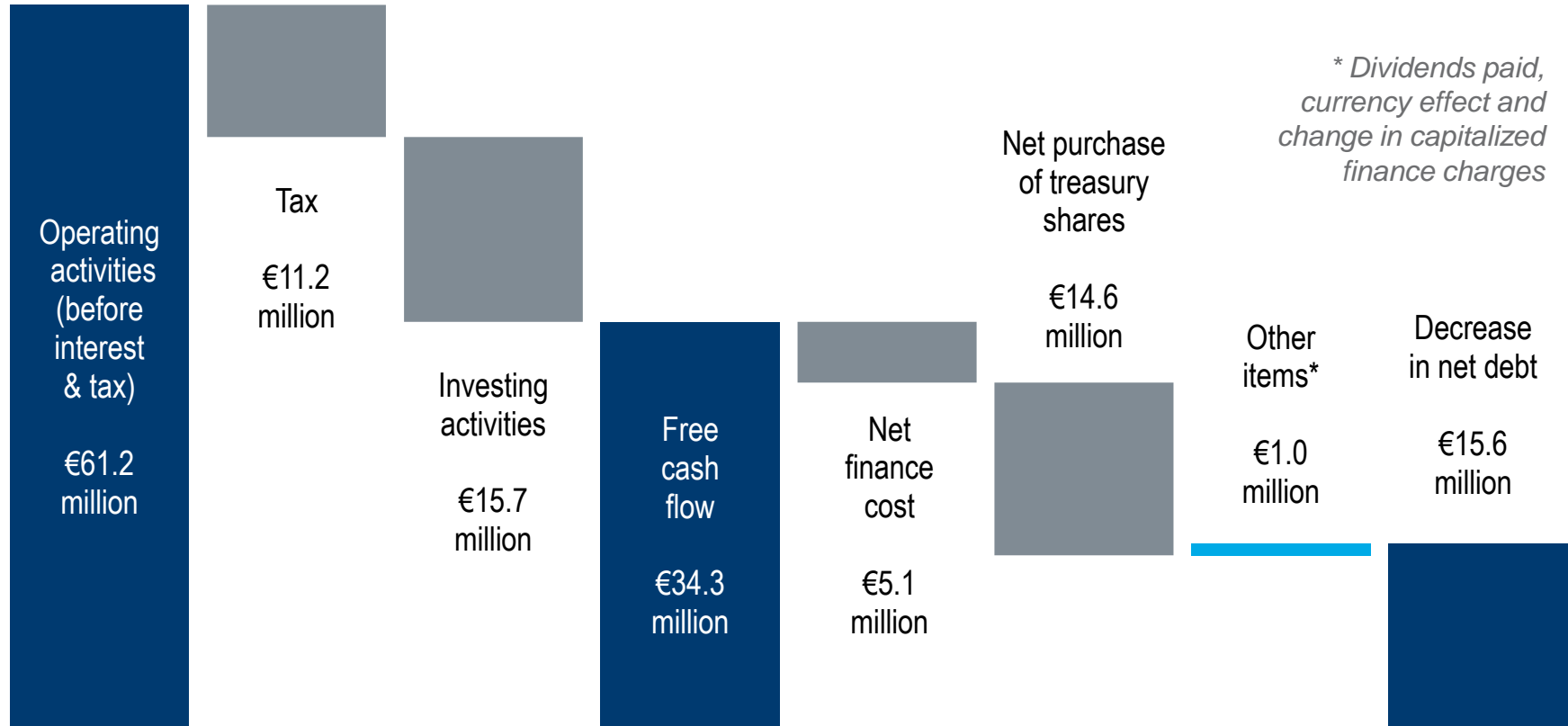
1,392,428

Consolidated: Balance sheet



EQUITY AND LIABILITIES <i>(EUR thousands)</i>	30/6 2017	31/12 2016
Group equity	526,490	525,573
LIABILITIES		
Non-current liabilities		
Borrowings	385,140	425,014
Deferred income tax liabilities	61,451	63,458
Provisions	7,802	7,361
Derivative financial instruments	2,989	4,946
	<hr/> 457,382	<hr/> 500,779
Current liabilities		
Production contracts.....	181,457	150,769
Trade and other payables	165,029	168,980
Current income tax liabilities	8,950	9,081
Borrowings	25,663	24,117
Provisions	9,444	13,129
	<hr/> 390,543	<hr/> 366,076
Total liabilities	847,925	866,855
Total equity and liabilities	<u>1,374,415</u>	<u>1,392,428</u>

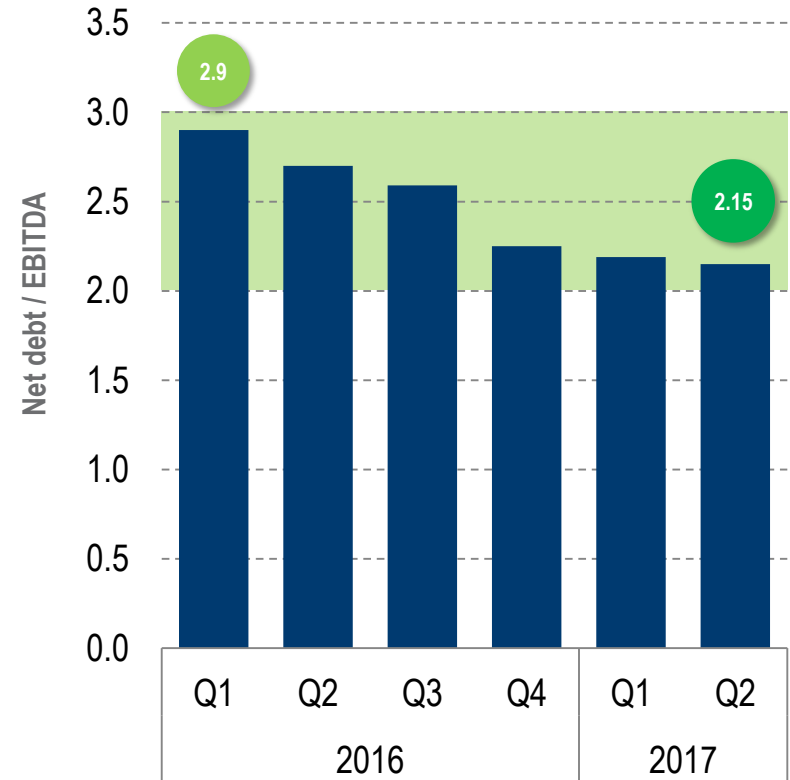
Q2 2017 cash flow composition and change in net debt



Marel generating a healthy cash flow



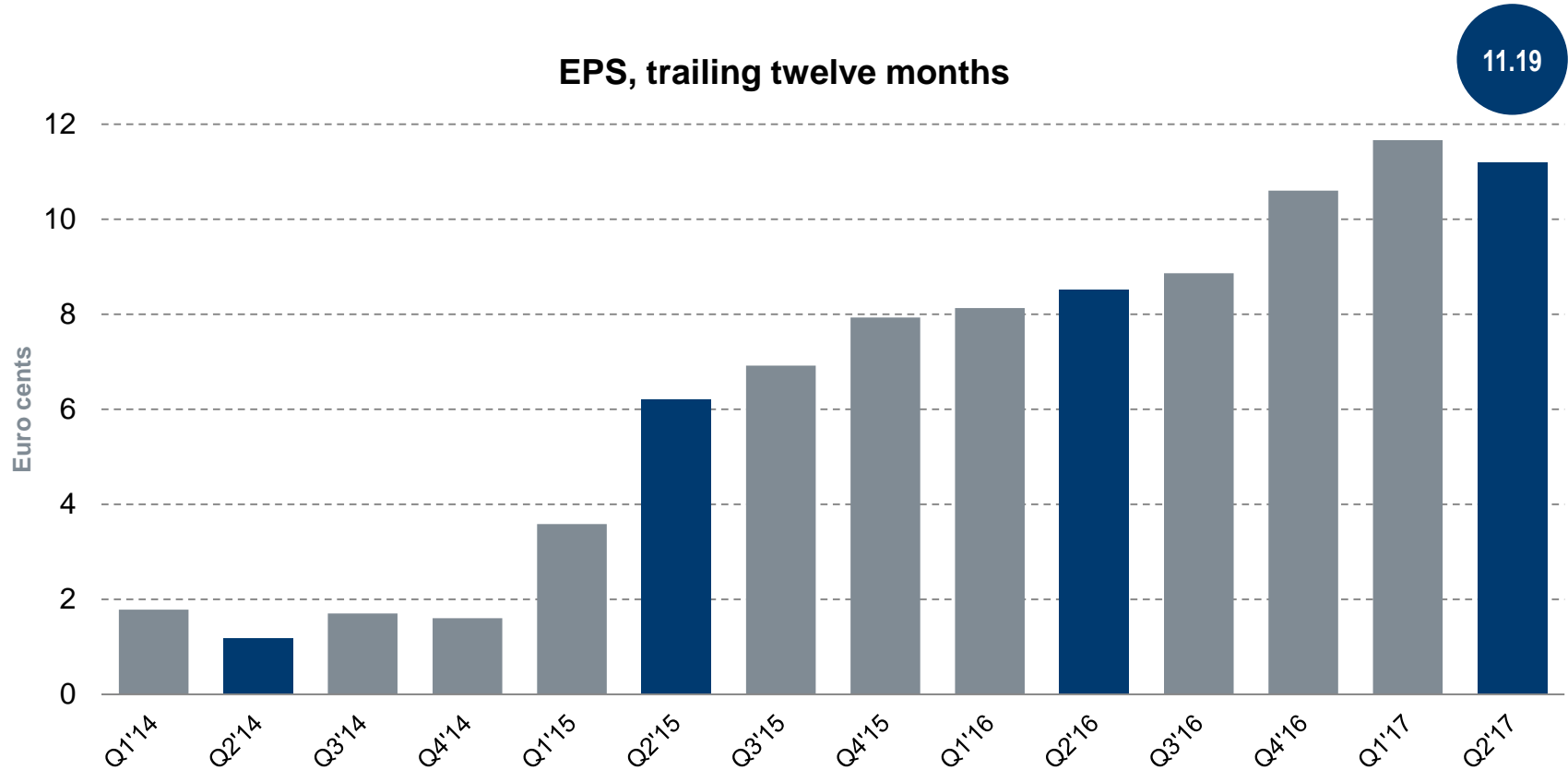
- Net debt / EBITDA leverage of x2.15 at end of the quarter
- Board of Directors
 - Has authorized management to purchase own shares for nominal value of 15 million to be used as payment for potential future acquisitions
- Marel is stimulating further revenue and operational profit growth by:
 - Streamlining the business
 - Continuous innovation
 - Investing in the business



Favorable development in earnings per share



EPS, trailing twelve months





Business & Outlook

**ADVANCING
FOOD PROCESSING**

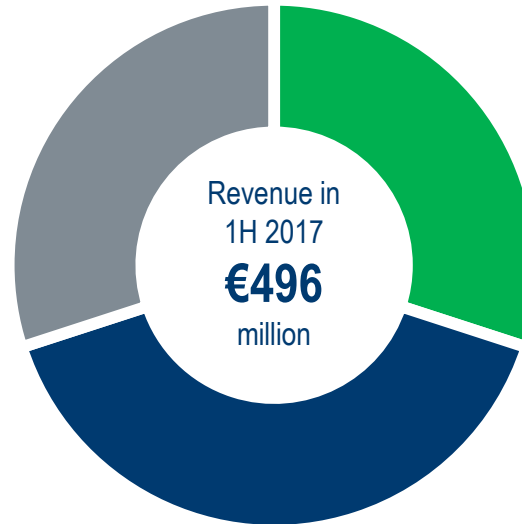


Strong business model supporting future growth



Modernization and standard equipment ►

- Good volume in standard equipment in Poultry and Meat while orders booked off in Fish relating to standard equipment are softer



◀ Greenfields

- Revenue from large projects is proportionally increasing
- Demand for new innovative Greenfields is high across all geographies

Maintenance ▲

- Marel has the largest installed base in its industry
- Recurring service and spare parts revenues have increased steadily and were 38% of total revenues in the first half of 2017

Marel has a strong foothold in the Americas



- Marel has been strategically building up its presence in the Americas for the last twenty years
- North America (United States and Canada)
 - Population close to 360 million people
 - 600 Marel employees
 - Accounts for 25-30% of Marel revenue
- South and Central America
 - Population over 630 million people
 - 150 Marel employees
 - Accounts for 6-10% of Marel revenue
- Marel is in an excellent position to capture further growth in those dynamic markets



State-of-the-art reference plant in North America

- Marel has entered into an agreement with Costco and Lincoln Premium Poultry for a new, innovative poultry processing plant in Nebraska to process 1.6 million birds per week
- Marel will provide equipment ranging from live bird handling to final consumer product
- The processing facility will be entirely controlled with Innova software and after-sales service provided by Marel
- Expected start of operations in the first half of 2019



Revenue: \$119 billion

Members: 85 million

Warehouses: > 730

World's 2nd largest retailer after Walmart, largest retailer of choice and prime beef, organic foods, rotisserie chicken and wine

Transforming food processing in partnership with customers



From Costco's sustainability principles & responsibilities

- For Costco to thrive, the world needs to thrive. We are committed to doing our part to help.
- We focus on issues related to our business and to where we can contribute to real, results-driven positive impact.
- Operate efficiently and in an environmentally responsible manner.
- Strategically source our merchandise in a sustainable manner.



Marel's vision

- In partnership with our customers we are transforming the way food is processed.
- Our vision is of a world where quality food is produced sustainably and affordably.

Marel to acquire Sulmaq in Brazil

- Sulmaq is at the forefront of providing primary processing solutions to the pork and beef industries in South and Central America
- Together, Marel and Sulmaq will be at the forefront of developing innovative, full-line solutions and equipment for meat processors in the region. Marel has built up a strong presence in fish and poultry for the last two decades
- The long-term market potential is great in the 630 million people market for poultry, meat and fish processing
- The acquisition is not expected to have a material impact on Marel's financial results in the short term. The acquisition is expected to close in the third quarter of 2017, subject to customary closing conditions



Revenue: ≈ €25 million

Employees: 400

Established: 1971

Good installed base in South and Central America and strong customer relationships



1H 2016

Revenue €498m
EBIT* €75m
Order book €307m

1H 2017

Revenue €496m
EBIT* €74m
Order book €419m

Ambitious growth plan

Marel is targeting 12% average annual revenue growth in the next 10 years.

Marel's management expects 4-6% average annual market growth in the long term. Marel aims to grow organically faster than the market, driven by innovation and market penetration

Maintaining solid operational performance and strong cash flow supports average 5-7% revenue growth by acquisition

Marel's management expects EPS to grow faster than revenue

Growth will not 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 systems.

** Operating income adjusted for amortization of acquisition-related intangible assets (PPA).*



Thank you

**ADVANCING
FOOD PROCESSING**

