



PRESS RELEASE

October 22, 2014

Marel Q3 2014 results

(All amounts in EUR)

Record order intake and revenue with improved results

- Revenue for Q3 2014 was 187.9m [Q3 2013: 156.9m].
- Adjusted EBITDA* for Q3 2014 was 25.9m or 13.8% of revenue. EBITDA was 24.6m or 13.1% of revenue [Q3 2013: 19.5m].
- Adjusted operating profit* (adj.EBIT) for Q3 2014 was 17.4m or 9.3% of revenue. EBIT was 16.1m or 8.6% of revenue [Q3 2013: 12.9m].
- Net result for Q3 2014 was 9.8m [Q3 2013: 6.0m]. Earnings per share were 1.34 euro cents [Q3 2013: 0.81 euro cents].
- Cash flow from operating activities before interest and tax was 29.7m [Q3 2013: 3.0m]. Net interest bearing debt was 191.3m at the end of Q3 2014 [Q3 2013: 239.0m].
- The order book was at 169.2m at the end of Q3 2014 compared with 156.4m at the end of Q2 2014 [Q3 2013: 138.3m]

Marel achieved order intake of 201 million during the third quarter. Modernization projects and standard equipment sales were at a high level in the U.S. and Europe. Several small and medium sized Greenfields were secured in growing emerging markets such as Africa, Asia and South America.

In the first nine months of the year, revenue increased by 4% compared to the previous year with operational profit increasing over the course of the year. Adjusted EBIT was 32.7 million year to date. Marel reaffirms management guidance to reach organic revenue growth with an adjusted EBIT in the range of 40 - 50 million in 2014. There is full focus on strengthening the market approach and operational improvement with the aim to reach an EBIT of over 100 million in 2017.

Arni Oddur Thordarson, CEO:

“Third quarter was a good quarter for Marel. We have managed to be at the customer, for the customer while refocusing our business. Order intake and revenue increased by 20% compared with the previous year with good improvement in operational results.

We worked on modernization and expansion projects with long time partners in the U.S. and Europe during the quarter. The customer base expanded in growing markets as we secured several small and medium sized Greenfields in Africa, Asia and South America.

There is a clear tailwind in our markets. With a focused market approach and decisive steps towards lowering the cost base we are in the position to create good value going forward.”

*Before refocusing cost

Simpler, Smarter, and Faster

Marel's refocusing plan to become simpler, smarter, and faster is on track. The plan's objectives are to increase efficiency in order to serve customers better and reduce the annual cost base by 20-25 million over the course of 2014 and 2015.

The transfer of Marel's meat operations from Oss to the multi-industry site in Boxmeer is proceeding according to plan. The transfer of salmon activities from Norresundby to Stovring has been completed and Marel's salmon operation is running with increased efficiency in Q3 2014 and onward.

Recurring annual cost saving from actions taken in the first 9 months of the year is estimated to be approximately 8 million compared with one-off costs of approximately 12 million. The one-off costs in Q3 amount to 1.3 million which is related to preparation for manufacturing optimization in coming quarters.

Record order intake in Q3

Marel secured record order intake during Q3 on the back of strong order intake in the previous quarter. Orders received amounted to 201 million compared with 188 million in Q2 2014 and 163.3 million in Q3 2013. The order book now stands at 169.2 million, 12.8 million higher than in the previous quarter.

Key figures from Marel's operations in thousands of EUR

Operating results

	Quarter 3 2014	Quarter 3 2013	Change in %	Quarter 3 2014 YTD	Quarter 3 2013 YTD	Change in %
Revenues	187,931	156,896	19.8	512,536	493,354	3.9
Gross profit before refocusing costs	67,372	58,030	16.1	180,384	175,056	3.0
Gross profit before refocusing costs as a % of Revenues	35.8	37.0		35.2	35.5	
Result from operations before refocusing costs (EBIT)	17,409	12,854	35.4	32,720	35,499	(7.8)
EBIT before refocusing costs as a % of Revenues	9.3	8.2		6.4	7.2	
EBITDA before refocusing costs	25,912	19,523	32.7	55,544	55,358	0.3
EBITDA before refocusing costs as a % of Revenues	13.8	12.4		10.8	11.2	
Refocusing costs	(1,296)			(12,035)		
Result from operations (EBIT)	16,113	12,854	25.4	20,685	35,499	(41.7)
EBIT as a % of Revenues	8.6	8.2		4.0	7.2	
EBITDA	24,616	19,523	26.1	45,709	55,358	(17.4)
EBITDA as a % of Revenues	13.1	12.4		8.9	11.2	
Net result	9,841	5,977	64.6	8,736	16,919	(48.4)
Net result as a % of revenues	5.2	3.8		1.7	3.4	
Orders Received ¹⁾	200,747	163,346	22.9	549,340	506,226	8.5
Order Book				169,242	138,262	22.4

¹⁾ Included are the service revenues.

	Quarter 3 2014	Quarter 3 2013	Quarter 3 2014 YTD	Quarter 3 2013 YTD
Cash flows				
Cash generated from operating activities, before interest & tax	29,729	3,030	69,533	45,613
Net cash from (to) operating activities	26,617	(2,055)	58,572	34,913
Investing activities	(5,314)	(9,179)	(24,398)	(24,142)
Financing activities	(14,808)	5,288	(30,538)	(11,229)
Net cash flow	6,495	(5,944)	3,636	(458)

Financial position

Net Interest Bearing Debt	(191,308)	(239,001)
Operational working capital ²⁾	78,068	111,457

²⁾ Third party Debtors, Inventories, Net Work in Progress and Third party Creditors.

Key ratios

Current ratio			1.2	1.4
Quick ratio			0.7	0.8
Number of outstanding shares			732,032	735,405
Market cap. in millions of Euros based on exchange rate at end of period			503.9	581.8
Return on equity	9.3%	5.8%	2.7%	5.5%
Earnings per share in euro cents	1.34	0.81	1.19	2.31
Leverage adjusted for refocusing costs ³⁾			2.75	3.19

³⁾ Net Interest Bearing Debt / LTM EBITDA

Markets

The world is on a three-speed track.

- The U.S. is on a growth track and food processors there are in need of expansion and modernization.

- Europe is on a slower track, with gradual economic recovery.
- Emerging markets, such as South America and Asia are on a long-term growth track. Retail and food services have increased significantly in these markets in recent years while investments in food processing are lagging. The long-term potential for these markets remains favorable.

Poultry

Operational profit margins and volume in Marel's poultry segment continued to improve in Q3 and are at a healthy level after a slow start of the year. Order intake was good and projects were secured globally. Markets are turning favorably and customers are returning to good profits. Demand for our customer's product is increasing and production cost is decreasing due to a drop in energy and feed prices. The pipeline for projects looks good both for Greenfields and modernization projects.

During the quarter, Marel participated in the VIV China 2014 exhibition. Marel is gaining foothold in the Chinese market where important breakthrough projects were secured during the quarter.

Fish

Farmed salmon production has increased by 11% annually in the last 15 years. Marel is the leading global provider of advanced solutions to the global salmon industry. The new facility in Stovring has enabled Marel to take on further growth and increase operational efficiency.

Investments in the white fish segment are picking up and the pipeline looks good. Marel has been working closely with processors in Asia to introduce solutions such as the target batcher, which enables better accuracy on pack weights. This approach has resulted in substantial sales success, especially in Vietnam.

During Q3 Marel participated in two industry exhibitions. FleXicut, Marel's new water-jet cutter for high precision bone detection was in the spotlight during both of them. At the Nor-Fishing exhibition in Norway, FleXicut won the innovation prize and at the Icelandic Fisheries Exhibition, Marel won the Exhibition awards for Overall Outstanding Supplier and Outstanding Icelandic Supplier – Processing.

Meat

Marel is establishing reference projects around the globe and the aim is to gradually improve profitability from 2015 onwards. Greenfield projects were secured and installed in Argentina, Mexico, Brazil and Russia during the quarter. Activity for StreamLine deboning solutions and meat preparation equipment has remained very strong throughout the year. The first sale of the newly developed Meat Harvester, ProFive was finalized in Q3.

Further processing

The year started slow in further processing with a decrease in revenues and profits. Order intake and operational results improved in Q3. The order intake was particularly good in the U.S. The RevoPortioner is moving into red meat and fish, building on past success in poultry.

Innovation

During Q3, Marel launched the new SmartLine Grader series that is a revolution in hygienic grading. As well as answering the customers' call for a more hygienic solution it also reduces downtime as the strip-down time for cleaning has been reduced. This increases yield and throughput. The SmartLine Grader is also fast and highly accurate and with its complete modular design, it can be configured to meet the varying needs of customers.

Cash flow

Operational cash flow before interest and tax remains strong at 29.7 million for Q3 2014 compared with 3.0 million in Q3 2013. Increased orders received with pre-payments in addition to tight working capital control returned healthy cash flows from operations.

In Q3 Marel acquired 3.5 million treasury shares for a total amount of 2.4 million. The purchase is to hedge and fulfill obligations of employee stock option agreements. Total outstanding stock options are 15.1 million shares and after the purchase the total treasury shares outstanding are 3.5 million shares.

Financing

The balance sheet is healthy and net interest bearing debt amounts to 191.3 million, which is lower than at the end of Q3 2013 (239.0 million). Marel is financed in EUR and USD in a proportion which gives a natural hedge to exposures.

Overall, the business remains well invested.

Outlook

In the first nine months of the year revenue has increased by 4% compared to the previous year with operational profit increasing over the course of the year. Adjusted EBIT is 32.7 million year to date. Marel reaffirms management guidance to reach organic revenue growth with an adjusted EBIT in the range of 40 - 50 million in 2014. There is full focus on strengthening the market approach and operational improvement with the aim to reach an EBIT of over 100 million in 2017.

In the mid- and long-term, the Company believes its innovative products and global presence in all industries will secure good growth and increased profitability. The long-term outlook in the industry remains favorable and the estimated market growth is 4-6% in upcoming years. Marel's goal is to continue to grow faster than the market based on innovative customer solutions and its extensive sales and service network.

It should be kept in mind that results may vary from quarter to quarter due to general economic developments, fluctuations in orders received, and deliveries of larger systems.

Presentation of results, October 23, 2014

Marel will present its results at an investor meeting on Thursday, 23 October, at 8:30 am (GMT), at the Company's headquarters at Austurhraun 9, Gardabaer. The meeting will also be webcast at marel.com/webcast.

Publication days of Consolidated Financial Statements in 2015

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|--------------------------------|------------------|
| ▪ 4th quarter 2014 | February 4, 2015 |
| ▪ Annual General Meeting 2014 | March 4, 2015 |
| ▪ 1 st quarter 2015 | April 29, 2015 |
| ▪ 2 nd quarter 2015 | July 29, 2015 |
| ▪ 3 rd quarter 2015 | October 28 2015 |
| ▪ 4 th quarter 2015 | February 3, 2016 |

Release of financial statements will take place after market closing on the aforementioned dates.

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About Marel

Marel is the leading global provider of advanced equipment, systems and services to the fish, meat and poultry industries. With offices and subsidiaries in more than 30 countries and a global network of more than 100 agents and distributors, we work side-by-side with our customers to extend the boundaries of food processing performance. Advance with Marel for all your processing needs.

Forward-looking statements

Statements in this press release that are not based on historical facts are forward-looking statements. Although such statements are based on management's current estimates and expectations, forward-looking statements are inherently uncertain. We, therefore, caution the reader that there are a variety of factors that could cause business conditions and results to differ materially from what is contained in our forward-looking statements, and that we do not undertake to update any forward-looking statements. All forward-looking statements are qualified in their entirety by this cautionary statement.