

A 3D rendering of interlocking gears in shades of gray and white. A prominent blue human figure is positioned in the lower right quadrant, appearing to be part of the gear mechanism. The background is a light, neutral tone.

# Q3 2014 Presentation

Arni Oddur Thordarson, CEO  
Erik Kaman, CFO  
Sigsteinn Gretarsson, COO

*23 October 2014*

**Arni Oddur  
Thordarson  
CEO**

# Record order intake and revenue with 9.3% adjusted EBIT

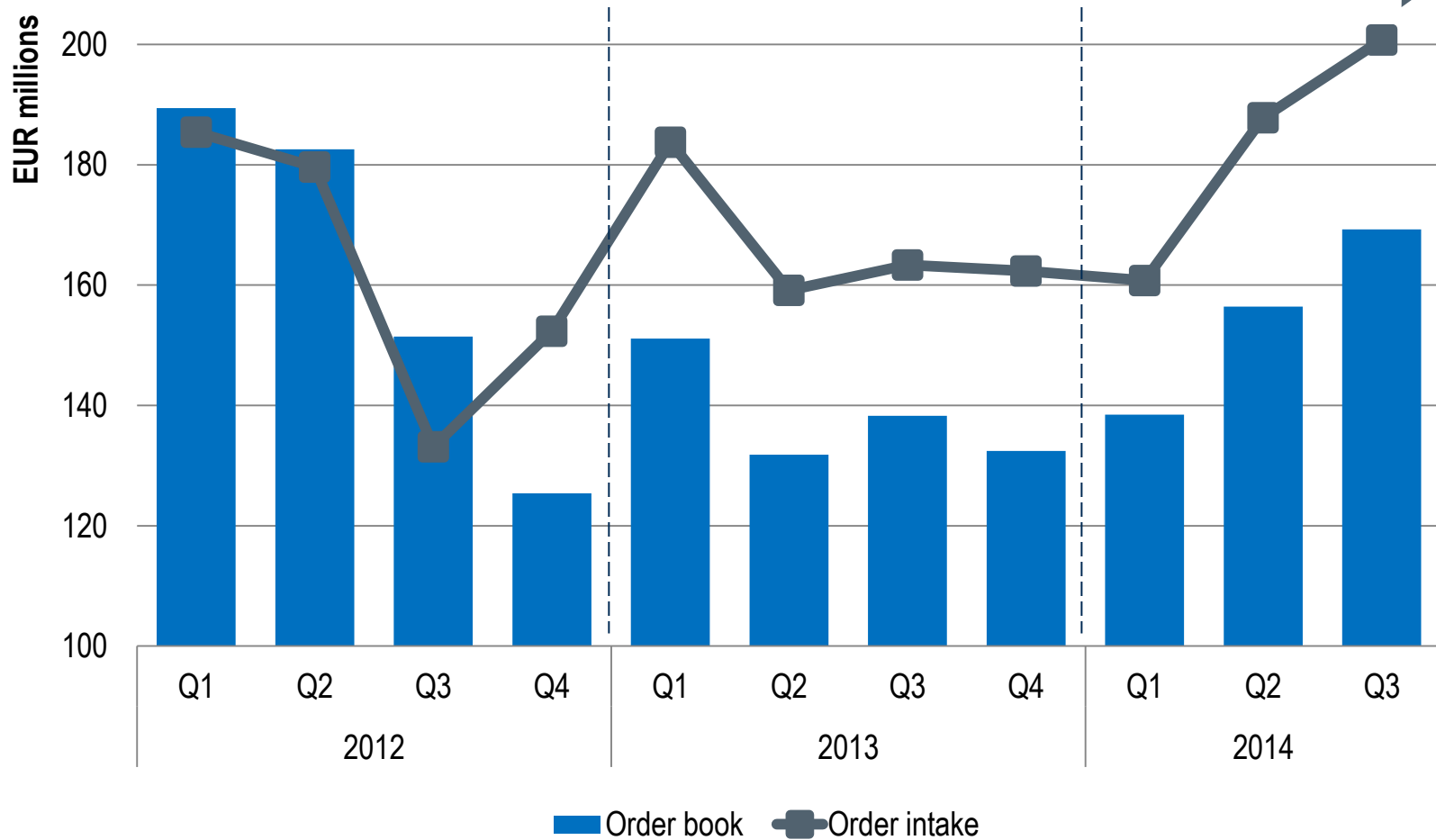
- Revenue €188 million compared to €157 million in Q3 2013
- Order book €169 million compared to €156 million in last quarter
  - €201 million in orders received
- Adjusted EBIT of €17.4 million or 9.3%
- Strong cash flow
- The refocusing plan of becoming simpler, smarter, and faster is proceeding according to plan



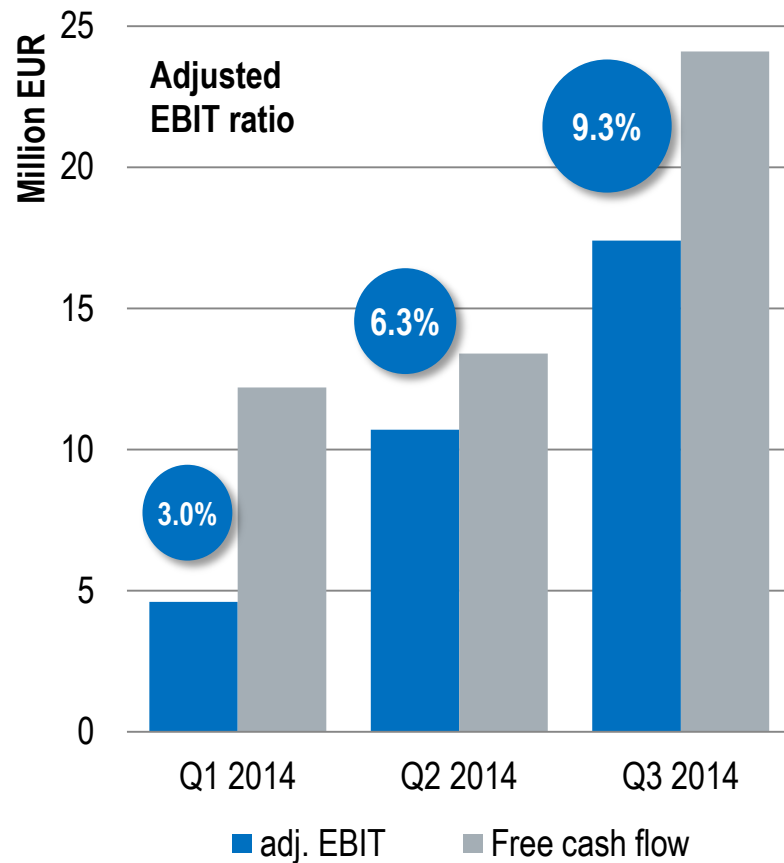
\* Refocusing costs in Q3 amount to €1.3 million

# At the customer, for the customer while refocusing

Order intake  
**€201**  
million



# Operational results improving with strong cash flow



Year-to-date revenue has increased by 4% compared to same period last year

Adjusted EBIT year-to-date  
EUR 32.7 million

Order book Q3 2014 is EUR 169 million compared to EUR 138 million Q3 2013

Management guidance for 2014 is organic growth and adjusted EBIT of EUR 40-50 million

EBITDA improvement and strong cash flow has driven Net Debt/adj.EBITDA down to 2.75

# Business overview



## Poultry

Volume and profitability continue to increase

Several small and medium size Greenfields in new emerging markets

Important modernization projects in the U.S. and Europe



## Fish

Significant improvement of profitability and volume

Investments in the Whitefish segment are picking up with a healthy pipeline

Salmon delivering increased volume and profits



## Meat

Greenfield projects secured and installed in Argentina, Mexico, Brazil and Russia

Marel is establishing reference projects around the globe

The aim is to gradually improve profitability from 2015 and onwards



## Further Processing

Order intake increasing and operational performance improving

RevoPortioner moving into red meat and fish building on past success in poultry

# Simpler, Smarter, Faster initiative began in January 2014

Combine business units that serve the same customer needs and rely on the same technical capabilities

Optimize manufacturing footprint to balance utilization of resources within the company

Serve customer needs better

Reduced “time to market” for innovative solutions

Penetrate market faster after product launches



Increase operational efficiency with a target of EBIT in excess of €100 million in 2017

# Refocusing on track

## Focused market approach

- "At the customer for the customer while refocusing"  Record order intake in Q3 on back of strong order intake in Q2 2014

## Improved operational efficiency

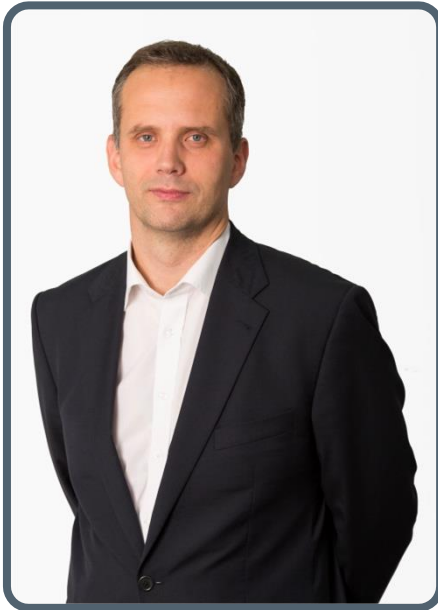
- Transfer of salmon activities to modern facility in Stovring  Cost of transfer fully absorbed. Running with increased efficiency in Q3
- Meat activities transferred from Oss to a multi-industry site in Boxmeer  Transfer of operations according to schedule and will be concluded in Q4
- One-off cost in Q3 limited to preparation for further manufacturing optimization in coming quarters



# Head of Global Innovation

Will drive and implement innovation strategy and vision across the company

- Portfolio management and prioritizing of innovation projects
- Utilize resources better
- Shorten "time to market"



## Vidar Erlingsson

- Born in 1975, married with three children
- Been with Marel since 2000.
- Vidar has been leading the build-up of the SensorX technology within Marel
- M.Sc. in engineering from DTU in Denmark and B.Sc. in electrical and computer engineering from the University of Iceland

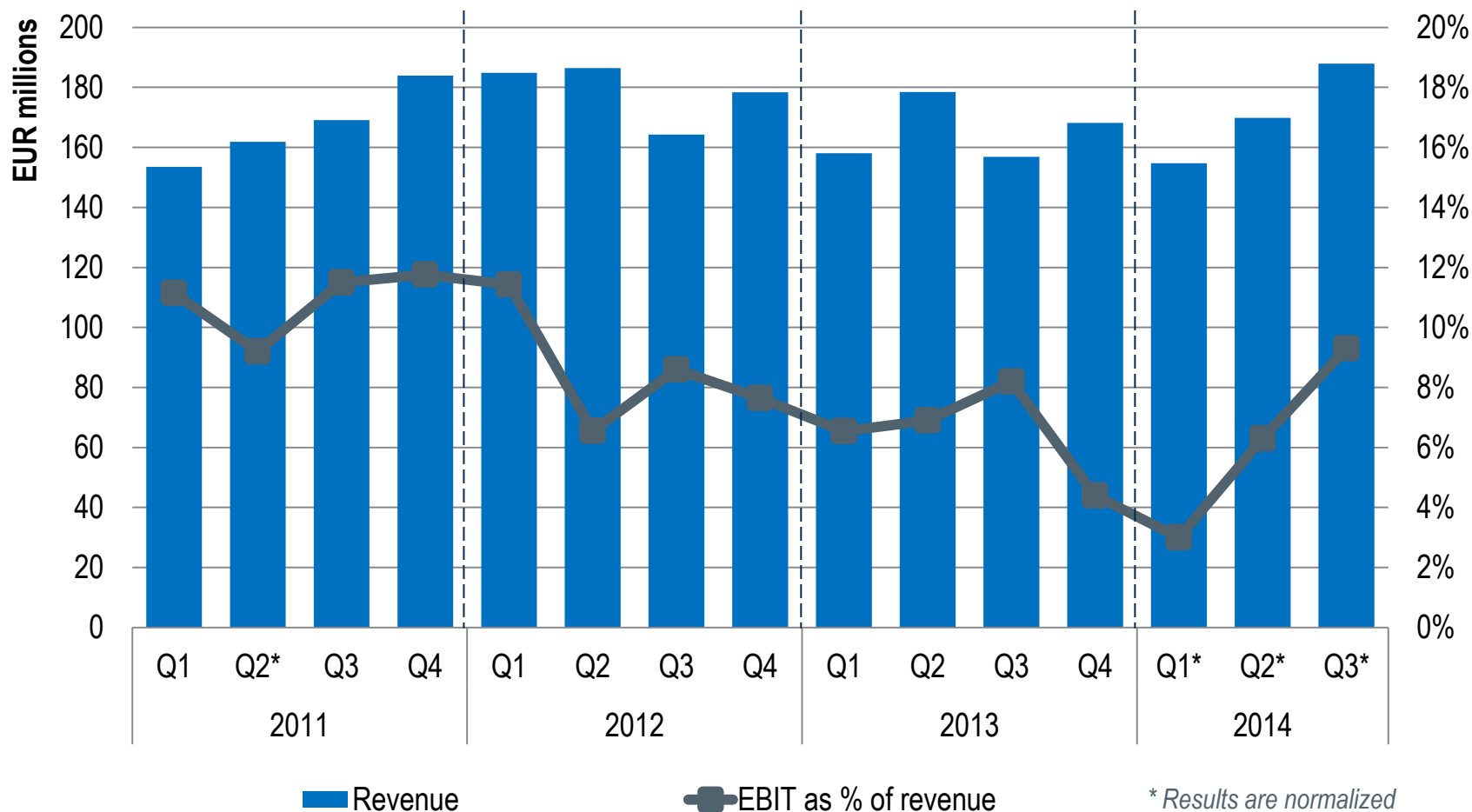
**Erik Kaman**  
**CFO**

# Business results

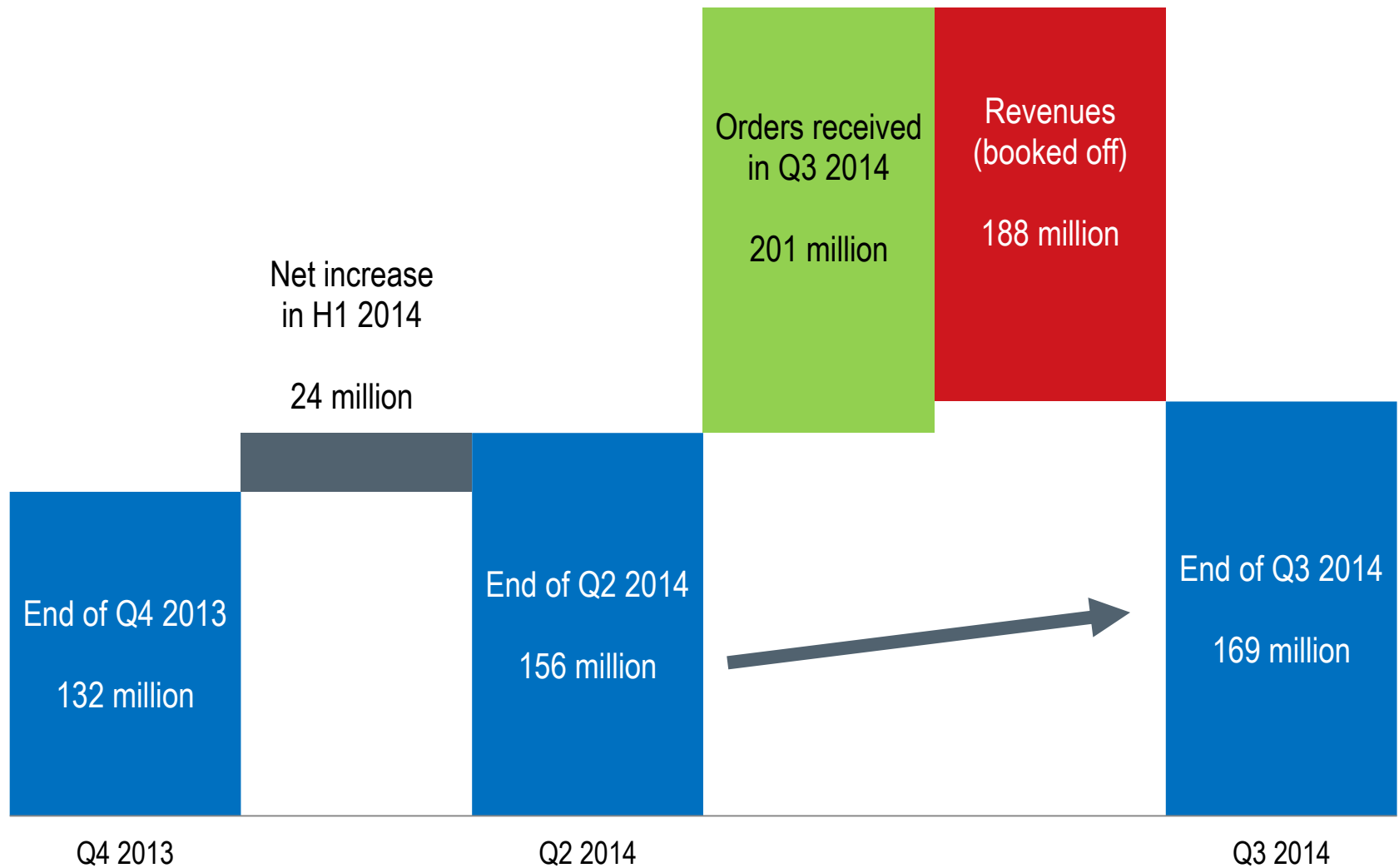
<i>EUR thousands</i>	Q3 2014	Q3 2013	Change in %
Revenue .....	187,931	156,896	19.8
Gross profit before refocusing cost .....	67,372	58,030	16.1
<i>as a % of revenue</i>	35.8	37.0	
<b>Before refocusing costs</b>			
Result from operations (adjusted EBIT) .....	17,409	12,854	35.4
<i>as a % of revenue</i>	9.3	8.2	
Adjusted EBITDA .....	25,912	19,523	32.7
<i>as a % of revenue</i>	13.8	12.4	
<b>After refocusing costs</b>			
Result from operations (EBIT) .....	16,113	12,854	25.4
<i>as a % of revenue</i>	8.6	8.2	
EBITDA .....	24,616	19,523	26.1
<i>as a % of revenue</i>	13.1	12.4	
Orders received (including service revenues)	200,747	163,346	22.9
Order book .....	169,242	138,262	22.4

# Development of business results

Firm steps to improve profitability



# Order book stands at EUR 169 million at the end of Q3



# Condensed consolidated balance sheet

## ASSETS

EUR thousands

### Non-current assets

	30/9 2014	31/12 2013
Property, plant and equipment .....	97,705	104,707
Goodwill .....	386,791	378,708
Other intangible assets .....	120,223	118,561
Receivables .....	93	691
Deferred income tax assets .....	9,307	9,611
	<u>614,119</u>	<u>612,278</u>

### Current assets

Inventories .....	95,870	91,796
Production contracts .....	25,076	24,829
Trade receivables .....	75,226	68,737
Assets held for sale .....	2,500	-
Other receivables and prepayments .....	24,114	22,135
Cash and cash equivalents .....	25,839	19,793
	<u>248,625</u>	<u>227,290</u>

### Total assets

	<u><u>862,744</u></u>	<u><u>839,568</u></u>
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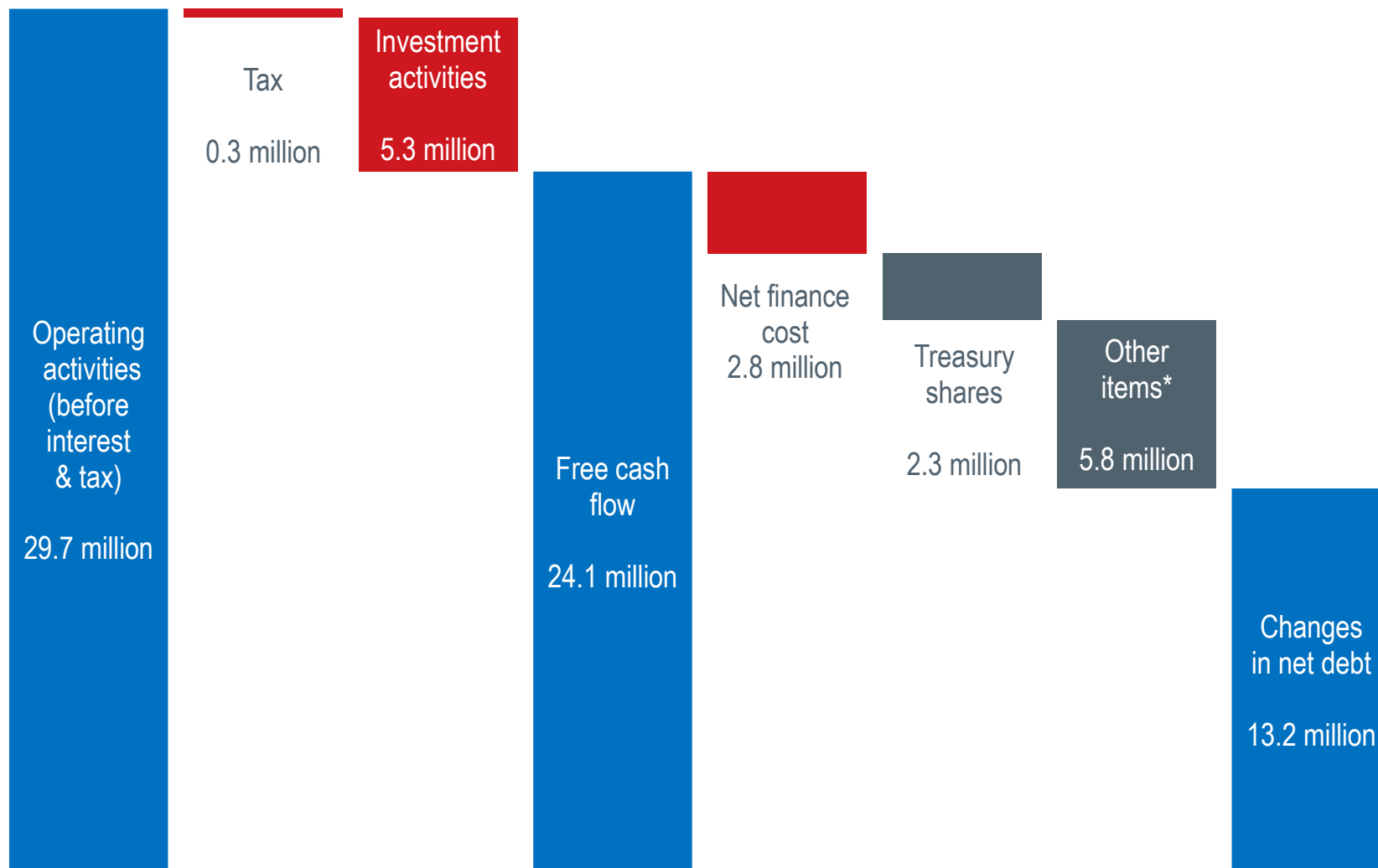
# Condensed consolidated balance sheet (continued)

## LIABILITIES AND EQUITY

EUR thousands

	30/9 2014	31/12 2013
<b>Equity</b>	<b>428,387</b>	<b>419,339</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings .....	198,493	214,846
Deferred income tax liabilities .....	11,963	13,885
Provisions .....	6,565	6,065
Derivative financial instruments .....	5,863	7,184
	<u>222,614</u>	<u>241,980</u>
<b>Current liabilities</b>		
Production contracts.....	61,241	44,881
Trade and other payables .....	119,944	105,662
Current income tax liabilities .....	5,825	3,526
Borrowings .....	18,654	22,077
Provisions .....	6,079	2,103
	<u>211,743</u>	<u>178,249</u>
<b>Total liabilities</b>	<b>434,357</b>	<b>420,229</b>
<b>Total equity and liabilities</b>	<b><u>862,744</u></b>	<b><u>839,568</u></b>

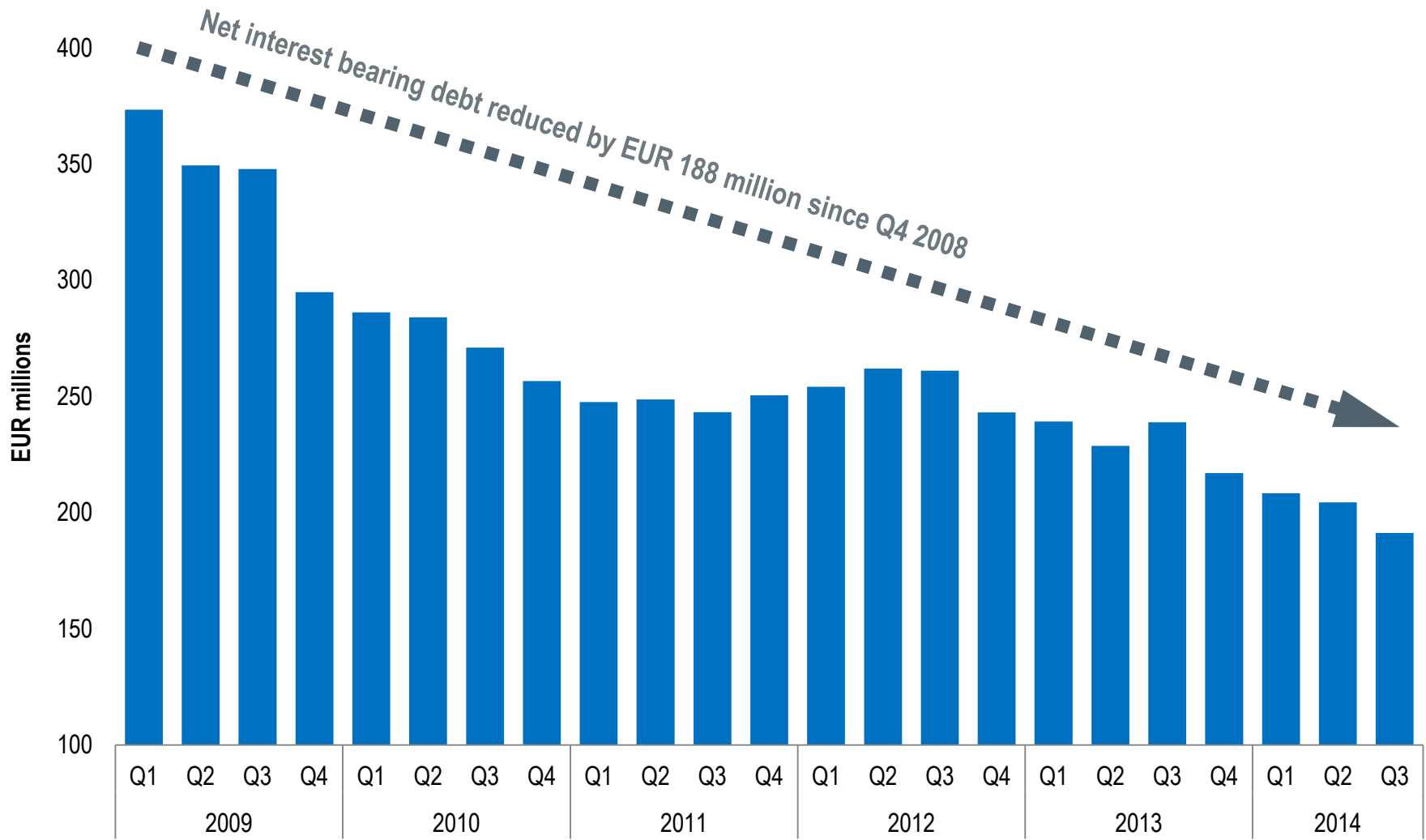
# Q3 2014 cash flow composition and changes in net debt



\* Currency effect and change in capitalized finance charges.

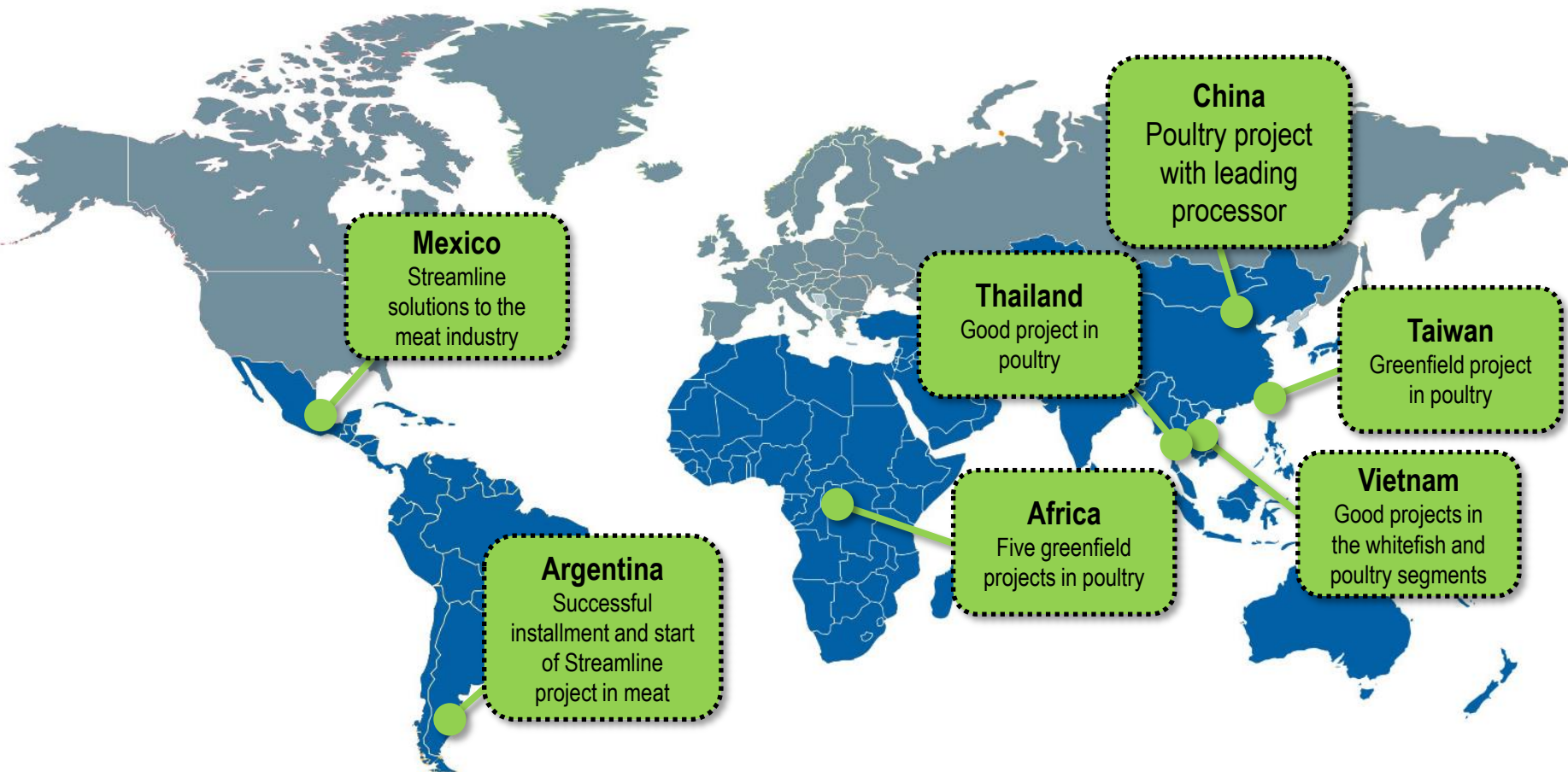


# Net interest bearing debt reduced by EUR 25.8 million YTD 2014

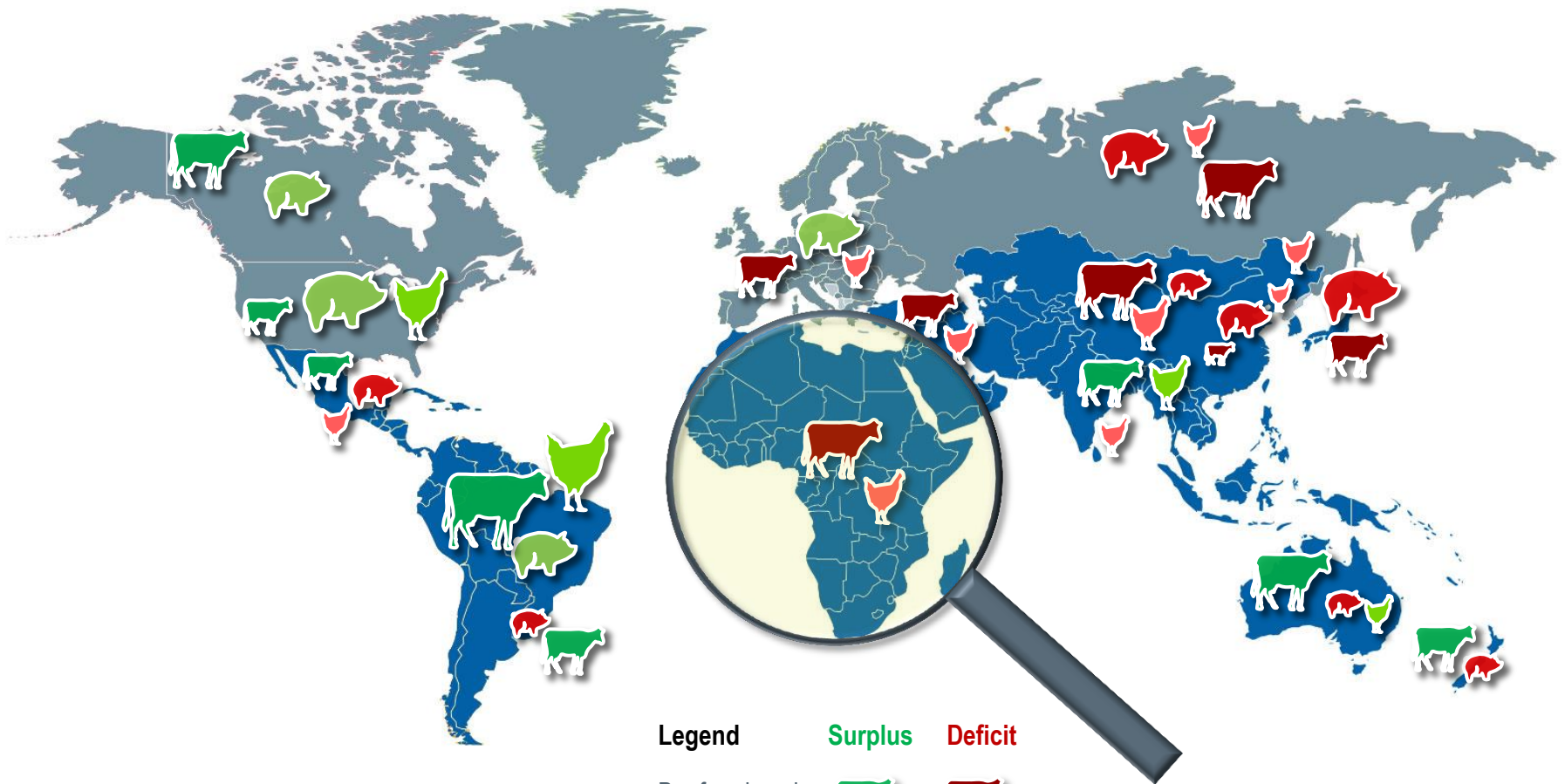


**Arni Oddur  
Thordarson  
CEO**

# Planting seeds in future growth markets



# Global Animal Protein Surpluses and Deficits



## Legend

Surplus

Deficit

Beef and veal



Pork



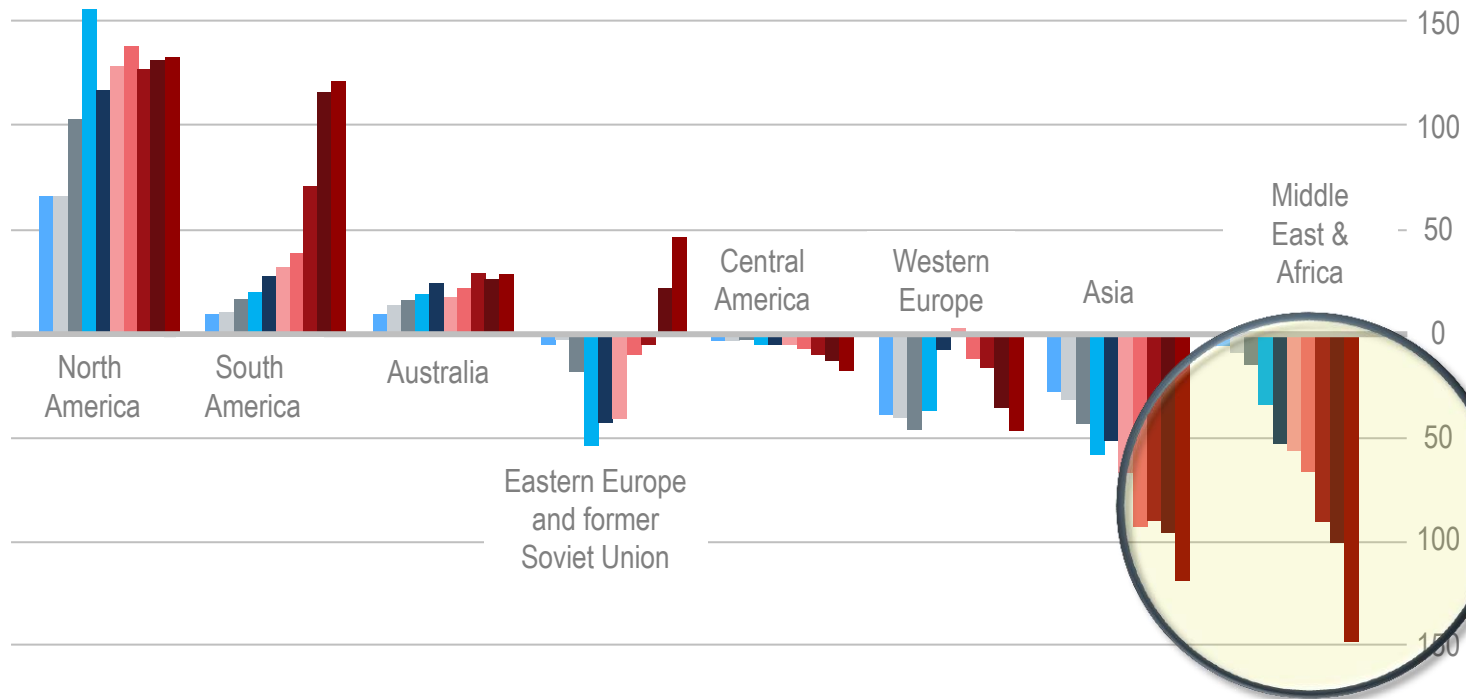
Chicken



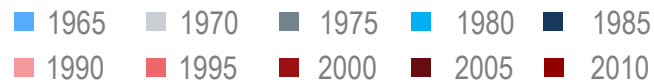
Source: FAO

# Global Food Surpluses and Deficits

Net intra-regional trade, million tons



Cereals, rice, oilseeds, meals, oils and feed equivalent of meat.



Source: The Economist



# Marel is transforming poultry processing in Africa



# Africa – the world's next breadbasket

**x2**

Fastest growing population in the world

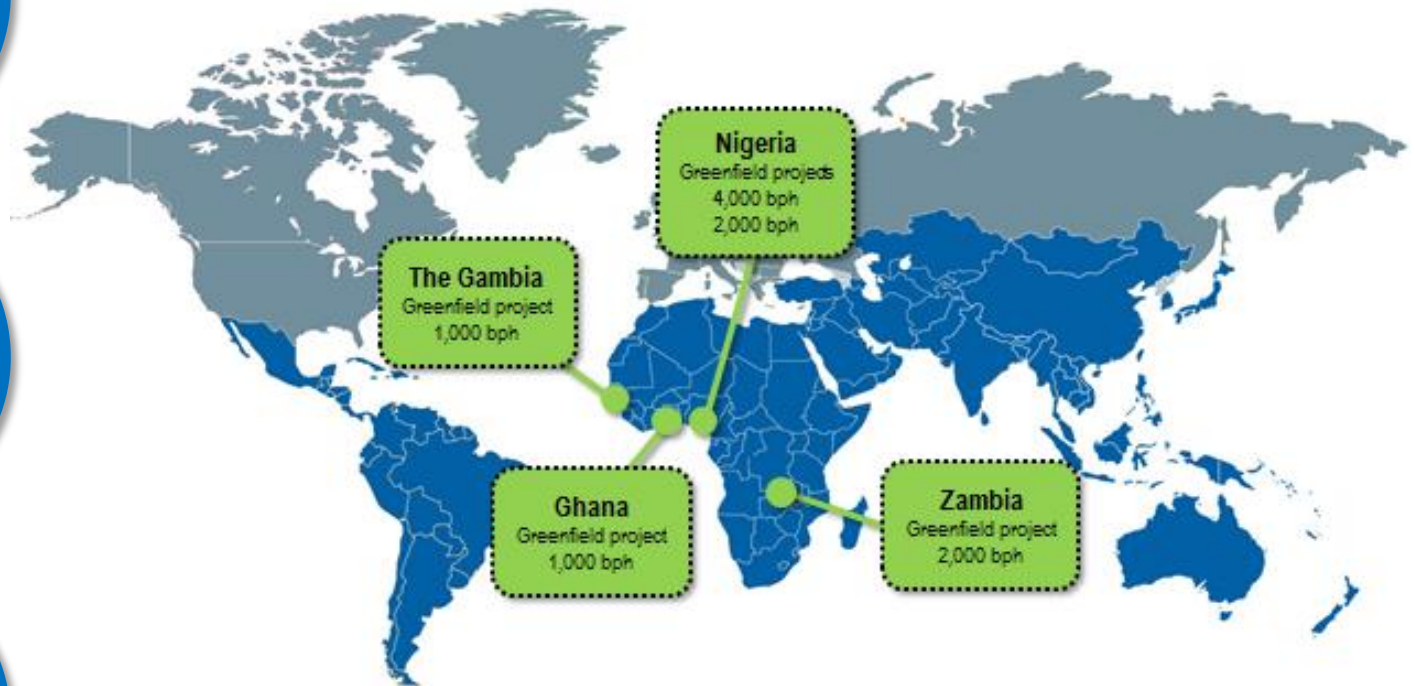
**2.4 bn**

Forecasted population in 2050

**x20**

Potential increase in agricultural output

## Recent Marel Greenfield projects



# Record order intake and revenue in Q3 2014

## Modernization and standard equipment ►

- Investment in expansion and modernization projects picking up in the US and Europe



## ◀ Greenfields

- Several small and medium sized Greenfield projects in emerging growth markets such as Africa, Asia, and South America

## Maintenance ▲

- Marel has the largest installment base in its industry
- Recurring service and spare parts revenues increasing steadily and are currently around 40% of total revenues



Q&A

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Dank u wel  
Takk fyrir  
Mange tak