



CEO's Address

Árni Oddur Thordarson

5 March 2014

Operational results 2013 not in line with potential

- Revenues decreased by 7% after good growth in recent years
- Greenfields projects at low level while recurring spare parts and service revenues continue to increase
- EBIT of 6.5% is neither in line with competitive position nor potential
- Cash flow remains strong
- Order book starts the year at €132 million compared to €125 million in 2013



Simpler – Smarter – Faster: Actions and benefits

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

Simpler – Smarter – Faster: Recent actions

Executive team expanded

Meat activities strengthened and freezing activities streamlined

Operations streamlined with the reduction of 75 employees in Q1, thereof 25 on middle management level

Financing extended by one year to November 2017



November



New CEO appointed



December



Executive Team strengthened



January



Meat activities strengthened



New head of Freezing



February



Operations streamlined



March



Financing extended



Solid global financing

Facility is extended to November 2017

ABN Amro, ING Bank, Landsbankinn, LB Lux and Rabobank

Current interest terms are EURIBOR/LIBOR + 250 bps

Additional flexibility to support the Marel's long term strategy



Business results

EUR thousands

	FY 2013		FY 2012	
Revenues	661,536		713,960	
Gross profit	233,644	35.3%	249,226	34.9%
Selling and marketing expenses	95,105	14.4%	90,199	12.6%
Research and development expenses	44,388	6.7%	41,566	5.8%
Administrative expenses	51,313	7.8%	56,945	8.0%
Result from operations (EBIT)	42,909	6.5%	61,081	8.6%
EBITDA	69,444	10.5%	85,963	12.0%
Orders received (including service revenues)	668,584		650,493	
Order book	132,438		125,390	

Condensed consolidated balance sheet

ASSETS

EUR thousands

Non-current assets

	31/12 2013	31/12 2012
Property, plant and equipment	104,707	108,034
Goodwill	378,708	379,984
Other intangible assets	118,561	112,779
Receivables	691	2,584
Deferred income tax assets	9,611	7,988
	<u>612,278</u>	<u>611,369</u>

Current assets

Inventories	91,796	99,178
Production contracts	24,829	40,163
Trade receivables	68,737	70,816
Other receivables and prepayments	22,135	27,657
Cash and cash equivalents	19,793	15,945
	<u>227,290</u>	<u>253,759</u>

Total assets

	<u><u>839,568</u></u>	<u><u>865,128</u></u>
--	-----------------------	-----------------------

Condensed consolidated balance sheet

EQUITY

EUR thousands

Total equity

LIABILITIES

Non-current liabilities

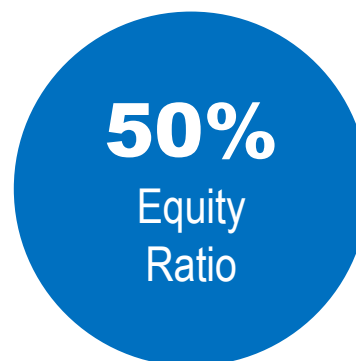
Borrowings	214,846	239,747
Deferred income tax liabilities	13,885	11,194
Provisions	6,065	4,941
Derivative financial instruments	7,184	10,815

Current liabilities

Production contracts.....	44,881	43,847
Trade and other payables	105,662	125,417
Current income tax liabilities	3,526	3,090
Borrowings	22,077	19,440
Provisions	2,103	2,889

Total liabilities

Total equity and liabilities



	31/12 2013	31/12 2012
Total equity	419,339	403,748
Non-current liabilities		
Borrowings	214,846	239,747
Deferred income tax liabilities	13,885	11,194
Provisions	6,065	4,941
Derivative financial instruments	7,184	10,815
	<hr/>	<hr/>
	241,980	266,697
Current liabilities		
Production contracts.....	44,881	43,847
Trade and other payables	105,662	125,417
Current income tax liabilities	3,526	3,090
Borrowings	22,077	19,440
Provisions	2,103	2,889
	<hr/>	<hr/>
	178,249	194,683
Total liabilities	420,229	461,380
Total equity and liabilities	839,568	865,128

Consolidated Statement of Cash Flows

Cash flows from operating activities

EUR thousands

	FY 2013	FY 2012
Result from operations	42,909	61,081
<i>Adjustments to reconcile result from operations to net cash provided by operating activities:</i>		
Depreciation and impairment of property, plant and equipment	9,270	9,945
Amortisation and impairment of intangible assets	17,266	14,937
Gain on sale of property, plant and equipment	(246)	(190)
Changes in non current receivables	1,887	531
Working capital provided by / (used in) operating activities	71,086	86,304
<i>Changes in working capital:</i>		
Inventories and production contracts	22,655	(23,132)
Trade and other receivables	4,140	3,972
Trade and other payables	(17,879)	340
Provisions	318	(1,915)
Changes in operating assets and liabilities	9,234	(20,735)
Cash generated from operating activities	80,320	65,569
Taxes paid	(2,699)	(1,341)
Interest and finance costs paid	(13,524)	(15,133)
Net cash from operating activities	64,097	49,095

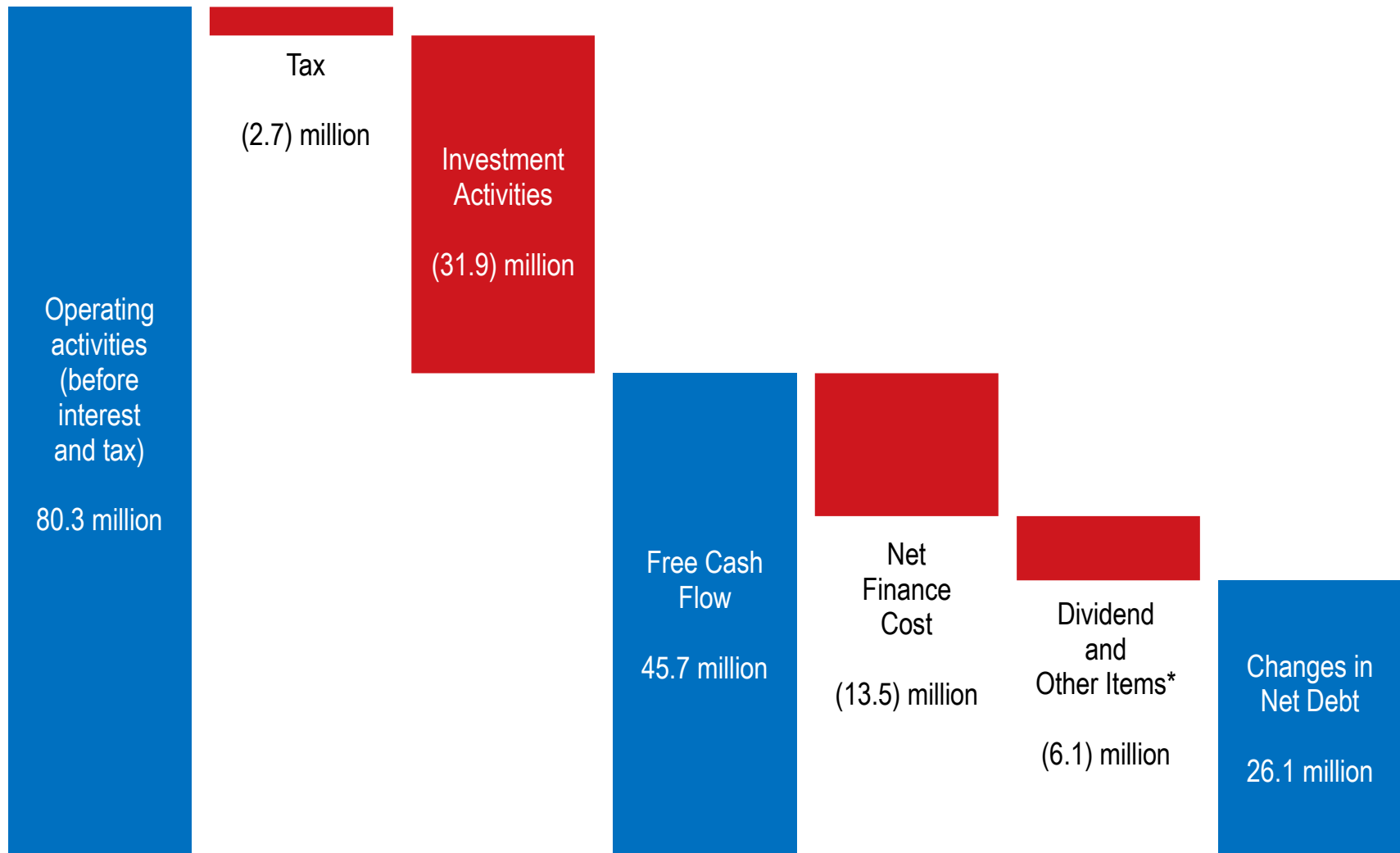
Consolidated Statement of Cash Flows

Cash flows from operating activities

EUR thousands

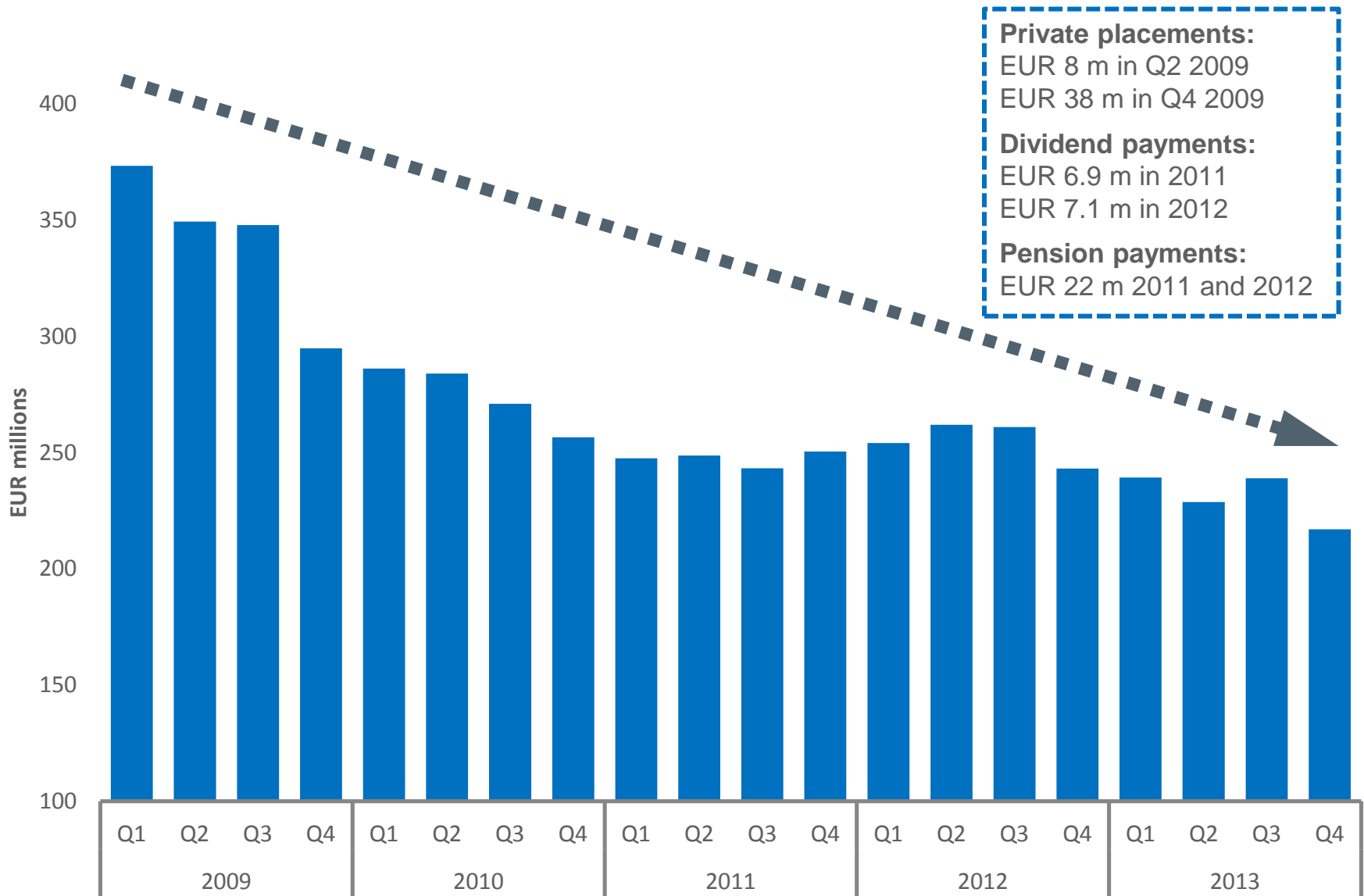
	FY 2013	FY 2012
Result from operations	42,909	61,081
Adjustments provided by operating activities	28,177	25,223
Working capital provided by / (used in) operating activities	71,086	86,304
Changes in operating assets and liabilities	9,234	(20,735)
Cash generated from operating activities	80,320	65,569
Taxes paid	(2,699)	(1,341)
Interest and finance costs paid	(13,524)	(15,133)
Net cash from operating activities	64,097	49,095
Net cash used in investing activities	(31,963)	(37,294)
Net cash used in financing activities	(26,461)	(26,486)
Net increase (decrease) in net cash	5,673	(14,685)
Exchange (loss) / gain on net cash	(1,825)	(304)
Net cash at beginning of the period	15,945	30,934
Net cash at end of the period	19,793	15,945
Cash and cash equivalents	19,793	15,945
Net cash at end of the period	19,793	15,945

2013 cash flow composition and changes in net debt



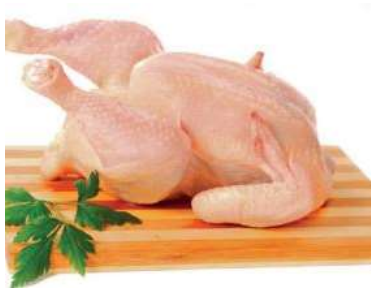
* Dividend, Currency effect, Change in capitalized finance charges and Treasury shares

Net debt reduced by 157 million in the last five years



Quality of Earnings

Marel is the Market Leader



Poultry
51% of revenues

Global leader

Growing business
with solid results

Fish
16% of revenues

Global leader

Refocusing on four
segments within the
fish industry

Meat
16% of revenues

**Major global
provider**

Three business units
merged, visible
market turnaround

Further Processing
15% of revenues

Global leader

Refocusing product
portfolio on high
margin unique
solutions

Note: Other industries accounted for 2% of total revenues in 2013

Competitive edge in global service network



€240m

Service &
Spareparts
in 2013

Growing
recurring
revenue
base



Looking
ahead

Three-track world: Investment needs picking up

USA back on growth track

- Food processors with good profitability and sound balance sheet
- Need for expansion and modernization
- Marel has strong foothold in USA

Europe on slower track

- Untapped opportunities for modernization of customer's equipment and solutions
- Increasing demand for traceability throughout the value chain, especially after high-profile food scandals
- Installment base generates good service revenues for Marel

Emerging markets on a long-term growth track

- Retail and food service have increased significantly in recent years while investment in food processing is lagging behind
- Marel has strong foothold in South America and aims to capture growth in Asia in coming years



Targets for 2014 and 2017

2014

2017

Revenues

Organic revenue growth

Faster than market growth

Profit

Adjusted EBIT
€55 million

EBIT in excess of €100 million

Cash flow

Steady increase in cash
generation

Steady increase in cash
generation

Estimated cost of refocusing
in 2014-2015
€20-25 million in total

Innovation through partnership

High quality fish from **HB Grandi**, flavored by **Norðanfiskur** and processed in a RevoPortioner from **Marel**

Enjoy the fruits of our partnership with two of our Icelandic customers

REVOPORTIONER



Thank you
Takk