

The background features a 3D rendering of several interlocking gears in shades of light gray and white. A prominent blue human figure, composed of geometric blocks, stands on one of the gears. The overall scene is brightly lit, creating soft shadows and highlights on the metallic surfaces of the gears.

Q2 2014 Presentation

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

24 July 2014

**Arni Oddur
Thordarson
CEO**

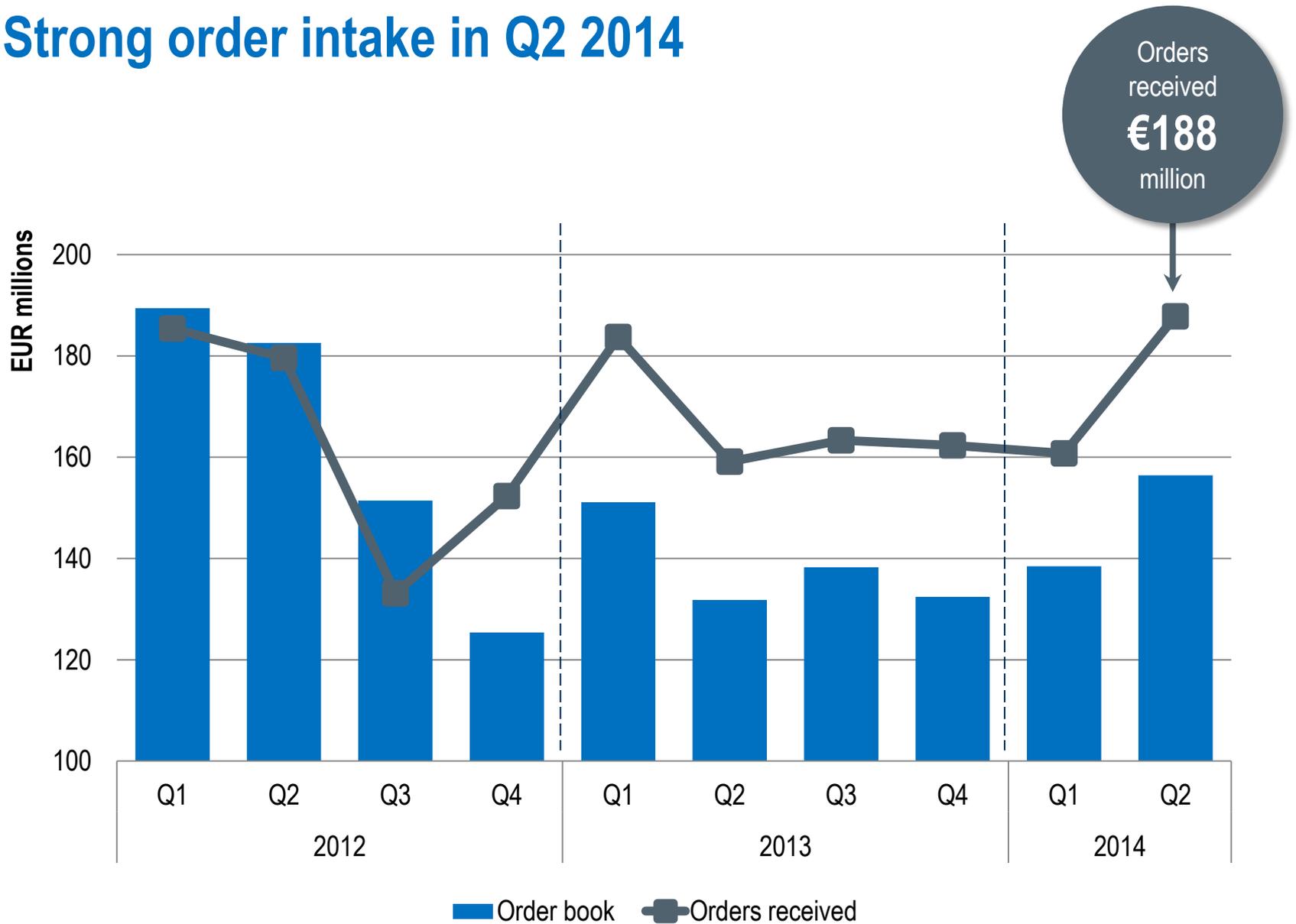
Strong order intake – Refocusing on track

- Revenue €170 million compared to €178 million in Q2 2013
- Order book €156 million compared to €138 million in last quarter
 - €188 million in orders received
- Adjusted EBIT of €10.7 million or 6.3%
- Strong cash flow conversion
- The refocusing plan of becoming simpler, smarter, and faster proceeding according to plan

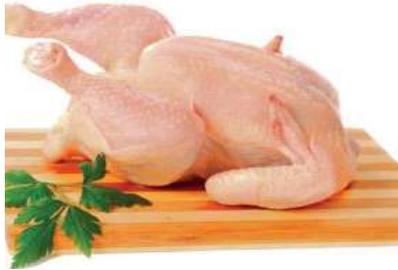


* Refocusing costs in Q2 amount to €7.2 million.

Strong order intake in Q2 2014



Business overview



Poultry

Profitability for poultry improving

Key projects in Saudi Arabia, U.S. and India secured in the quarter

Two innovation awards for an integrated SmartWeigher solution



Fish

Salmon activities delivering healthy profits

Whitefish segment underperforming

FleXicut – a breakthrough solution for the whitefish industry – is a commercial success



Meat

Good reference sales of StreamLine and Case Ready solutions secured around the globe

Revenue gradually increasing and operational breakeven reached



Further Processing

Order intake increasing but financial performance still underperforming

Orders with leading global providers of convenience food secured

RevoPortioner sales to the fish industry

Simpler, smarter and faster Marel

Refocusing proceeding according to plan

- Recurring annual cost saving targets from actions taken in first half of the year amount to 8 million compared with one-off cost of 10.7 million

Marel is commercially strong but the cost base is too high

- Marel is commercially strong with a good portfolio of unique solutions and a strong positioning with its global sales and service network
- Marel is simplifying its organization and market approach to lower cost and stimulate sales and service revenues
- Marel's manufacturing footprint will consist of few multi-industry sites

2017 EBIT target in excess of €100 million

Transfer of operations from Oss to Boxmeer

- Boxmeer is a strategic multi-industry site
 - Serving poultry, meat and further processing
- Ample opportunities to step up innovation by sharing best practices across industries
- Direct cost savings in administration, innovation and manufacturing will crystallize in 2015 and onwards



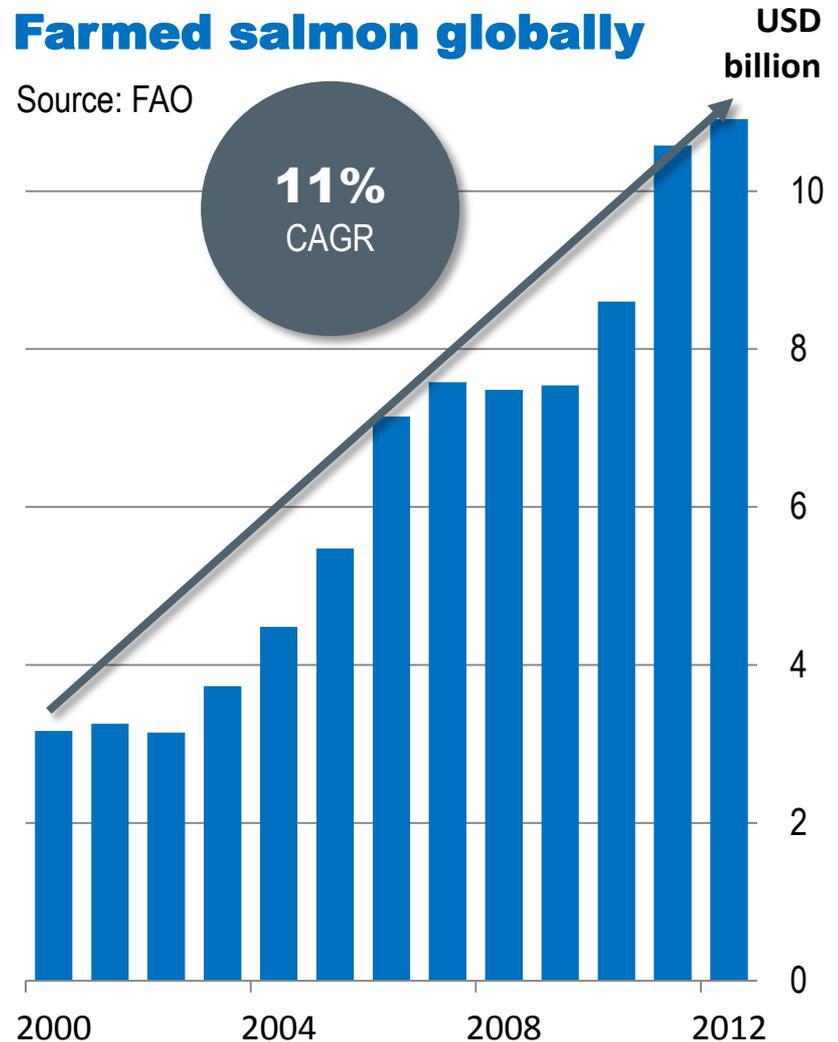
Sharing of best practices across industries provides further opportunities in innovation

Transfer of salmon activities to Stovring

- Marel has successfully finalized the transfer of Salmon activities from Norresundby to Stovring in Denmark
- Stovring is a large and modern multi-industry site with capacity to take on foreseen growth in the salmon business
- Marel is leading supplier to the Salmon industry. The demand for Salmon is steadily increasing due to sushi trend and Omega 3

Farmed salmon globally

Source: FAO



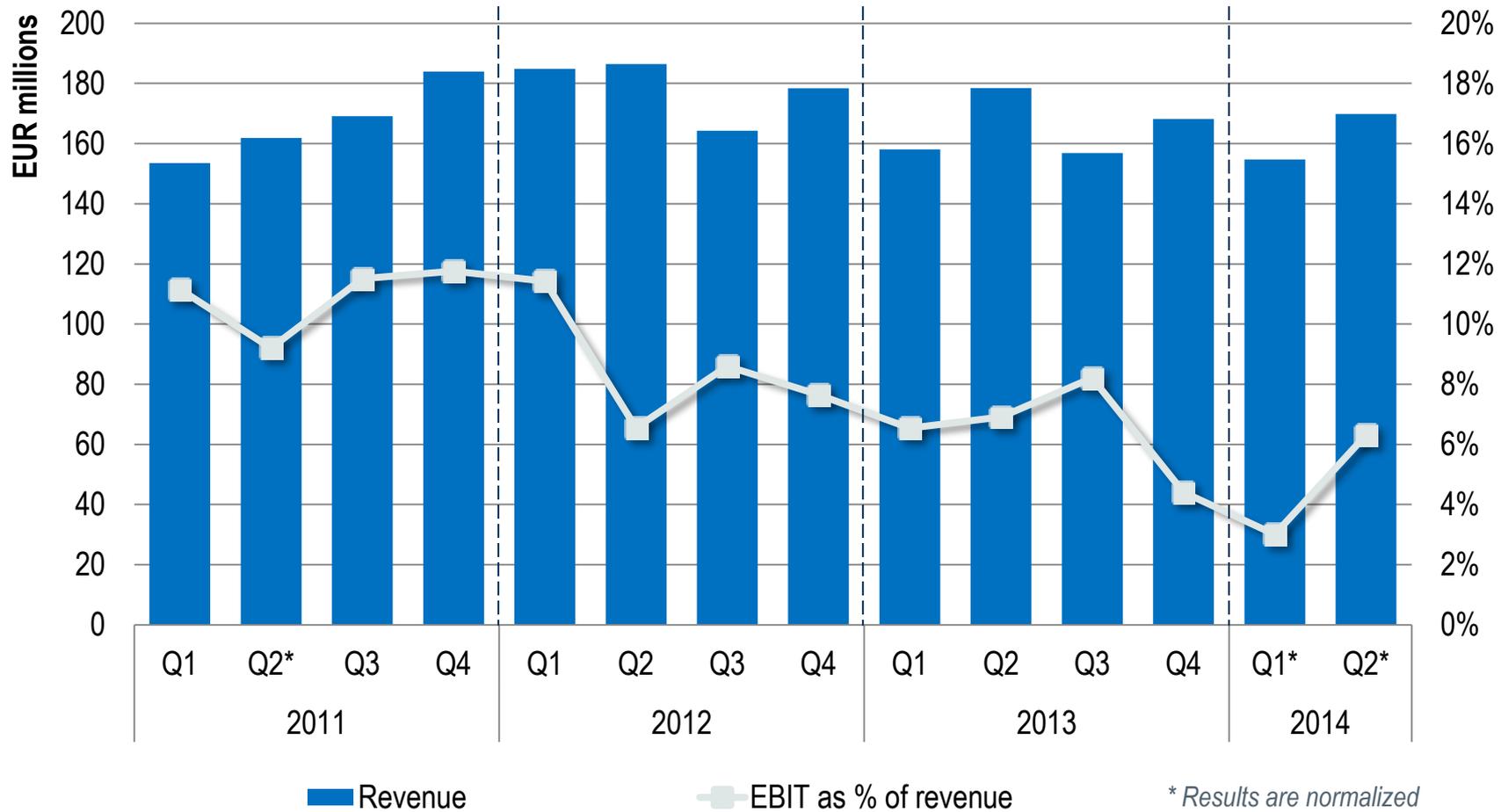
Erik Kaman
CFO

Business results

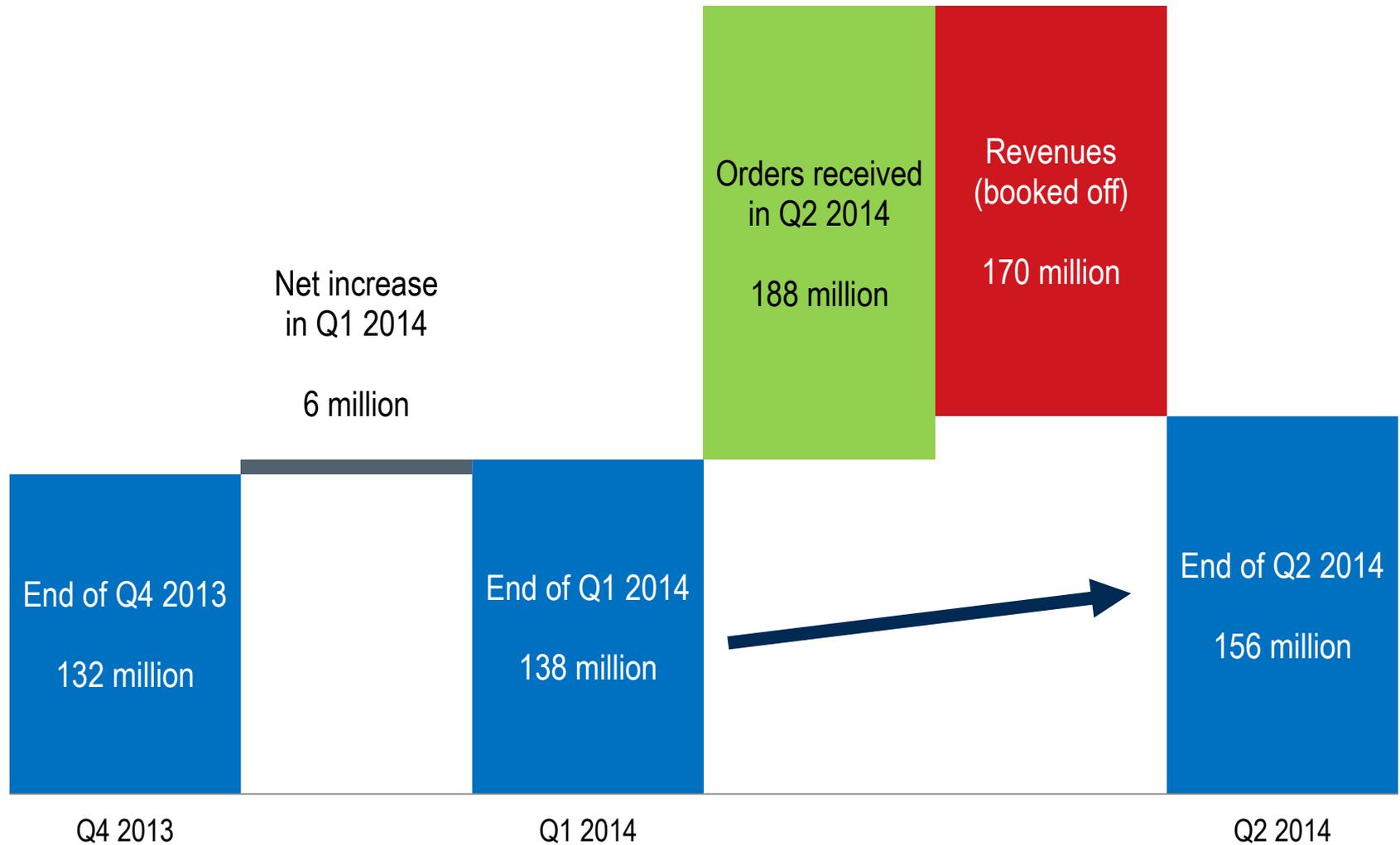
<i>EUR thousands</i>	Q2 2014	Q2 2013	Change in %
Revenue	169,848	178,430	(4.8)
Gross profit before refocusing cost	60,344	59,517	1.4
<i>as a % of revenue</i>	35.5	33.4	
Before refocusing costs			
Result from operations (adjusted EBIT)	10,741	12,313	(12.8)
<i>as a % of revenue</i>	6.3	6.9	
Adjusted EBITDA	18,011	18,977	(5.1)
<i>as a % of revenue</i>	10.6	10.6	
After refocusing costs			
Result from operations (EBIT)	3,553	12,313	(71.1)
<i>as a % of revenue</i>	2.1	6.9	
EBITDA	13,022	18,977	(31.4)
<i>as a % of revenue</i>	7.7	10.6	
Orders received (including service revenues)	187,826	159,135	18.0
Order book	156,427	131,811	18.7

Development of business results

Firm steps to improve profitability



Order book stands at EUR 156 million at the end of Q2



Condensed consolidated balance sheet

ASSETS

EUR thousands

Non-current assets

	30/6 2014	31/12 2013
Property, plant and equipment	99,172	104,707
Goodwill	385,153	378,708
Other intangible assets	119,253	118,561
Receivables	268	691
Deferred income tax assets	10,692	9,611
	<u>614,538</u>	<u>612,278</u>

Current assets

Inventories	96,680	91,796
Production contracts	26,770	24,829
Trade receivables	68,054	68,737
Assets held for sale	2,500	-
Other receivables and prepayments	23,617	22,135
Cash and cash equivalents	17,362	19,793
	<u>234,983</u>	<u>227,290</u>

Total assets

	<u><u>849,521</u></u>	<u><u>839,568</u></u>
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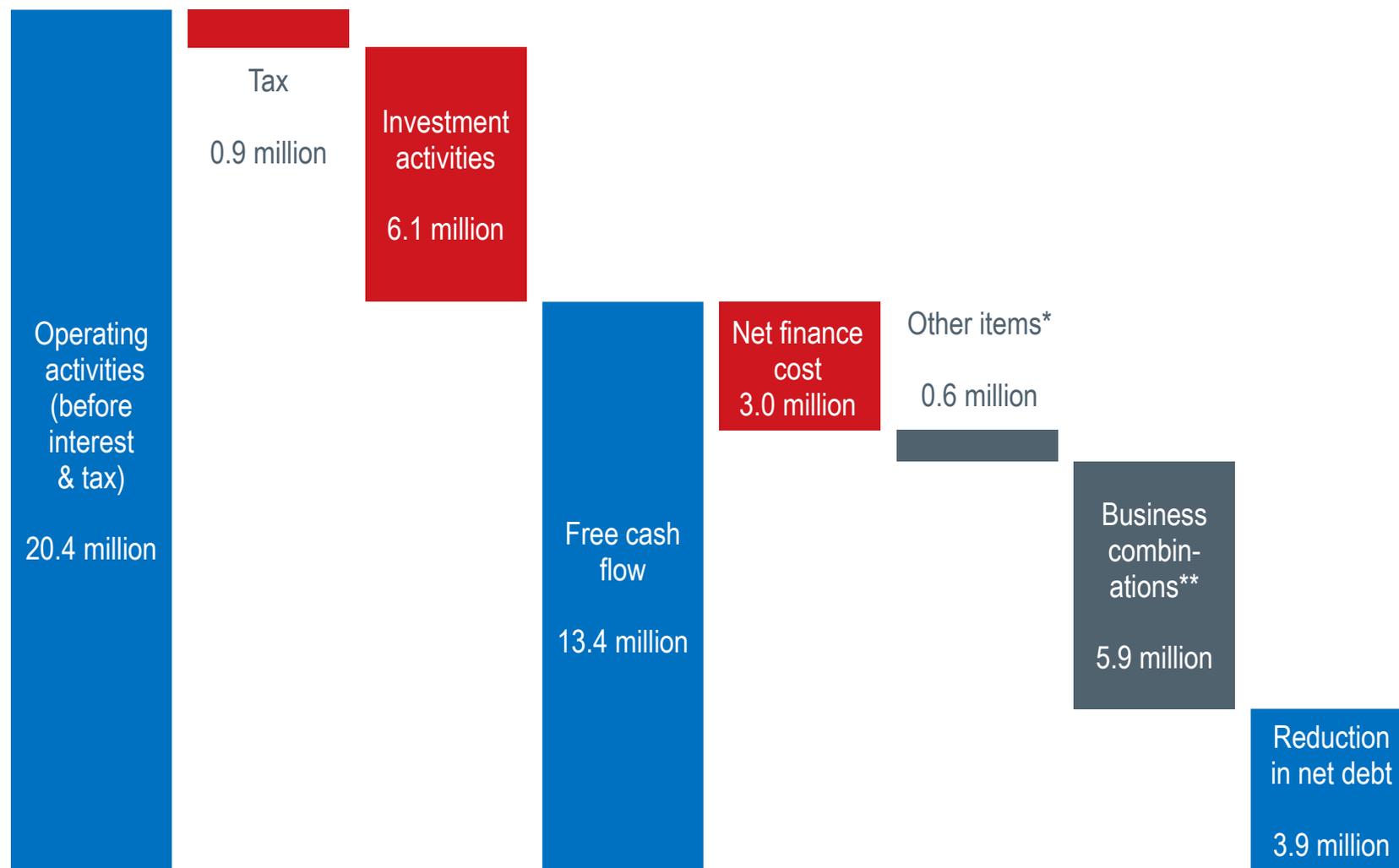
Condensed consolidated balance sheet (continued)

LIABILITIES AND EQUITY

EUR thousands

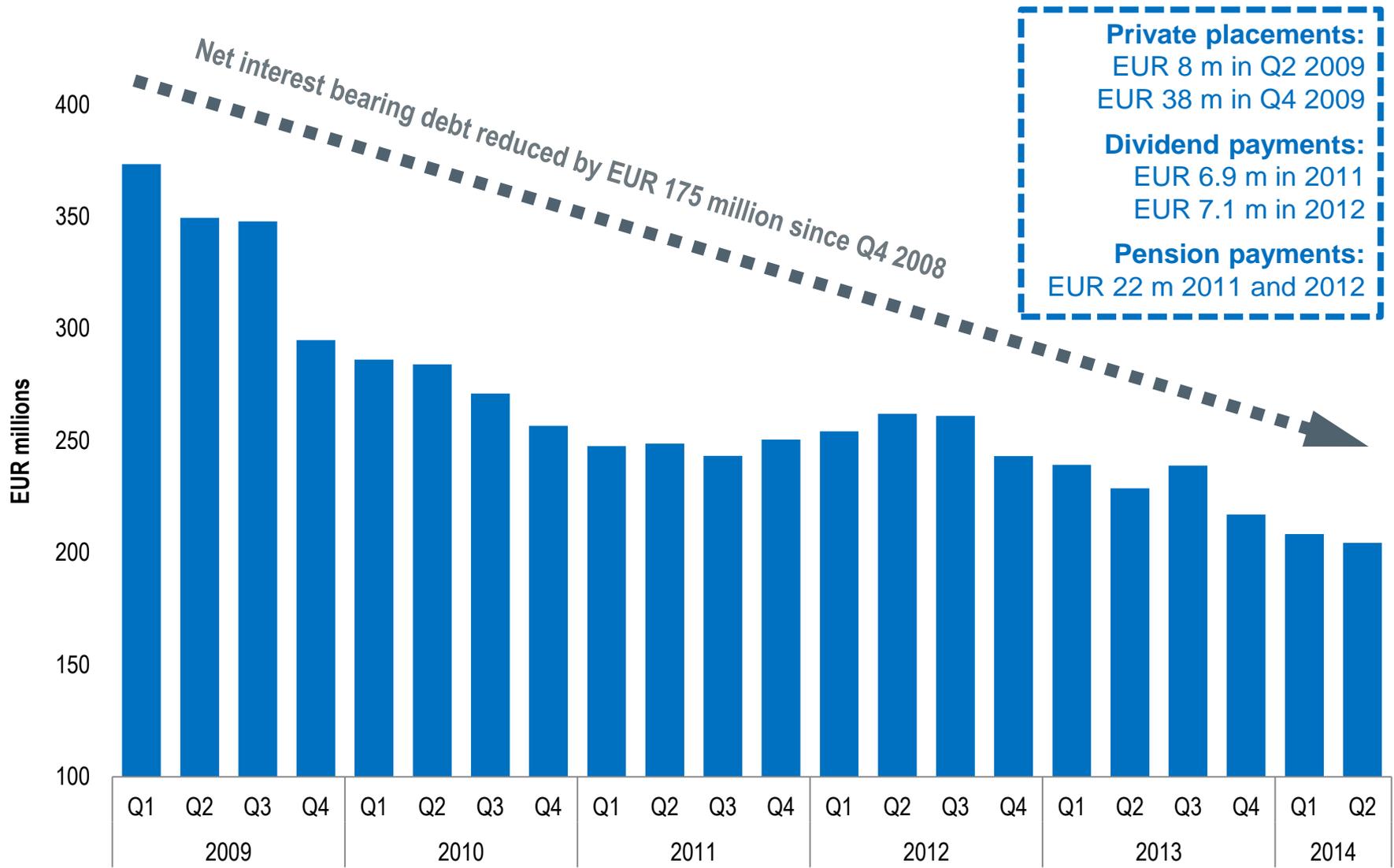
	30/6 2014	31/12 2013
Equity	419,734	419,339
LIABILITIES		
Non-current liabilities		
Borrowings	203,189	214,846
Deferred income tax liabilities	12,212	13,885
Provisions	6,202	6,065
Derivative financial instruments	6,583	7,184
	<u>228,186</u>	<u>241,980</u>
Current liabilities		
Production contracts.....	51,227	44,881
Trade and other payables	121,961	105,662
Current income tax liabilities	3,811	3,526
Borrowings	18,682	22,077
Provisions	5,920	2,103
	<u>201,601</u>	<u>178,249</u>
Total liabilities	429,787	420,229
Total equity and liabilities	849,521	839,568

Q2 2014 cash flow composition and changes in net debt



* Currency effect, Change in capitalized finance charges and Treasury shares. ** After sales network in Denmark and Sweden.

Net interest bearing debt reduced by EUR 12.6 million in H1



**Arni Oddur
Thordarson
CEO**

Three-track world

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

Q2 Highlights

Good sales in poultry and further processing to key customers

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

Q2 Highlights

Large meat system sale in France

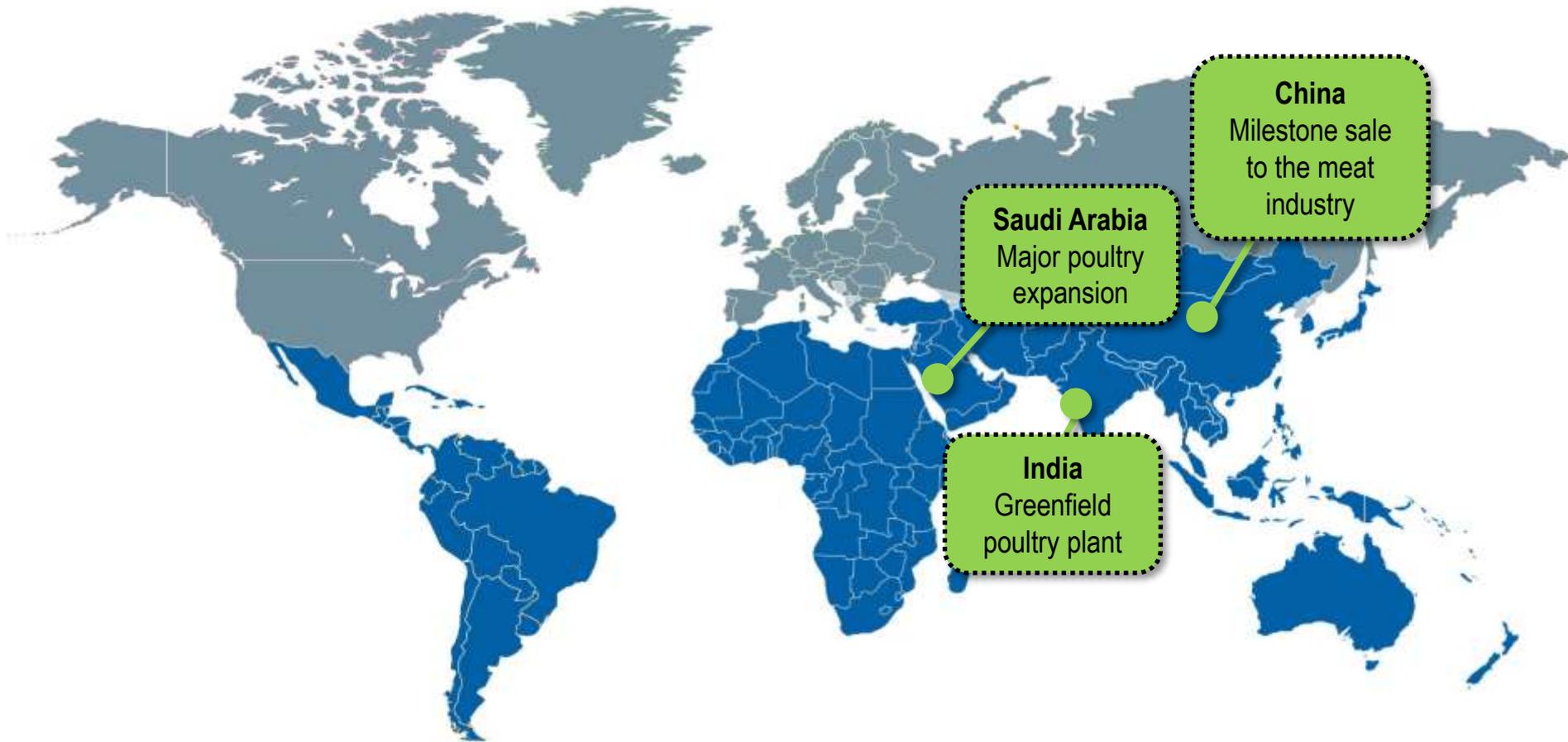
Emerging markets on a long-term growth track

- 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

Q2 Highlights

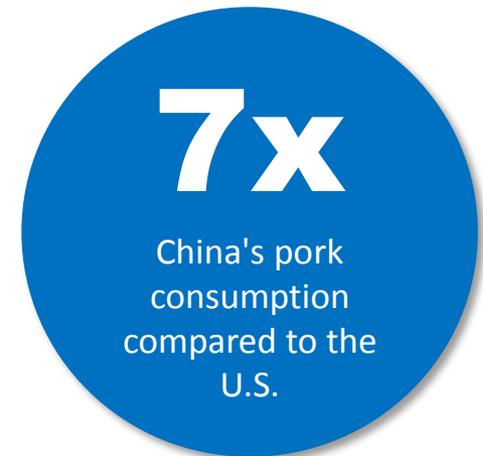
Good order intake from India, China, Saudi Arabia, Mexico and Brazil

Capturing growth in emerging markets



China – Milestone sale to the meat industry in Q2

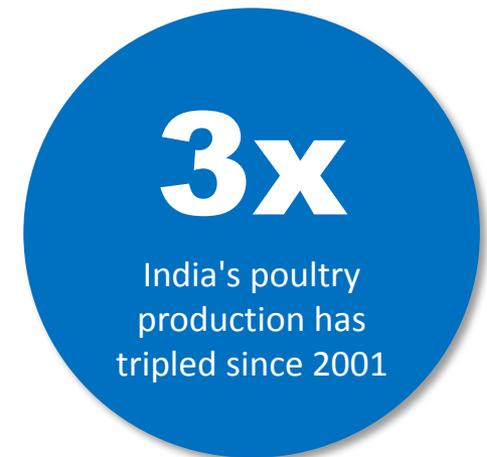
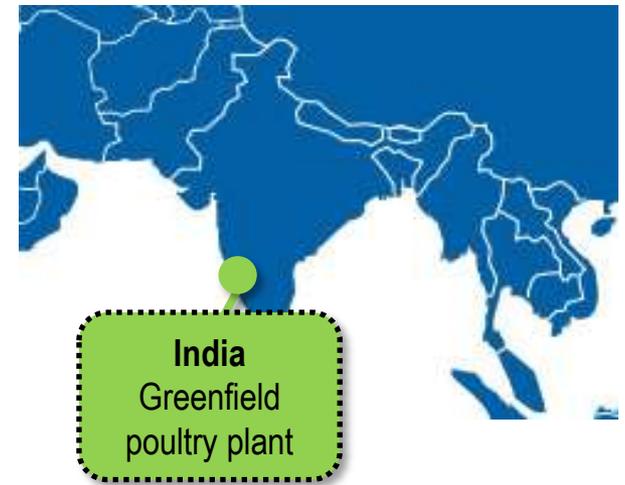
- Marel is gaining foothold in the important Chinese meat market
 - Food safety high on the agenda
 - Marel provides various monitoring and traceability solutions
- Transition from small-scale pig farming to modernized large-scale operations is taking place
- Repeated sales to a pioneer meat processor in the Chinese region of Inner Mongolia in little more than a year
 - 400 heads/day StreamLine system



Source: USDA

India – Greenfield project in the poultry industry

- Highly automated processing plant with an initial capacity of 6,000 birds per hour
 - Expandable to a capacity of 12,000 birds per hour
 - It incorporates all the latest Marel technology
- The Indian poultry processing market is developing fast and Marel is ready to grow with it
 - On average Indians consume annually 2kg of poultry meat compared to 22kg on average in the EU
- Marel opened a sales and service unit in India in 2011



Source: USDA

Saudi Arabia – Building on prior successes

- Modernization and upgrade of three poultry lines which will increase the capacity to 36,000 birds per hour
 - Existing plant was delivered as a greenfield project 15 years ago
- The upgrade includes the latest technology and will lead to higher yield and increased food safety
- Saudi authorities actively support domestic production with food safety high on the agenda



Source: USDA

The way forward

Simpler, smarter, faster

- Merge business units
- Optimize manufacturing footprint and improve capacity utilization
- Simplify organizational structure

Benefits

- Lower fixed cost base
- Improved profitability
- Simpler organization
- Customer excellence
- Reduced time to market
- Faster market penetration

*2014 adjusted
EBIT target
revised to
€40-50 million*

*2017 EBIT
target in
excess of
€100 million*

Q&A

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Thank you
Dank u wel
Takk fyrir
Mange tak