PRESS RELEASE
5 February 2013

Marel 2012 results

(All amounts in EUR)

Healthy growth in a challenging market

- Revenues for 2012 totaled 714.0 million (m), an increase of 6.8% compared to the year before [2011: 668.4m].
- EBITDA was 86.0m or 12.0% of revenues compared with 87.0m in 2011 [2011: 98.0m normalized]. [1]
- Operating profit was 61.1m or 8.6% of revenues compared with 62.2m in 2011 [2011: 73.2m normalized].[1]
- Net result for 2012 was 35.6m compared to 34.5m in 2011. Earnings per share were 4.88 euro cents [2011: 4.70 euro cents].
- Cash flow remains healthy and net interest bearing debt is 243.2m at the end of 2012 [2011: 250.5m].
- The order book was at 125.4m at the end of the year [2011: 188.9m].

Playing on its strengths by reaping the benefits of integration and a global network of sales and service, Marel showed solid revenue growth of 6.8%. Marel's core business has grown organically by 29% in the last four years, a period which has been economically challenging.

Revenues for the year are in line with the Company's expectations with EBIT margin of 8.6%, below the long-term target of 10-12%. Last year was challenging in Europe and USA with delays in high margin standard equipment whereas sales of large projects in new markets continued to grow. Large greenfield projects are expected to generate future revenues in the form of standard equipment and service related revenues.

Theo Hoen, CEO:
"A healthy 6.8% growth in a challenging market is an achievement. In the last four years we have grown immensely. We have introduced a steady pipeline of new products, strengthened our sales and service network, and at the same time we have merged several companies into one.

Last year we saw strong growth in our fish segment and in fourth quarter we saw signs of a turn-around in the meat industry. We maintained our position as market leader in further processing, and the poultry segment remained the backbone of our revenue base with returns above target.

We expect moderate growth in 2013, assuming recovery in our established markets in the second half of the year, in particular in USA which has been in downturn for over two years. Looking further into the future, we believe that our innovative products and standardization of solutions and service in all our industries will secure strong organic growth. With increased sales of standard solutions and focus on operational excellence we expect to be back on track with 10-12% EBIT in the second half of 2013."

[1] Taking into account the one-off cost related to pension funding amounting to 11m.

The Company's revenue base remains strong and can generally be divided into three approximately equal components: 1) the sale of large systems, often for greenfield projects, 2) the sale of stand-alone equipment and smaller standardized systems, and 3) service and spare parts. However, last year large projects generated around 40% of revenues, whereas standard solutions accounted for less than 25%, lagging behind the previous two years, resulting in lower gross profit in 2012. Marel's poultry industry sector still accounts for over 50% of the Company's revenues; however, there are signs that other segments may grow faster in the coming years.

The Board of Directors will propose to the Annual General Meeting (AGM) on 6 March 2013 that a dividend of 0.97 euro cents per share be paid for the operational year 2012 [2011: 0.95 euro cents per share]. Based on the current number of outstanding shares, the estimated total dividend payment will be approximately EUR 7.1m, corresponding to about 20% of profits for the year. The proposed dividend is in line with Marel's targeted capital allocation and dividend policy introduced at the 2011 AGM.

If approved by Marel's shareholders, the Company's shares traded on and after 7 March 2013 (Ex-Date) will be ex-dividend and the right to a dividend will be constricted to shareholders identified in the Company's Shareholders' Registry at the end of 11 March 2013, which is the proposed record date. The Board will propose that payment date of the dividend is 5 April 2013.

Q4 2012 results

Solid revenues with lower profit margin

- Revenues for Q4 2012 totaled 178.4m, a decrease of 3% compared to revenues for the same period the year before [Q4 2011: 183.9m].
- EBITDA was 19.5m, or 10.9% of revenues [Q4 2011: 27.9m].
- Operating profit (EBIT) was 13.6m, or 7.6% of revenues [Q4 2011: 21.6m].
- Net result was 7.1m for Q4 2012 [Q4 2011: 15.0m].
- Operating cash flow before interest and tax remains healthy at 28.6m for Q4 compared to 19.9m in Q4 2011.

In the face of challenging economic conditions throughout 2012, Marel generated healthy revenue stream based on its strong market position and product pipeline. Orders received during Q4 2012 amounted to 152.3m [Q4 2011: 176.0m] which is an increase from previous quarter. At the end of 2012, the order book amounted to 125.4m as opposed to 188.9m at the end of the previous year.

In December 2012, Marel signed an agreement with its lenders to amend and extend the term of present loan facilities from November 2010 by one year, or to the end of 2016. This important achievement in global, turbulent financial markets will lead to more efficient financing and lower financing cost.

Key figures from Marel's operations in thousands of EUR

Operating results *Consolidated (normalised for 2011)* [1]	Quarter 4 2012	Quarter 4 2011	Change in %	Quarter 4 2012 YTD	Quarter 4 2011 YTD	Change in %
Revenues	178,363	183,903	*(3.0)*	713,960	668,357	*6.8*
Gross profit	60,086	69,798	*(13.9)*	249,226	247,289	*0.8*
Gross profit as a % of revenues	33.7	38.0		34.9	37.0	
Result from operations (EBIT)	13,632	21,620	*(36.9)*	61,081	73,152	*(16.5)*
EBIT as a % of revenues	7.6	11.8		8.6	10.9	
EBITDA	19,527	27,908	*(30.0)*	85,963	97,992	*(12.3)*
EBITDA as a % of revenues	10.9	15.2		12.0	14.7	
Consolidated net result	7,143	14,988	*(52.3)*	35,609	34,463	*3.3*
Net result as a % of consolidated revenues	4.0	8.1		5.0	5.2	
Orders received [2]	152,329	175,922	*(13.4)*	650,493	702,419	*(7.4)*
Order book	-	-		125,390	188,856	*(36.1)*

[1] The 2011 numbers are normalised for EUR 11m one-off costs for pension related issues.

[2] Included are the service revenues.

Cash flows

Cash generated from operating activities, before interest & tax	28,567	19,895	65,569	63,716
Net cash from (to) operating activities	25,237	14,524	49,095	43,183
Investing activities	(11,258)	(10,925)	(37,294)	(28,690)
Financing activities	(11,052)	(6,331)	(26,486)	(47,120)
Net cash flow	2,927	(2,732)	(14,685)	(32,627)

Financial position

Net interest bearing debt	243,242	250,489
Operational working capital [3]	110,748	94,944

[3] Third party debtors, Inventories, Net work in progress and Third party creditors.

Key ratios

Current ratio	1.3	1.2
Quick ratio	0.8	0.8
Number of outstanding shares	731,440	728,844
Market cap. in millions of euros based on exchange rate at end of period	604.2	574.2
Return on equity	9.2%	9.6%
Earnings per share in euro cents	4.88	4.70
Leverage [4]	2.83	2.56

[4] Net interest bearing debt / Normalised LTM EBITDA.

Markets

The year 2012 presented Marel with challenges and opportunities alike. Slowdown in Europe and USA remained while other markets, such as China, Eastern Europe and South America showed increased demand. Last year Marel saw strong growth in the fish segment and in fourth quarter there were clear signs of a turn-around in the meat industry. Marel maintained its position as market leader in further processing. The poultry segment remained the backbone of Marel's revenue base with returns above target.

Challenges for food processors include rising costs, e.g. for feed, energy and water, the availability of labor and the ever growing demand for more and safer end products. Meeting those challenges is at the core of Marel's business model. 2012 was challenging for processors in various markets, numerous projects, large and small were realized confirming Marel's position as global technology and market leader.

Below is a performance overview of Marel's four core industry segments: poultry, fish, meat and further processing.

Poultry

2012: In China the local presence was strengthened further by scaling up the sales and service teams and by starting the production of parts of the processing lines in the Marel facility. In Europe consolidation is ongoing. In the United States and in Brazil high feed prices influence margins for processors. These markets now develop moderately. Marel continues to support customers by offering solutions that can contribute to further optimization of their processes. Despite less order intake in the latter part of the year, overall the poultry segment did excellently in 2012 resulting in both record revenues and profits.

Quarter 4: The EuroTier exhibition in Hannover was a big success where the AeroScalder was awarded the Golden Innovation Award of the year. Order intake during fourth quarter was in line with previous quarters, not improving significantly and thus leading to a lower order book and volume in factories in the first months of 2013. However, slightly better sentiment regarding investments is detected on the horizon which may lead to a back on track situation in the second half of the year. A few important orders were secured in the quarter, including one from Norway involving a complete high speed greenfield project. In addition, Marel signed agreements on complete primary processing projects in Turkey and the UK.

Fish

2012: The fish industry is very dynamic, but various external factors affect industry players differently. Since Marel is serving both captured- and farmed-fish needs, the Company responds to different challenges in both segments. The market conditions in 2012 presented opportunities for Marel to provide individual customers with solutions to improve overall efficiency in their operations. Increased supply of both salmon (Chile re-emerging) and ground fish (increased cod quotas) during the year are pressing prices downward which in turn puts pressure on seafood suppliers to lower processing costs, thus demanding increased automation. Marel installed reference plants for farmed fish in emerging markets such as Latin America and China. Furthermore, the new filleting machine for salmon was successfully launched in the market. The fish segment of Marel performed well in 2012.

Quarter 4: The quarter was busy with several large installations. One of them was the installation of a tilapia processing line in Costa Rica, which was the largest single sale Marel has made in Central America. The sale also marked an important step in Marel's strategy where more focus is on rapidly growing markets of farmed fish in Central America and the Far East. Another successful installation involved Marel's first portioning and robot loading system for a salmon plant in Norway. After several quarters of very strong order intake, fourth quarter resulted in more orders booked off than new orders received, resulting in a smaller order book towards the end of year. The first quarter of 2013 does not have optimal composition and size of order book but long-term prospects remain positive. Past investments to build up in different geographical markets means Marel is less exposed to varying demand in each market.

Meat

2012: The year posed several challenges to Marel's customers competing on thin margins. This led to less investment in new processing technologies in mature markets, such as USA and Europe. However, there was increased activity in Asia and South America during the second half of the year. Products like StreamLine deboning and trimming system and the new Trim Management System, with its very successful SensorX technology as the heart of the system, are examples of solutions Marel offers its customers in order to optimize their performance. Marel successfully introduced new products and secured important sales in new markets, however, the overall performance of this segment was not good. However, visible improvements show that the market oriented organization paying off.

Quarter 4: The fourth quarter was busy with five major beef processing systems sold to processors in Australia, Ireland, China, Chile and Mexico which are all new meat markets for Marel. A breakthrough sale of the first beef StreamLine system in China was made after only one year penetrating the market. Similarly, Marel had a groundbreaking beef deboning hall project sales in Chile and Mexico. The main driver for selecting Marel beef boning hall systems is the way Marel equipment and its Innova Software Solutions combined ensure product traceability, performance monitoring of individual operators, and data collection for continuous process improvements.

Further processing

2012: Marel's Further Processing industry segment saw high number of start-ups in South America, Eastern Europe and the Far East. There are strong developments in these parts of the world, apparent from the many investments in complete production lines. The demand for co-extrusion sausage equipment in USA and other regions has increased further and is expected to continue to do so over the coming years. In 2012, many customers expanded by adding new solutions to their existing Marel equipment portfolio with the unique MOS oven as an excellent example. The Further Processing segment maintained its position in the market in 2012.

Quarter 4: A significant number of orders were received, including a few for full lines from Eastern European companies, to be installed in this year. Several orders came from China, proving once again the importance of this growing economy. An agreement was made with an American company which is building a new factory in China, supplying quick serve restaurants. A two-day Coating Event at the DemoCenter in Boxmeer was well attended by customers from many countries, e.g. Indonesia, China, Egypt, France and Poland. Demonstrating the entire process, customers could see the products being made from beginning to end where they could even pick them up off the belt to taste.

Innovation

Innovation is one of the cornerstones of Marel's strategy. The Company invests 5-7% of revenues in innovation annually, and in 2012 Marel launched 57 new products and applied for a patent on 24 new inventions. By continuously bringing new products and solutions to customers, Marel contributes to improved profitability in the industry. Traceability, and energy and water savings are increasingly important drivers for food processors in addition to improved yield, automation and more efficient processes overall.

By bringing innovative products and solutions to the protein processing industry, Marel contributes to enlarging the markets the Company serves. This is a fundamental issue which has enabled Marel to achieve growth in excess of the market in recent years. Marel’s goal is to provide its customers with solutions that give them the edge over their competitors.

Good examples of innovation that bring value to Marel’s customers are the StreamLine solutions. Combined with Marel’s Innova production control software, the StreamLine Meat system is reported to have resulted in a yield improvement of 1.3% and a productivity increase of 20% for a customer in the Czech Republic. The Marel StreamLine deboning and trimming system enables meat processors to monitor and collect data on yield, throughput and quality throughout the entire processing cycle. StreamLine can be configured for a variety of tasks, including deboning, trimming, membrane skinning, tying and sawing, allowing processors to cater fully to their customers’ specifications.

Operational excellence

Marel has taken many important steps in recent years in order to align the Company’s resources, and to become more efficient in processes throughout the Company’s operations. This will be the foundation which supports the long-term business goals. A prioritization has been made in defining strategic focus points which call for operational excellence practices to enhance performance and make it possible to realize strategic goals.

Cost efficiency
Marel continues to maintain a strict focus on rationalization and cost control. There are many ongoing projects which aim at streamlining the business and further reducing Marel’s cost base in a sustainable manner, even with continued growth in line with strategic goals. In particular, there will be focus on the gross profit margin where the target is to reach 40% in 3-5 years.

Cash flow
Operational cash flow before interest and tax remains healthy at 28.6m for Q4 2012 compared to 19.9m in Q4 2011, an increase of 8.7m. The balance sheet is healthy and net interest bearing debt amounts to 243.2m, which is lower than at year-end 2011 (250.5m). Overall, the business remains well invested. Marel can expand its production capacity without heavy investments in facilities and equipment to meet future organic growth.

To restrict investments in working capital, Marel is monitoring the cash conversion cycle. During 2012, Days of Sales Outstanding and the Inventory Turnover Rate were once again improved. However, the decrease of orders received resulted in fewer down payments, which impacted the Work in Progress position at the end of 2012.

Financing
As previously stated, Marel signed an agreement with its lenders in December 2012 to amend and extend the current financing originally entered into in November 2010, by extending the term by one year, or to the end of 2016 and converting the junior loan into senior. This important achievement in turbulent financial markets will lead to more efficient financing and lower financing cost.

Marel's remaining ISK denominated EUR 7.6m equivalent bond issue was repaid during 2012. Thus Marel has removed the remaining exposure to the Icelandic krona (ISK) in the Group Financing, and is now only financed in EUR and USD in a proportion that gives a good natural hedge to exposures.

Dividend and treasury shares

A dividend of 0.95 euro cents per share, a total of 6.9m, was paid out to shareholders, corresponding to about 20% of Company profits for the year 2011. The Company also purchased treasury shares to cover employee stock option agreements.

Outlook

Marel expects moderate growth in 2013, assuming recovery in established markets in the second half of the year. With increased sales of standard solutions and focus on operational excellence we expect to be back on track with 10-12% EBIT in the second half of 2013.

Mid- and long-term, the Company believes that Marel's innovative products and global presence in all industries will secure strong growth and increased profitability.

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, 6 February 2013

Marel will present its results at an investor meeting on Wednesday, 6 February, at 8:30 am (GMT), at the Company's headquarters at Austurhraun 9, Gardabaer. The meeting will also be webcast at www.marel.com/webcast.

Publication days of Consolidated Financial Statements and Annual General Meeting in 2013

- Annual General Meeting 6 March 2013

Publication dates of the Financial Statements for 2013:

- 1st quarter 2013 22 April 2013
- 2nd quarter 2013 24 July 2013
- 3rd quarter 2013 23 October 2013
- 4th quarter 2013 5 February 2014

Release of financial statements will take place after market closing at above-mentioned 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.