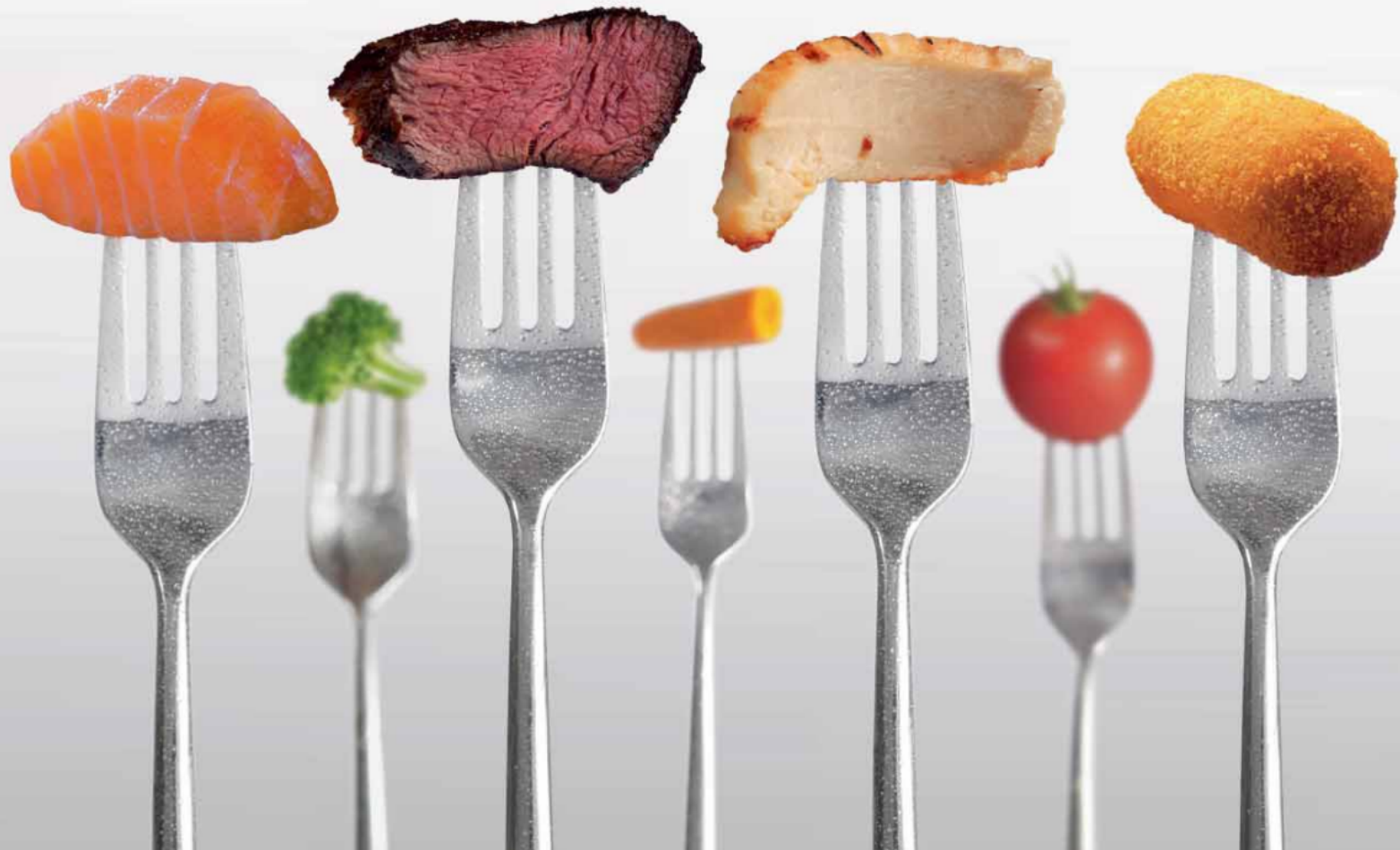


ANNUAL REPORT 2011



Who we are

Marel is the leading global provider of advanced equipment, systems and services to the poultry, fish, meat and further processing industries.

Our state-of-the-art equipment and systems help food processors of all sizes, in all markets, to operate at peak productivity.

GLOBAL PRESENCE

With more than 3,900 employees worldwide, offices and subsidiaries in some 30 countries, and a network of more than 100 agents and distributors, Marel is in a unique position to serve our customers wherever they may be located.

A SINGLE SOURCE

Our brands – Marel, Stork Poultry Processing and Townsend Further Processing – are among the most respected in the industry. United in one company, we offer our customers the convenience of a single source for products to meet their every need.

INNOVATION: IT'S IN OUR DNA

Our annual investment of 5-7% of revenues in research and development has led to breakthrough innovations that have transformed the way food is processed around the world.

Our primary goal is to put our devotion to market-driven innovation at the service of our customers – from small family-owned businesses to leading global producers – to help them to be profitable.

ONE COMPANY... SERVING FOUR INDUSTRIES

Our four Industry Centres gather together all the knowledge, expertise and decades of experience accumulated across our company in each of the four core industries we serve.

Poultry processing:

Our Stork Poultry Processing product range offers integrated systems for processing broilers, turkeys and ducks.

Fish processing:

Marel provides advanced equipment and systems for salmon and whitefish processing, both farmed and wild, onboard and ashore.

Meat processing:

Our Meat Industry Centre specialises in the key processes of deboning and trimming, case ready, food service and bacon processing.

Further processing:

Marel offers an extensive range of products for portioning, coating, heat treatment and sausage-making under the brand name of Townsend Further Processing.

POULTRY



FISH



MEAT



FURTHER PROCESSING





CEO'S ADDRESS

Ready for the future

Marel has come a long way since 2006, when an ambitious two-phase growth strategy was announced. Today, thanks to the success of that strategy, Marel is the market leader in advanced equipment for the processing of proteins. After completing the first phase, defined by a series of strategic acquisitions, we are now in the second phase, where the focus is on strong organic growth. Our target is to reach EUR 1 billion in turnover by 2015.

We made significant strides toward this goal in 2011. We achieved pure organic growth of close to 15%, primarily thanks to two factors: the further expansion of our global market network, and our ability to consistently bring innovative new products to the market. Once again, our strong innovation drive was a key factor in our success.

Market situation

Market conditions were favourable for our customers in 2011. Global protein consumption continues to increase by 3-5% annually, mainly driven by urbanisation in the emerging economies. In developed countries, the rising popularity of convenience food is a key factor. Consumer habits are constantly changing and we spend less and less time in the kitchen. Marel is responding by helping processors to meet growing consumer demand for food that is easy to prepare.

Globally, poultry processors had a very good year, although it was a difficult time for our customers in the U.S. They were not in a position to pass rising feed prices on to consumers, which limited capital investment. Meat processors had a decent year and their financial situation improved. Fish processors did well and we have seen rapid developments especially in China, with new farmed species such as tilapia and pangasius gaining market share.

Looking ahead to 2012, we are optimistic and we expect market conditions to remain favourable for our customers. In the U.S., we anticipate a recovery in the poultry market.

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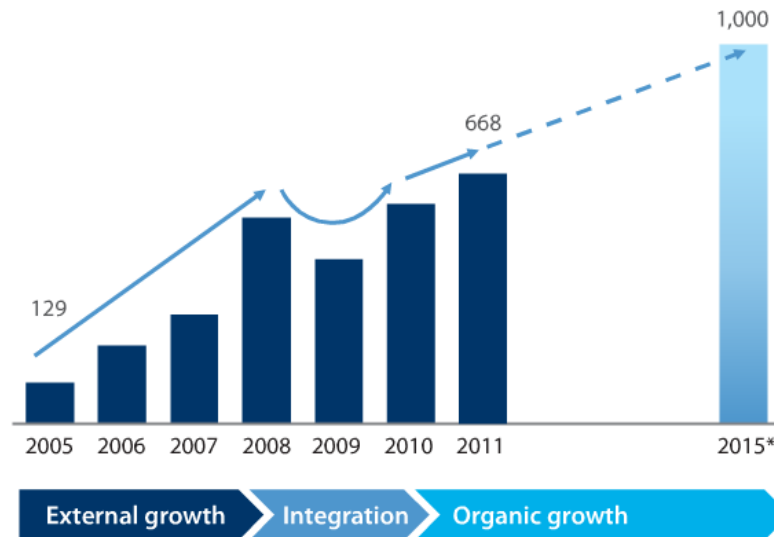
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1

In 2006, we introduced a two-phased growth strategy designed to establish Marel as the market leader.

- In phase 1, turnover was to be more than tripled over a period of 3-5 years through strategic acquisitions. By 2010, Marel's revenues had grown from EUR 130 to EUR 582 million and market share from 4% to 15%.

- The company is now in phase 2, where the goal is to reach a turnover of EUR 1 billion by 2015 through strong organic growth and smaller bolt-on acquisitions.



* Target

2

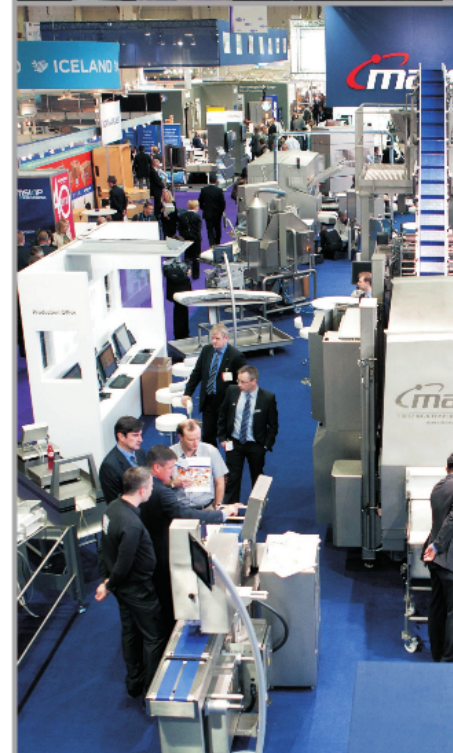
| Processing segment | Estimated market size |
|--------------------|-----------------------|
| Poultry | |
| Fish | |
| Meat | |

Global presence

Marel's global distribution network includes offices and subsidiaries in some 30 countries, and approximately 100 agents and distributors around the world. Building on their knowledge of the market and customer needs, our local teams sell, market, distribute, install and service Marel's standard products. Large-scale projects, on the other hand, are generally managed by the Industry Centres for fish, meat, poultry and further processing.



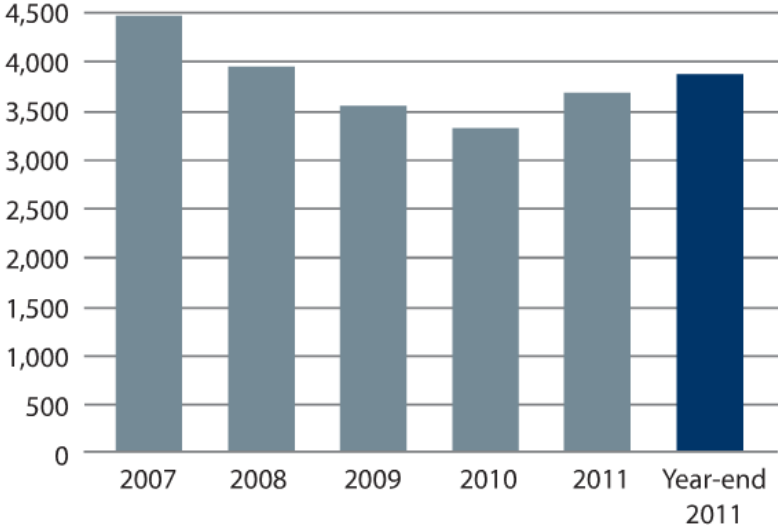
In May, Marel's innovations for fish processing were on display in Brussels at Seafood Processing Europe, one of the industry's largest trade shows.



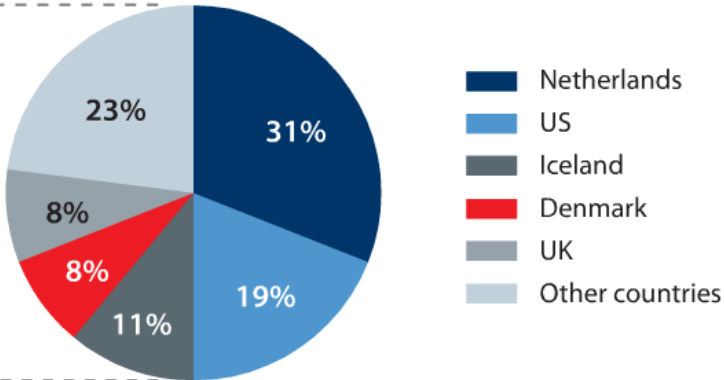
marel

With the increasing activity and constant growth in the order book, the number of employees continued to steadily increase during the course of 2011 (Q1–3,570; Q2–3,754; Q3–3,834; Q4–3,919). The largest number of employees is located in the Netherlands, followed by the U.S., Iceland, Denmark and the U.K. Just over 70% of employees are located in Europe.

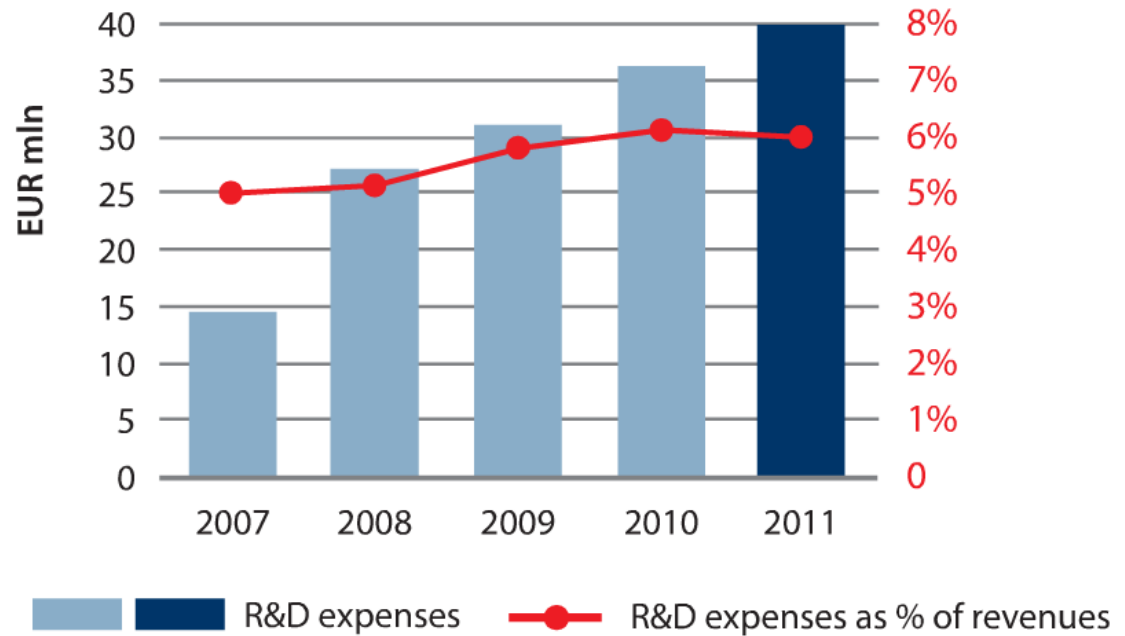
Number of employees (FTEs), average per year



Number of employees (FTEs) by geographical location at year end 2011



Research and development expenses



6

We continued to invest handsomely in R&D following the global financial crisis.

Today, we are reaping the benefits with a steady stream of innovative products.

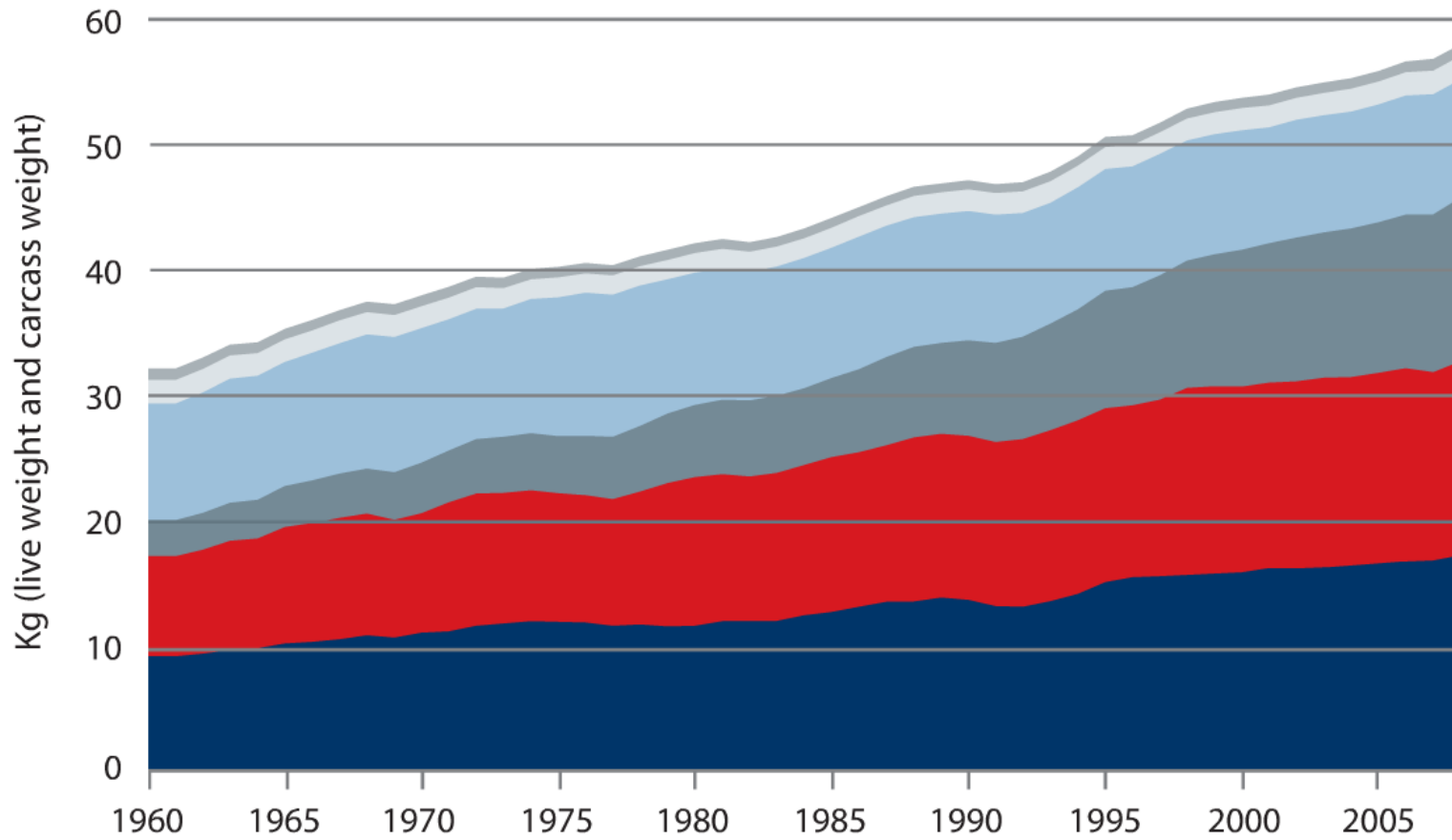
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Global consumption of fish and meat per capita since 1960

Change
1961-2009



Source: FAO

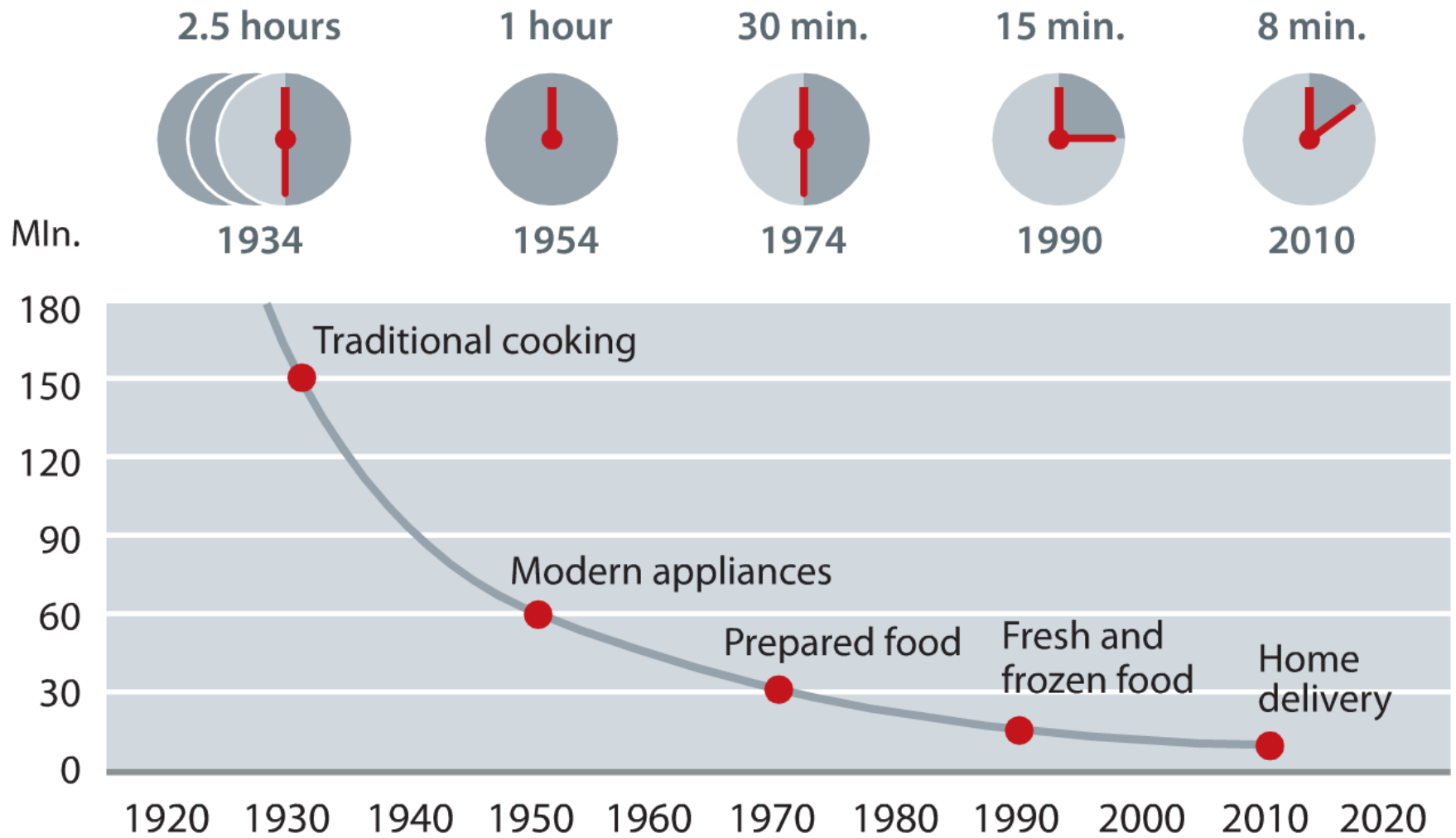
x2.3

x9.7

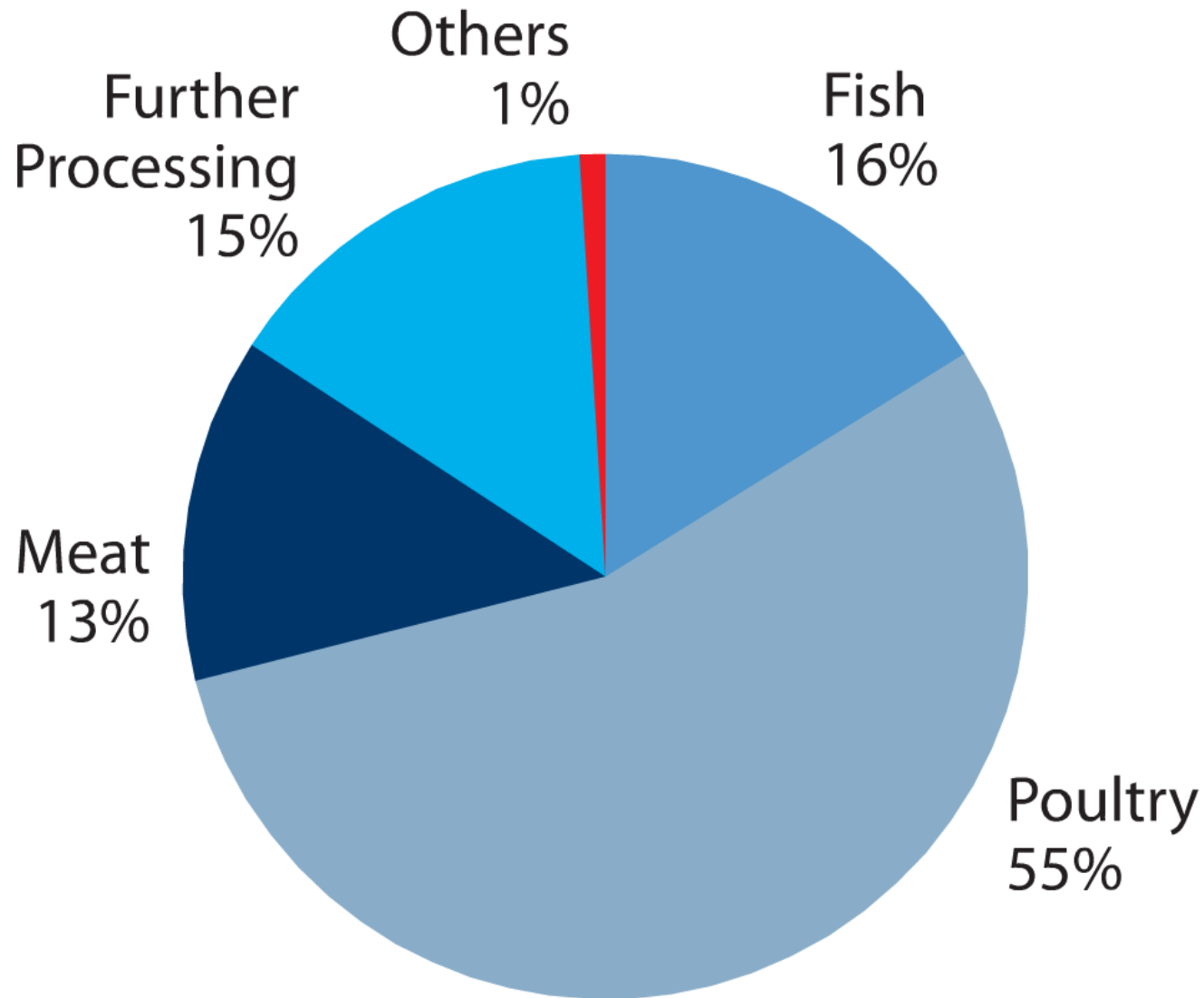
x4.7

x3.9

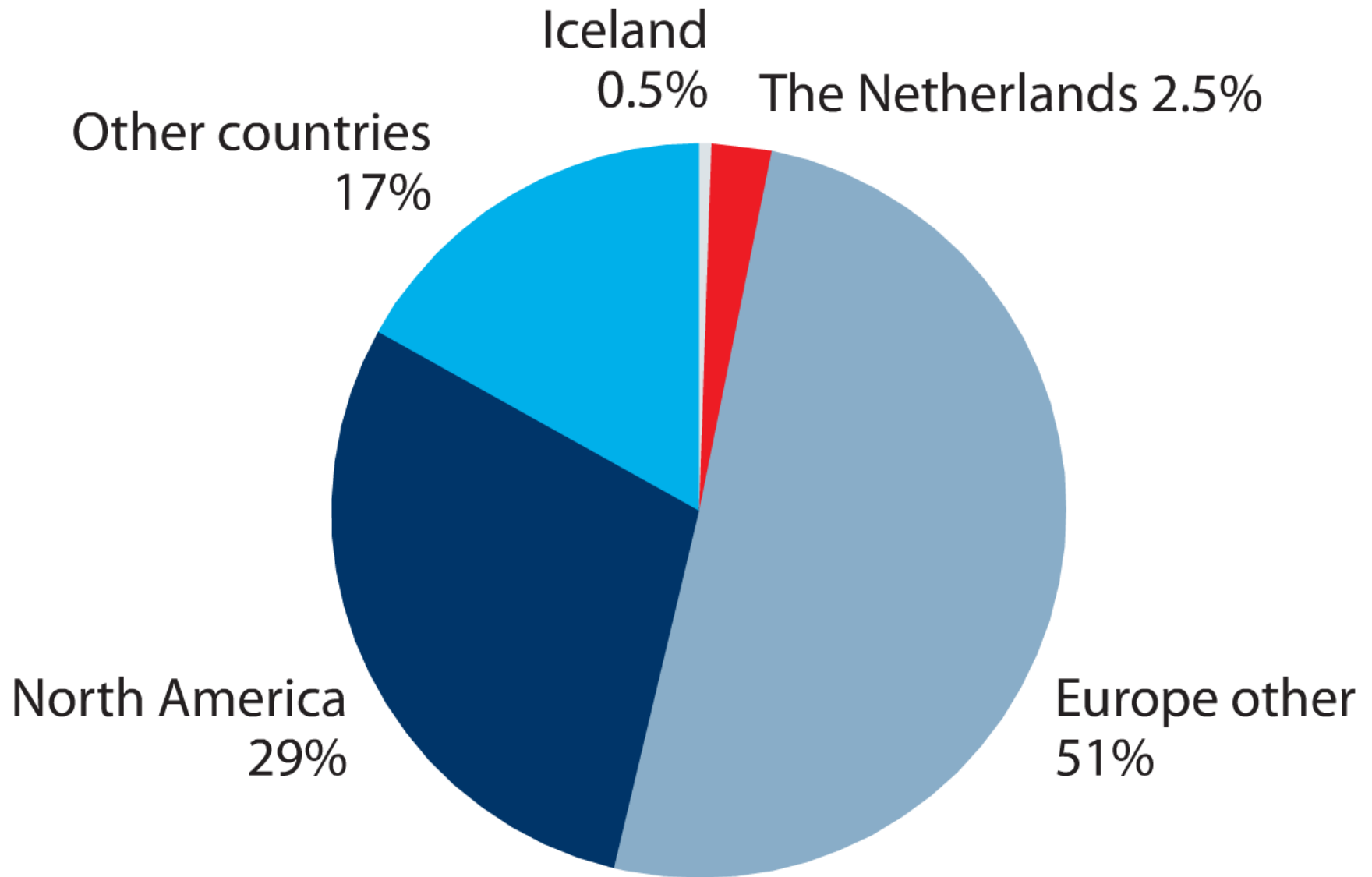
Changing consumer habits: Time spent cooking at home



Sales in 2011, by business segments



Sales in 2011, by geographical location



Innovation

We are driven by our commitment to bring new technologies to the market that provide added value for our customers. In 2011, our innovation strategy produced a number of big success stories.

We saw excellent sales of unique products like the SensorX bone detection system and RevoPortioner low-pressure forming and portioning machine. Innovations for the meat industry, especially our StreamLine intelligent deboning and trimming systems, made good headway in key markets. The success of our INNOVA production management software systems shows how crucial it is for processors to have oversight and control in order to be able to optimise their production processes. And the reception that our bacon slicers enjoyed in the U.S. market in 2011 was a major milestone.

Throughout this report, we take the opportunity to highlight a number of innovations that we have recently introduced to the market. Our customers can expect to see more exciting new products in 2012 that will help them to improve profitability.

One Marel

In the first phase of our growth strategy, Marel grew aggressively through acquisitions, tripling turnover in less than three years. One significant outcome is that in a short period of time, we have integrated roughly 10 companies into one. Only five years ago, most of them were independent but now they have come together to make Marel what it is today.

In 2010, we launched our "Marel on the move" campaign, which laid out a roadmap for the 'new Marel'. In 2011, we set off on the new path and made tremendous progress. We have now defined a clear branding strategy vis-à-vis the market. We have established a new market-oriented organisational structure and expanded the reach of our strong sales and service network. And we have taken advantage of our economies of scale,

especially in procurement and manufacturing. All in all, we took a big step forward in becoming 'one Marel' and in establishing the foundation that will enable us to realise our growth ambitions.

Future outlook

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The milestones we have achieved in the past few years in creating the new Marel would not have been possible if we did not have people who are passionate about what they do. I feel privileged to work with them and I am confident that together we will create a fantastic future for Marel and for all our stakeholders.



Theo Hoen
Chief Executive Officer



See Theo's video introduction in the online report:
www.marel.com/ar2011

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INNOVATION IN PROCESS MANAGEMENT



Innova: Monitor, measure, maximise

It has become ever more vital for food processors to have the ability to control, measure and monitor their production processes. Innova, Marel's production management software suite, does just that.

Innova tracks and controls key performance indicators (KPIs) – such as yield, throughput and quality – in real-time, from reception of raw material all the way through to dispatch of the final product.

In addition to optimising performance, Innova ensures full traceability of the raw material all the way back to its origin, provides a top-of-the-line quality control system, and offers advanced inventory and order processing capabilities.

Innova ties it all together.



See a video on Innova in the online report:
www.marel.com/ar2011

INNOVATION IN MEAT PROCESSING



Trim management system: Hits the target every time

For processors, knowing the accurate fat percentage of incoming raw material is valuable. But controlling what actually comes out of their production process provides them with even more added value.

Marel's new trim management system analyses the fat/lean ratio of meat using the X-ray technology of the SensorX, previously used so successfully to detect bones in poultry. The SensorX scans for density variations in the product and can detect hazardous contaminants, as well as accurately classify the lean content of the meat trim.

Accurate trim management is especially important for producers of sausages and burgers, who have to fulfill contractual and legal obligations regarding lean content.

INNOVATION IN FURTHER PROCESSING



The ModularOven: The power of two towers

The ModularOven is the largest oven system in the Townsend Further Processing product range, capable of steaming, cooking and roasting a wide variety of products.

The oven features highly advanced heating technology, including two separate towers with completely distinct cooking environments, providing maximum yield and capacity.

The combination of two towers increases the ModularOven's capacity and versatility. The first tower may be used for high dew point steaming, for example, followed by high temperature, low dew point cooking in the second tower.



See a video of the ModularOven in the online report:
www.marel.com/ar2011

INNOVATION IN POULTRY PROCESSING



The AeroScalder: Conserving scarce resources

The innovative AeroScalder is an example of how Marel promotes sustainability in its product design.

The AeroScalder uses conditioned air for scalding, thereby reducing the reliance on water – an increasingly scarce resource globally – by as much as 75%. In addition, it uses 50% less energy than traditional scalders.

To go with its environmentally friendly design, the AeroScalder helps customers reduce costs and improve the quality of their products.

INNOVATION IN FISH PROCESSING



The MS 2730: Next-generation salmon filleting

The MS 2730 takes salmon filleting to a new level in terms of automation, yield and throughput.

The machine has a capacity of 25 fish per minute and ensures optimal yield in two ways:

- Settings are automatically adjusted to accommodate a variety of fish sizes, between 2-8 kg.
- A set of new circular knives cuts the fish from gut to tail, ensuring that the meat close to the centre bone is included in the fillets.

With the addition of the MS 2730 to its arsenal, Marel can now offer customers a complete salmon processing line that is fully optimised – from filleting all the way through to production of value-added products.



See a video of the MS 2730 in the online report:
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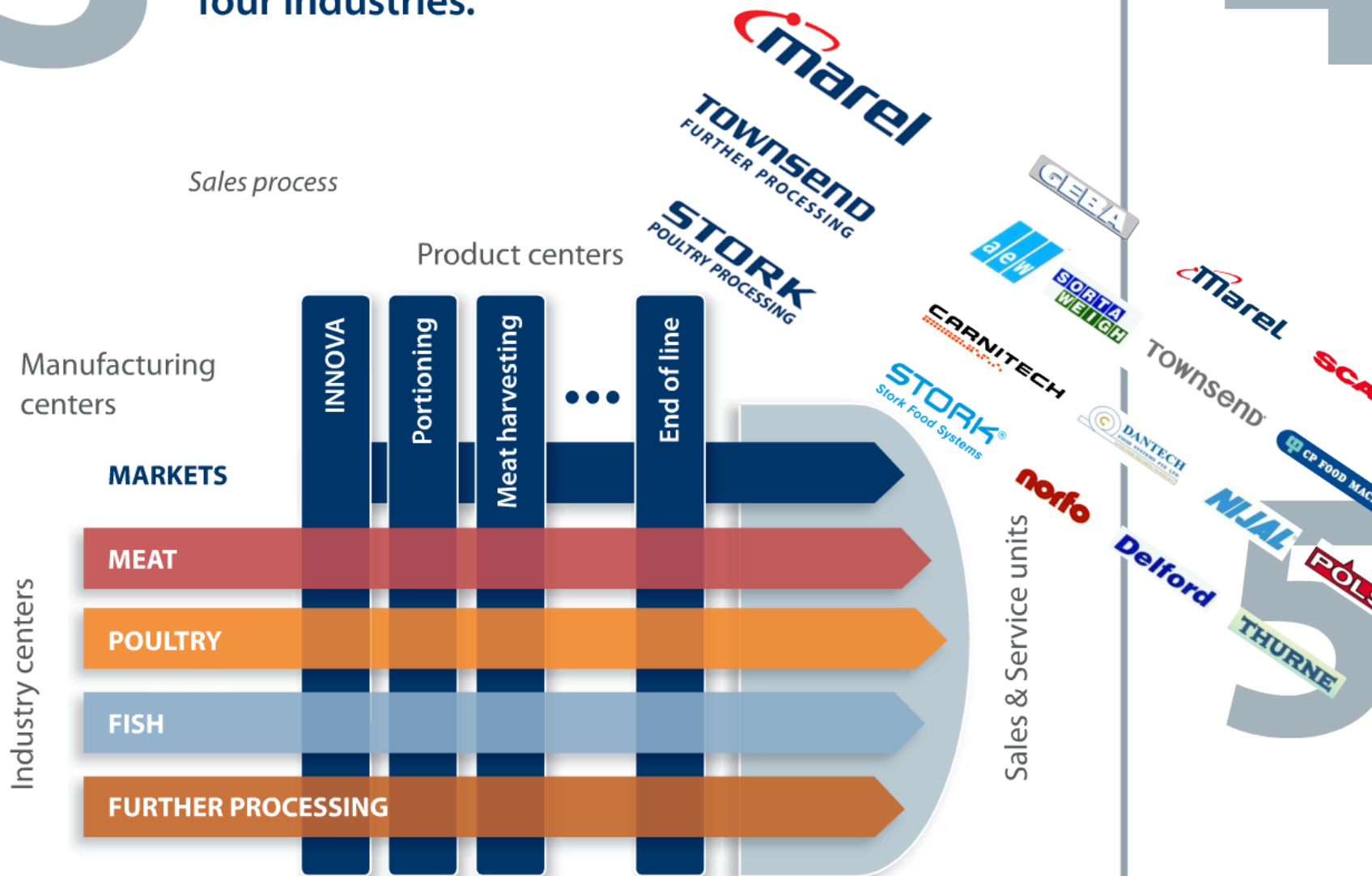
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3

We integrated all our business units into one united Marel and transformed the company into a market-oriented organisation serving four industries.



4

5



OUR PEOPLE

“The major milestone for me was the completion of the integration of all our business units into one company at the end of 2010,” says **Hrund Rudolfsdottir, Corporate Director of Human Resources. “In 2011, we focused heavily on following that process through, on shaping a unified global team that marches together along the same path.”**

In 2010, the company launched a campaign under the banner of ‘Marel on the move’ that included a series of integration meetings at the company’s key locations around the world where the future vision, values and structure of the ‘new’ Marel were defined. In 2011, promotion of the set of values adopted during this process was a key priority for HR.

FINANCIAL PERFORMANCE

Marel had a very good year in 2011. Revenues amounted to EUR 668.4 mln compared to EUR 582.1 mln in 2010, an increase of 14.8%. The EBIT margin was 10.9%, which is in line with the company's target of 10-12% return on revenues for the year.¹

Order book at record level

Following a very good performance in 2010 and a record fourth quarter, 2011 got off to a good start with substantial growth in revenues compared to the same period the year before. Revenue reached a record level in Q4 2011, totalling 183.9 mln. The order book grew from EUR 162.2 mln at the end of 2010 to a year-end record of 196.2 mln at the end of 2011.

Development of order book in 2011

| In EUR mln | Total 2010 | Q1 2011 | Q2 2011 | Q3 2011 | Q4 2011 | Total 2011 |
|------------------|------------|---------|---------|---------|---------|------------|
| Orders received* | 638.5 | 160.7 | 168.8 | 197.0 | 175.9 | 702.4 |
| Order book | 162.2 | 169.3 | 176.3 | 204.2 | 196.2 | 196.2 |

* Includes service revenues

"The results this year reflect our strong market position and pipeline of innovative new products," says Erik Kaman, CFO of Marel. "The effort we've invested in expanding our geographical reach has paid off with sizeable orders and increased activity in new and expanding markets, including Asia, Eastern Europe and South America. We're also benefiting from having maintained our level of investment in product development during the economic downturn. There has been no reduction in the steady stream of new Marel products in the past 2-3 years."

The company's revenue base is strong and divided into three roughly equal components: 1) the sale of large systems, often for new factories, 2) the sale of stand-alone equipment and smaller standardised systems, and 3) service and spare parts. After having recovered in 2010, greenfield and other large projects continued to come in at a steady pace in 2011 and the sale of standard solutions remained healthy, with the poultry industry continuing to lead the way.

¹ The figures for 2011 are normalised for one-off costs of 11.0 mln for pension-related issues. Furthermore, the 2010 figures are normalised for the pension recovery premium costs of EUR 7.6 mln, which Marel was obliged to pay to the Stork Pension Fund because of under coverage of the Fund.

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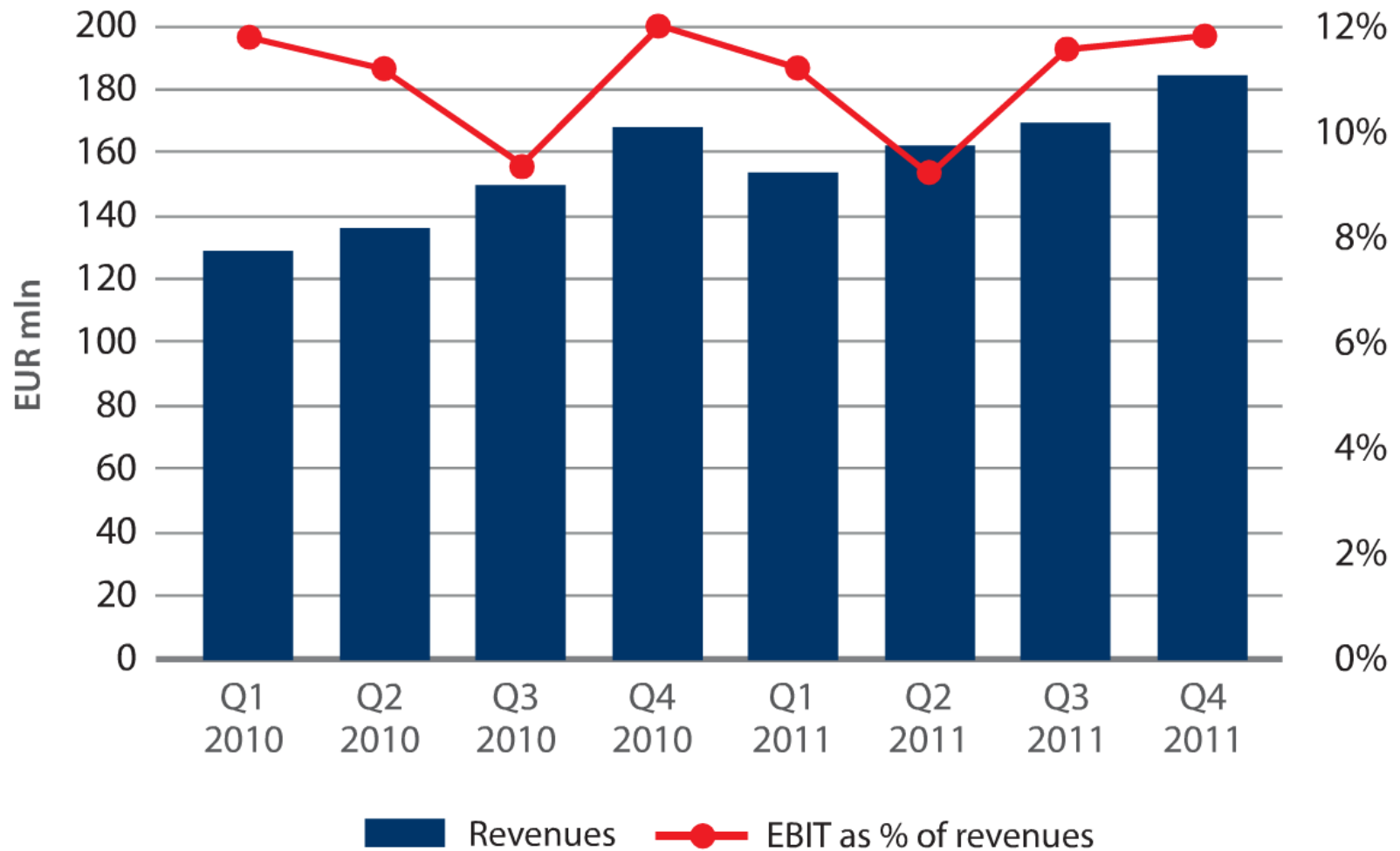
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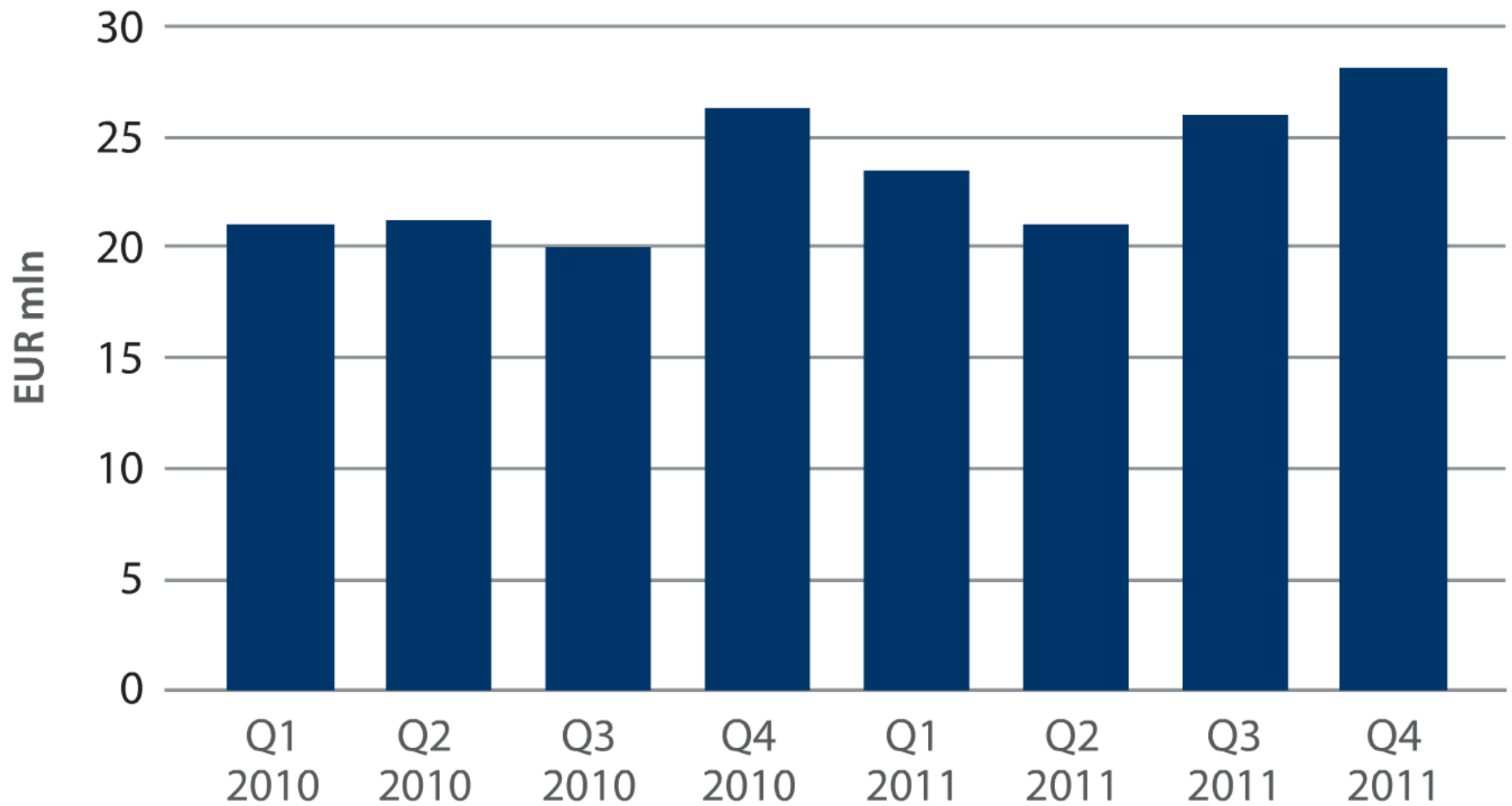
Normalised core operations in 2011 and 2010

| <i>In EUR mln</i> | 2011 | 2010 | Change in % |
|-----------------------------------|---------|---------|-------------|
| Revenues | 668.4 | 582.1 | 15% |
| Cost of sales | (421.1) | (360.7) | 17% |
| Gross profit | 247.3 | 221.4 | 12% |
| Gross profit margin | 37% | 38% | (3%) |
| Other operating income | (0.3) | (0.7) | (133%) |
| Selling and marketing expenses | (79.8) | (68.2) | 17% |
| Research and development expenses | (40.3) | (35.9) | 12% |
| Administrative expenses | (53.7) | (52.4) | 2% |
| Result from operations (EBIT) | 73.2 | 64.1 | 14% |
| EBITDA | 98.0 | 88.0 | 11% |

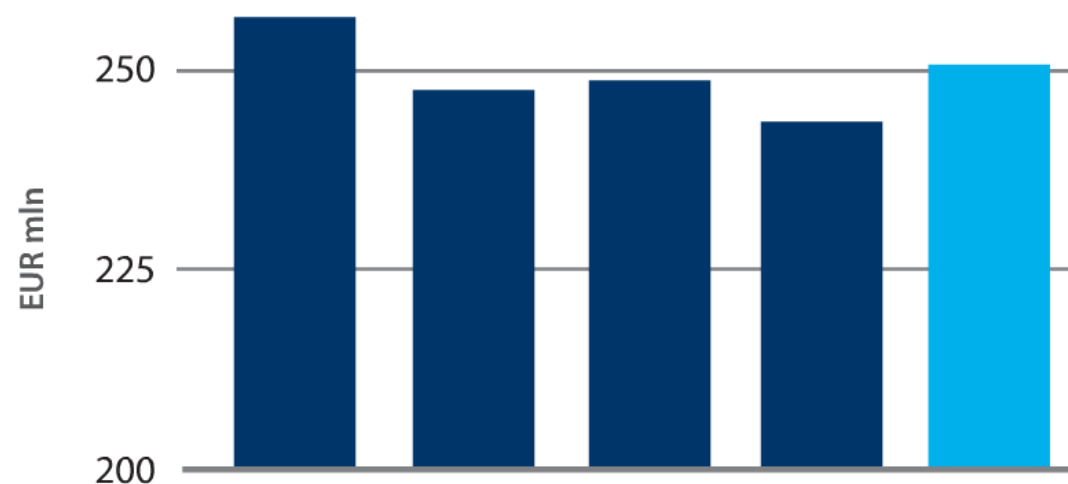
*Revenues of core operations and
normalised EBIT as % of revenues*



Normalised EBITDA core operations



Development of net interest bearing debt



| At end of quarter in EUR mln | Q4 2010 | Q1 2011 | Q2 2011 | Q3 2011 | Q4 2011 | Change in 2011 |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|-------------------|
| Non-current borrowings | 310.7 | 274.3 | 262.8 | 249.6 | 254.3 | (56.4) |
| Current borrowings | 9.9 | 16.7 | 16.7 | 27.0 | 27.1 | 17.2 |
| Total borrowings | 320.6 | 291.0 | 279.5 | 276.6 | 281.4 | (39.2) |
| Cash and equivalents | 63.9 | 43.4 | 30.7 | 33.2 | 30.9 | (33.0) |
| Net interest bearing debt | 256.7 | 247.6 | 248.8 | 243.3 | 250.5 | (6.2) |

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PROVIDING SUSTAINABLE VALUE

As a provider of advanced equipment and systems for food processing, Marel has an obligation to bring new technologies to the market that add value for our customers and our shareholders. But as a global leader, the company's responsibility extends well beyond that, to embracing sustainable and ethical business practices, and ensuring that its operations benefit society at large.

In pursuit of this goal, Marel relies on a simple and proven business model founded on three pillars – **market penetration, innovation** and **operational excellence**. They are at the core of Marel's commitment to provide long-term and sustainable value for all our stakeholders – customers, shareholders, employees and communities alike.

Marel is proud of the fact that our commitment to providing sustainable value has led to continuous advancement in how food is processed, benefiting consumers all over the world.

By rapidly responding to ever-changing consumer demand



we make sure that mealtimes are quality time for families everywhere.

By reducing our customers' reliance on energy and water



we promote sustainability and conservation of scarce resources.

By helping food processors reduce costs and increase efficiency



we make food more affordable.

By improving the handling of raw material and embracing hygienic design principles



we ensure that the food we eat is safe.

By reducing waste by-products and increasing efficiency in food processing



we help protect the environment.



patents. The current patent portfolio consists of 281 granted patent families.

Sustainability is increasingly a key criteria in the design and production of Marel's products. Marel's equipment is built to the highest quality standards and is built to last. It is designed to be energy efficient and to help customers reduce their reliance on scarce resources like water.

In its latest sustainability report, the OSI Group, a leading global food processing company, cites its use of the RevoPortioner from Marel as an example of how the company is taking advantage of innovative new technologies to reduce energy use and waste, thereby minimising the environmental impact of its operations.

View OSI's sustainability report: <http://www.osigroup.com/sustainability.html>

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