



# Capital Markets Day | Arion Bank

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**ADVANCING  
FOOD PROCESSING**





A large crowd of people holding flags, with a white line graph showing an upward trend. The background is a dense crowd of people, many holding flags, creating a colorful and busy scene. A white line graph starts from the bottom left and trends upwards towards the top right, crossing the text area.

10

Billion people  
in 2050

Food demand to  
rise 50% in the  
next 30 years



The answer is innovation



“The only realistic way is  
to invest in more  
technology.”

- *Economist*, 2015

# Key growth drivers: feeding the ever growing population



## Increasing world population

**10** billion people in 2050



## Ever growing urbanization

**80%** will live in towns and cities in 2050

**50%**  
increase in food  
production in the  
next 30 years



## Rise of the middle class

**33%** expected increase in disposable income per capita by 2050



## Change in GDP composition

**50%** from emerging marketing in 2050

## Pro forma operations

- Operations include MPS for the full quarter
- Pro forma Q1 2016 compared to pro forma Q1 2015
- Better future indicator than consolidated accounts

## Consolidated accounts

- MPS acquisition closed on January 29, 2016
- Q1 2016 accounts include MPS for two months
- Q1 2015 accounts are Marel stand-alone

## Business outlook

- Pro forma revenue for 2015 of 977m with adj. EBIT of 133m
- Management guidance is modest organic revenue and EBIT\* growth



# Pro forma operations



# Pro forma: 15% EBIT and record order book



- Revenue of €234 million [Q1 2015: 244m]
  - Q1 2015 revenue includes €6 million in discontinued operations
- Order intake of €254 million [Q1 2015: 259m]
- Order book €340 million [Q1 2015: 289m]
- EBIT\* €35.2 million or 15.1% [Q1 2015: 14.4%]
- EPS 1.93 euro cents on a consolidated basis [Q1 2015: 1.73]



*\*Adjustments in Q1 consist of a €4.5 million amortization of acquisition related intangible assets (PPA)*

# Leading global provider in Poultry, Meat and Fish



- Since 1/1 2016, Marel views and manages the business as three industries; Poultry, Meat, and Fish
- Each industry operates in primary, secondary and further processing
- The vast majority of revenue and operational results in further processing relates to Poultry and Meat



# Pro forma: Business overview



## POULTRY

Record quarter in order intake with good geographical and product mix

Primary and secondary processing delivered good results while further processing is still lagging in profitability

53% of revenue  
14.3% EBIT margin



## MEAT

Marel, with MPS on board, is a leading global provider in primary and secondary processing of meat

The plan is to step up investments in further processing

33% of revenue  
17.8% EBIT margin\*



## FISH

Order intake in Salmon is at an expected level while whitefish and on-board are underperforming

Roll-out of new products and increased focus on innovation in whitefish

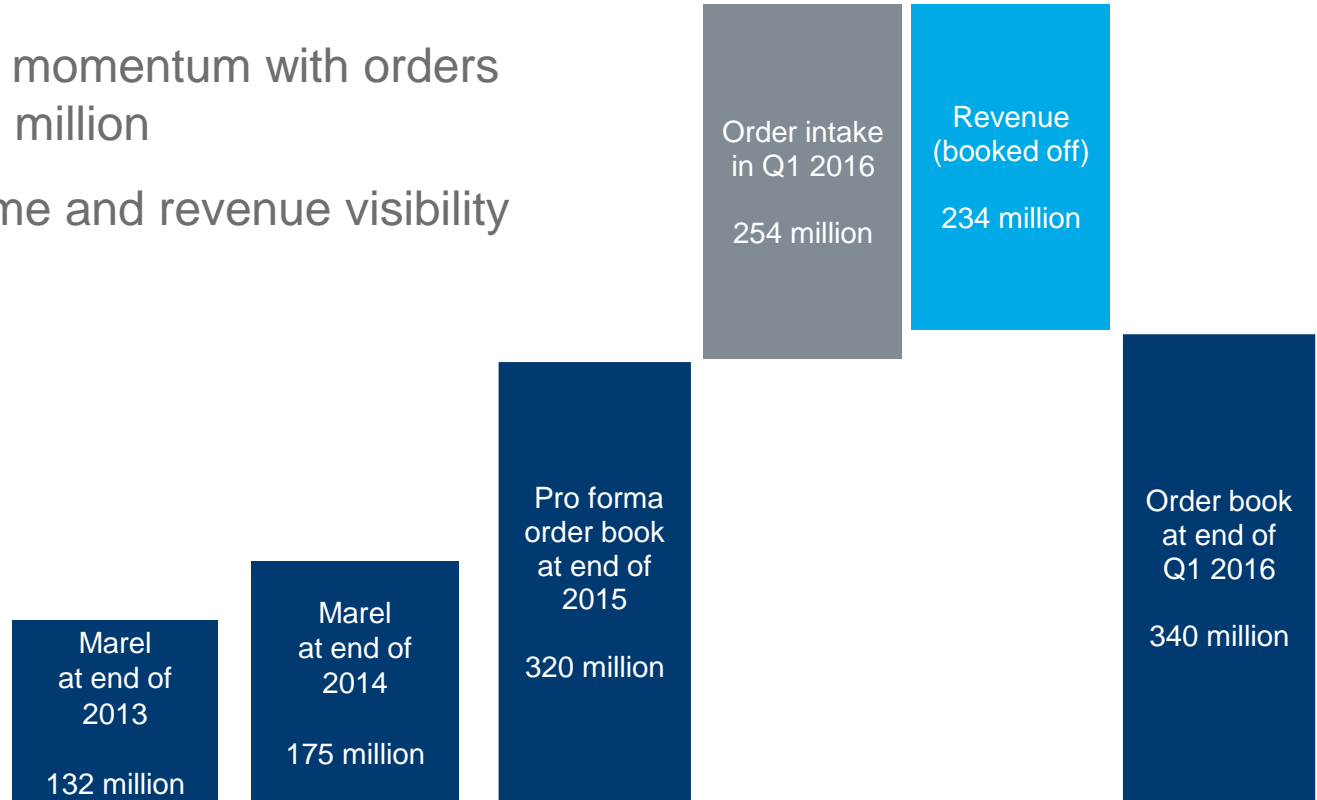
Refocusing of onboard operations in Seattle is ongoing

13% of revenue  
7.4% EBIT margin

# Record order book



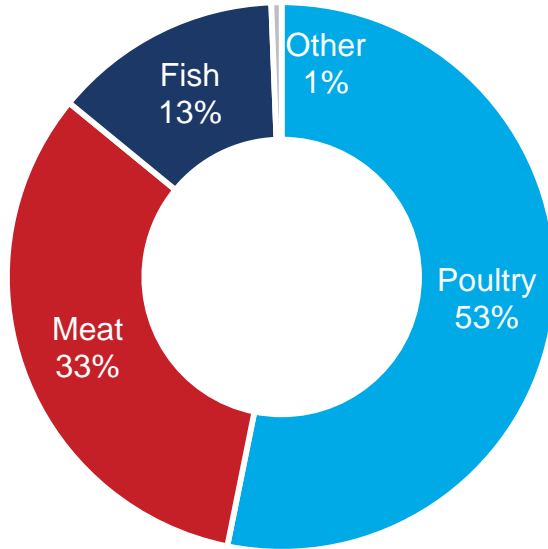
- Maintaining the momentum with orders received of 254 million
- Increased volume and revenue visibility



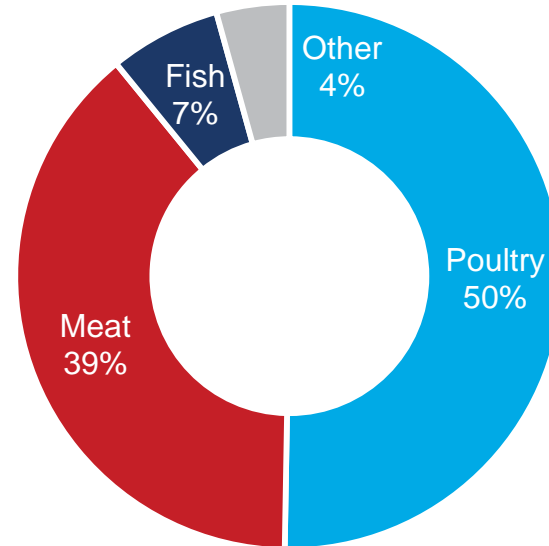
# Pro forma: More balanced business



Revenue Q1 2016



EBIT\* Q1 2016



\* Operating income adjusted for amortization of acquisition-related intangible assets.

# Integration of MPS going according to plan



- During Q1 the integration plan has been shaping up and initial plans are starting to roll out
- The focus in 2016 is on:
  - Capturing cross- and upselling opportunities by integrating the sales and service organizations and leverage on the complimentary geographic presence
  - Synchronizing financials by adapting MPS' accounts to IFRS and allocating the purchase price
  - Rationalizing procurement
- Second phase of the integration will focus on branding and corporate identity, synchronizing manufacturing and the IT landscape
  - The overall integration is expected to take around three years

## Global sales and service network



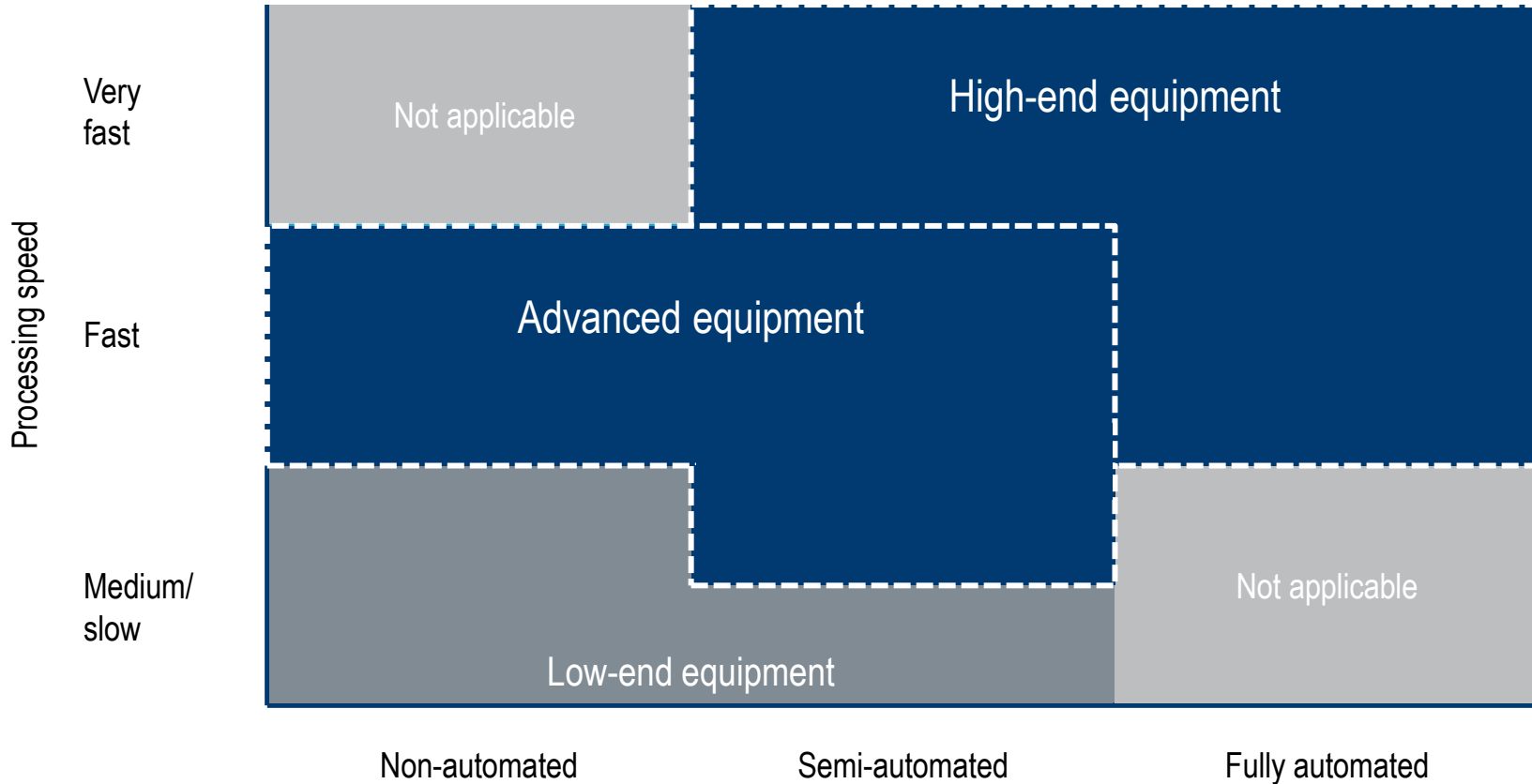
- Marel sales/service office and agents
- ◆ MPS sales/service office



# Strong manufacturing platform for full potential



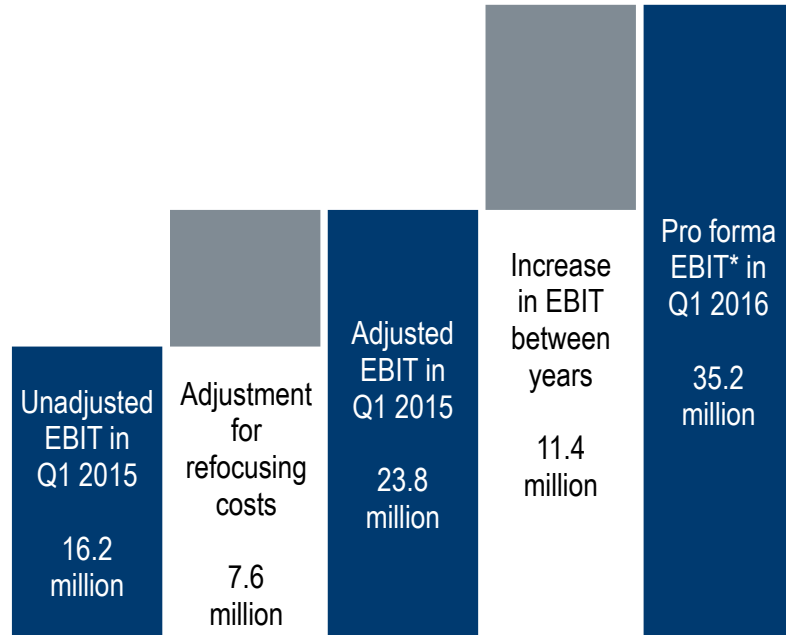
Marel's focus is on the advanced and high-end of the market



# Focus on value creation



## Solid operating income improvement



- MPS acquisition completed without issuing new shares
- 2.9x Net debt / EBITDA at end of Q1 2016 in line with targeted capital structure
- Earnings per share of 1.93 euro cents compared to 1.73 euro cents in Q1 2015
  - EPS based on consolidated accounts with MPS operational results and finance cost only for 2 months
  - Non-recurring financial cost in relation to refinancing of 2.4 million in Q1 2016

\* Operating income adjusted for amortization of acquisition-related intangible assets (PPA).

## Pro forma FY2015

Revenue €977m  
Adj. EBIT €133m  
Order book €320m

## Pro forma Q1 2016

Revenue €234m  
EBIT\* €35.2m  
Order book €340m

## Business Outlook 2016

Taking into account the order book and delivery time of projects to customers, increase is foreseen in revenue over the course of the year. Management reaffirms guidance of modest organic revenue growth and increase in EBIT\* between years compared with last year pro forma result of 977 million revenues and adjusted EBIT of 133 million.

\* Operating income adjusted for amortization of acquisition-related intangible assets (PPA).





Thank you

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