



PRESS RELEASE

23 October 2013

Marel Q3 2013 results

(All amounts in EUR)

Improved profit margins – Markets recovering at a slow pace

- Revenues for Q3 2013 totalled 156.9 million (m), a decrease of 4.5% compared to the same quarter of 2012 [164.3m].
- EBITDA was 19.5m or 12.4% of revenues [Q3 2012: 20.5m].
- Operating profit (EBIT) was 12.9 or 8.2% of revenues [Q3 2012: 14.1m].
- Net result for Q3 2013 was 6.0 [Q3 2012: 8.4m]. Earnings per share were 0.81 euro cents [Q3 2012: 1.15 euro cents].
- Cash flow from operating activities before interest and tax was 3.0m and 45.6 m YTD. [YTD 2012: 37.0m]. Net interest bearing debt was 239.0m at the end of the quarter compared to 261.1m in Q3 2012.
- The order book was at 138.3m at the end of the quarter [Q3 2012: 151.4m] and has increased by 4.9% since the end of last quarter [131.8m].

Revenues for the first nine months of 2013 amounted to 493.4m and show a 7.9% decrease compared to the same period last year. This reflects challenging market situations and slower recovery than originally expected. Operating profit (EBIT) YTD is 7.2% of revenues which is below the company's target (10-12%) for the full year. Marel expects the EBIT margin in Q4 to be in line with Q3.

Market conditions are still challenging with signals of improvements. While economic recovery seems to be gaining momentum in North-America, the Eurozone is still fragile and signals from emerging markets remain mixed with positive future prospects.

Revenues from service and spare parts increased in Q3, while larger projects continue to be an uphill climb. Improved profit margins this quarter signal progress in operational efficiency and cost control despite delays of large projects.

Full year revenues 2013 are expected to decline by 6-8% compared with previous year. Marel expects moderate growth of revenues next year on the heels of market recovery.

Theo Hoen, CEO:

"Marel is performing on a reasonable level considering market conditions. The turnaround has been slower and more gradual than what we have seen before and had previously expected. Lack of investments in large projects is affecting our revenue base. We remain confident that once the market bounces back we will capture increased demand with investment need building up. We saw this happen in 2009 when food processors delayed modernization of their equipment because of the economic

uncertainty. Then in 2010 we saw it bounce back as the underlying demand for protein continued to grow as is the case now. In the meantime we are utilizing our extensive sales and service network to generate business by increased and better service to our customers. We remain optimistic about the future prospects and that's why we will continue to maintain our network and a good level of investment in R&D while keeping our focus on operational efficiency”.

5% increase in order book

Orders received amounted to 163.3m in the third quarter compared to 159.1m in Q2 2013. The order book amounted to 138.3m at the end of the third quarter compared with 131.8m at the end of Q2 [Q3 2012: 151.4m]. This represents an increase in the order book of around 5% compared with last quarter. This development reflects gradual recovery in Marel's major markets while capturing that growth in the order book is still somewhat restrained by the absence of large projects. This reflects the prolonged hesitation to invest in difficult market environment. Investment decisions now take longer than before. This applies to the market in general and Marel believes it is not losing market share. The company's position in the market is strong and long term outlook for orders received is positive as the protein industry is expected to grow steadily in the coming years and need for investments is building up.

Performance summary for Q3 2013

Key figures from Marel's operations in thousands of EUR

Operating results	Quarter 3	Quarter 3	Change	Quarter 3	Quarter 3	Change
<i>Consolidated</i>	2013	2012	in %	2013 YTD	2012 YTD	in %
Revenues	156.896	164.264	(4,5)	493.354	535.597	(7,9)
Gross profit	58.030	58.871	(1,4)	175.056	189.140	(7,4)
<i>Gross profit as a % of Revenues</i>	37,0	35,8		35,5	35,3	
Result from operations (EBIT)	12.854	14.118	(9,0)	35.499	47.449	(25,2)
<i>EBIT as a % of Revenues</i>	8,2	8,6		7,2	8,9	
EBITDA	19.523	20.465	(4,6)	55.358	66.449	(16,7)
<i>EBITDA as a % of Revenues</i>	12,4	12,5		11,2	12,4	
Net result	5.977	8.407	(28,9)	16.919	28.465	(40,6)
<i>Net result as a % of Revenues</i>	3,8	5,1		3,4	5,3	
Orders Received ¹⁾	163.346	133.126	22,7	506.226	498.165	1,6
Order Book	-	-		138.262	151.424	(8,7)

1) Included are the Service Revenues.

Cash flows	Quarter 3	Quarter 3	Quarter 3	Quarter 3
	2013	2012	2013 YTD	2012 YTD
Cash generated from operating activities, before interest & tax	3.030	13.704	45.613	37.002
Net cash from (to) operating activities	(2.134)	9.359	34.596	23.859
Investing activities	(9.098)	(9.835)	(23.825)	(26.036)
Financing activities	5.288	(5.843)	(11.229)	(15.434)
Net cash flow	(5.944)	(6.319)	(458)	(17.611)

Financial position

Net Interest Bearing Debt	239.001	261.065
Operational working capital ²⁾	111.458	127.887

2) Third party Debtors, Inventories, Net Work in Progress and Third party Creditors.

Key ratios

Current ratio			1,4	1,4
Quick ratio			0,8	0,8
Number of outstanding shares			735.405	731.364
Market cap. in millions of Euros based on exchange rate at end of period			581,8	613,9
Return on equity			5,5%	9,9%
Earnings per share in euro cents	0,81	1.15	2,31	3,91
Leverage ³⁾			3,19	2,76

3) Net Interest Bearing Debt / LTM EBITDA

Markets

In Europe which accounts for 45% of revenues, customers, especially poultry processors are under high pressure and hesitant to commit to bigger projects while economic uncertainty prevails. In China the poultry industry is still suffering from the Avian Influenza and food scandals. Activity seems to be picking up in Poland, Russia, Korea, Brazil and Central America where projects are on-going or in the pipelines. Even though Marel is experiencing slower market recovery than originally expected, market analysts covering the protein sector have confirmed that the general outlook for the protein sector is positive.

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

Poultry: During Q3 majority of Marel's poultry markets were characterized by a further slowdown as is manifested in received orders of both equipment and systems during the period. This is mainly a result of lower profitability in the poultry industry that has prevailed for most of this year. In the US market the situation is improving and profitability is picking up again. This development has already resulted in substantial orders for big bird evisceration lines in the US. While Marel expects that the poultry market in the US will continue to improve during Q4 most of Marel's European markets are still slow in terms of investment activity. Positive exceptions are Poland, UK, Brazil and Russia. In Mexico some orders have been secured reflecting a clear result of focused market approach in this important market. The markets in Asia remain slow on investments. Despite difficult markets new innovative technologies were launched successfully within poultry this quarter.

Fish: During Q3 the global markets for fish and fishery products were clearly impacted by the difficult economic climate in the world's major economies. There is however clear signs of gradual markets improvement. The order book is marginally improving compared to previous quarters. Orders of larger systems have been postponed while smaller investments are moving faster. The pipeline remains very

strong and level of outgoing new proposals indicate that long term outlook is positive even though many of them will not be realised until 2014.

Marel recently launched the “Portioning and Robot Loading Solution” which landed the second place in the 2013 Aqua-Nor Innovation Awards. The product was developed in partnership with and installed at Norwegian salmon processor Nordlaks Produkter AS. The innovative solution automates the process of portioning and loading fixed weight salmon portions into retail packs and enables a seamless flow of salmon portions without manual handling. At the Aqua-Nor expo in Trondheim the filleting machine with the new back trim tool received good feedback from visitors.

Meat: During Q3 activity in Marel’s meat segment continued to grow slowly. A weakening of feed prices has started to help, although it will take some time, before the impact filters through to the pork and beef processors. The pipeline of projects continues to grow, and importantly a good mix of all products is represented. It is expected that these projects will be realized within the coming months and throughout 2014. There has been increased activity in both Europe and North America, two of the major markets, which have been relatively quiet for the past few years. There is also increased activity from South America and Oceania. The outlook for Q4 is for continued progress, with a number of major projects in the pipeline which are expected to be secured, and the shipment and installation of a number of major systems.

Two major projects were secured in Q3. The first beef deboning and trimming solution in France was sold and the first major sale of the new revolutionary Deboflex system in Brazil. Deboflex is Marel’s latest pork deboning and packing solution which was launched earlier this year and dramatically improves the working method, ergonomics, throughput and yield of Pork deboning for Marel’s customers. Additionally, standard equipment for slicing, portioning and meat harvesting, showed steady progress.

Further processing: Despite the current economic climate, Marel Townsend Further Processing completed during Q3 a few full line sales in different areas of the world. Sausage equipment continued to do well with a number of sausage linkers sold and also a QX high capacity system in the US. The QX system produces the casing as the sausage is extruded from a continuous flow of meat batter and a layer of collagen. With the acquisition of Carnitech, the meat preparation activities were included in Marel’s portfolio and it is clear that more ground can be won with the Modular Oven, our biggest oven system for high capacity steaming in the US market. A number of specific customer demonstrations were held in Q3 and were met with a very positive response. Further processing participated in a few smaller exhibitions in countries including Saudi Arabia and Brazil. The fourth quarter is expected to continue in the same direction.

Innovation

Every year Marel invests 5-7% of revenues in innovation. Marel believes that it is this strategy that will enhance Marel’s growth in the long term that will help to further differentiate the company from its competition. By continuously bringing new innovative technology, products and solutions to customers, Marel contributes to improved profitability in the industry by adding value for the customer.

During Q3 the first new meat harvesting systems from the Pro Series; ProTEN, started to bring increased efficiency to leading customers in Germany and the Netherlands, where the first systems were sold. ProTEN, is Marel’s latest invention that is a revolution in meat harvesting and helps customers in the meat industry (pork, lamb and beef) to increase their yields and reduce waste.

Not only does the ProTEN offer the highest capacity in the business (up to 10.500 pounds of input per hour), it's also the most flexible and adaptable meat harvesting system. ProTEN has an extremely short payback time and with increased capacity and yield, customers get their investment paid back in less than 12 months. No other system on the market today offers this flexibility and efficiency. In addition the ProTEN is, like all other meat harvesting equipment from Marel, low in maintenance, has a long lifespan, is easy to use and has a very small environmental footprint.

The second member within the family Pro Series; ProFIVE, will see the daylight later this year (Q4). This specific technology has been patented and will increase yield up to 25% (compared to existing systems from Marel) with the same high level of product quality. The input capacity can reach 5.500 pounds of input per hour. With the Pro Series, Marel again proves why it is the unquestionable global leader in linear press technology for harvesting residual meat

Operational excellence

Cost efficiency

The company will continue to maintain a strict focus on rationalisation, manufacturing efficiency and costs. The challenge in recent quarters has been to balance strict cost control with keeping the target level of investment in innovation and continuous market development.

Cash flow

Cash flow from operating activities before interest and tax was positive by 3.0m, compared to 13.7m in Q3 2012. Negative fluctuations in operating working capital in the quarter were 16.5m, which included 8m additional billing, of which the majority relates to down payments received early October on new orders. In Q3 Marel paid 1.5m in connection to the acquisition of Carnitech.

Finance

The balance sheet is strong and net interest bearing debt amounted to 239.0m at the end of Q3 2013, compared with 261.1m at the end of Q3 2012. Marel is financed in EUR and USD in a proportion giving a natural hedge to exposures in the long term. Exchange rate differences negatively affected the net profit by 1.2m in the quarter with other finance cost being stable.

The Annual General Meeting of shareholders approved a dividend payment of 0.97 euro cents per share (7.1m) of which taxes of 0.6m were paid in Q3. Net effect from purchase exceeding sale of treasury shares was 0.9m in Q3 2013 and was to fulfil obligations of stock option agreements.

Outlook

Marel's long term expected annual growth rate (CAGR) is 5-6%. The assumption that markets will recover has not changed but it is taking longer than anticipated. Marel expects that full year revenues will decline by 6-8% between years and anticipates moderate growth of revenues next year on the heels of market recovery.

Mid- and long-term, the company believes that Marel's innovative products and global presence in all four industries will stimulate strong growth and increased profitability as the underlying market growth is still present.

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, 24 October 2013

Marel will present its results at an investor meeting on Thursday, 24 October, 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 in 2014

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|--------------------------------|-----------------|
| ▪ 4th quarter 2013 | 5 February 2014 |
| ▪ Annual General Meeting | 5 March 2014 |
| ▪ 1 st quarter 2014 | 28 April 2014 |
| ▪ 2 nd quarter 2014 | 23 July 2014 |
| ▪ 3 rd quarter 2014 | 22 October 2014 |
| ▪ 4 th quarter 2014 | 4 February 2015 |

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.

Forward-looking statements

Statements in this press release that are not based on historical facts are forward-looking statements. Although such statements are based on management's current estimates and expectations, forward-looking statements are inherently uncertain. We, therefore, caution the reader that there are a variety of factors that could cause business conditions and results to differ materially from what is contained in our forward-looking statements, and that we do not undertake to update any forward-looking statements. All forward-looking statements are qualified in their entirety by this cautionary statement.