

# Q4 and Annual Results 2013 Presentation

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*6 February 2014*



# Operational results 2013 not in line with potential

- Revenues decreased by 7% after good growth in recent years
- Greenfields projects at low level while recurring spare parts and service revenues continue to increase
- EBIT of 6.5% is neither in line with competitive position nor potential
- Cash flow remains strong
- Order book starts the year at €132 million compared to €125 million in 2013



# Simpler – Smarter – Faster: Actions and benefits

Combine business units that serve the same customer needs and rely on same technical capabilities

Optimize manufacturing footprint to balance utilization of resources within the company

Serve customer needs better

Reduced “time to market” for innovative solutions

Penetrate market faster after product launches

Increase operational efficiency with a target of EBIT in excess of €100 million in 2017



# Simpler – Smarter – Faster: Recent actions

## Meat activities strengthening

- Marel has recently secured landmark sales in Mexico and Australia
- Three business units merged to better utilize existing innovation and sales capabilities

## Freezing activities streamlined

- New Managing Director in Singapore
- Streamlining our product portfolio in the freezing segment, focusing on unique products that are supporting Marel's full-line solutions



**November**



New CEO appointed



**December**



Executive Team strengthened



**January**



Meat activities strengthened



New head of Freezing



**Next steps**



Simpler, Smarter, Faster  
Marel



# Erik Kaman

## CFO



# Business results

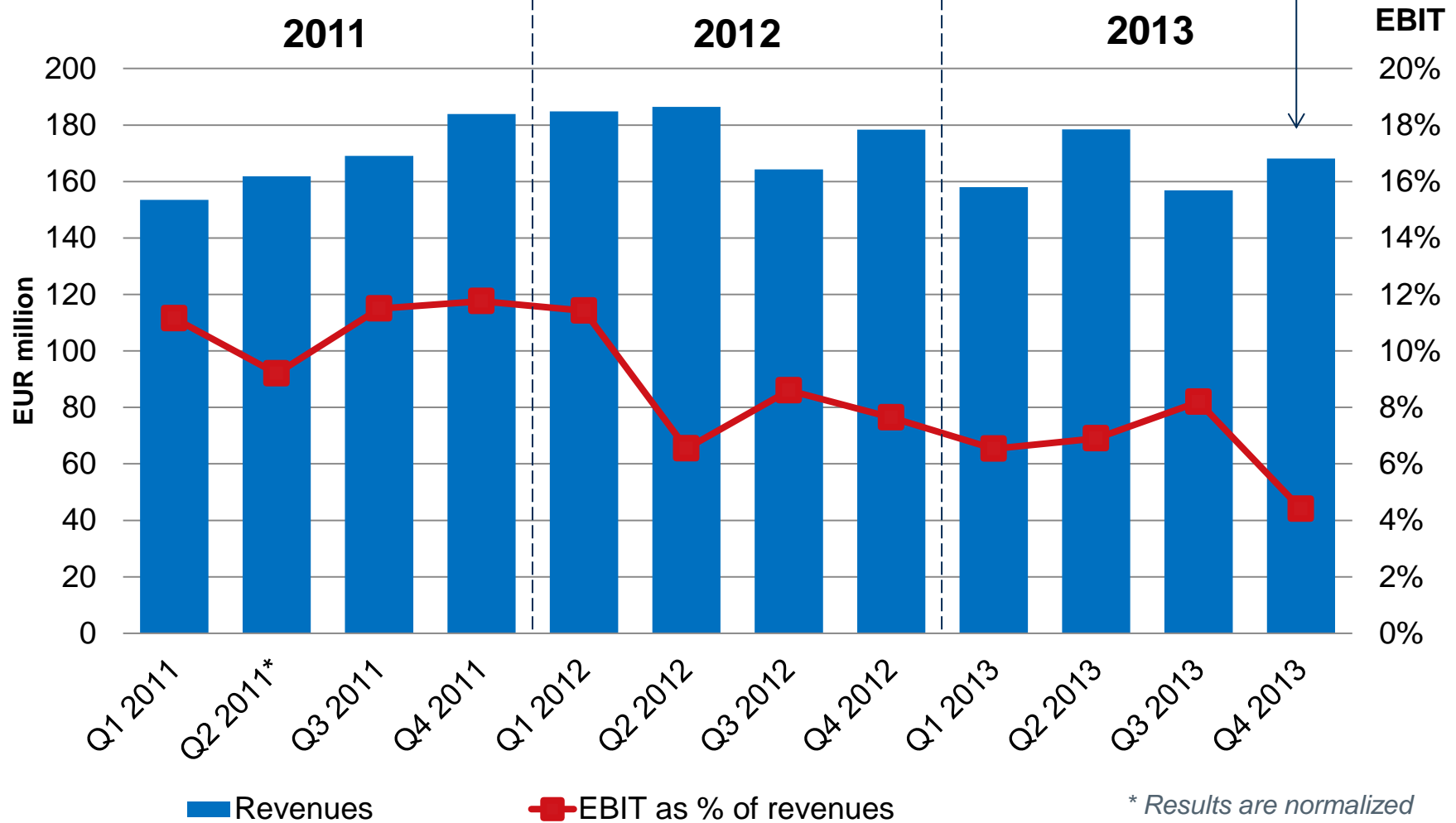
<i>EUR thousands</i>	Q4 2013	Q4 2012	YTD 2013
Revenues .....	168,182	178,363	661,536
Gross profit .....	58,588	60,086	233,644
<i>as a % of revenues</i>	34.8	33.7	35.3
Result from operations (EBIT) .....	7,410	13,632	42,909
<i>as a % of revenues</i>	4.4	7.6	6.5
EBITDA .....	14,086	19,527	69,444
<i>as a % of revenues</i>	8.4	10.9	10.5
Orders received (including service revenues)	162,358	152,329	668,584
Order book .....	132,438	125,390	132,438



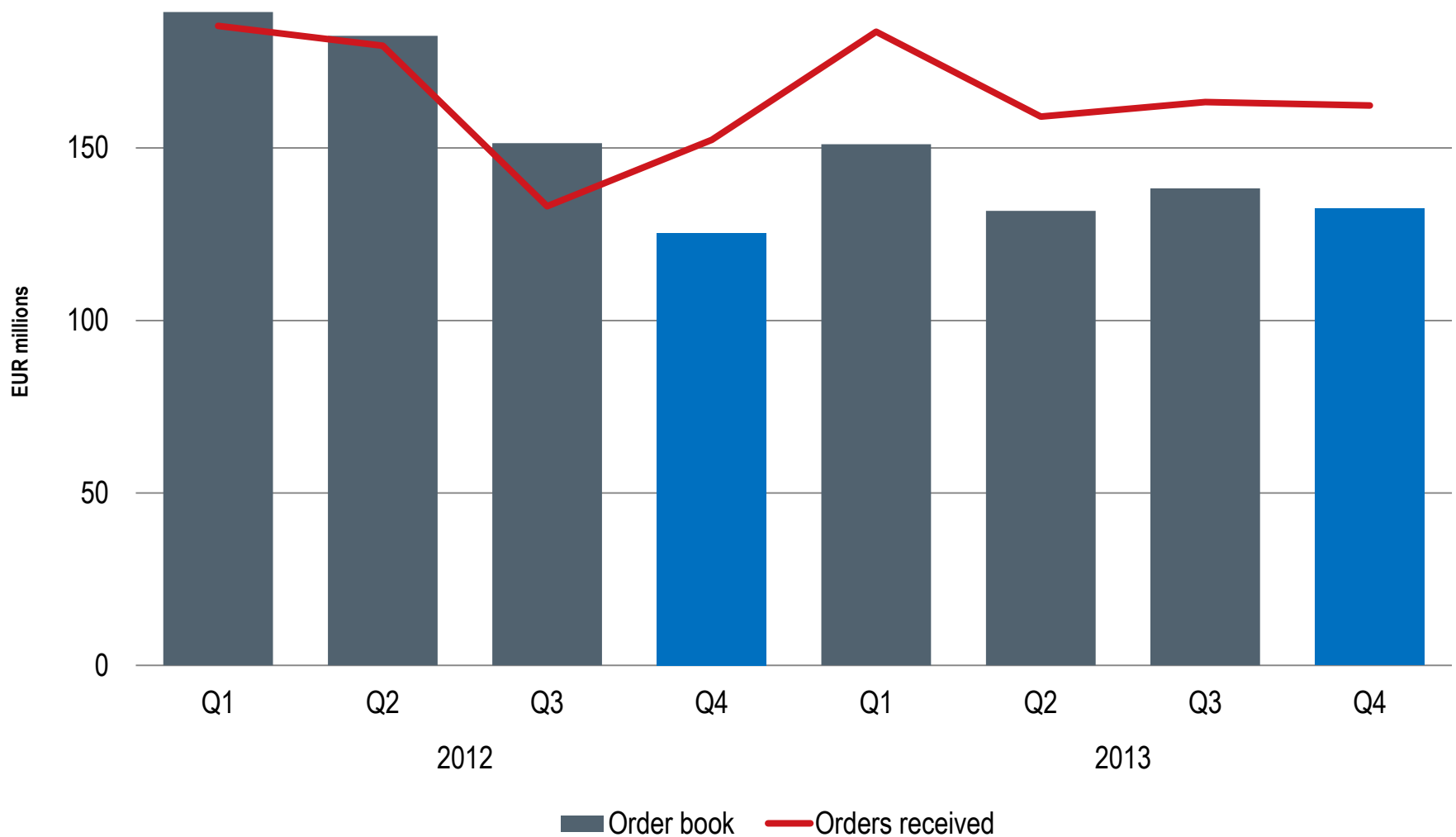
# Development of business results

**Q4 2013**

Adjustment of inventories €3m  
Changes in management €2m



# Development of Order Book





# Condensed consolidated balance sheet

## ASSETS

EUR thousands

### Non-current assets

	31/12 2013	31/12 2012
Property, plant and equipment .....	104,707	108,034
Goodwill .....	378,708	379,984
Other intangible assets .....	118,561	112,779
Receivables .....	691	2,584
Deferred income tax assets .....	9,611	7,988
	<u>612,278</u>	<u>611,369</u>

### Current assets

Inventories .....	91,796	99,178
Production contracts .....	24,829	40,163
Trade receivables .....	68,737	70,816
Other receivables and prepayments .....	22,135	27,657
Cash and cash equivalents .....	19,793	15,945
	<u>227,290</u>	<u>253,759</u>

### Total assets

<u><b>839,568</b></u>	<u><b>865,128</b></u>
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# Condensed consolidated balance sheet (continued)

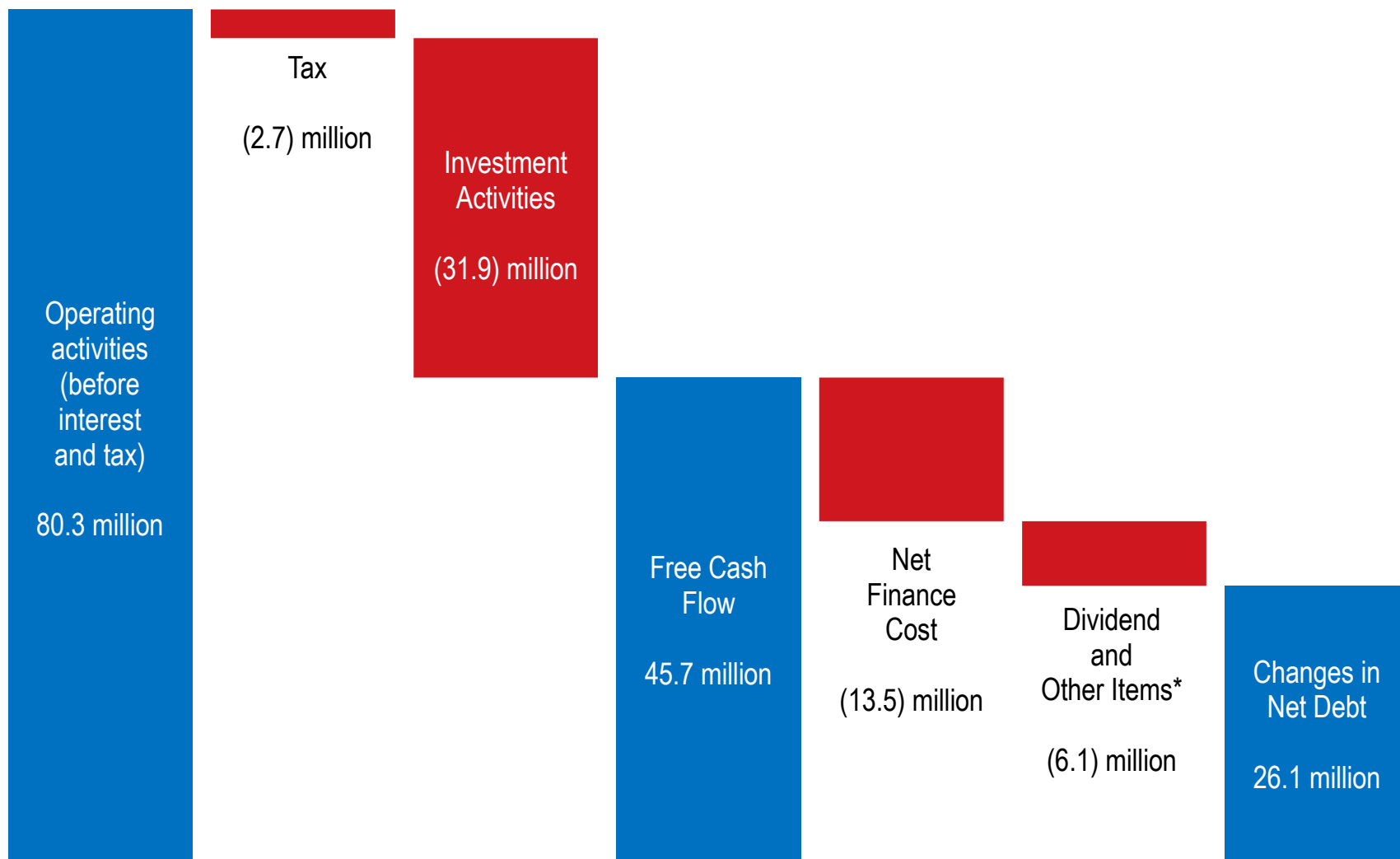
## EQUITY

EUR thousands

	31/12 2013	31/12 2012
<b>Total equity</b>	<b>419,339</b>	<b>403,748</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings .....	214,846	239,747
Deferred income tax liabilities .....	13,885	11,194
Provisions .....	6,065	4,941
Derivative financial instruments .....	7,184	10,815
	241,980	266,697
<b>Current liabilities</b>		
Production contracts.....	44,881	43,847
Trade and other payables .....	105,662	125,417
Current income tax liabilities .....	3,526	3,090
Borrowings .....	22,077	19,440
Provisions .....	2,103	2,889
	178,249	194,683
<b>Total liabilities</b>	<b>420,229</b>	<b>461,380</b>
<b>Total equity and liabilities</b>	<b>839,568</b>	<b>865,128</b>



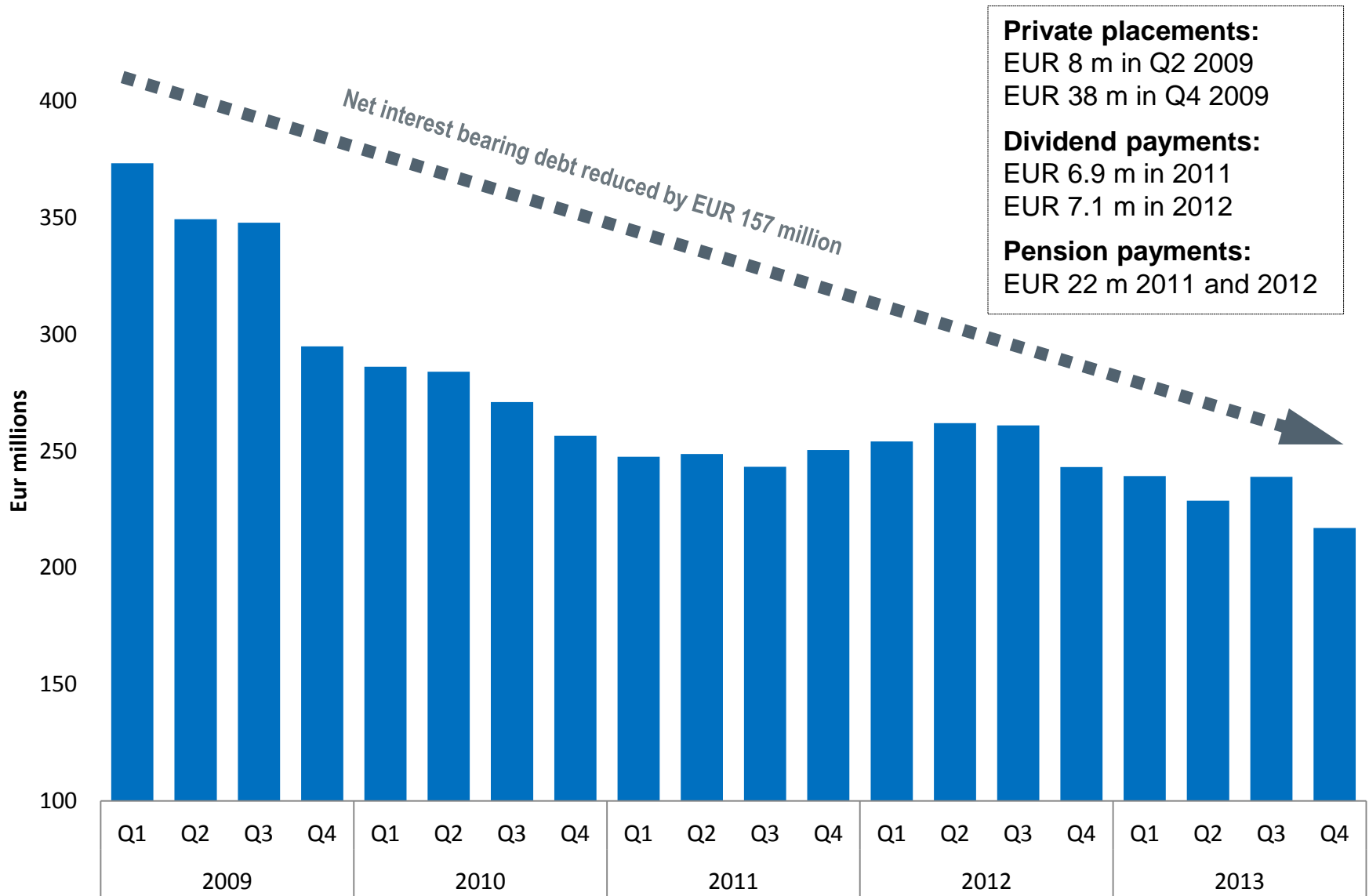
# 2013 cash flow composition and changes in net debt



\* Dividend, Currency effect, Change in capitalized finance charges and Treasury shares



# Net interest bearing debt reduced by EUR 26 million in 2013

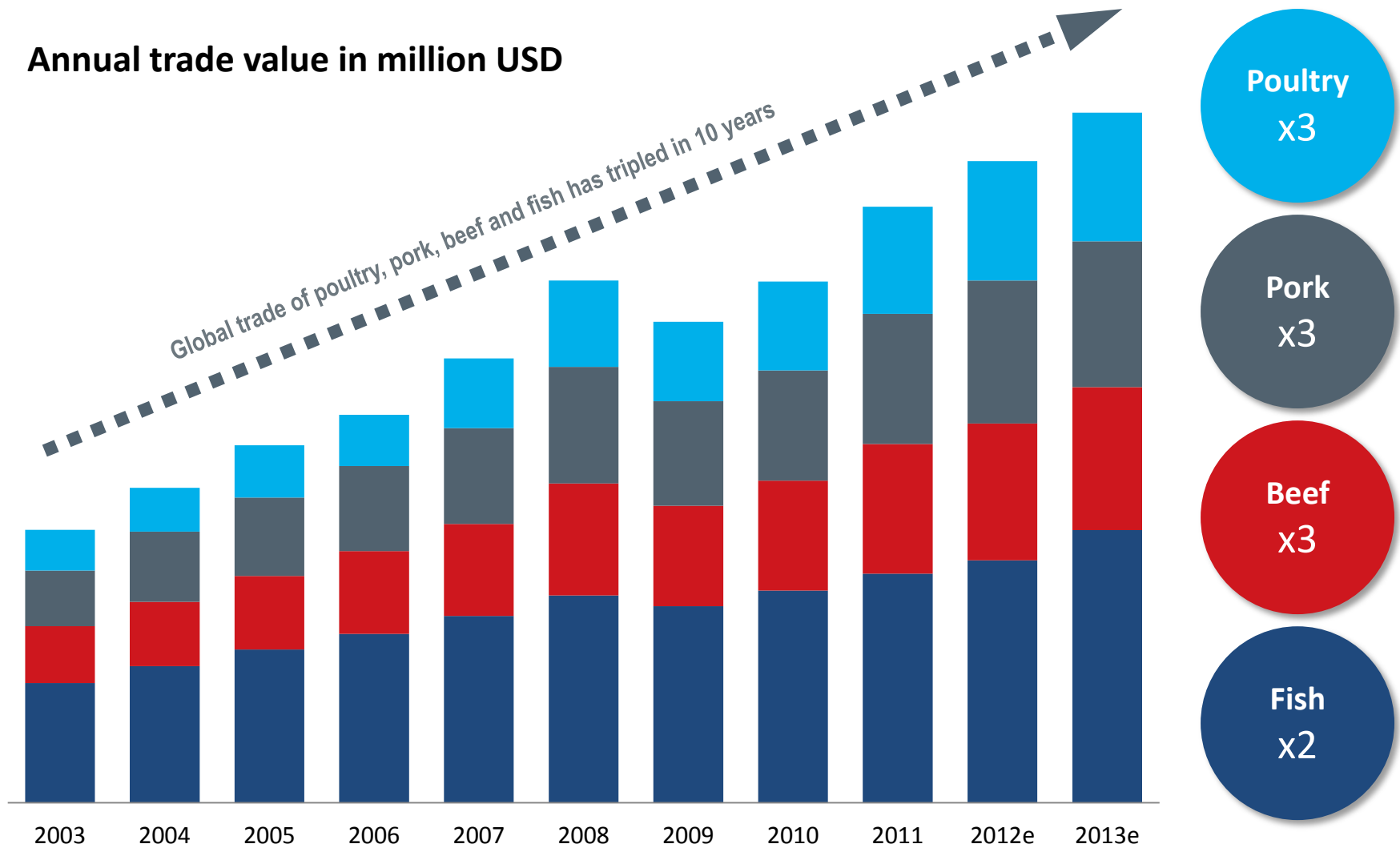


Árni Oddur  
Thordarson  
CEO



# International trade important growth driver for automatization

Annual trade value in million USD



Source: FAO, USDA, Groundfish Forum and Marel estimates



# Food processors adapting to new price levels

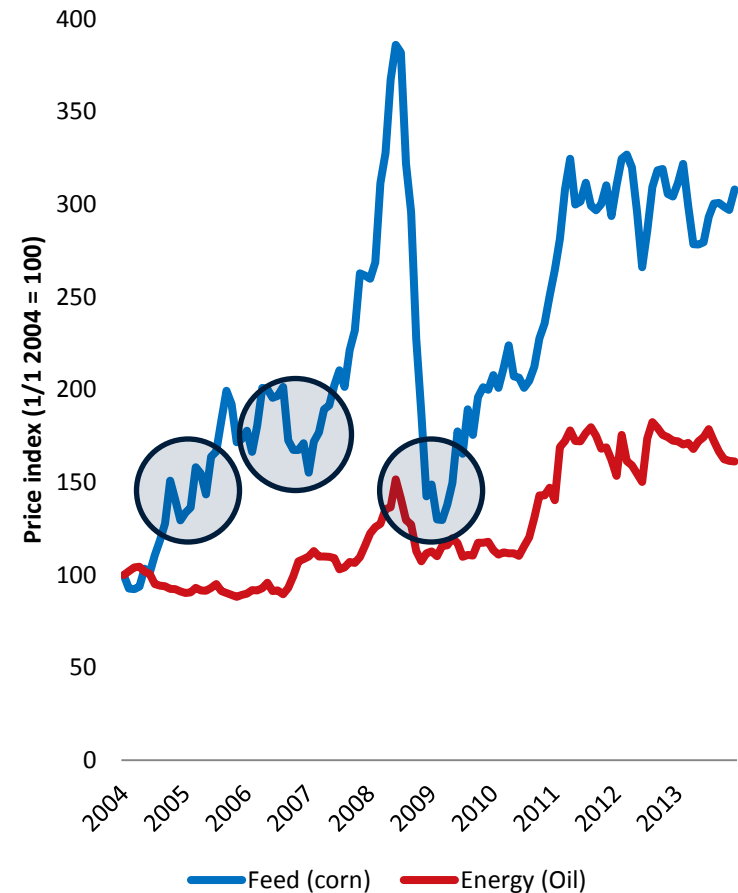
Global economic growth has been at historically low levels

Difficult period for food processors that have seen a spike in corn and energy prices

Food processors have adapted and returned to healthy profits enabling them to strengthen the financials

Food processors are in need for expansion and modernization

## US feed and energy prices



Source: USDA and EIA (2014)



# Three-track world: Investment needs picking up

## USA back on growth track

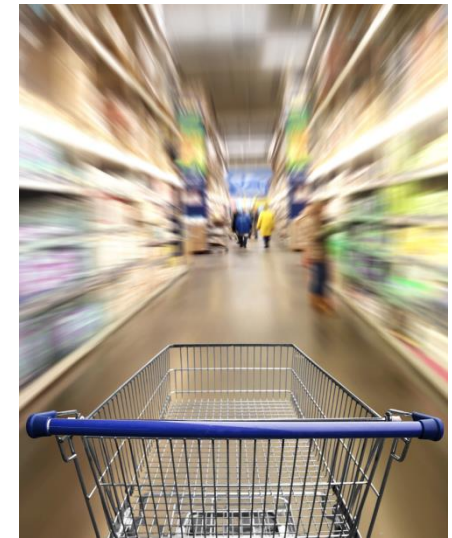
- Food processors with good profitability and sound balance sheet
- Need for expansion and modernization
- Marel has strong foothold in USA

## 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

## 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





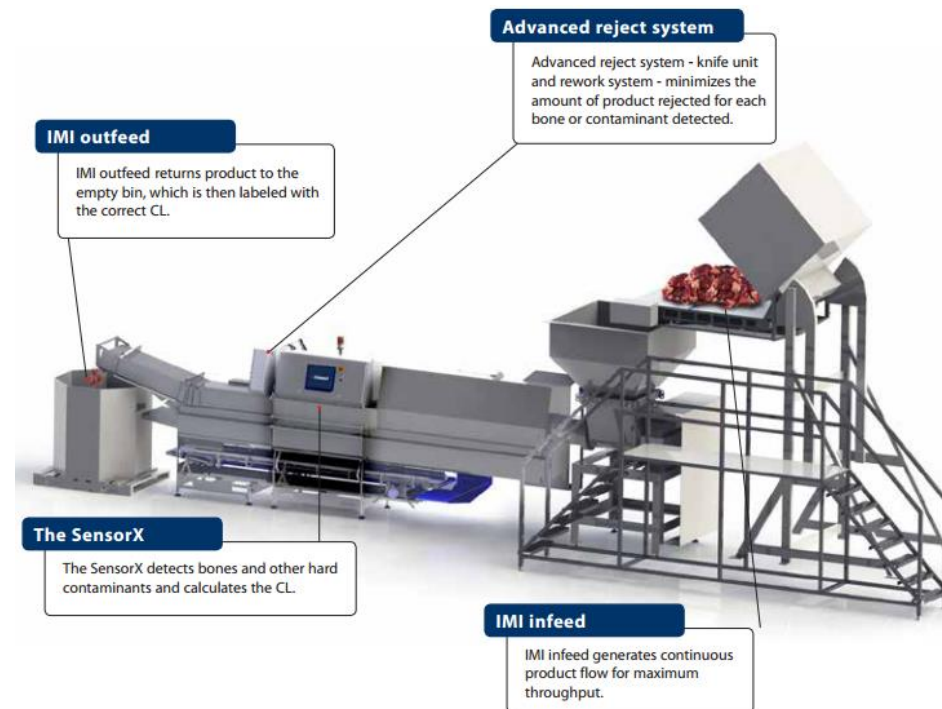


Picture taken in Brazil in January 2014 . Courtesy of Bill Lovette, CEO of Pilgrim's.

# Innovative Incoming Meat Inspection System

## INNOVATION THROUGH PARTNERSHIP

- Designed for further processors and grinding facilities buying meat trim
- Analysis of fat/lean ratio using **SensorX technology**
- Detects bones and other contaminants using **SensorX technology**
- Advanced reporting using **INNOVA software solutions**



# Aligning strategy and execution



# Simpler – Smarter – Faster: Recap

Combine business units that serve the same customer needs and rely on same technical capabilities

Optimize manufacturing footprint to balance utilization of resources within the company

Serve customer needs better

Reduced time to market and more innovative products

Faster market penetration after product launches

Increase operational efficiency with a target of EBIT in excess of €100 million in 2017



# Targets for 2014 and 2017

2014

2017

Revenues

Organic revenue growth

Faster than market growth

Profit

Adjusted EBIT  
€55 million

EBIT in excess of €100  
million

Cash flow

Steady increase in cash  
generation

Steady increase in cash  
generation

*Estimated cost of refocusing  
in 2014-2015  
€20-25 million in total*



# Q&A





**Sigsteinn  
Grétarsson  
COO**



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Thank you  
Dank u wel  
Mange tak  
Takk fyrir

