

Q3 2012 presentation

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STORK
POULTRY PROCESSING

TOWNSEND
FURTHER PROCESSING

marel

Theo Hoen

CEO



- 1** Introduction
- 2** Financial results
- 3** Outlook



Slower growth with improving profit margins

- Revenues in the first nine months of 2012 show growth of 10.6%
- EBIT below target
 - But improvement from last quarter
- Solid turnover from projects but standard equipment lagging behind
- Full year revenues of 700 million expected with EBIT margin of 9%
 - 5-6% growth in revenues

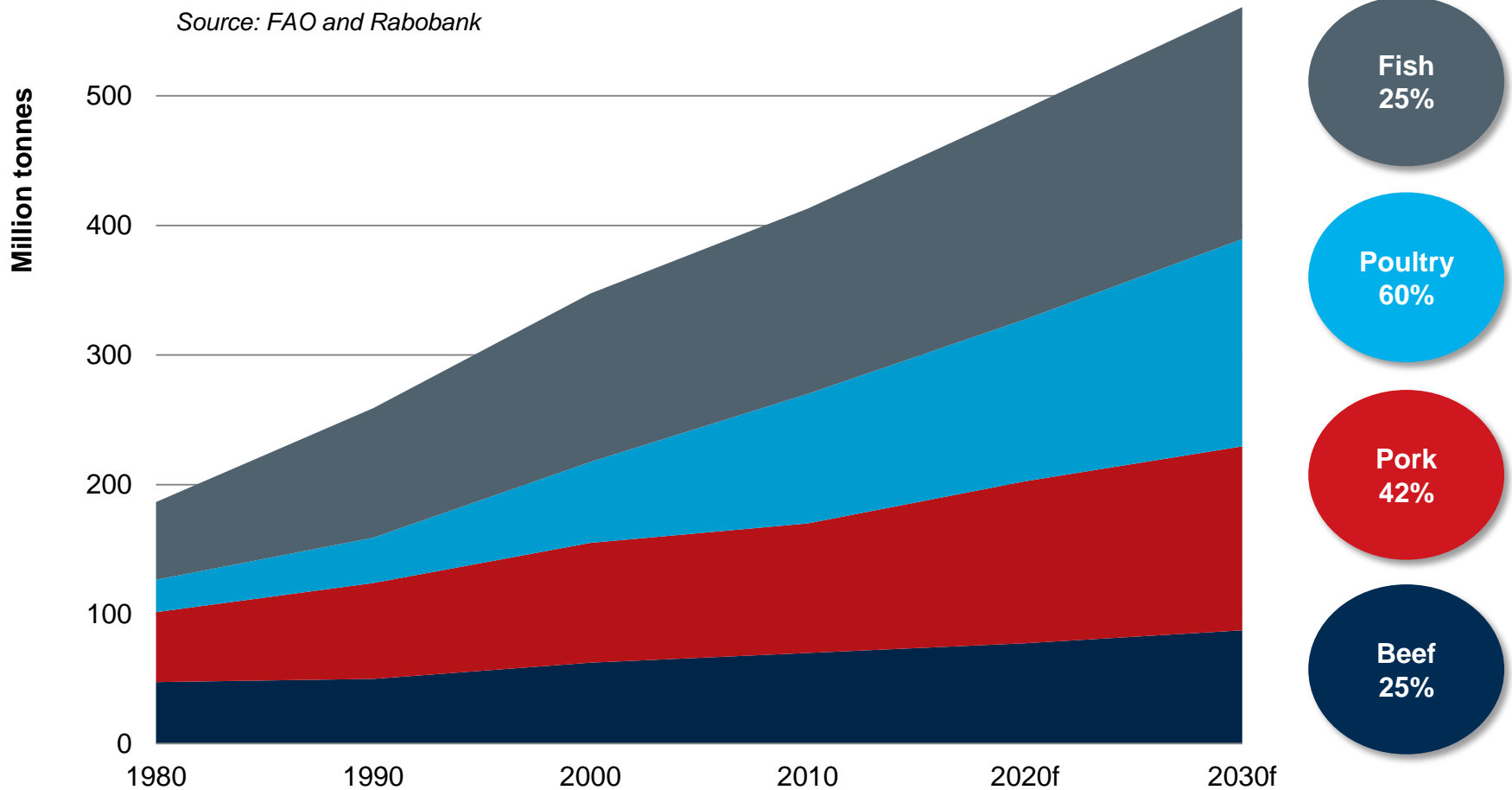


Marel's strong market position is supported by its unrivaled sales and service network

40% increase in protein production in the next twenty years

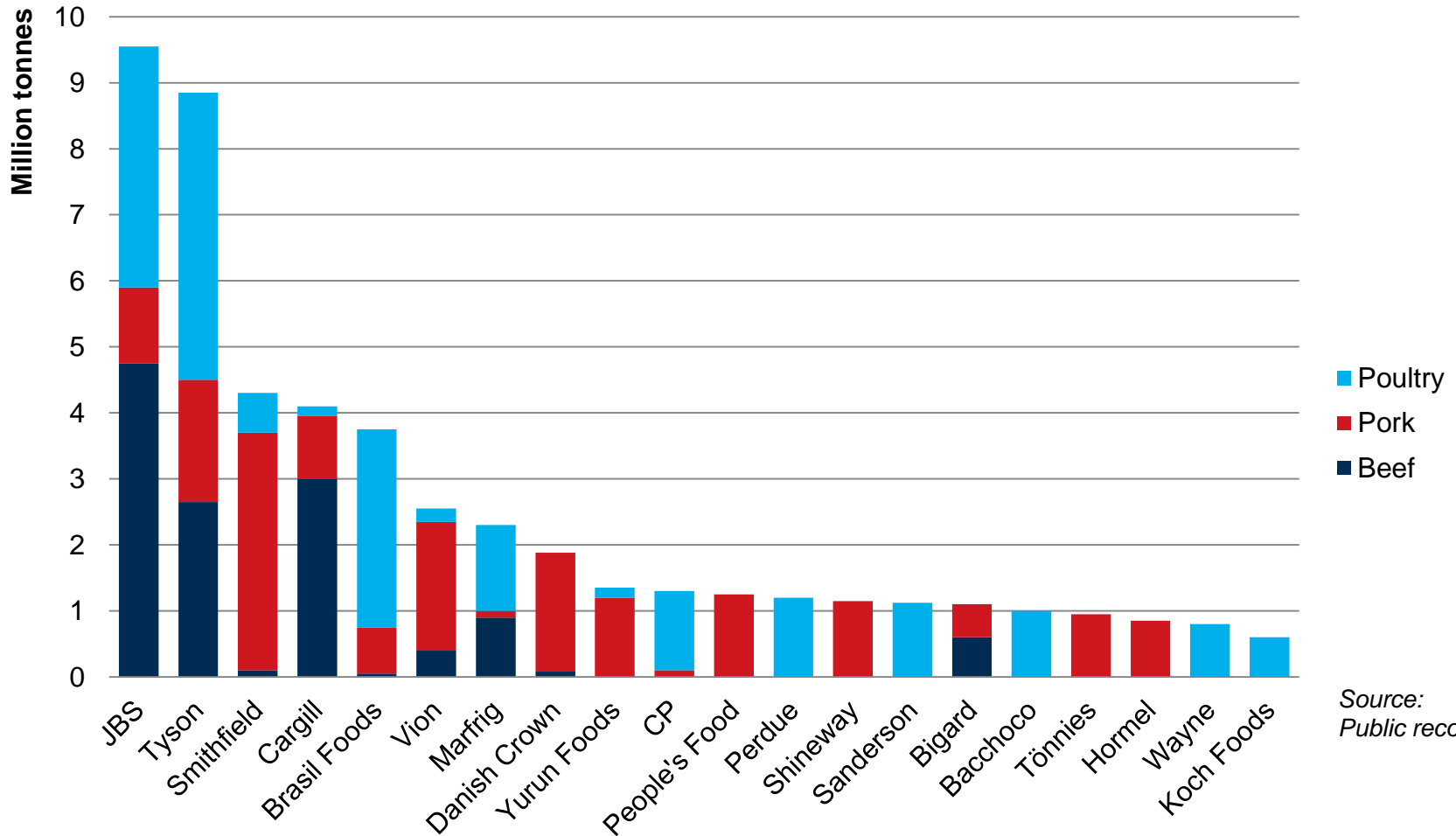
Global production of fish, poultry, pork and beef

Source: FAO and Rabobank



Most of the largest processors are already customers of Marel

Largest processors in meat and poultry in 2012 globally



Source:
Public records

Erik Kaman

CFO



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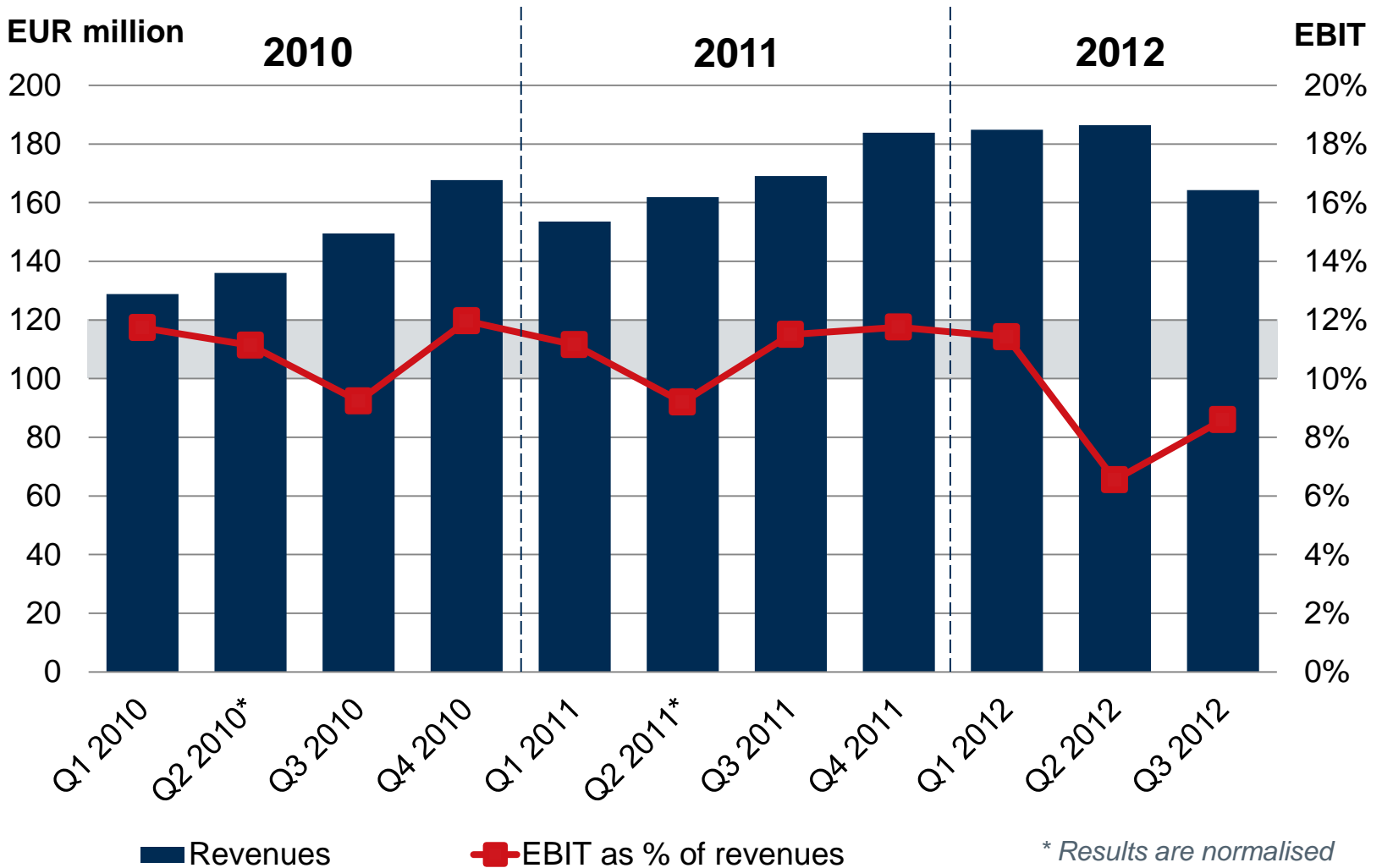


Business results

<i>EUR thousands</i>	Q3 2012	Q3 2011	Change in %
Revenues	164,264	169,063	(2.8)
Gross profit	58,871	60,692	(3.0)
<i>as a % of revenues</i>	35.8	35.9	
Result from operations (EBIT)	14,118	19,453	(27.4)
<i>as a % of revenues</i>	8.6	11.5	
EBITDA	20,465	25,819	(20.7)
<i>as a % of revenues</i>	12.5	15.3	
Orders received (including service revenues)	133,126	196,918	(32.4)
Order book	151,424	196,837	(23.1)

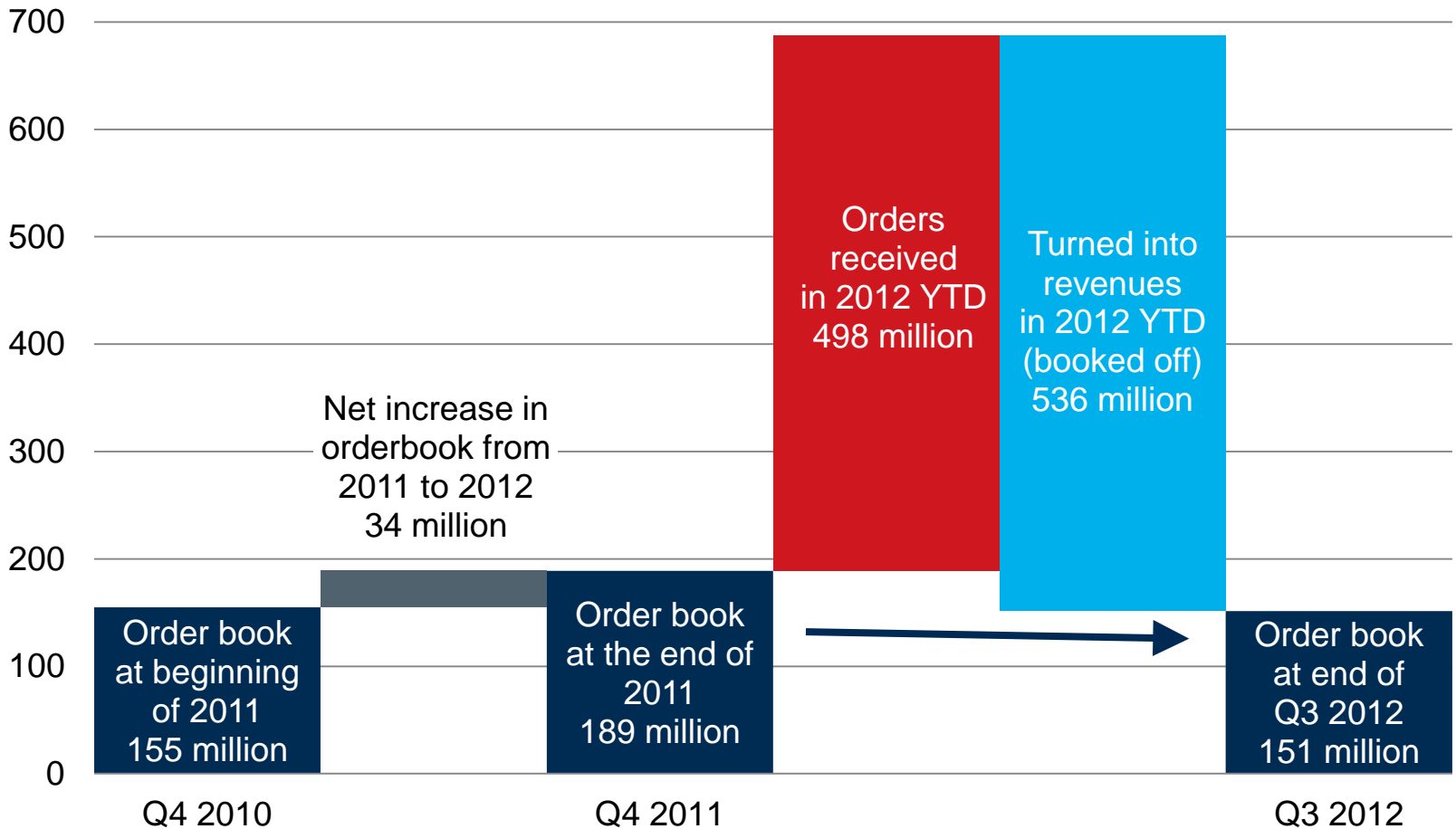
Order book for Q3 2011 corrected with EUR (7.3) million.

Development of business results



Orders received slowing down, order book at acceptable level

EUR million



Condensed consolidated balance sheet

ASSETS

EUR thousands

Non-current assets

	30/09 2012	31/12 2011
Property, plant and equipment	106,837	108,088
Goodwill	380,796	380,419
Other intangible assets	109,883	100,073
Investments in associates	58	109
Receivables	2,587	3,115
Deferred income tax assets	10,553	11,567
	610,714	603,371

Current assets

Inventories	104,094	99,364
Production contracts	41,162	38,046
Trade receivables	85,335	77,497
Assets held for sale	-	555
Other receivables and prepayments	25,583	28,051
Cash and cash equivalents	13,364	30,934
	269,538	274,447

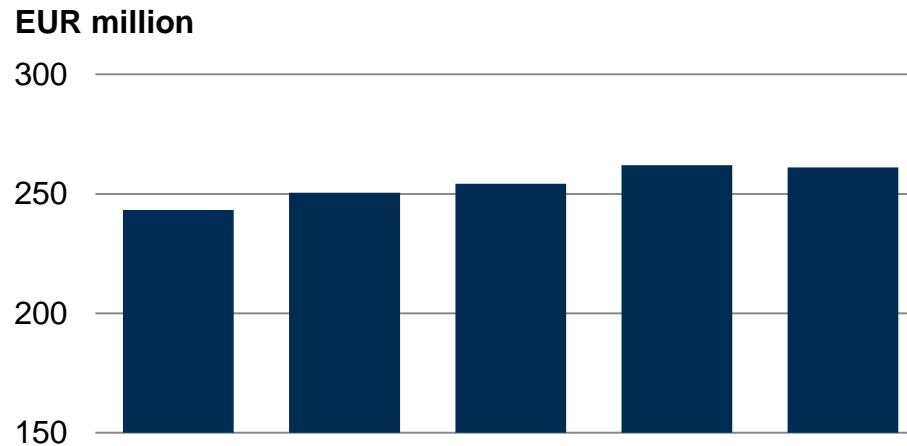
Total assets

880,252	877,818
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Condensed consolidated balance sheet (continued)

EQUITY	30/09 2012	31/12 2011
<i>EUR thousands</i>		
Total equity	396,728	373,471
LIABILITIES		
Non-current liabilities		
Borrowings	254,970	254,361
Deferred income tax liabilities	10,884	8,705
Provisions	8,089	6,902
Derivative financial instruments	12,066	12,419
	<u>286,009</u>	<u>282,387</u>
Current liabilities		
Production contracts.....	53,968	64,029
Trade and other payables	117,897	125,570
Current income tax liabilities	3,968	2,293
Borrowings	19,459	27,062
Provisions	2,223	3,006
	<u>197,515</u>	<u>221,960</u>
Total liabilities	483,524	504,347
Total equity and liabilities	<u>880,252</u>	<u>877,818</u>

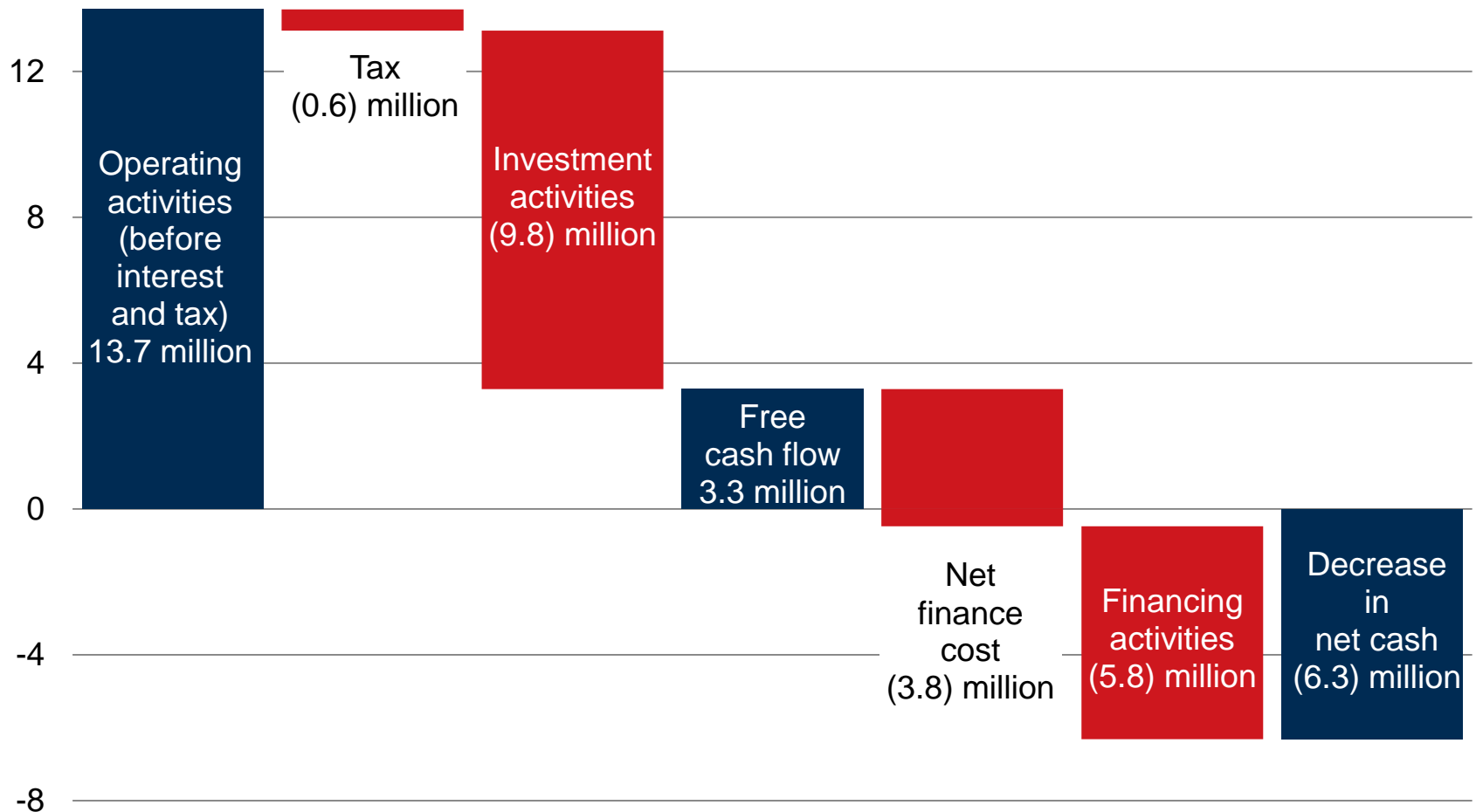
Net interest bearing debt at similar level as in the last quarters



End of quarter in EUR million	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Change since Q3 2011
Non-current borrowings	249.6	254.3	267.0	262.8	255.0	5.4
Current borrowings	27.0	27.1	19.4	19.5	19.5	(7.5)
Total borrowings	276.6	281.4	286.4	282.3	274.5	(2.1)
Cash and equivalents	33.2	30.9	32.2	20.3	13.4	(19.8)
Net interest bearing debt	243.3	250.5	254.2	262.0	261.1	17.8

Q3 2012 cash flow composition

EUR million



Financial focus areas

- Improving *gross profit*
 - Procurement
 - Production cost
 - Operational processes

- Ensuring a sustainable *SG&A cost base* despite growth in activity
 - 2010: 20.7%
 - 2011: 20.0%
 - 2012 YTD: 20.5%

- Improving *working capital* parameters
 - Inventory turn rate (ITR)
 - Days sales outstanding (DSO)
 - Days payable outstanding (DPO)



Marel offers a variety of portion cutters, which can deliver portions of fixed thickness or weight and at different angles.

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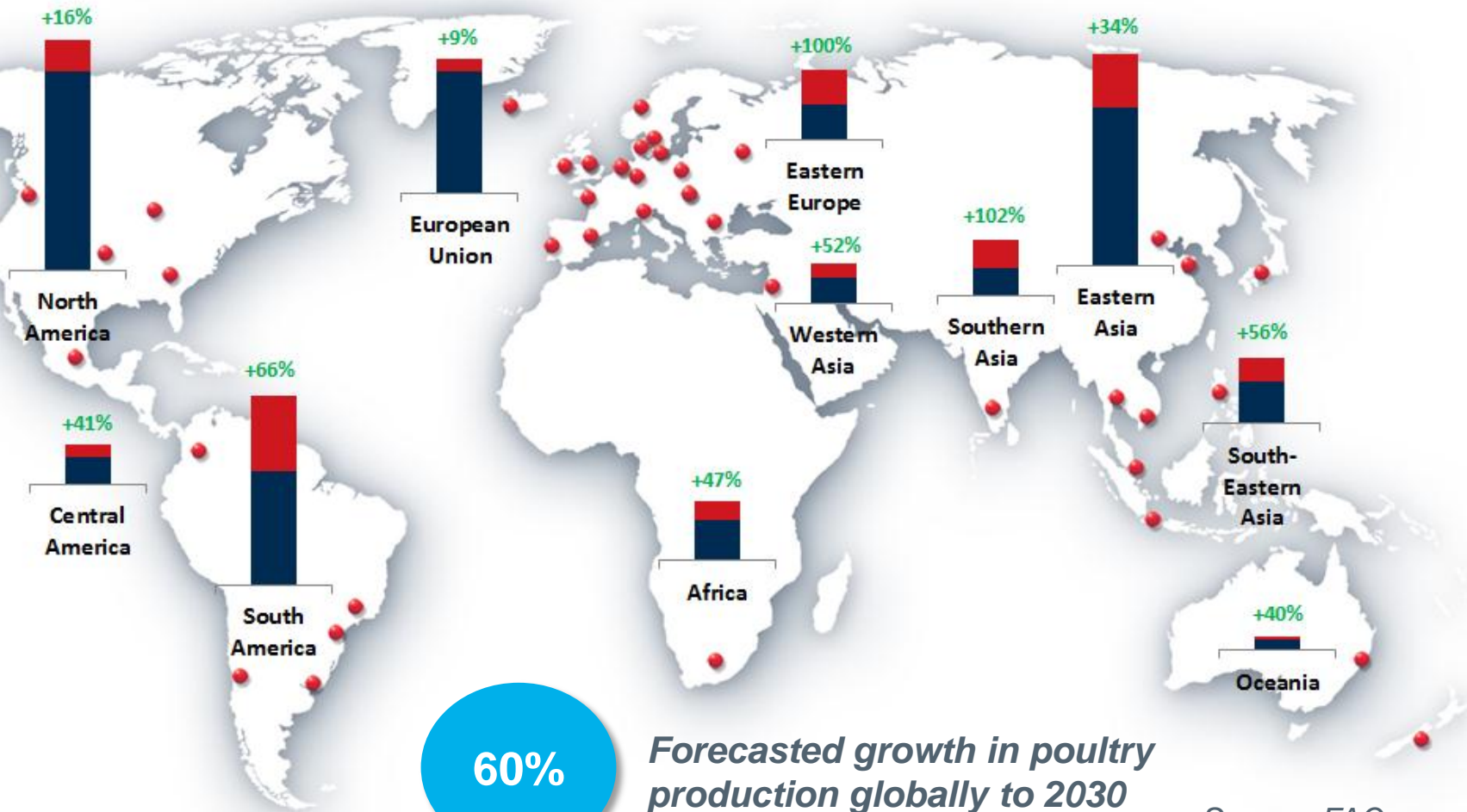


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Growth in poultry production worldwide

Poultry production from 2001 to 2010



Source: FAO

Poultry: successful in emerging markets

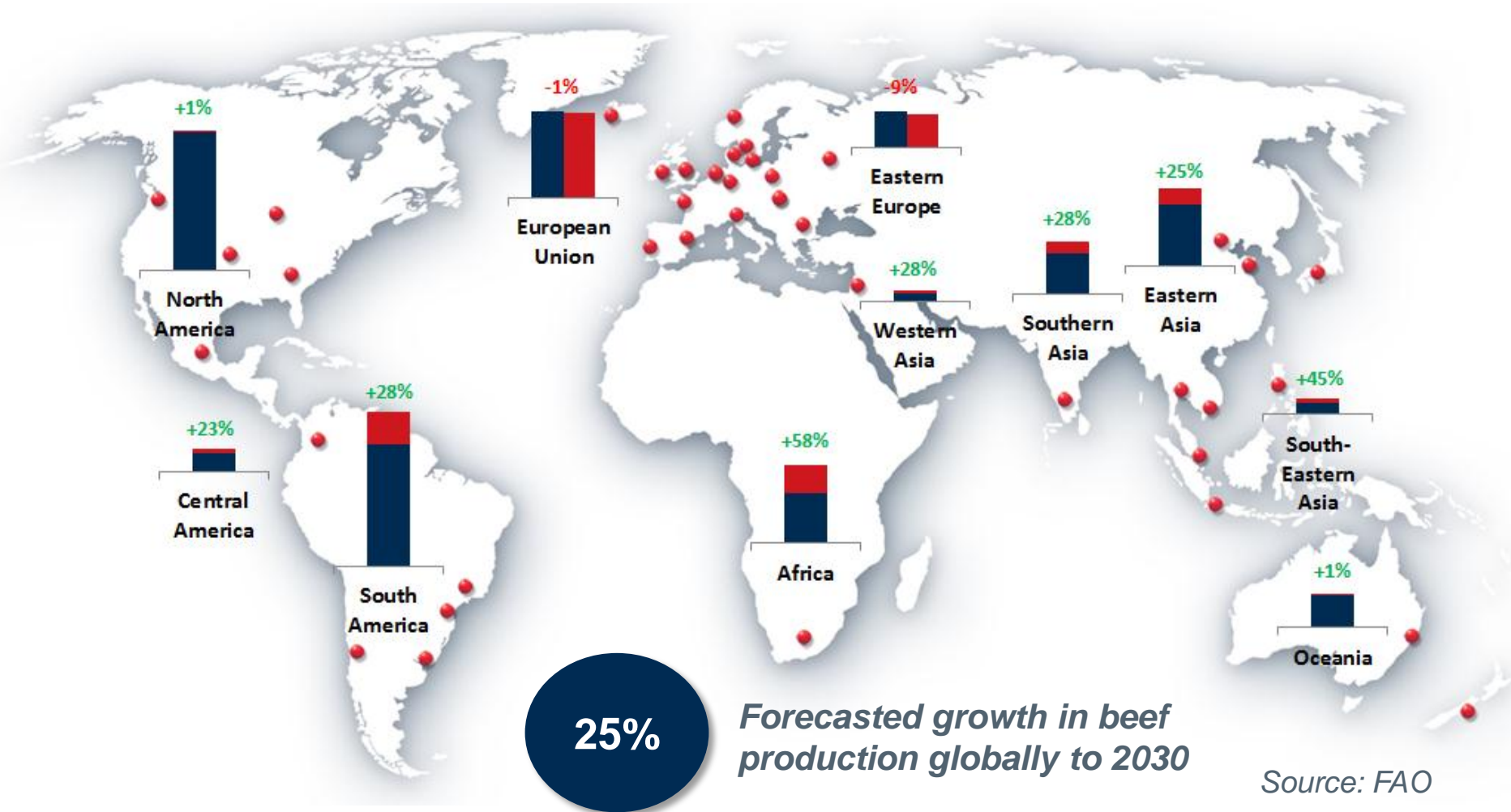
- Current projects in emerging market are base for the future
 - Greenfield project in Russia
- Slowdown in Europe and Brazil
- During the exhibition of EuroTier 10 innovations will be launched under the heading: "100% innovation"
- Marel was awarded the EuroTier Golden Innovation award for AeroScalder



*At EuroTier 2012 in Hannover
next month, Marel will introduce
10 new innovations*

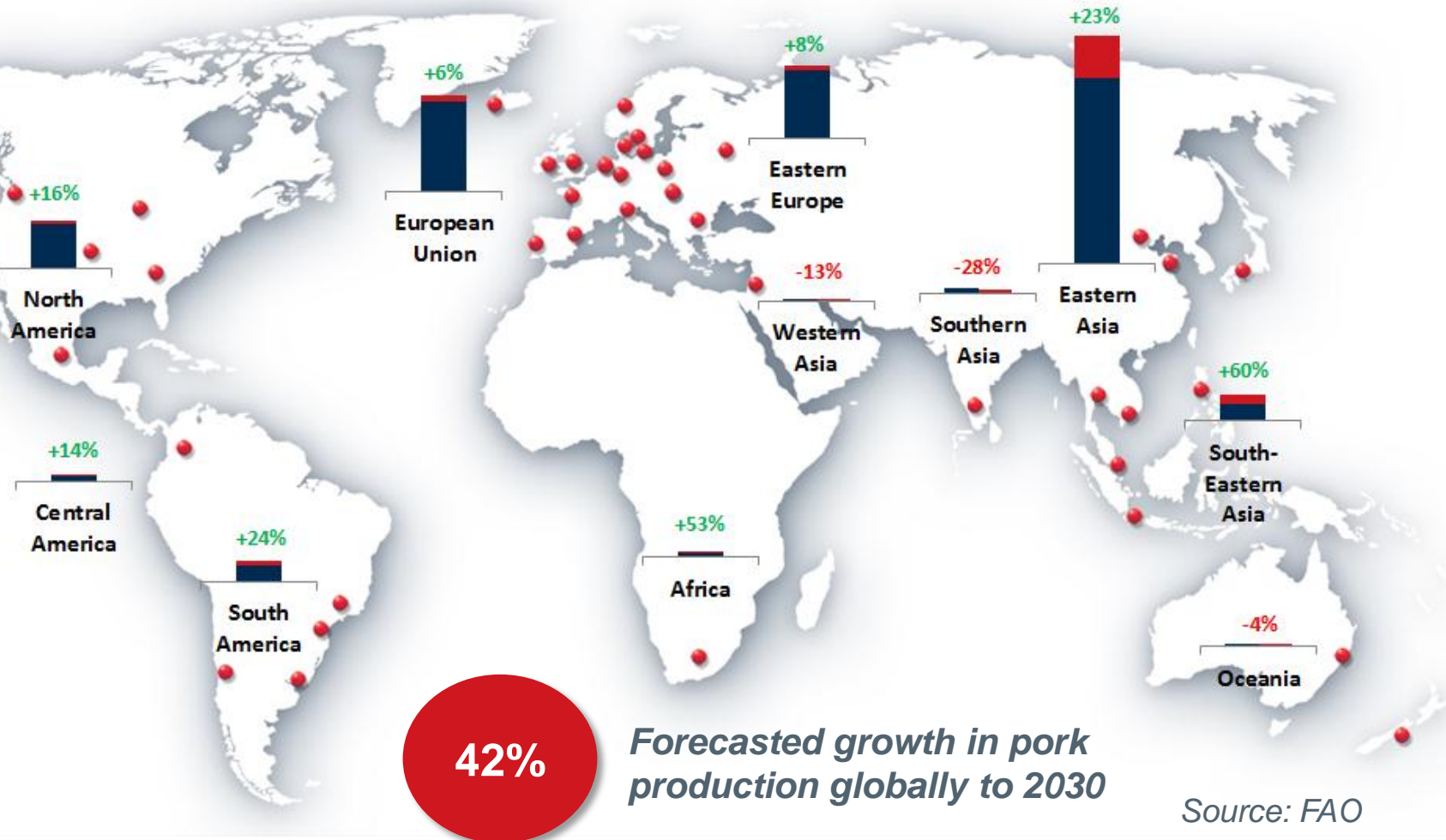
Growth in beef production worldwide

Beef production from 2001 to 2010



Growth in pork production worldwide

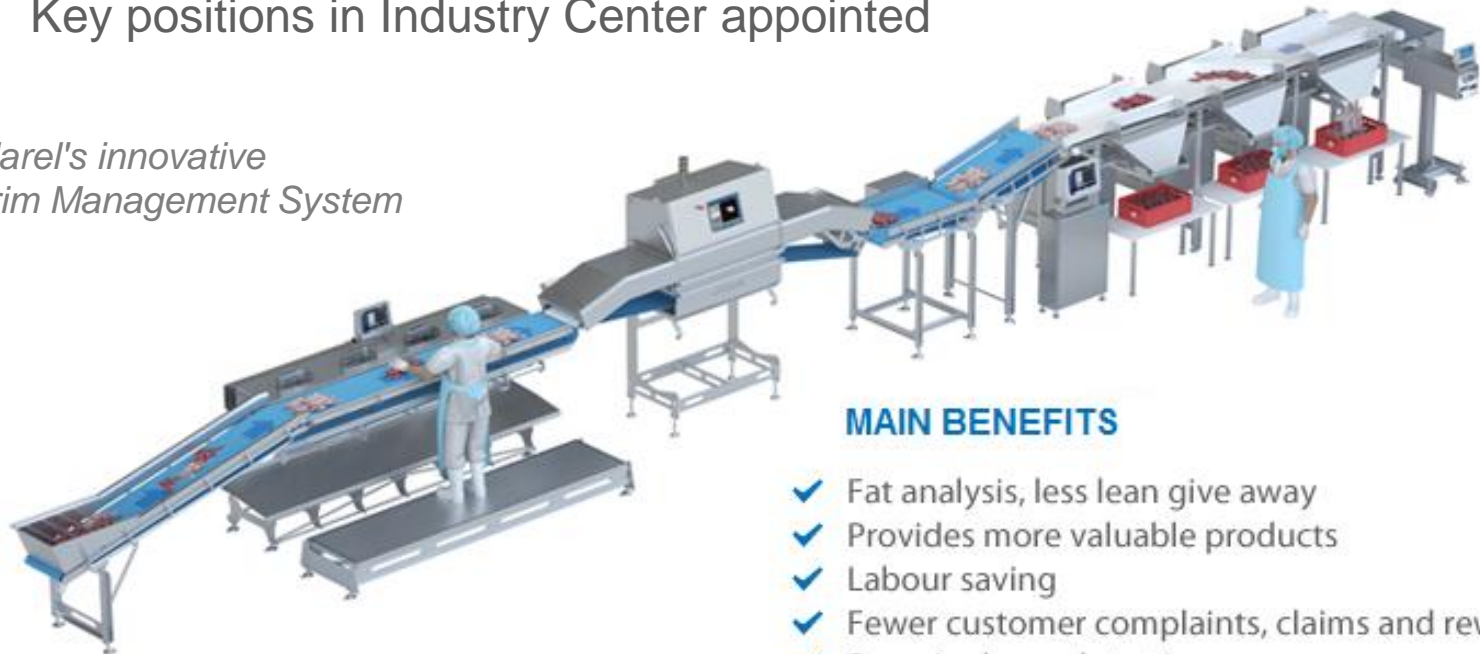
Pork production from 2001 to 2010



Meat: uncertainty continues but promising outlook

- Customers competing on thin margins
- Successful projects in China and Finland
- Innovations such as StreamLine, Trim Management System and DeboFlex launched
- Key positions in Industry Center appointed

*Marel's innovative
Trim Management System*

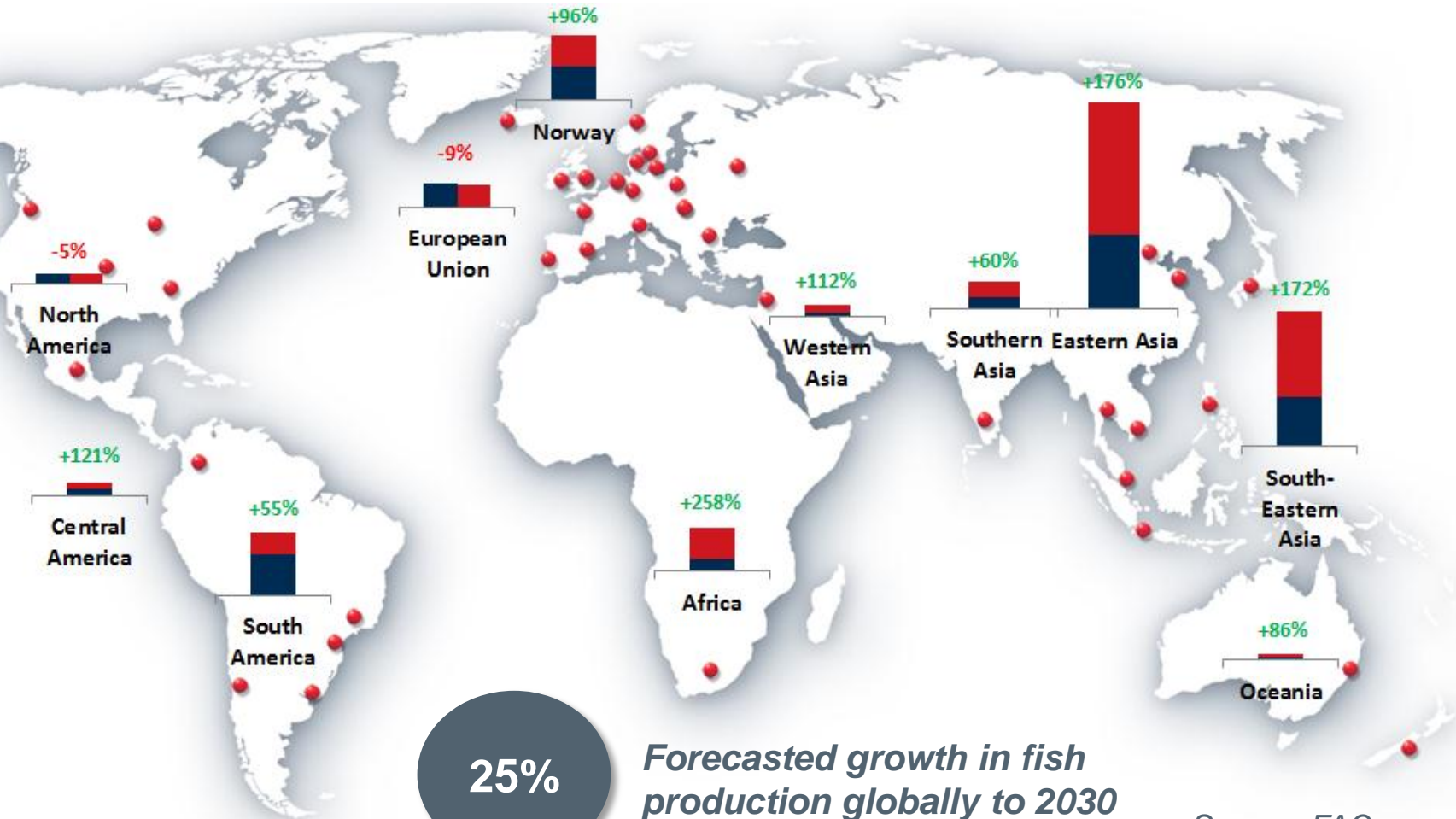


MAIN BENEFITS

- ✓ Fat analysis, less lean give away
- ✓ Provides more valuable products
- ✓ Labour saving
- ✓ Fewer customer complaints, claims and rework
- ✓ Superior bone detection

Growth in fish production worldwide

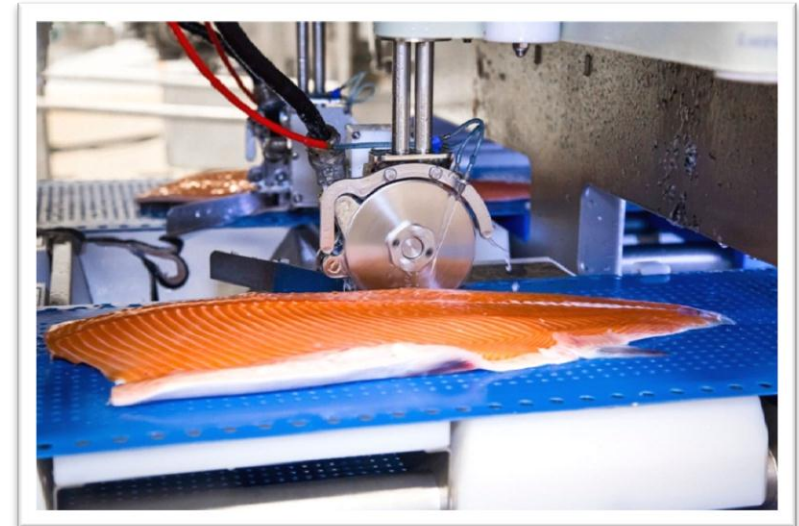
Farmed fish production from 2001 to 2010 – the fastest growing segment



Forecasted growth in fish production globally to 2030 (slowed down by declining catches) Source: FAO

Fish: 34% increase in YTD revenues compared to last year

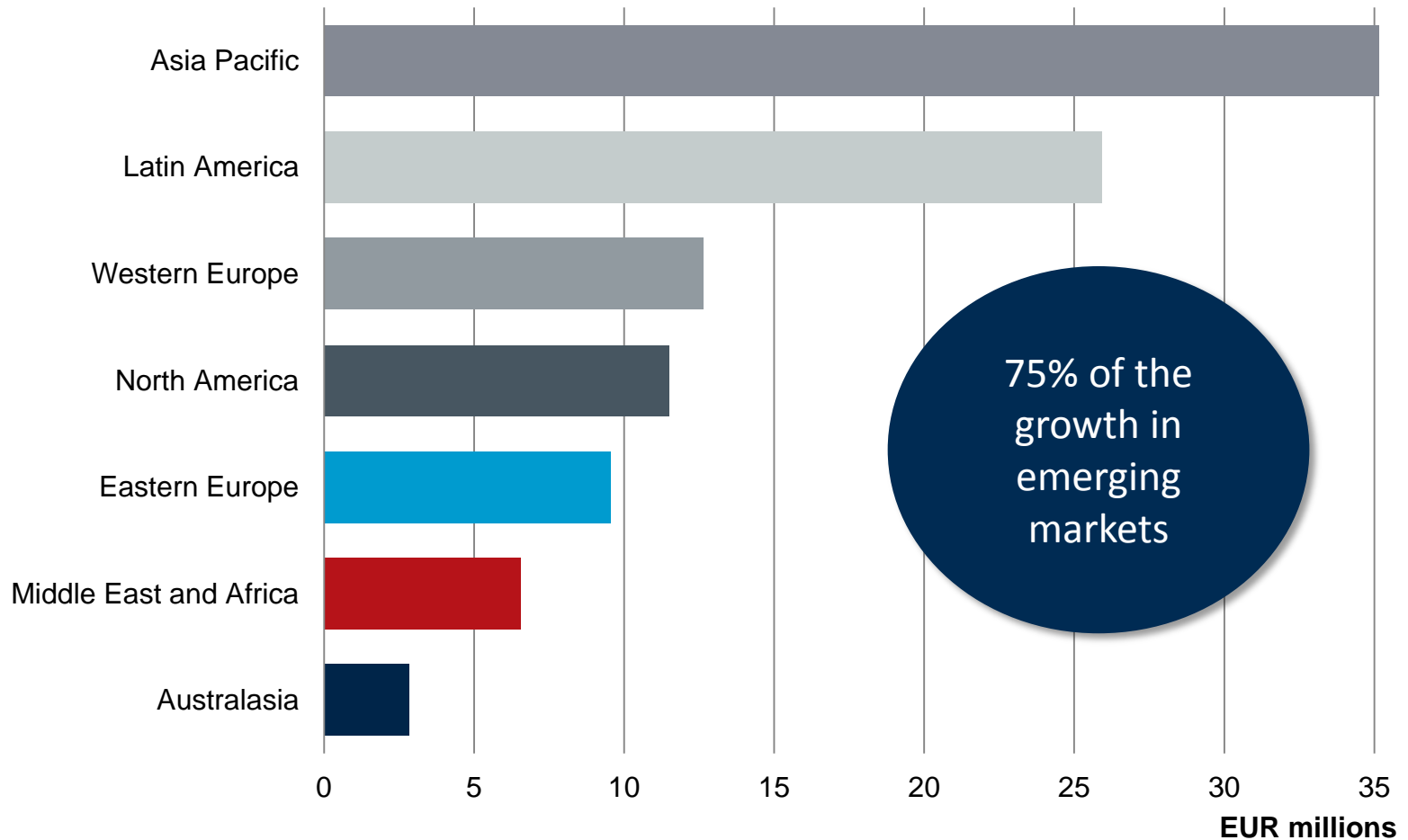
- The global fish industry is enjoying solid growth
- Strong demand for standalone equipment and smaller process lines
- State of the art reference plants being installed in China and Latin America
- MS 2730 Filleting Machine for salmon is a big success



Customers at the recent AquaSur in Chile showed great interest in the new ITM2 Trimming Robot

Global food retail is rapidly growing

Growth in global food retail 2006-2010 (retail value)



Further processing: Innovative solutions gaining foothold

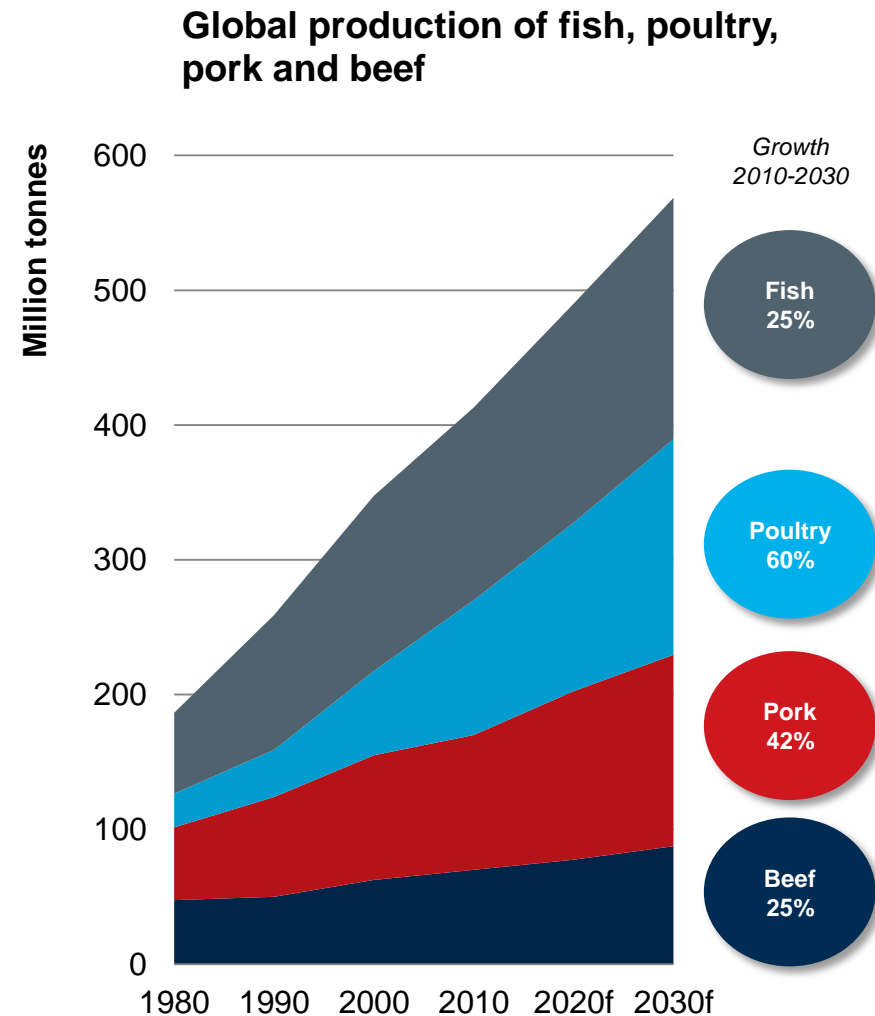
- The project volume is adequate
- High capacity QX system to be delivered early next year to a US customer
 - QX systems for hot dogs being installed in the US
- Complete lines for forming, coating and heating sold in Canada and East Europe
- The new ModularOven 700 has been launched into the market with first sales completed



The ModularOven is able to create and control distinct environments in which the heating and cooking of products takes place

Favourable outlook for the midterm and long-term future

- Marel's strong position in its four core markets supported by extensive global sales and service network
- Marel has recently launched unique innovations in all four markets
- The market driven organisation is clearly paying off
- ➔ **Marel is well positioned to meet increased demand when the market picks up**



Q & A

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Thank you / Dank u wel / Mange tak / Takk fyrir

