

Q2 2013 presentation

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POULTRY PROCESSING

TOWNSEND
FURTHER PROCESSING

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Theo Hoen

CEO

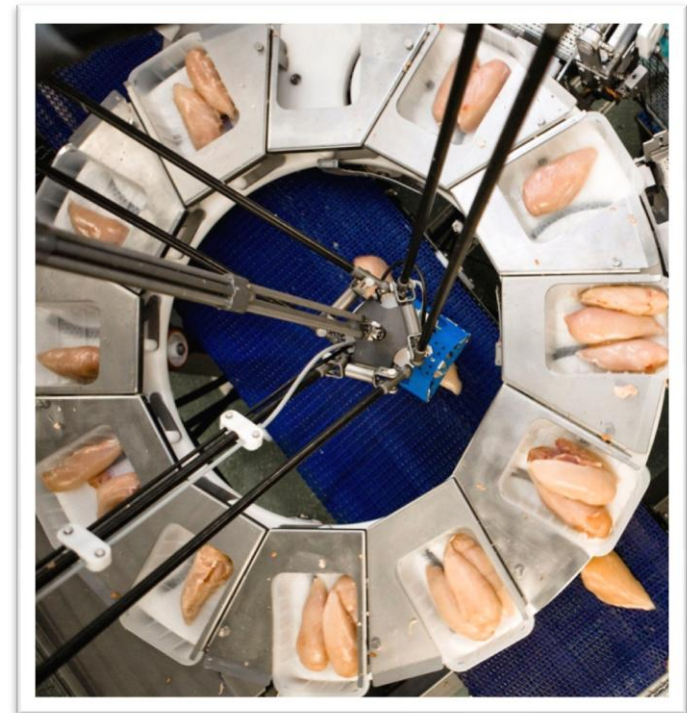


- 1** Introduction
- 2** Financial results
- 3** Outlook



Results reflect delayed market recovery

- Revenues in the first half of the year 9.4% lower than in the same period last year
 - Lower revenues continue to put pressure on the EBIT margin
- Economic uncertainty continues to delay larger projects
 - Europe is still a difficult market while there are clear signs of improvement in the US
- In light of slowdown in orders received and investment delays Marel now expects that recovery might be delayed
 - EBIT of 10-12% back on track during next year
 - full year revenues are expected to decline moderately.



USDA has raised further its poultry production forecast for the latter half of 2013, based on stronger than expected domestic economy and lower grain prices.

Marel is well positioned in the market

- **Steady investment in innovation**
 - With continuous product development, Marel is riding the wave of ever-changing consumer demand for safe, high quality food
- **Unparalleled global presence**
 - When emerging markets are growing at twice the rate of more advanced economies, a global sales and service network is a great strength
- **Sensible business strategy**
 - As the four key protein processing industries substitute one another, Marel is guarded better against industry specific crisis than its competitors



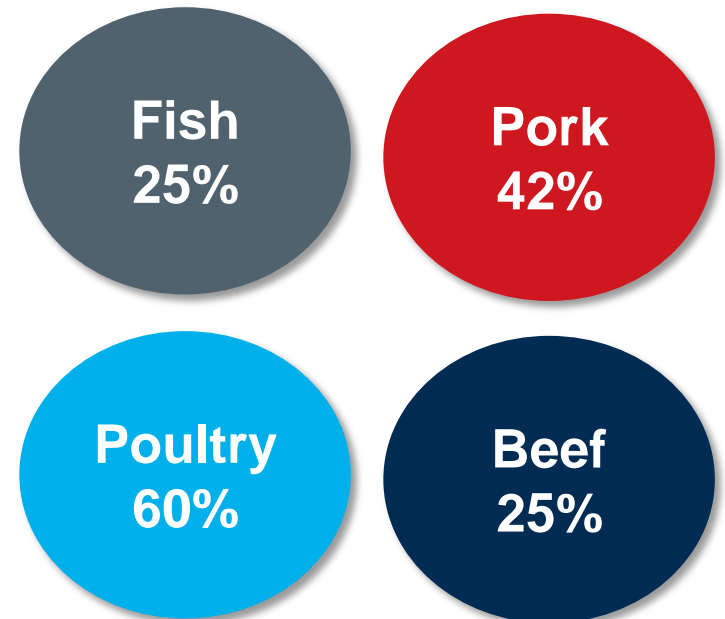
The AeroScalder brings substantial savings in both water (up to 75%) and energy (up to 50%). It is a prime example of the benefits of Marel's focus on product development.

Mid to long-term prospects remain excellent

➤ Protein consumption continues to rise throughout the world

- Emerging markets keep adding proteins to their diet
- Increased pressure for mechanization and automation in the emerging markets due to:
 - Demand for food safety and quality
 - Labor shortage and cost
- Marel has an extensive sales network in the emerging markets and are in a good position to capitalize on the rapid growth and industrialization.

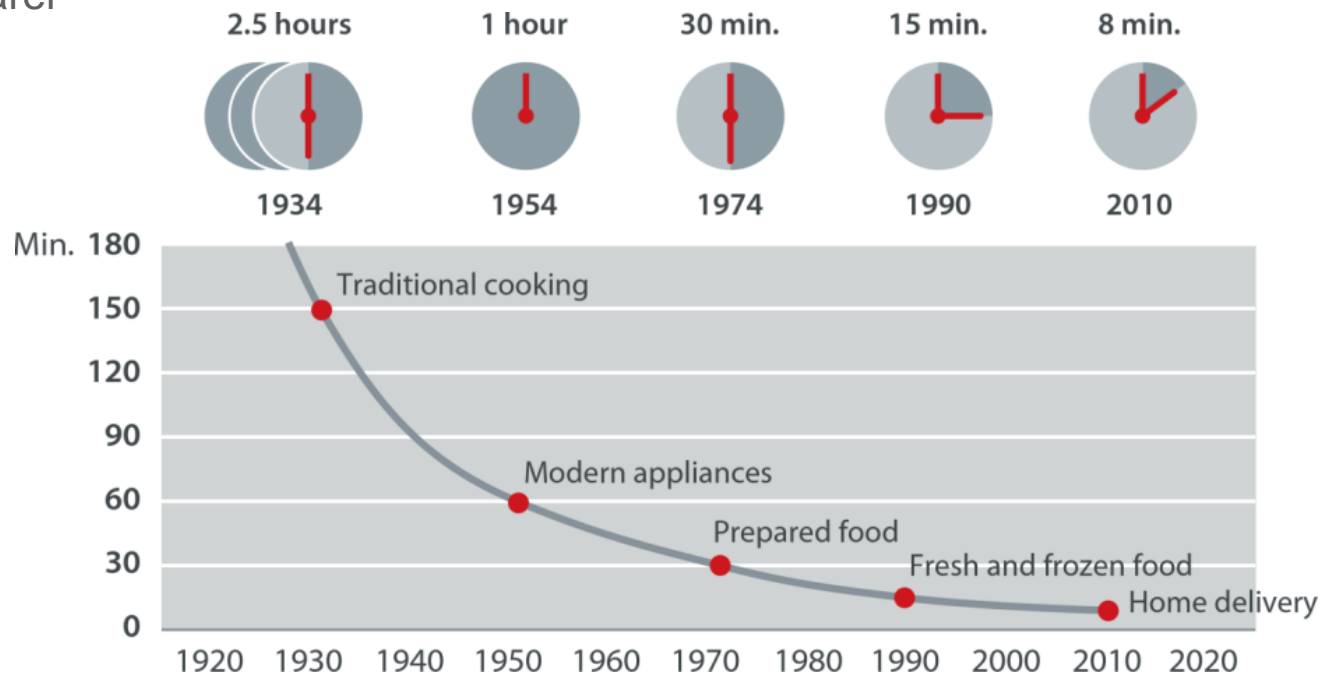
Forecasted growth in global protein production 2010-2030



Mid to long-term prospects remain excellent

➤ **Consumer trends in developed countries are working in Marel's favor**

- Focus on food safety and environmental issues
- Demand for convenient foods with short preparation times
- Need for innovative processing solutions and equipment provided by Marel



Erik Kaman

CFO



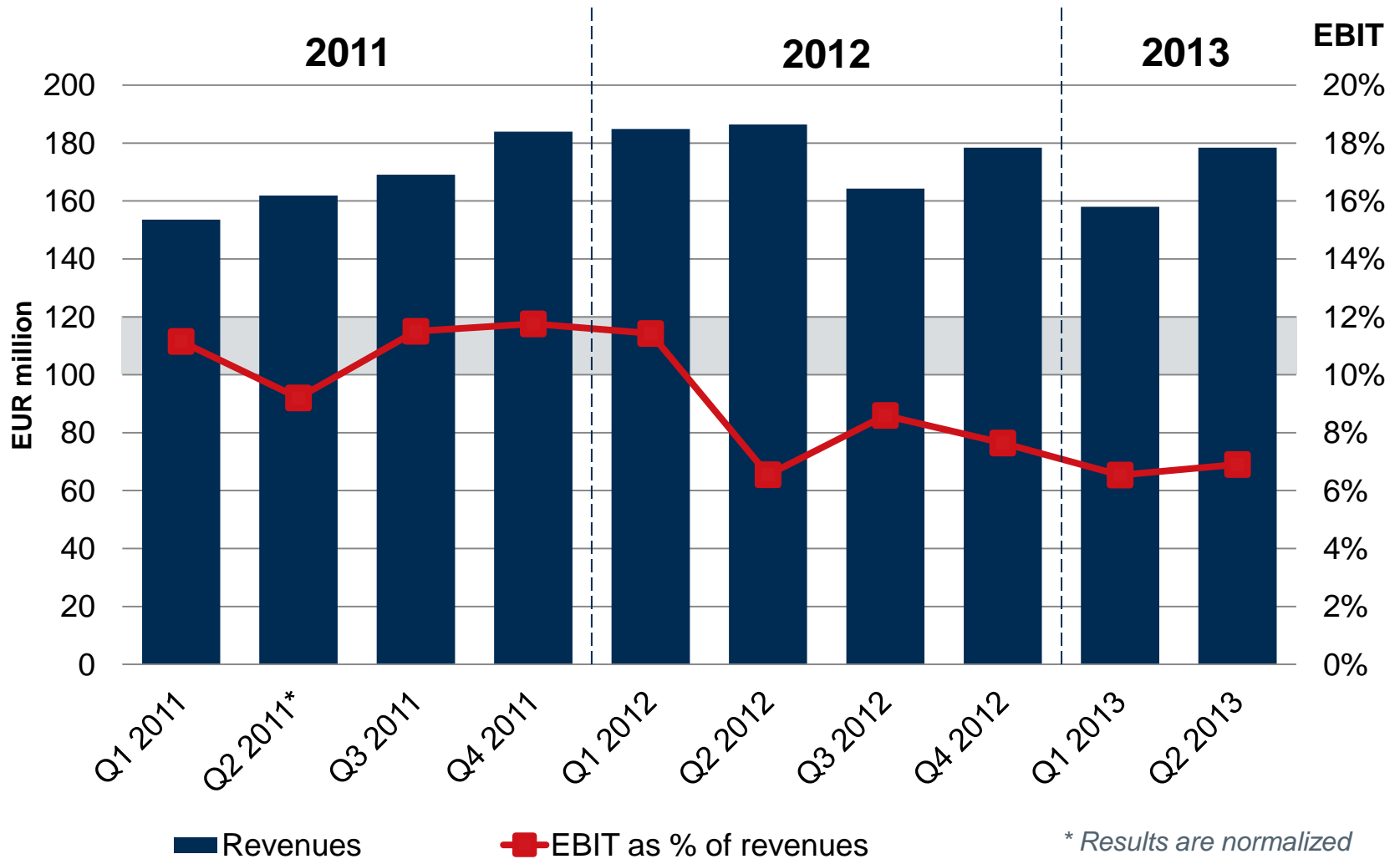
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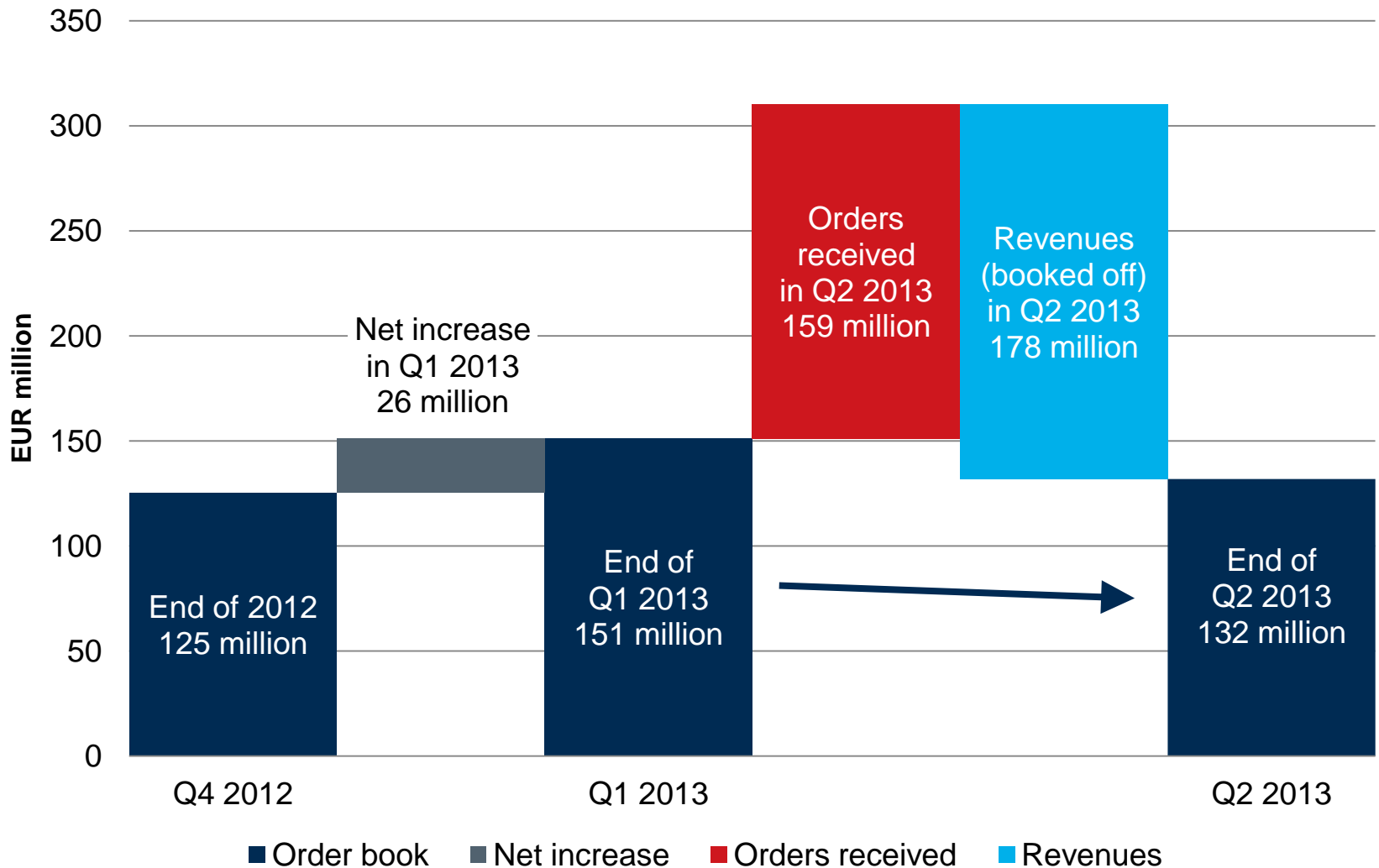
Business results

<i>EUR thousands</i>	Q2 2013	Q2 2012	Change in %
Revenues	178,430	186,469	(4.3)
Gross profit	59,517	62,277	(4.4)
<i>as a % of revenues</i>	33.4	33.4	
Result from operations (EBIT)	12,313	12,210	0.8
<i>as a % of revenues</i>	6.9	6.5	
EBITDA	18,977	18,570	2.2
<i>as a % of revenues</i>	10.6	10.0	
Orders received (including service revenues)	159,135	179,619	(11.4)
Order book	131,811	182,561	(27.8)

Development of business results



Orderbook still larger than at year-end 2012



Condensed consolidated balance sheet

ASSETS

EUR thousands

Non-current assets

	30/06 2013	31/12 2012
Property, plant and equipment	105,408	108,034
Goodwill	379,730	379,984
Other intangible assets	117,417	112,779
Receivables	1,066	2,584
Deferred income tax assets	8,970	7,988
	<u>612,591</u>	<u>611,369</u>

Current assets

Inventories	99,290	99,178
Production contracts	37,661	40,163
Trade receivables	66,751	70,816
Other receivables and prepayments	28,344	27,657
Cash and cash equivalents	21,276	15,945
	<u>253,322</u>	<u>253,759</u>

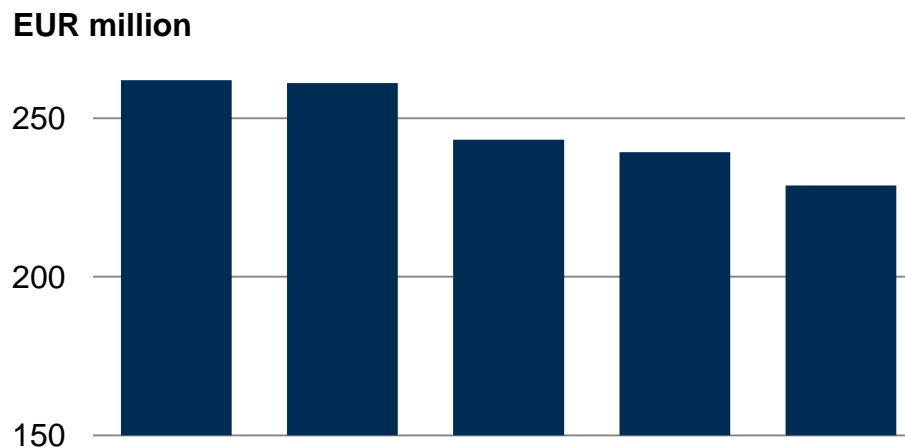
Total assets

<u>865,913</u>	<u>865,128</u>
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Condensed consolidated balance sheet (continued)

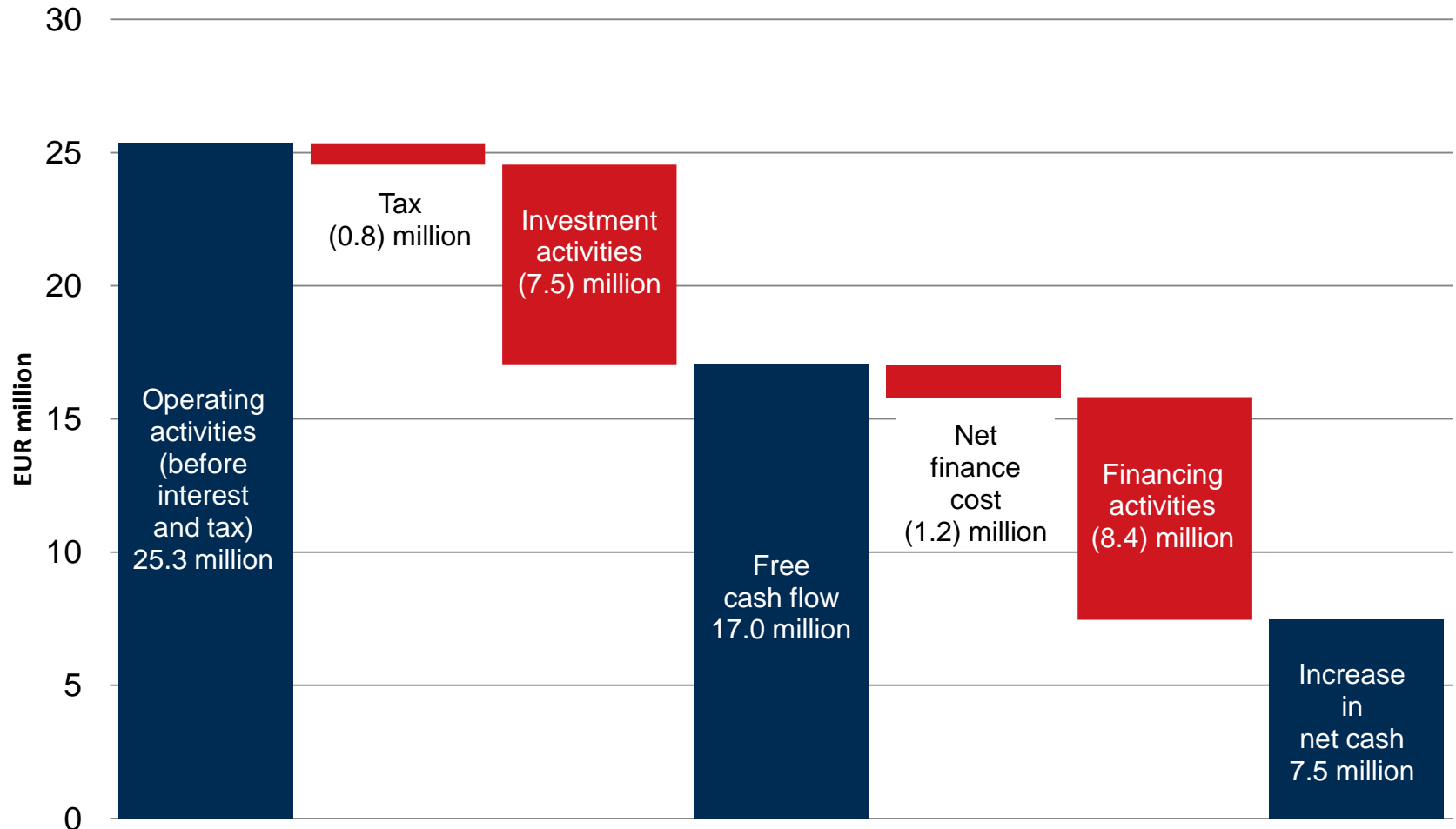
EQUITY	30/06 2013	31/12 2012
<i>EUR thousands</i>		
Total equity	409,944	403,748
LIABILITIES		
Non-current liabilities		
Borrowings	230,662	239,747
Deferred income tax liabilities	13,367	11,194
Provisions	5,408	4,941
Derivative financial instruments	8,348	10,815
	<u>257,785</u>	<u>266,697</u>
Current liabilities		
Production contracts.....	49,683	43,847
Trade and other payables	122,470	125,417
Current income tax liabilities	4,007	3,090
Borrowings	19,426	19,440
Provisions	2,598	2,889
	<u>198,184</u>	<u>194,683</u>
Total liabilities	455,969	461,380
Total equity and liabilities	<u>865,913</u>	<u>865,128</u>

Net interest bearing debt reduced by EUR 10.5 million in Q2 2013



End of quarter in EUR million	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Change since Q2 2012
Non-current borrowings	262.8	255.0	239.7	234.6	230.7	(32.1)
Current borrowings	19.5	19.5	19.4	19.4	19.4	(0.1)
Total borrowings	282.3	274.5	259.1	254.0	250.1	(32.2)
Cash and equivalents	20.3	13.4	15.9	14.7	21.3	1.0
Net interest bearing debt	262.0	261.1	243.2	239.3	228.8	(33.2)

Q2 2013 cash flow composition

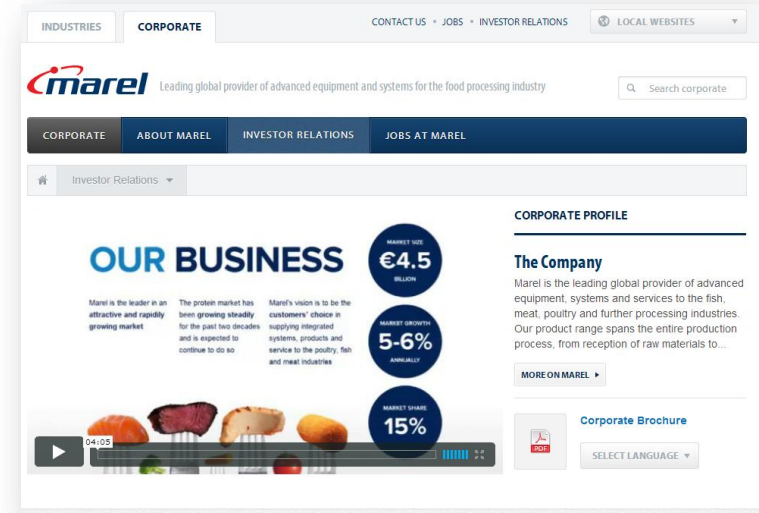


Financial focus areas

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

- Ensuring a sustainable *SG&A cost base* despite growth in activity
 - Q2 2012: 20.6%
 - Q2 2013: 20.3%

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



Marel has launched a new website which is optimized for different screen sizes and gives good access to all relevant information for customers and investors.

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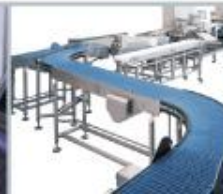
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CEO



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Poultry: Important key orders but slowdown in order intake

- Uncertain when the markets will recover, but positive signs already seen in North America
 - Substantial orders in Australia, US, Canada, Mexico, Brazil and Romania
- Good start of the StreamLine concept in the US and number of successful AeroScalders installations
- CharmFre greenfield project in South Korea with 35.000 birds per hour capacity.



CharmFre greenfield project in South Korea with four high capacity processing lines. Total throughput of 35.000 bph.

Meat: Noticable increase in activity in Europe and US

- Growth curbed by prolonged market and economic uncertainty
 - Nevertheless, the pipeline of projects continues to grow
- Good orders closed in Mexico for Streamline deboning solutions, for both Pork and Beef
- Marel was prominently positioned at IFFA in May with a number of new developments, including DeboFlex, ProTen, and a new Trim Management System



The Deboflex is a new flexible pork fore-end deboning solution from Marel. This groundbreaking solution makes deboning and cutting pork fore-ends so much easier and efficient.

Fish: First half of 2013 reflects challenging market conditions

- The implication for Marel is that several projects have been postponed
- In April, the Marel stand at the world's largest Seafood exhibition SPE in Brussels drew the crowds
 - I-Cut 130, the next generation of portion cutters, specially designed for fish, was launched
- FAO anticipates a 2.9% increase in the total world production of fish
- Despite challenging market conditions, the underlying need for investment is present



I-Cut 130 is a next generation high-yield, high-speed portion cutter – designed to increase profitability on portioned salmon

Further processing: Building up reputation as a full line supplier

- The ModularOven, RevoPortioner and fresh sausage systems received a great deal of attention
- Several sausage linkers sold in South America and Asia with full lines being purchased in Turkey and the UK
- At IFFA in Frankfurt, the Marel stand attracted a large number of valued visitors
 - ModularOven 700 received a Meat Technology Award
- At the end of June, Marel held a successful Fresh Sausage Event in the DemoCenter in Boxmeer

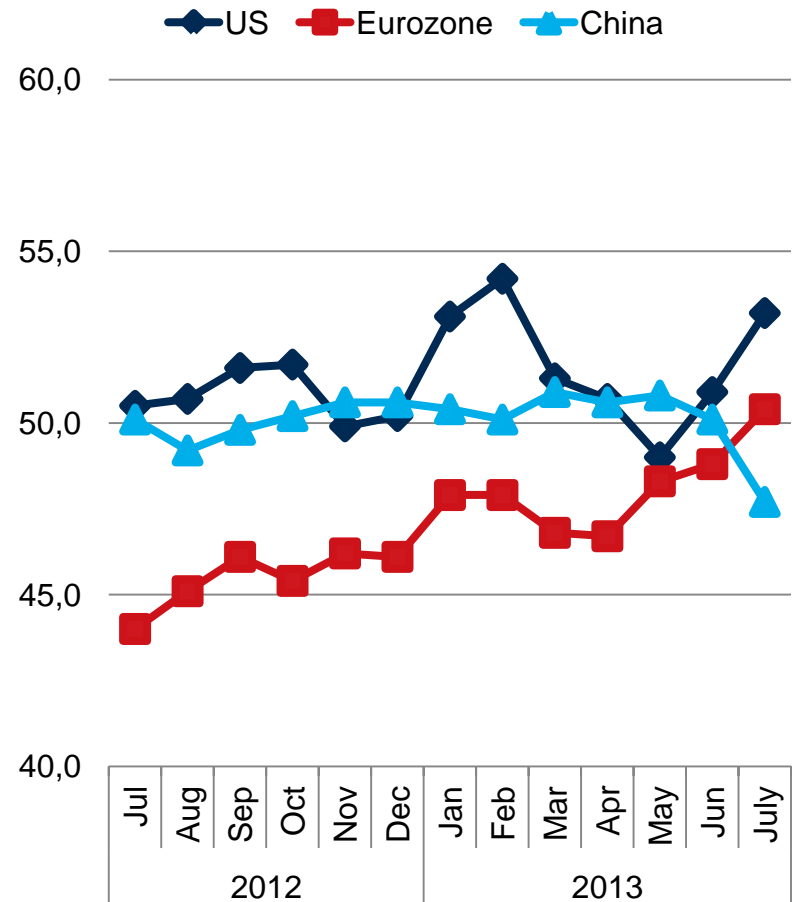


At IFFA in May, in the category Air Conditioning and Heating Technology, the ModularOven 700 was awarded the Meat Technology Award 2013

Lights in the Dark

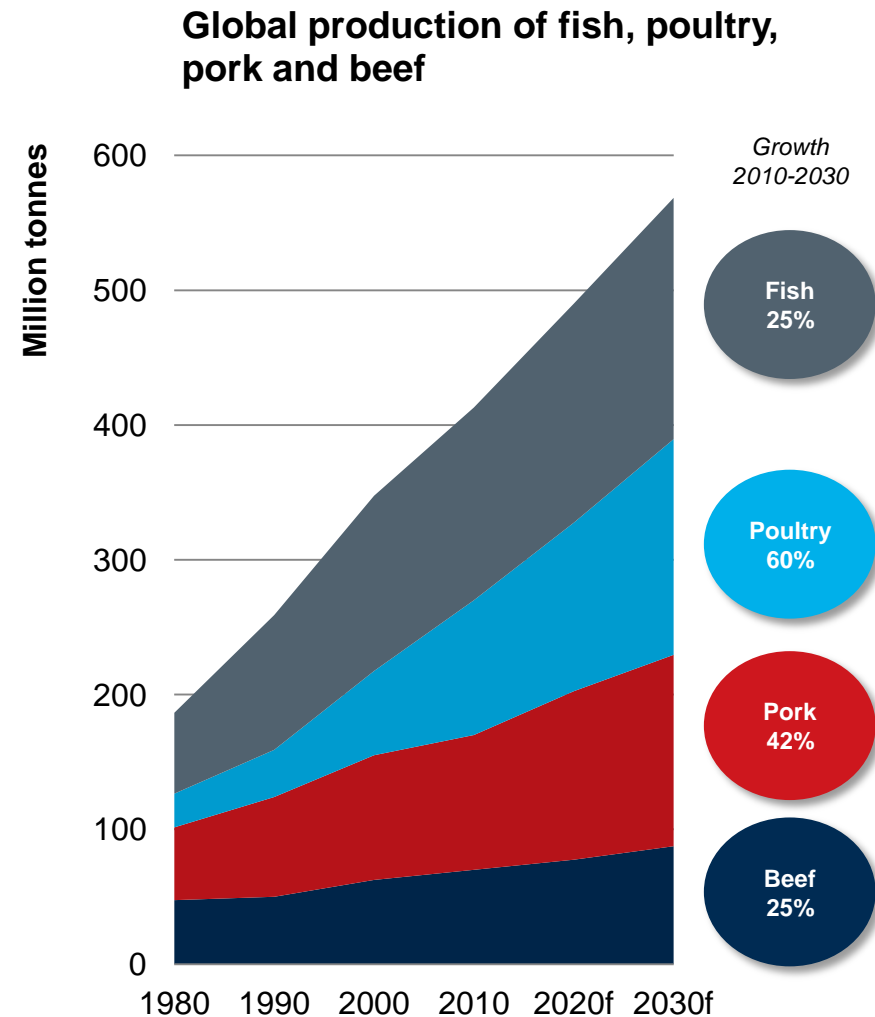
- Our meat industry center recently sold its first DeboFlex system
- Our pipeline of large projects remains good and some key projects are getting near to completion
- The performance of Meat and Fish will significantly improve in second half of the year.
- There are definite signs of improvement in the US, especially on the poultry side
- Indications that conditions in the Eurozone are stabilizing, as signified by manufacturing indexes (PMI)
- Order intake in Latin America stays on a good level

Manufacturing PMI (>50 indicates expansion)



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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