Q3 2022

Press release

2 November 2022

Revenues up 36% to EUR 451m and improved EBIT of 10.3%

marel

Executive summary

- On track towards the 14-16% EBIT target for year-end 2023.
- Improved operational performance on higher volume enabled by automation infrastructure investments, solid customer deliveries, as well as better price/cost coverage.
- Full benefit of already enacted pricing actions to filter through in coming quarters resulting in better price/cost coverage and gradual margin expansion.
- Annualized savings from the 5% workforce reduction revised to up to EUR 25m (previously stated EUR 20m), savings to be realized in coming quarters.
- Recurring aftermarket revenues of 42% reflecting strong market position as a trusted maintenance partner and underpinning 2026 target to reach 50% in aftermarket revenues.
- Solid growth in orders received at new price level, healthy order book and pipeline remains strong fueled by pioneering solutions and unique sales and service network globally.

Key figures (EUR m)

As per financial statements		3Q22	3Q21	Δ YoY	9M22	9M21	Δ YoY
Revenues		450.6	331.9	35.8%	1,219.5	993.4	22.8%
Gross profit		162.0	123.2	31.5%	429.1	366.2	17.2%
	% of revenues	*36.0%*	*37.1%*		*35.2%*	*36.9%*	
SG&A expenses		89.2	67.4	32.3%	254.1	193.1	31.6%
	% of revenues	*19.7%*	*20.3%*		*20.8%*	*19.4%*	
R&D expenses		26.6	19.8	34.3%	72.5	60.5	19.8%
	% of revenues	*5.9%*	*6.0%*		*5.9%*	*6.1%*	
EBITDA[1]		61.3	48.2	27.2%	143.5	150.4	(4.6%)
	% of revenues	*13.6%*	*14.5%*		*11.8%*	*15.1%*	
EBIT[1]		46.2	36.0	28.3%	102.5	112.6	(9.0%)
	% of revenues	*10.3%*	*10.8%*		*8.4%*	*11.3%*	
Non-IFRS adjustments		(27.1)	(4.6)	489.1%	(43.6)	(18.1)	140.9%
Result from operations (EBIT)		19.1	31.4	(39.2%)	58.9	94.5	(37.7%)
	% of revenues	*4.2%*	*9.5%*		*4.8%*	*9.5%*	
Net result		8.9	23.2	(61.6%)	40.2	67.7	(40.6%)
	% of revenues	*2.0%*	*7.0%*		*3.3%*	*6.8%*	
Orders Received		427.1	360.6	18.4%	1,320.6	1,101.3	19.9%
Order Book[2]					751.0	527.8	42.3%

Cash flows	3Q22	3Q21	9M22	9M21
Cash from operating activities, bf. int. & tax	1.0	19.7	52.1	157.8
Net cash from (to) operations	(12.9)	10.4	25.7	132.6
Investing activities	(25.9)	(12.7)	(539.9)	(65.1)
Financing activities	14.5	(18.2)	504.8	(85.2)
Net cash flow	(24.3)	(20.5)	(9.4)	(17.7)

Financial position	30/09 2022	31/12 2021
Net Debt (Including Lease liabilities)	843.3	199.2
Operational working capital[3]	237.7	74.6

Key ratios	9M22	9M21
Current ratio	1.2	1.0
Quick ratio	0.7	0.6
Return on equity[4]	5.2%	9.3%
Leverage[5]	3.9	0.9
Number of outstanding shares (millions)	752.7	754.0
Market cap in EUR billion	2.4	4.6
Basic earnings per share in EUR cents	5.33	9.05

Notes: [1] Operating income and EBITDA adjusted for PPA related costs, including depreciation and amortization and acquisition related expenses. In Q3 2022, operating income is adjusted for restructuring costs due to the 5% headcount reduction. [2] Including acquired order book of EUR 81m from Wenger and Sleegers in 2Q22. [3] Trade receivables, inventories, net contract assets & contract liabilities, trade payables. [4] Net result (annualized) / average of total equity. [5] Net debt (including lease liabilities) / Pro-forma LTM EBITDA.

Highlights from the quarter

Q3 2022 – Financial highlights

- **Orders received** were EUR 427.1m (2Q22: 471.8m, 3Q21: 360.6m).
- **Order book**[1] was EUR 751.0m (2Q22: 774.5m, 3Q21: 527.8m).
- **Revenues** were EUR 450.6m (2Q22: 397.3m, 3Q21: 331.9m).
- **Book-to-bill** is 0.95 and the order book represents 47.3% of 12-month trailing revenues
- **EBIT**[2] was EUR 46.2m (2Q22: 25.0m, 3Q21: 36.0m), translating to an **EBIT**[2] **margin** of 10.3% (2Q22: 6.3%, 3Q21: 10.8%).
- **Net result** was EUR 8.9m (2Q22: 9.6m, 3Q21: 23.2m).
- **Basic earnings per share (EPS)** were EUR 1.18 cents (2Q22: 1.27 cents, 3Q21: 3.10 cents).
- **Cash flow from operating activities before interest and tax** was EUR 1.0m (2Q22: 18.4m, 3Q21: 19.7m).
- **Free cash flow** amounted to EUR -34.8m (2Q22: -7.9m, 3Q21: 0.1m), due to lower EBITDA, higher investments and unfavorable working capital movements.
- **Net debt/EBITDA**[3] was 3.9x (2Q22: 3.8x, 3Q21: 0.9x) following acquisition of Wenger, focus on deleveraging to return to targeted capital structure of 2-3x net debt to EBITDA.

9M 2022 – Financial highlights

- **Orders received** were EUR 1,320.6m (9M21: 1,101.3m).
- **Revenues** were EUR 1,219.5m (9M21: 993.4m).
- **EBIT**[2] was EUR 102.5m (9M21: 112.6m), translating to an EBIT[1] margin of 8.4% (9M21: 11.3%).
- **Net result** was EUR 40.2m (9M21: 67.7m).
- **Basic earnings per share (EPS)** were EUR 5.33 cents (9M21: 9.05 cents).
- **Cash flow from operating activities before interest and tax** was EUR 52.1m (9M21: 157.8m).
- **Free cash flow** at EUR -28.1m (9M21: 100.2m).

Arni Oddur Thordarson, CEO of Marel

“I am pleased with the unity and performance of team Marel in recent weeks and months. Strong customer deliveries over the quarter resulted in record revenues of EUR 451 million, up 36% year-on-year, thereof 20% organic, with improved EBIT performance of 10.3%. Actions already enacted support our EBIT target of 14-16% run-rate by year-end 2023.

Our goal is to transform food processing and be an enabler for a more sustainable industry where automation and digitalization are key. We are as well transforming Marel. Our disciplined investments in past years, in acquisitions as well as innovation and infrastructure, are portfolio management by design. We are taking on game-changing actions to secure Marel’s competitive advantage and market position as a one stop shop for our customers - the food processors of the world - ranging from small butchers to blue-chip processors and leading retailers with global operations. Service revenues continue to rise, reaching 42% of total revenues, compared to 10% in 2005, underpinning our clear target to reach 50% by year-end 2026. We are investing in transformational infrastructure initiatives far above the industry standard, or around 4-5% of sales to become the partner of choice in a new world flow in global supply chain.

Our cash flow model is strong with an average cash conversion ratio of 125% throughout the years, albeit lower temporarily due to continued supply chain disruption. Net leverage was 3.9x at quarter-end and our objective is to enter 2024 closer to 2.0x, or the lower end of the targeted range of 2.0-3.0x.

Today, we also announce a new 3-year USD 300 million senior loan with a 2-year uncommitted extension option, an acknowledgment of our financial strength and the confidence our long-term banking partners have in Marel and its new platform investment focused on pet food, plant-based proteins, and aqua feed. Part of this new financing will be used to repay the EUR 150m multi-currency bridge facility drawn for operational headroom when acquiring Wenger.

We need to ensure the size and scale of our operations reflect current market realities, and the 5% cut in global workforce which took place in Q3 will result in annualized cost savings of up to EUR 25 million going into 2023. At the same time, we need to support long-term profitability and position our business for future growth. To this end, we have been refining our operating model to improve speed and scalability across the organization. With the Focus First program introduced today, we have the right playbook to navigate volatility and create value, foster customer-centricity, enhance end-to-end accountability and enable cross-business collaboration.

I am very proud of team Marel, a united group of passionate innovators that have an important role in the green transition taking place. We touch the daily lives of consumers around the world seeking delicious, safe and affordable food that is processed in a sustainable way. In partnership with our customers, we are on a journey to co-create new ways of thinking to the benefit to our industry and the food value chain.”

Notes: [1] Including acquired order book of EUR 81m from Wenger and Sleegers. [2] Operating income adjusted for PPA related costs, including depreciation and amortization and acquisition related expenses. In Q3 2022, operating income is adjusted for restructuring costs due to the 5% headcount reduction. [3] Net debt (including lease liabilities) / Pro-forma LTM EBITDA.

Financial performance

Solid orders received at new price level

- Orders received in 3Q22 of EUR 427.1m, down 9.5% QoQ and up 18.4% YoY (2Q22: 471.8m, 3Q21: 360.6m). Strong first nine months of the year with combined orders of EUR 1,320.6m, up 19.9% from EUR 1,101.3m in 9M21.
- Demand for Marel's pioneering solutions has been strong since 3Q21 with orders above EUR 400m. Based on the new level of market demand, Marel raised its forecast of short-term organic market growth to the range of 6-8%.
- Need for automation and digitalization investments in food processing continues. Initially accelerated by the pandemic and the accompanying shift in market dynamics in today's inflationary environment, colored by labor scarcity and geopolitics, the need for further automation and sustainable use of raw materials, energy and water within food processing has become ever more pressing.
- Pipeline for the poultry and plant, pet and feed segments is at a strong run rate. Outlook for the fish segment is good for the medium-term with some uncertainty in the short term due to Norwegian tax proposal. Continues to be softer for the meat segment, with consumers shifting towards poultry. In North America and Latin America, market demand was on a strong rate, while increased uncertainty due to the war in Ukraine, surging energy prices in addition to rising inflation and interest rates, is softening demand in Europe.

Healthy order book of EUR 751m and book-to-bill ratio of 0.95

- Order book of EUR 751.0m at the end of September, up 42.3% YoY (3Q21: 527.8m), representing 47.3% of 12-month trailing revenues.
- Vast majority of the order book is comprised of greenfields and projects, while spare parts and standard equipment run faster through the system. Marel has actively raised prices which are filtering through the order book in this quarter and coming 2-3 quarters. New price/cost levels filtering through varies by business mix (aftermarket ~6-8 weeks, standard equipment ~3-6 months, and larger projects ~9-12 months).
- Order book consists of orders that have been signed and financially secured with down payments/letters of credit.
- The book-to-bill ratio in the quarter was 0.95, compared to an average of 1.09 in the past four quarters (4Q21-3Q22), and reflects the strong revenue growth in the quarter on the back of a record order book in June 2022 and Marel's timely delivery to customers.

Strong revenue growth, both projects and aftermarket at record levels and first full quarter with consolidated revenues from Wenger

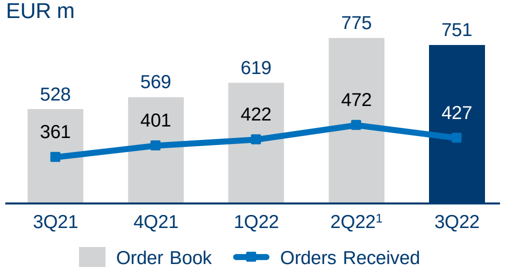
- Revenues in the quarter totaled EUR 450.6m, up 13.4% QoQ and 35.8% YoY (2Q22: 397.3m, 3Q21: 331.9m), and revenues in 9M22 were EUR 1,219.5m (9M21: 993.4m). Recent acquisitions contributed EUR 50.7m to revenues in 3Q22.
- Organic revenue growth in 3Q22 was 19.9% YoY and 15.6% YoY when comparing with the full nine months 2022 to the same period in 2021.
- Aftermarket revenues, comprised of recurring services and spare parts, were 42% of total revenues in the quarter (2Q22: 41%, 3Q21: 40%) and 41% for 9M22 (9M21: 40%).
- Spare part revenues were at a record level for the fifth sequential quarter, further underpinning Marel's commitment to investments in automating and digitizing the spare parts delivery model and shortening lead times.
- Higher volume and solid customer deliveries enabled by infrastructure investments and actions to resolve bottlenecks. Market conditions remain challenging due to parts availability and inefficiencies in manufacturing, as well as higher costs associated with timely delivery.
- Low customer concentration with no customer accounting for more than 5% of total annual revenues.

New revenue level in 2022-2023

- Marel is targeting gradual step-up in revenue growth in 2022-2023 on the back of a strong order book and orders received at new price levels.
- Actions in place to facilitate ramp up of revenues to new level include setting up cross-functional teams for critical suppliers, innovating to engineer around switching parts and suppliers where needed.
- High focus on ramping up production in poultry and salmon, resolving parts availability issues and better load balancing across manufacturing sites.
- Leveraging strong local sales and service coverage, continued innovation investment, and transformative initiatives in the end-to-end spare parts journey to safeguard competitive position as a trusted maintenance partner.

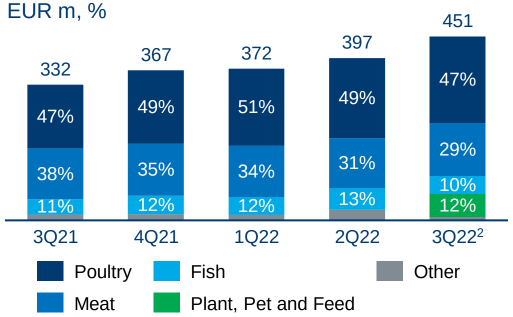
Order book and orders received

EUR m



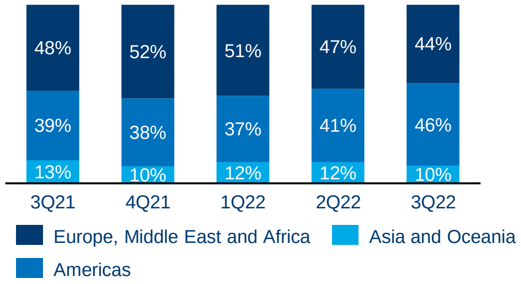
Revenues by industry

EUR m, %



Revenues by geography

%



Notes: [1] Including acquired order book of EUR 81m from Wenger and Sleegers. [2] Revenues from Wenger were allocated to the Other segment as of closing 9 June 2022 until end of Q2 2022. As of Q3 2022, Wenger has become part of segment reporting alongside the poultry, meat and fish business segments, under the name 'Plant, Pet and Feed'. In 3Q22, revenues for Plant, Pet and Feed were EUR 55.9m, including EUR 9.0m in revenues that were historically reported under the Other segment.

Financial performance

Ramp up of revenues providing better price/cost coverage

- Gross profit margin improvement to 36.0% in the quarter (2Q22: 33.5%, 3Q21: 37.1%) and 35.2% in 9M22 (9M21: 36.9%). Gross profit was EUR 162.0m in the quarter (2Q22: 133.1m, 3Q21: 123.2m) and EUR 429.1m in 9M22 (9M21: 366.2m).
- SG&A of 19.7% (2Q22: 21.4%, 3Q21: 20.3%) and 20.8% in 9M22 (9M21: 19.4%). Clear target to reach 18% in SG&A by YE23.
- Sales and marketing (S&M) expenses were at a level of 12.6% of revenues in 3Q22 (2Q22: 13.9%, 3Q21: 13.4%). S&M expenses were 13.4% in 9M22 (9M21: 12.5%). Clear target to reach 12.0% in S&M by YE23.
- General and administrative (G&A) expenses were 7.1% of revenues in the quarter (2Q22: 7.5%, 3Q21: 6.9%). G&A was 7.4% of revenues in 9M22 (9M21: 6.9%). Cost saving initiatives in motion to reach YE23 targets, e.g. Shared Services where transition period is resulting in higher costs temporarily.
- Innovation costs at 5.9% in 3Q22 (2Q22: 5.8%, 3Q21: 6.0%) and 5.9% in 9M22 (9M21: 6.1%), in line with mid-term YE23 target of 6.0%.
- EBIT[1] in the quarter was EUR 46.2m (2Q22: 25.0m, 3Q21: 36.0m), translating to an EBIT[1] margin of 10.3% (2Q22: 6.3%, 3Q21: 10.8%). EBIT[1] in 9M22 was EUR 102.5m (9M21: 112.6m), translating to an EBIT[1] margin of 8.4% (1H21: 11.3%).
- As stated in 2Q22, strong order book and the full benefit of pricing actions are supporting ramp up in revenues and improving price/cost coverage and operational performance in the second half of 2022, towards the YE23 targets.
- Improved operational performance in the quarter on the back of better price/cost coverage, increased volume through solid customer deliveries, as well as FX tailwind. Market conditions remain challenging due to parts availability and inefficiencies in manufacturing as well as higher costs associated with timely delivery.
- Marel adjusts EBIT[1] for PPA and acquisition related costs. In Q3 2022, EBIT[1] is adjusted for restructuring costs due to the 5% headcount reduction.
- Energy exposure for Marel is less than 1% of revenues. As part of our sustainability program, we aim to power at least 85% of our manufacturing facilities by renewable electricity by 2026, which stood at 61% at year-end 2021 (2020: 45%).

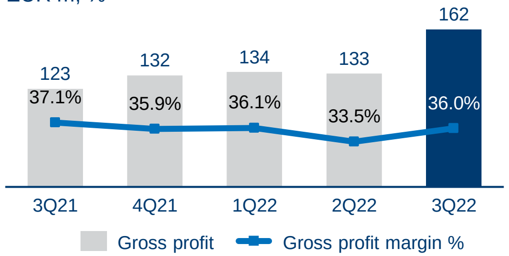
Firm commitment to improve profitability through higher revenues, price execution, and lower costs to reach year-end 2023 targets

- In 2Q22, Marel revised its year-end 2023 financial target to a run-rate of 14-16% EBIT, from the previously stated 16%, allowing for 2% contingency buffer due to volatility in market conditions.
- Other year-end 2023 financial targets were unchanged, gross profit of around 40%, SG&A of around 18% and innovation at the 6% strategic level.
- Already enacted pricing actions and volume upside expected to continue to filter through until 2Q23, depending on the time lag by business mix (aftermarket ~6-8 weeks, standard equipment ~3-6 months, and larger projects ~9-12 months) and will support improved price/cost coverage and margin expansion.
- Annualized cost savings from the 5% workforce reduction worldwide as announced in 2Q22 revised to up to EUR 25m (previously stated EUR 20m). EUR 5.5m one-off cost accounted for and adjusted for in 3Q22 with remainder to be accounted for in 4Q22.
- Further margin expansion expected from initiatives centered around price/cost discipline, OPEX efficiency, and revenues at a new level, which are expected to add a total of 6% towards the YE23 run-rate target of 14-16% EBIT.

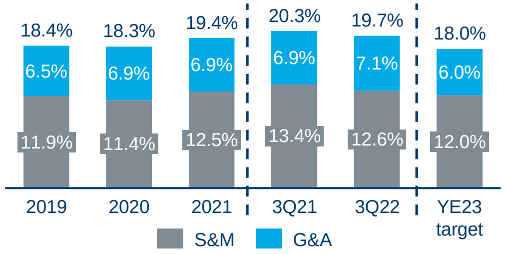
Focus First to improve speed and scalability across the organization

- Marel announced organizational changes on 2 November 2022.
- To position Marel for future growth and ensure long-term profitability. Marel is refining its operating model enabling customer-centricity, enhancing end-to-end accountability and ensuring cross-business collaboration.
- The operating model has seven business divisions, global functions and customer centers. The seven divisions are: Poultry, Meat, Fish, Retail and Food Service Solutions (RFS), Service, Software Solutions and Plant, Pet and Feed.
- Functions provide enabling capabilities and expertise to the divisions.
- 'Customer Centers' is the new name for the Regions, further building upon the foundation of global reach and local presence that has been built over the last few years. The Customer Centers focus on bringing sales and service efforts together for our customers, creating a truly customer centric experience.

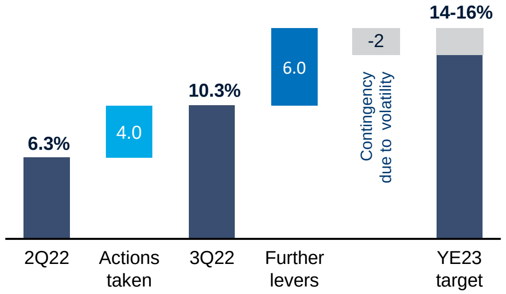
Gross profit
EUR m, %



Sales, general and administrative costs
%



EBIT bridge to year-end 2023 target
%



Notes: [1] Operating income adjusted for PPA related costs, including depreciation and amortization and acquisition related expenses. In Q3 2022, operating income is adjusted for restructuring costs due to the 5% headcount reduction.

Financial performance

Continued investment to position our business for future growth

- Cash capital expenditures excluding R&D investments to be on average 4-5% of revenues in 2021- 2026, thereafter, returning to more normalized levels of below 3% of revenues.
- To drive the performance improvements needed to reach the 2023 financial targets, Marel will ensure the size and scale of our operations reflect current market realities, and at the same time support long-term profitability and position our business for future growth.
- The long-term outlook for the industry is unchanged and therefore Marel will continue to invest in the platform, including digital solutions, spare parts handling and streamlining the back end.
- Continued focus on automating and digitizing the manufacturing platform, supply chain and aftermarket to shorten lead times and support the 2026 target of 50% of revenues coming from service and software.
- In 3Q22, Marel invested in a new production facility adjacent to its current operations in Nitra, Slovakia. A strategically important investment, in efforts to scale up production in a best-cost location. The 18,700 m^2 facility will be officially opened on 3 November and named Nitra West. Expected to be fully operational in 1H23.
- Ongoing journey to digitize, automate and improve flow and flex in our main poultry facility in Boxmeer, our largest manufacturing facility. Good progress on a new 10.000 m^2 warehouse for manufactured parts to improve inbound logistics. Expected to become operational in 1H23.
- A new and digitalized global distribution center, strategically located in Eindhoven, Netherlands, will become operational in 2024 and shorten lead times to customers, to improve the flow and flex, scale and operational efficiency.

Cash flow colored by unfavorable working capital movements and timing of payments

- Operating cash flow was EUR 1.0 m in the quarter (2Q22: 18.4m, 3Q21: 19.7m). For the first nine months of the year, operating cash flow was EUR 52.1m (9M21 157.8m).
- Cash CAPEX excluding R&D investments in 3Q22 were EUR 19.3m (2Q22: 14.2m, 3Q21: 9.6m) or 4.3% of revenues.
- Operating cash flow impacted by the book-to-bill ratio in the quarter of 0.95 as well as unfavorable working capital movements, including timing of invoicing and payments.
- Free cash flow was EUR -34.8m in the quarter (2Q22: -7.9m, 3Q22: 0.1m), impacted by net working capital movements and continued investments. For the first nine months of the year, free cash flow was EUR -28.1m (9M21: 100.2m).
- Marel's cash flow model remains unchanged. Aim to reach historical cash conversion to EBIT[1] of ~120% by year-end 2023.

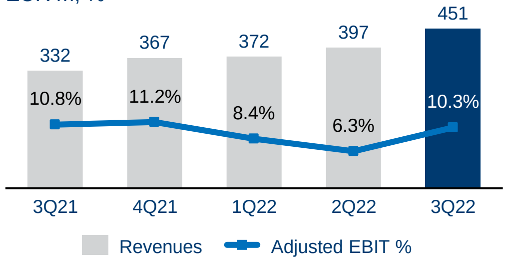
Leverage temporarily above target of 2-3x

- Net leverage was 3.9x at the end of 3Q22 (2Q22: 3.8x, 3Q21: 0.9x) elevated by FX impact from stronger USD resulting in higher debts.
- Objective to enter 2024 closer to 2.0x, or the lower end of the targeted range of 2.0-3.0x, where main drivers of deleveraging will be EBIT improvements and improvements in net working capital.
- Marel has a strong cash flow model and has shown in the past that it has deleveraged quickly after transformational acquisitions.
- Temporarily elevated working capital, expected to normalize in coming quarters.

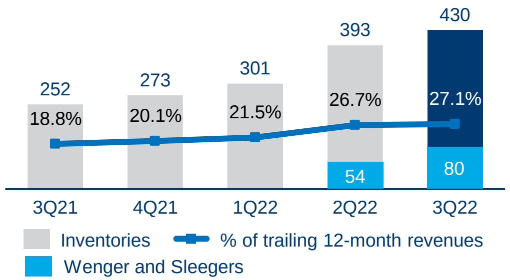
New USD 300 million term loan for additional headroom and flexibility

- On 2 November, Marel signed a new 3-year USD 300m term loan with the company's banking group consisting of ABN AMRO, BNP Paribas, Danske Bank, HSBC, ING, Rabobank, and UniCredit.
- The new USD 300m term loan has an initial margin of 250bp on top of Secured Overnight Financing Rate (SOFR) that will move in line with the net debt/EBITDA ratio and has a two-year uncommitted extension option.
- Part of this new financing will be used to repay the EUR 150m multi-currency bridge facility drawn for operational headroom when acquiring Wenger.
- While Marel is within the acquisition spike and covenant terms of the EUR 700 million revolving facility, Marel and the banking group have agreed on additional covenant headroom as a safety measure for temporary swings in cash flow and operational performance as well as FX volatility.
- Marel has committed liquidity of EUR 170.3m at the end of 3Q22, and the new loan will increase liquidity to EUR 326.6m including cash at hand.

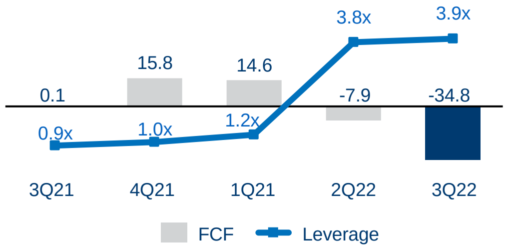
Revenues and adjusted EBIT[1]
EUR m, %



Inventory level
EUR m, % trailing 12-month revenues



Free cash flow and leverage
EUR m (left axis) and x net debt/EBITDA (right axis)

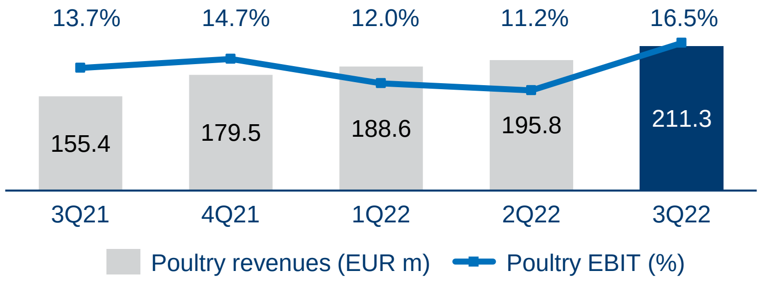


Notes: [1] Operating income adjusted for PPA related costs, including depreciation and amortization and acquisition related expenses. In Q3 2022, operating income is adjusted for restructuring costs due to the 5% headcount reduction.

Business segment performance

Marel Poultry

3Q22: 47% of total revenues with 16.5% EBIT[1] margin



On the way up towards historical profitability, promising pipeline and outlook

Orders received for Marel Poultry were strong in 3Q22 across products, projects and aftermarket. Good mix in orders received in the quarter at the new price level with growth in primary, secondary and consumer-ready solutions. The need for automation and optimized processing for better use of raw materials, energy and water becoming increasingly relevant in an inflationary environment. Consumers are tightening budgets, dining more at home and shifting to affordable proteins like poultry. The Marel Atlas live bird animal handling system reached an important milestone with over 50 systems sold since introduction in 2019. Promising pipeline and outlook, strong in North America and Latin America, supporting stronger volume going forward with favorable product mix.

Revenues in 3Q22 for Marel Poultry were EUR 211.3m, up 36.0% YoY (3Q21: 155.4m): Solid customer deliveries over the quarter with several initiatives in infrastructure to improve flow and flex in key manufacturing sites.

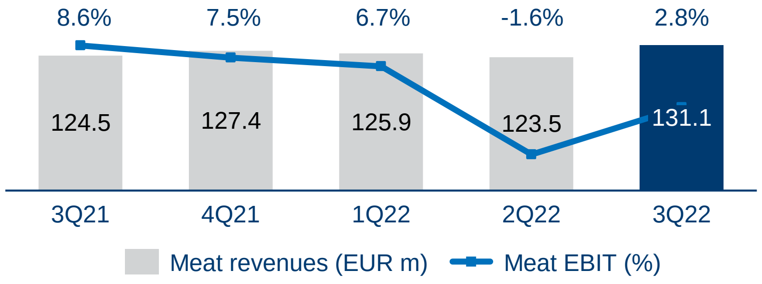
***EBIT[1]* margin** in the quarter was 16.5% (3Q21: 13.7%) and moving up towards historical profitability despite continued margin pressures due to higher costs related to supply chain inefficiencies.

Management targets short-term EBIT margin expansion for Marel Poultry. Focus on further revenue ramp up in coming quarters in line with strong orders received at new price level and healthy order book resulting in gradual improvements in operational performance.

Two seasoned leaders within the Marel Poultry organization, Dirk den Hartog, Service Director, and Arie Tulp, Sales & Marketing Director are stepping up to co-lead Marel Poultry during the interim period while Roger Claessens, EVP of Marel Poultry, will step in as interim EVP of Marel Meat until a new appointment is announced.

Marel Meat

3Q22: 29% of total revenues with 2.8% EBIT[1] margin



Challenging market conditions, operational performance below targets and outlook soft

Orders received in 3Q22 for Marel Meat were soft, in particular in primary processing projects. Challenging market conditions where geopolitics, sanctions and lockdowns in China are having a significant impact on the meat industry. Additionally, double digit inflation and focus on sustainability is shifting consumer preferences from meat to poultry and plant-based proteins. Focus forward is on modernization opportunities within primary meat and bringing pioneering solutions to the market in secondary processing to improve the seamless flow.

Outlook for North America and Latin America is promising while softer for other geographies in current market conditions. Marel is investing in several infrastructure initiatives to support aftermarket sales and modernization opportunities within primary meat. Recent product launches in secondary processing show higher efficiency, e.g. optimizing for exact fat/lean ratio for minced meat, increasing in relevance in inflationary environment.

Revenues in 3Q22 for Marel Meat were below targets at EUR 131.1m, up 5.3% YoY (3Q21: 124.5m) due to soft order book and lower volumes, continued supply chain inefficiencies and unbalanced load between manufacturing sites.

***EBIT[1]* margin** in 3Q22 of 2.8% (3Q21: 8.6%) where the improvement compared to 2Q22 is due to product mix. High focus on making necessary changes to achieve improved operational performance. Management continues to target EBIT margin expansion for Marel Meat.

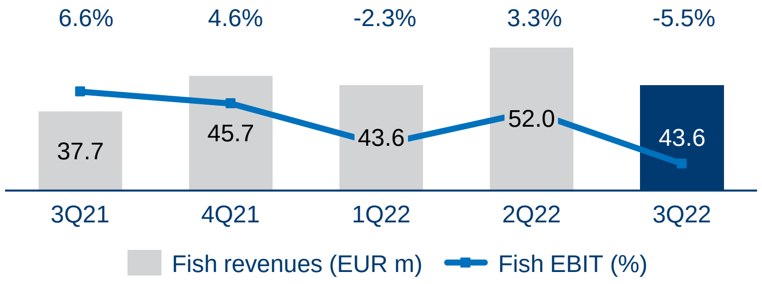
David Wilson, EVP of Marel Meat, is stepping down and will be leaving Marel. Marel would like to sincerely thank David for his valuable contribution, commitment and loyalty over his 24-year career at the company and wish him every success in his future endeavors.

Notes: [1] Operating income adjusted for PPA related costs, including depreciation and amortization and acquisition related expenses. In Q3 2022, operating income is adjusted for restructuring costs due to the 5% headcount reduction.

Business segment performance

Marel Fish

3Q22: 10% of total revenues with -5.5% EBIT[1] margin



Operational performance below expectations, focus on improved productivity and cost efficiency

Orders received for Marel Fish were good in 3Q22, although softer compared to the past two record quarters. Pipeline expected to continue at a good level, although the short-term outlook for salmon industry's investment appetite is colored by the Norwegian government's new tax proposal for sea-based salmon farmers. Several new solutions recently launched for the whitefish market. The first automated tilapia filleting machine, FilleXia, is revolutionizing the tilapia processing industry that until now has relied on a large, highly skilled workforce to fillet the fish manually.

Revenues in 3Q22 for Marel Fish were EUR 43.6m, up 15.6% YoY (3Q21: 37.7m) while down 16.2% compared to 2Q22 which was a record quarter in customer deliveries.

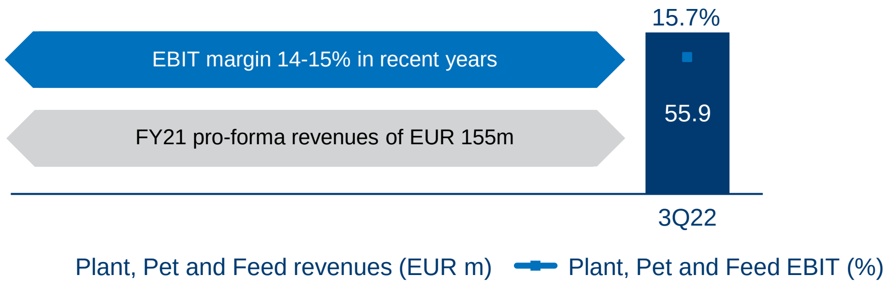
***EBIT*[1] margin** in 3Q22 was -5.5% (3Q21: 6.6%) and below expectations impacted by integration costs (not adjusted for) due to fast track on integration of Curio and Valka, as well as product mix, weighted towards projects over standard equipment.

Insolvency proceedings of Stranda Prolog resulted in a EUR 7.0m write-off for Marel in 3Q22, categorized as investments in associates, and as such does not impact operational performance (EBIT), though it impacts net result.

Management continues to target EBIT margin expansion for Marel Fish. Focus on faster conversion from strong order book to revenues, in addition to improved product mix, productivity and cost efficiency through load balancing in key locations.

Marel Plant, Pet and Feed (Wenger platform)

3Q22: 12% of total revenues with 15.7% EBIT[1] margin



New segment in Marel's reporting focused on pet food, plant-based protein and aqua feed

Q3 2022 is the first quarter where the newly acquired Wenger business is consolidated in Marel's segment reporting under the name of 'Marel Plant, Pet and Feed', which also includes sales of retail and food service solutions into this market segment.

Wenger, a global leader in extrusion and dryer solutions focused on high growth markets of pet food, plant-based protein and aqua feed, was successfully closed for a total investment of USD 540m on 9 June 2022. US-based Wenger enjoys a diversified and loyal customer base ranging from blue-chip pet food processors to startup companies in plant-based proteins. Over 60% of Wenger's revenues derive from pet food where the company has a global leading position, and over 40% of revenues come from aftermarket services. Orders received were in line with expectations across the segments, and pipeline looks promising albeit softer for aqua feed due to Norwegian tax proposal.

Revenues in 3Q22 were EUR 55.9m, including EUR 9.0m in revenues that were historically reported under the other segment. Wenger performed well in line with expectations with stronger 2H compared to 1H due to timing of orders and shipments. Wenger's revenues have grown organically approximately 5% in 2017-2021. Revenues expected around USD 190m in FY22.

***EBIT*[1] margin** in 3Q22 of 15.7%, driven by the expected Wenger EBIT margin of 14-15% in addition to favorable product mix from sales of retail and food service solutions into the segment.

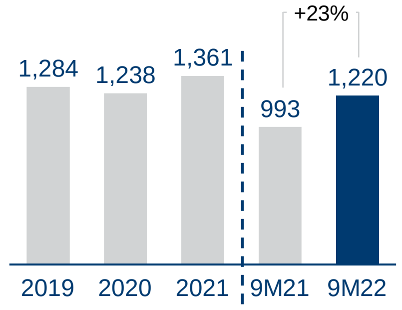
Notes: [1] Operating income adjusted for PPA related costs, including depreciation and amortization and acquisition related expenses. In Q3 2022, operating income is adjusted for restructuring costs due to the 5% headcount reduction.

Key figures and outlook

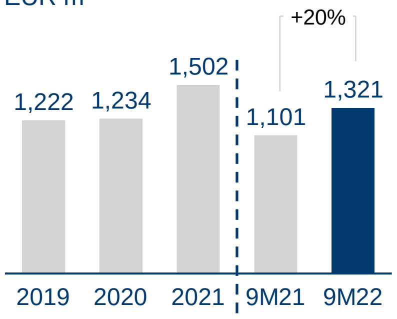
Outlook

- In 2Q22, Marel revised its year-end 2023 financial target to a run-rate of 14-16% EBIT, from the previously stated 16%, allowing for 2% contingency buffer due to volatility in market conditions. Other 2023 financial targets are unchanged, gross profit of around 40%, SG&A of around 18% and innovation at the 6% strategic level.
- Market conditions remain challenging due to continued supply chain disruption and inflation at high levels resulting in inefficiencies in manufacturing and aftermarket, and higher costs associated with timely delivery. Marel is targeting a gradual build-up of revenues and operational performance in 2022-2023, based on a strong order book with better price/cost coverage in new orders. Marel is experiencing strong demand for its solutions, software and services driven by an accelerating focus on automation, robotics technology and digital solutions that support sustainable food processing.
- In the period 2017-2026, Marel is targeting **12% average annual revenue growth** through market penetration and innovation, complemented by strategic partnerships and acquisitions.
    - Maintaining solid operational performance and strong cash flow is expected to support **5-7% revenue growth** on average by acquisition.
    - Marel's management expects average annual market growth of **4-6% in the long term**. Marel aims to grow organically faster than the market, driven by innovation and growing market penetration.
    - Management believes that market growth will be at a level of **6-8% in the medium term** (2021-2026), due to catch up effect from the past five years and a tailwind in the market.
    - Recurring aftermarket revenues to reach **50% of total revenues** by YE26, including software and services.
- Marel's management expects basic EPS to grow faster than revenues.
- Cash capital expenditures excluding R&D investments are expected to increase to on average 4-5% of revenues in 2021-2026, thereafter, returning to more normalized levels.
- Growth is not expected to be linear but based on opportunities and economic fluctuations. Operational results may vary from quarter to quarter due to general economic developments, fluctuations in orders received and timing of deliveries of larger systems.

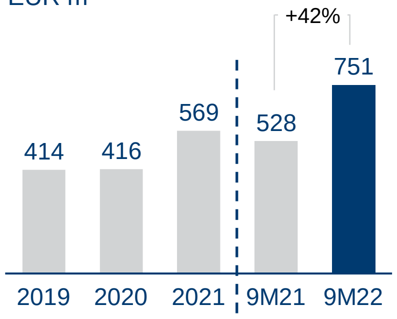
Revenues
EUR m



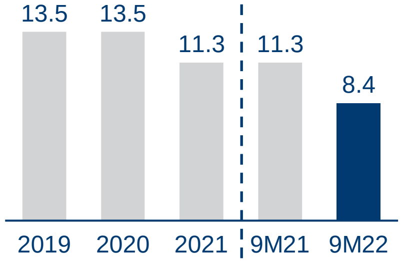
Orders received
EUR m



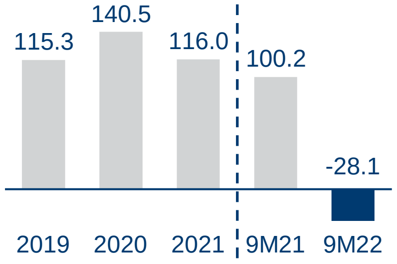
Order book[1]
EUR m



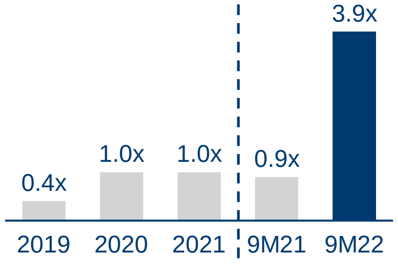
EBIT[2] margin
%



Free cash flow[3]
EUR m



Leverage[4]
Net debt/EBITDA



Notes: [1] Including acquired order book of EUR 81m from Wenger and Sleegers. [2] Operating income adjusted for PPA related costs, including depreciation and amortization and acquisition related expenses. In Q3 2022, operating income is adjusted for restructuring costs due to the 5% headcount reduction. [3] Free cash flow defined as cash generated from operating activities less taxes paid and net investments in PP&E and intangible assets. [4] Net debt (including lease liabilities) / Pro-forma LTM EBITDA.

Investor relations

Investor meeting and conference call

On Thursday 3 November 2022, at 8:30 am GMT (9:30 am CET), Marel will host an investor meeting where senior management will give an overview of the financial results and operational highlights in the third quarter of the year.

The investor meeting will be held at the company's headquarters in Austurhraun 9, Gardabaer, Iceland. Breakfast will be served from 8:00 am GMT.

The meeting will be streamed live on marel.com/webcast and a recording will be made available after the meeting on marel.com/ir.

Members of the investment community can join the conference call by dialing:

- IS: +354 800 7437 (PIN 84639778#)
- NL: +31 20 721 9495
- UK: +44 33 3300 9035
- US: +1 646 722 4956

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Upcoming investor events in 2022-2023

Marel regularly engages with market participants during non-deal roadshows, equity sales briefings, conferences, and other events. Here are some of Marel's upcoming investor events in 2022:

- Berenberg European Conference, London, 7-8 December
- Jefferies Pan-European Mid-Cap Conference, London, 28-29 March

Upcoming trade shows and events in 2022-2023

Marel regularly participates in exhibitions around the world where it showcases the company's innovative solutions. In addition, Marel hosts its own trade shows and KnowHows in the company's demonstration facilities. Here are some of Marel's upcoming events in 2022-2023:

- Gulfood in Dubai, UAE, 8-10 November
- China Fisheries in Quingdao, China, 9-11 November
- IPPE in Atlanta, USA, 24-26 January
- VIV Asia in Bangkok, Thailand, 8-10 March
- Seafood Expo North America in Boston, USA, 12-14 March
- CFIA in Rennes, France, 14-16 March
- Seafood Processing Europe in Barcelona, Spain, 25-27 April

Financial calendar

Marel will publish its financial results according to the below financial calendar:

- 4Q23 – 8 February 2023
- AGM – 22 March 2023

Financial results will be disclosed and published after market closing of both Nasdaq Iceland and Euronext Amsterdam.

Disclaimer

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.

Market share data

Statements regarding market share, including those regarding Marel's competitive position, are based on outside sources such as research institutes, industry and dealer panels in combination with management estimates. Where information is not yet available to Marel, those statements may also be based on estimates and projections prepared by outside sources or management. Rankings are based on sales unless otherwise stated.