



# Marel

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# Marel at a glance



Marel is the leading global provider of advanced processing systems and services to the poultry, meat and fish industries



4,600  
EMPLOYEES



30+  
COUNTRIES



100+  
PARTNERS



#1  
PROVIDER TO  
THE INDUSTRY



~€1bn  
2016  
REVENUE

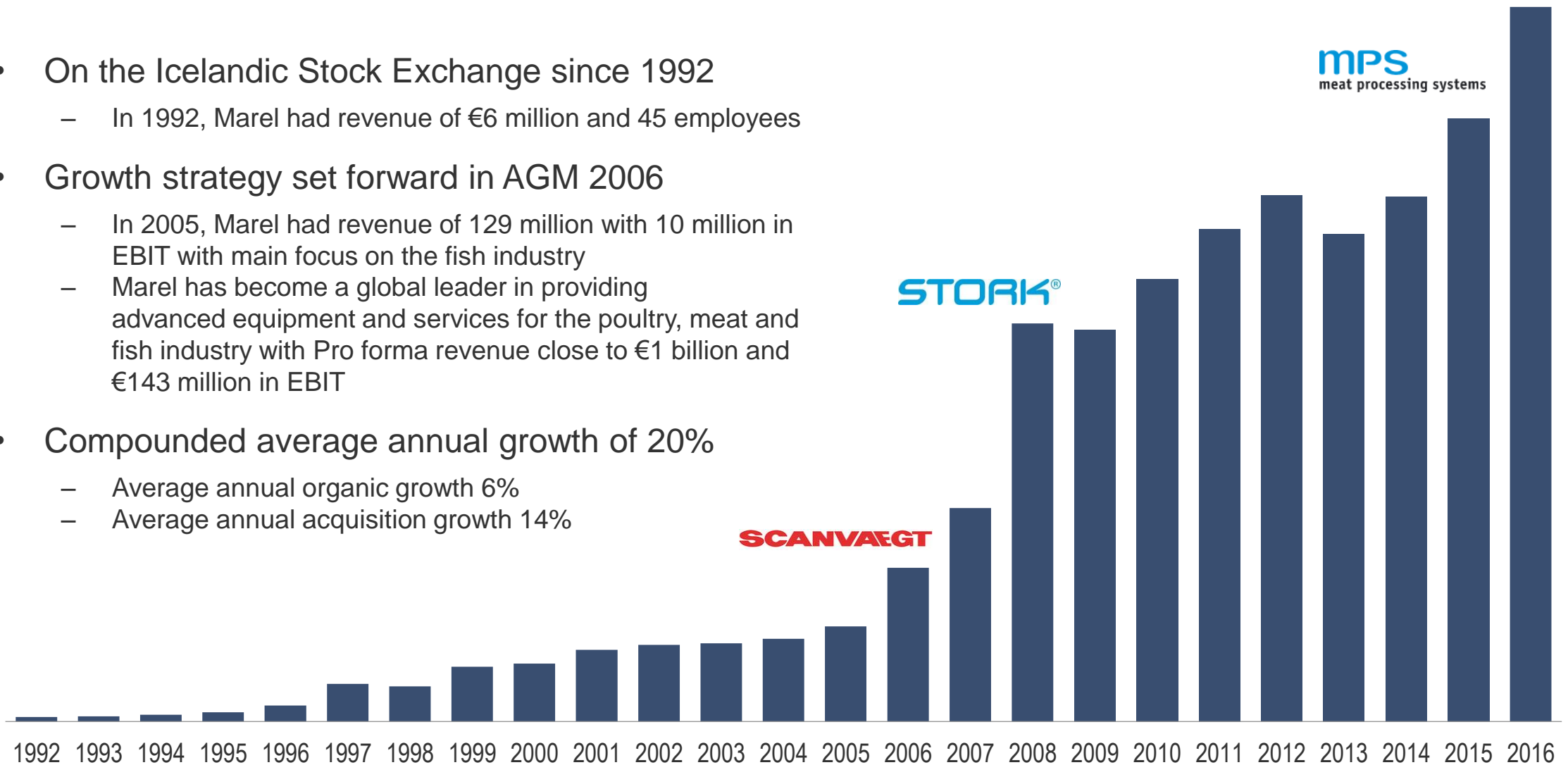


14.6%  
EBIT MARGIN  
IN 2016

# Strategic acquisitions and strong organic growth



- On the Icelandic Stock Exchange since 1992
  - In 1992, Marel had revenue of €6 million and 45 employees
- Growth strategy set forward in AGM 2006
  - In 2005, Marel had revenue of 129 million with 10 million in EBIT with main focus on the fish industry
  - Marel has become a global leader in providing advanced equipment and services for the poultry, meat and fish industry with Pro forma revenue close to €1 billion and €143 million in EBIT
- Compounded average annual growth of 20%
  - Average annual organic growth 6%
  - Average annual acquisition growth 14%





**POULTRY**

**52%**  
of revenue



**MEAT**

**34%**  
of revenue



**FISH**

**13%**  
of revenue

## Three INDUSTRIES

Leading global provider  
and market leader

# Leading global provider of systems and services



# MPS acquisition | Integration on track

Acquisition closed in January 2016; €382 million on a debt and cash-free basis

Senior long-term financing agreement of €670 million reached at favorable terms with eight strong international banks

Finalized without issuing new shares

- Starting leverage of x2.9 net debt/EBITDA
- Solid operational performance and strong cash flow driving net debt/EBITDA to x2.25



# Marel invests 6% of revenue in innovation to drive growth



**ATLAS live bird handling system**



**Thigh Fillet System**



**AMF-i breast cap filleting system**



**I-Cut 130 PortionCutter**



**MS 2720 Salmon Deheader**

Over 25 new products launched in 2016



In partnership with our customers we are transforming the way food is processed. Our vision is of a world where quality food is produced sustainably and affordably.

**UNITY**

**EXCELLENCE**

**INNOVATION**



# Operations



# 2016-Solid performance with €983m in revenue and 14.6% EBIT\*

- Pro forma revenue of €983 million
  - Organic growth between years: 3%
  - Acquisition growth between years: 16%
- Order intake of €1,013 million
  - Order intake at all time high in Q4 after a soft beginning of the year
  - Entering 2017 with a strong order book
- EBIT\* €143 million or 14.6%
- Strong financials
  - Earnings per share increase by 34%
  - Net leverage of 2.25 at the end of the year



*\*Adjustments in 2016 consist of a €24.6 million amortization of acquisition-related intangible assets (PPA)*

## Q1 2017: Robust order intake and solid operational performance

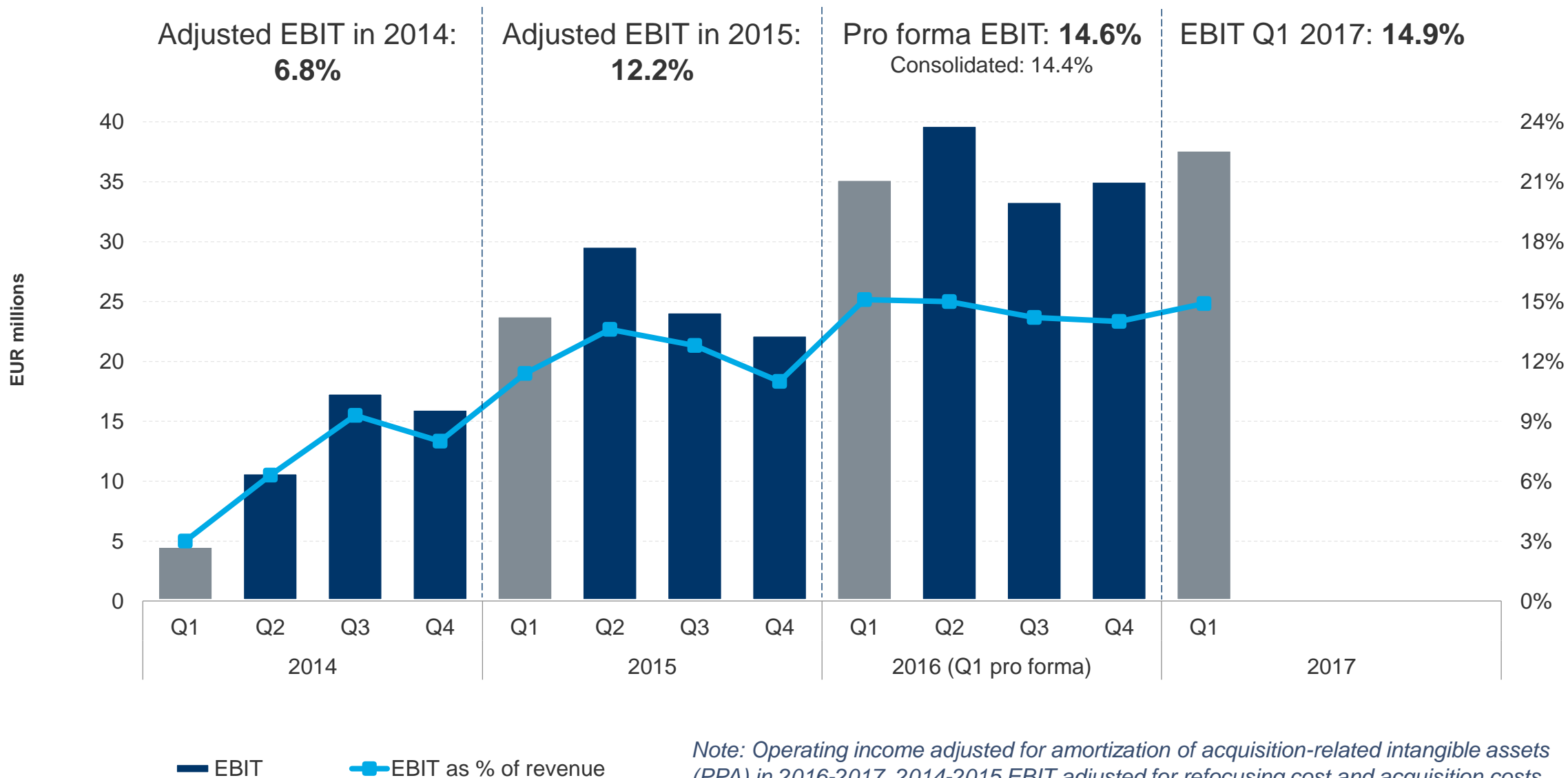


- Revenue of €252 million
  - Q1 2016: 221m, pro forma 234m
- Order intake of €293 million
  - Q1 2016: 247m, pro forma 254m
- Order book €390 million
  - Q1 2016: 340m
- EBIT\* €37.7 million or 14.9%
  - EBIT\* Q1 2016: 14.1%, pro forma 15.1%
- EPS 2.99 euro cents
  - Q1 2016: 1.93



*\*Adjustments in Q1 2017 consist of €6.2 million amortization of acquisition-related intangible assets (PPA)*

# Solid operational performance



*Note: Operating income adjusted for amortization of acquisition-related intangible assets (PPA) in 2016-2017. 2014-2015 EBIT adjusted for refocusing cost and acquisition costs.*

# Record order book at the end of Q1 2017



# Amendment and extension of long term financing secured



- Parallel to the acquisition of MPS, Marel secured and closed long term senior financing
- Now we have prolonged our facility and improved terms and conditions.
- Current facility standing at €640 million is extended by 18 months with final maturity in May 2022
- Favorable terms and conditions reflecting financial strength and current market conditions – Initial interest terms EURIBOR / LIBOR +185 bps
- Increased operational and strategic flexibility supporting ambitious growth plan that was introduced at Marel's Annual General Meeting in March 2017

Consortium of seven international banks



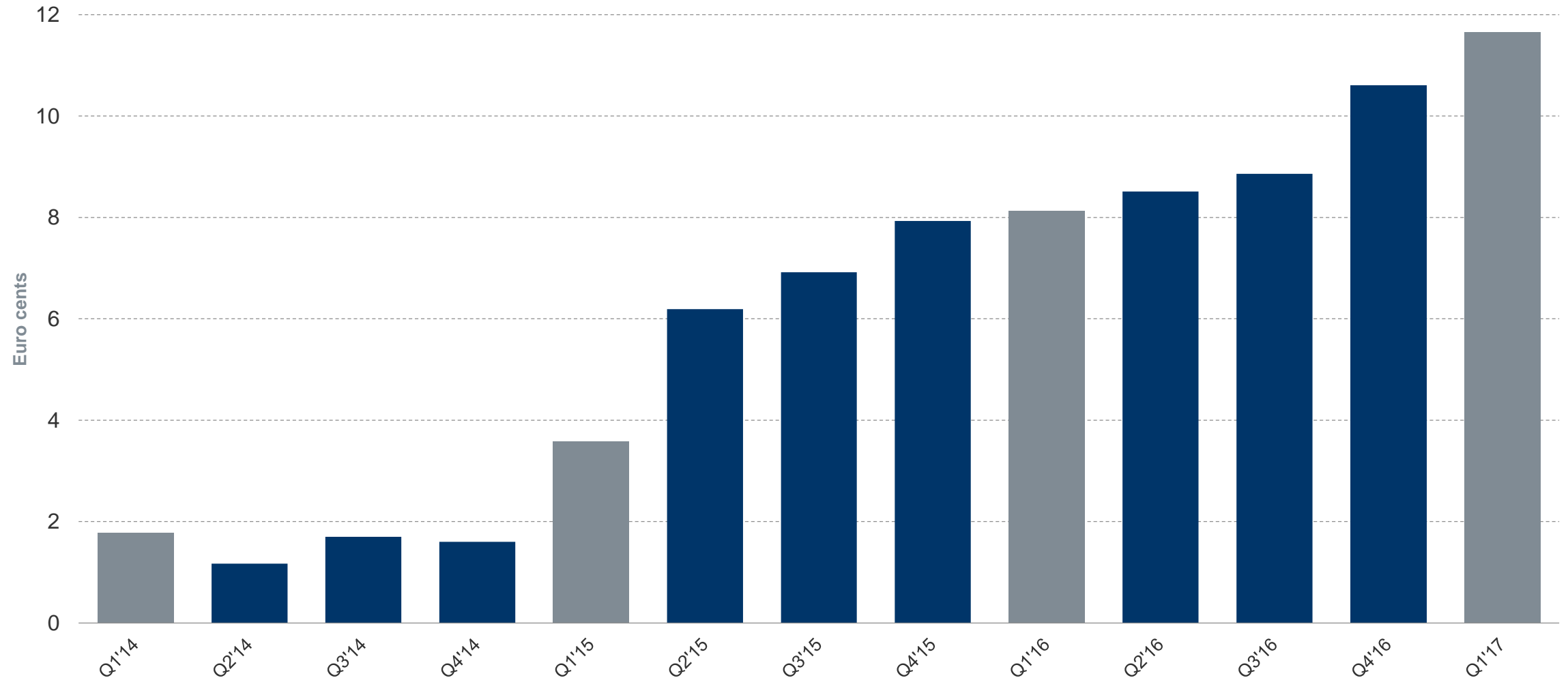
Rabobank



# Favorable development in earnings per share



EPS, trailing twelve months



# Business Model

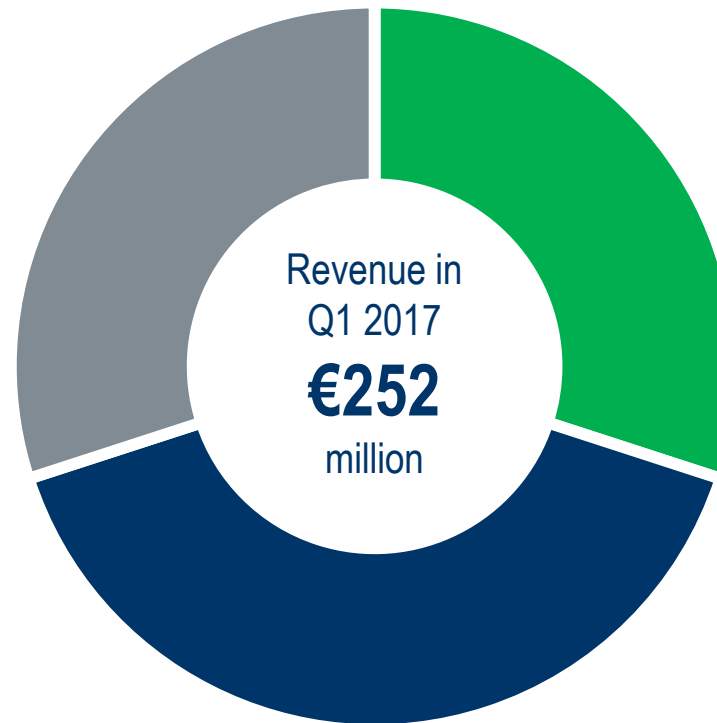


# Strong business model supporting future growth



## Modernization and standard equipment ►

- Good volume in standard equipment across all industries and geographies



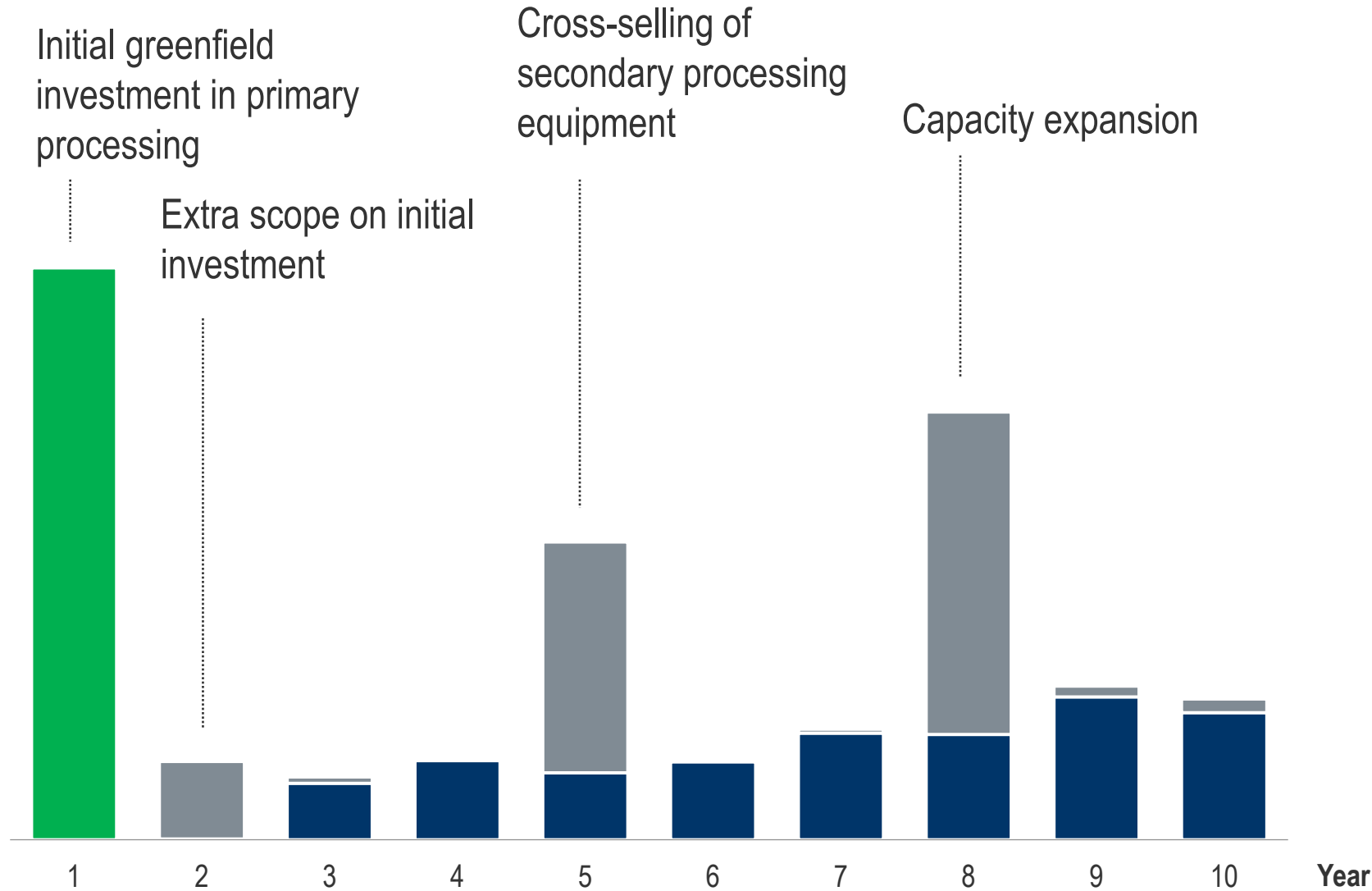
## ◀ Greenfields

- Greenfield projects secured in Europe, North-America and Asia

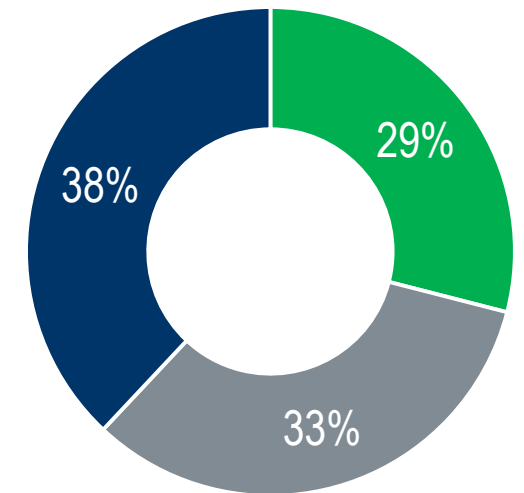
## Maintenance ▲

- Marel has the largest installed base in its industry
- Recurring service and spare parts revenues have increased steadily and were 38% of total revenues in Q1 2017

# Case study: Long term customer relationship

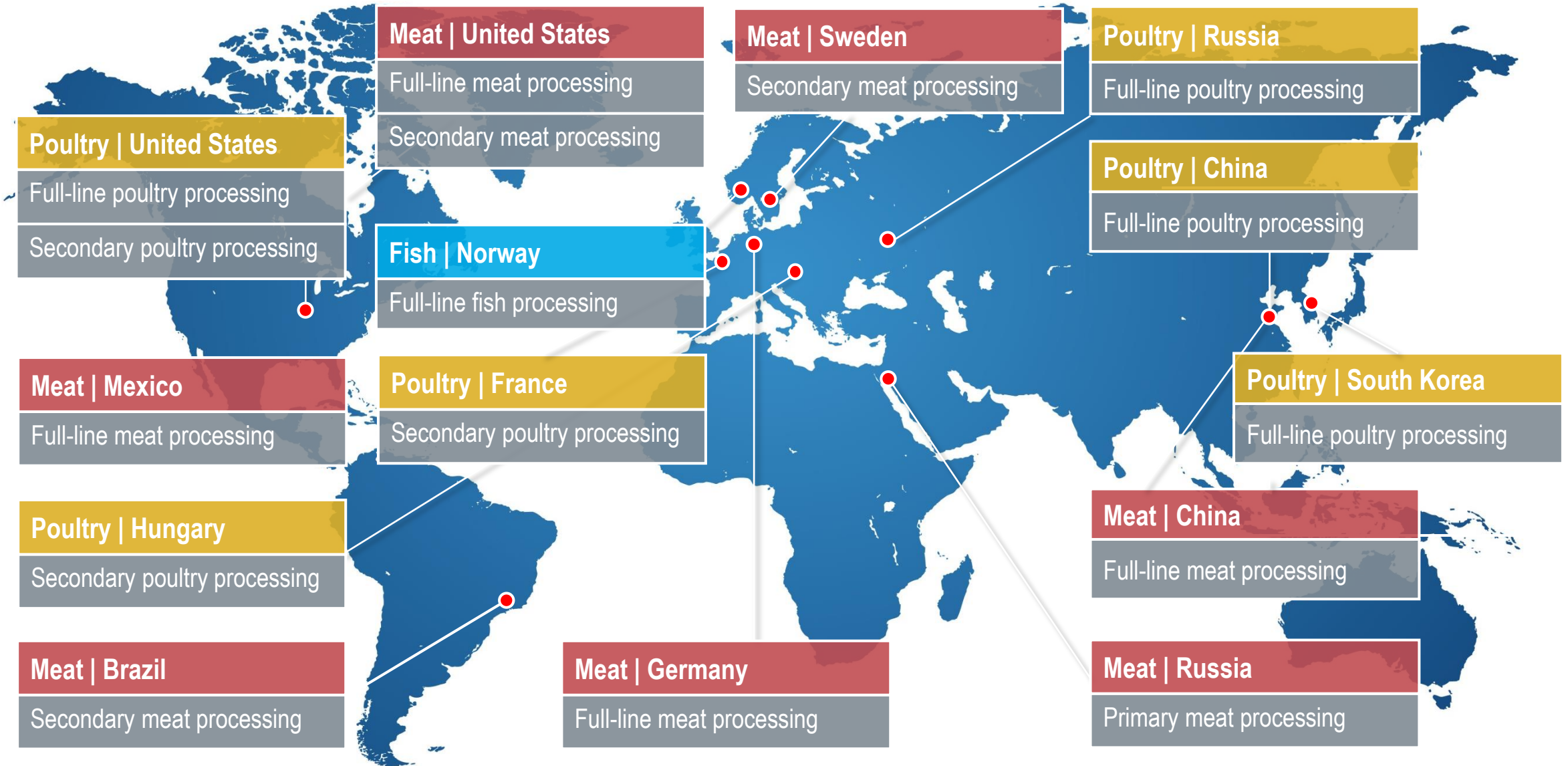


10 year revenue profile from a customer



- Initial investment
- Additional investment
- Service & spare parts

# Examples of large projects secured in 2016



# Lerøy & Marel – the next generation of salmon processing



- Following the recent acquisition of Havfisk and Norway Seafood Group, Lerøy has become a major player in both salmon and whitefish processing
- Lerøy is building a state-of-the-art salmon factory in Norway
  - Will have all the latest technology in the salmon industry available setting new benchmarks
  - Marel and Leroy are showing true innovation through partnership in this groundbreaking project that will drive the industry forward



- History:** Operations trace back to 1899
- Revenue:** €1.5 billion in 2015
- Did you know?** Lerøy supplies 4 million meals of seafood every day
- Market leader:** In June 2016, Lerøy acquired controlling interest in Havfisk and Norway Seafood Group

# State-of-the-art poultry plant with Marel solutions in Korea



- Will become one of the largest poultry processing facilities in Asia
  - Four complete high speed processing lines
- Utilizes the newest processing technology
  - Latest technology in de-feathering, evisceration, and chilling
- Long term business relationship
  - Large scale plant commissioned in 2011



**History:** Operations started in 1978

**Revenue:** Harim Group €5.7 billion (2015)

**Did you know?** Harim Group also owns Pan Ocean, one of the world's largest shipping companies

# State-of-the-art pork plant with Marel solutions in Mexico



- GCM Granjas Carroll de México is building a state-of-the-art pork plant in the Mexican State of Veracruz
- When reaching full capacity, GCM will become the number one producer of quality pork and pork products
- The new plant will start operations in the autumn on 2017 and will have the latest automatic slaughtering technology in the pork industry
- GCM and Marel are showing true innovation through partnership in this groundbreaking project that will drive the industry forward



**History:** Operations started in 1993

**Market Position:** Account for 13% of Mexico's production of pork

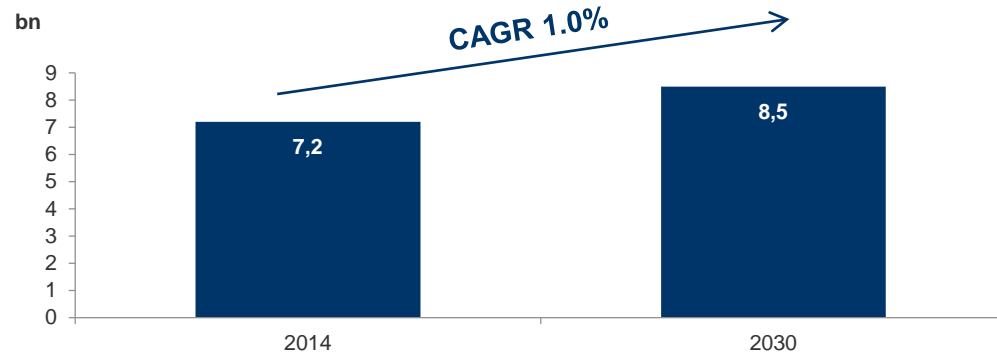
# Outlook and strategy



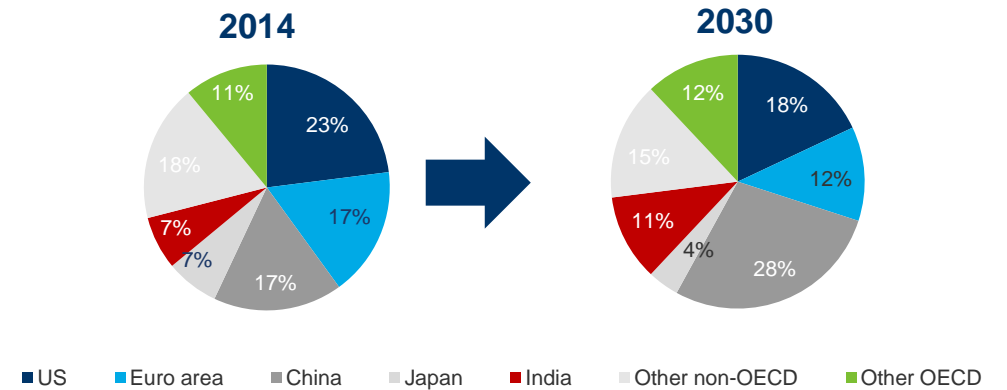
# Positive macro drivers – Feeding the ever growing population



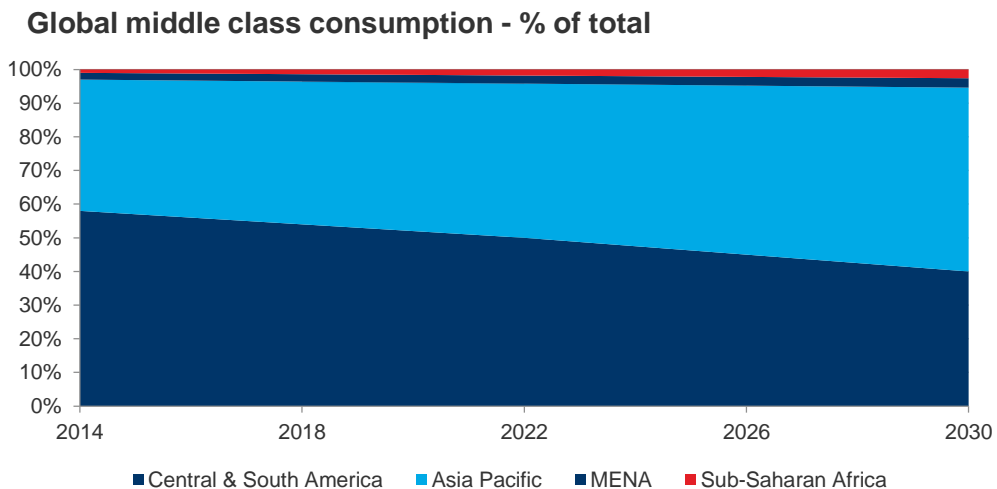
## Increasing world population



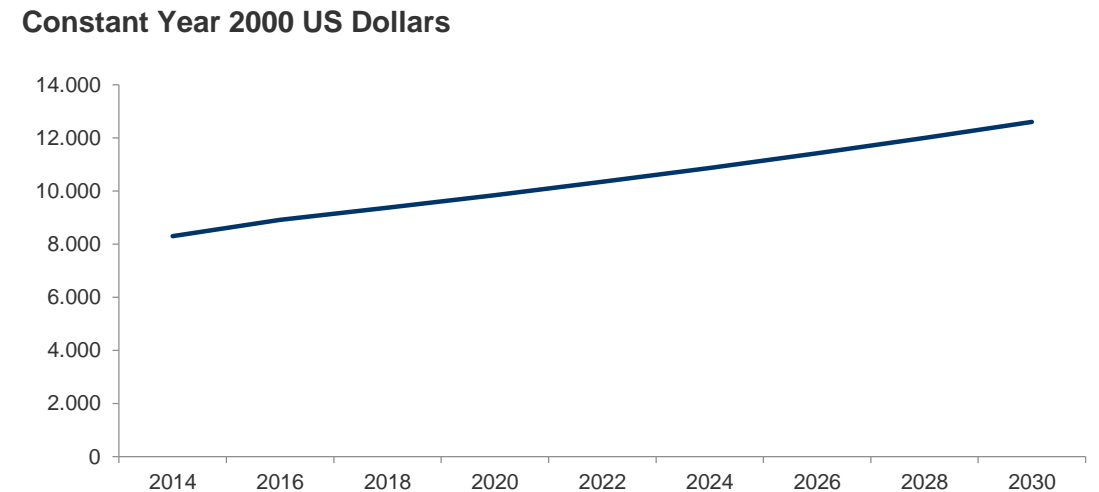
## Changes in composition of global GDP



## Active consumers from 2.5bn in 2014 to 4.9bn in 2030

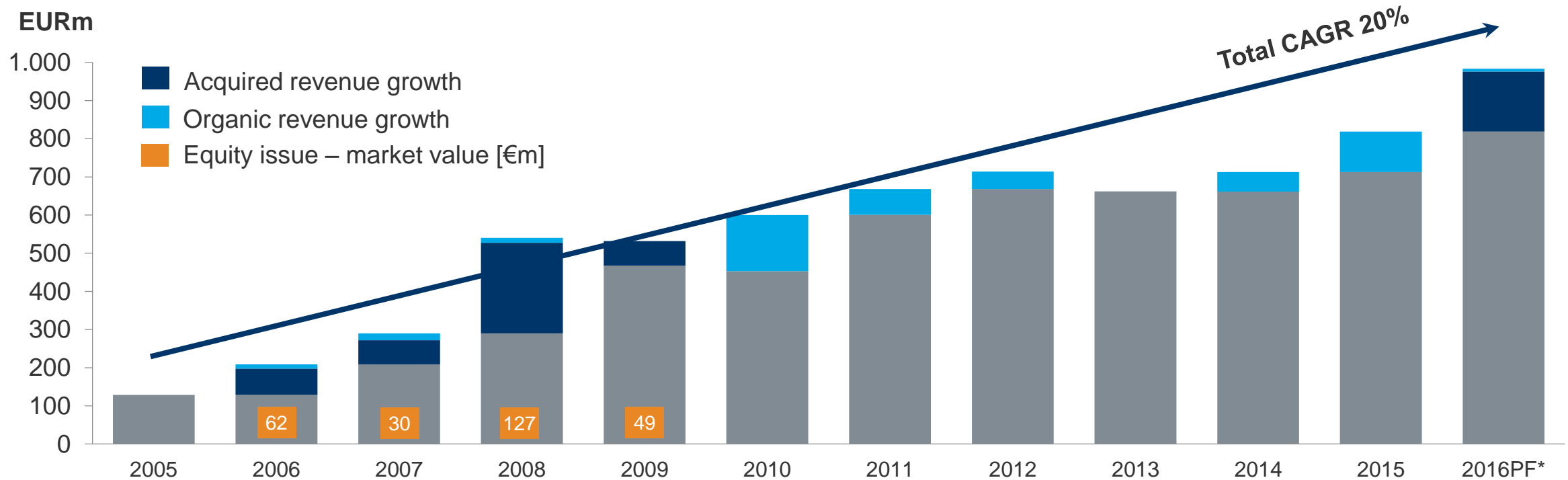


## Rising disposable income – World real GDP per capita





# Compounded annual revenue growth of over 20% since 2005



- Total revenue grew from €129 million in 2005 to €983 million in 2016\*
    - Average annual organic growth 6%
    - Average annual acquisition growth 14%
  - Good support from shareholders
    - Equity issued totaled 268 million in the period 2006-2009 to finance acquisitions of Scanvaegt and Stork Food Systems
    - MPS acquisition financed with solid operational performance and strong cash flow
- \* Marel pro forma revenue for 2016

# Focus on sustainable long term value creation



## Vision

- In partnership with our customers, we are transforming the way food is processed. Our vision is of a world where food is produced sustainably and affordably

## Strategy

- Leading global provider of advanced equipment, systems, software and services to the fish, meat and poultry industries across primary, secondary and further processing

## Revenue growth and profitability

- Marel is targeting 12% average annual revenue growth in the next 10 years
  - Marel's management expects 4-6% average annual market growth in the long term
  - Marel aims to grow organically faster than market driven by innovation and market penetration
  - Maintaining solid operational performance and strong cash flow supports average 5-7% revenue growth by acquisition
  - Growth in Earnings per Share (EPS) faster than revenue growth

## Capital allocation

- Strategic innovation and acquisitions with attractive return on investment
- Invest in the platform to be best-in-class in operations
- Return capital to shareholders



Thank you

