Q3 2011 presentation

Theo Hoen, CEO
Erik Kaman, CFO

27 October 2011

Theo Hoen

CEO

1 **Introduction**

2 Financial results

3 Outlook

Record order intake and solid operating performance

- Very good quarter despite summer holidays
- Strong organic growth
- Operating profit fully in line with our targets for the year
- Good geographical mix of projects
- Innovative products and solutions in the pipeline for all our industry segments

The new innovative AeroScalder reduces reliance on water, an increasingly scarce and expensive resource globally.

Erik Kaman

CFO

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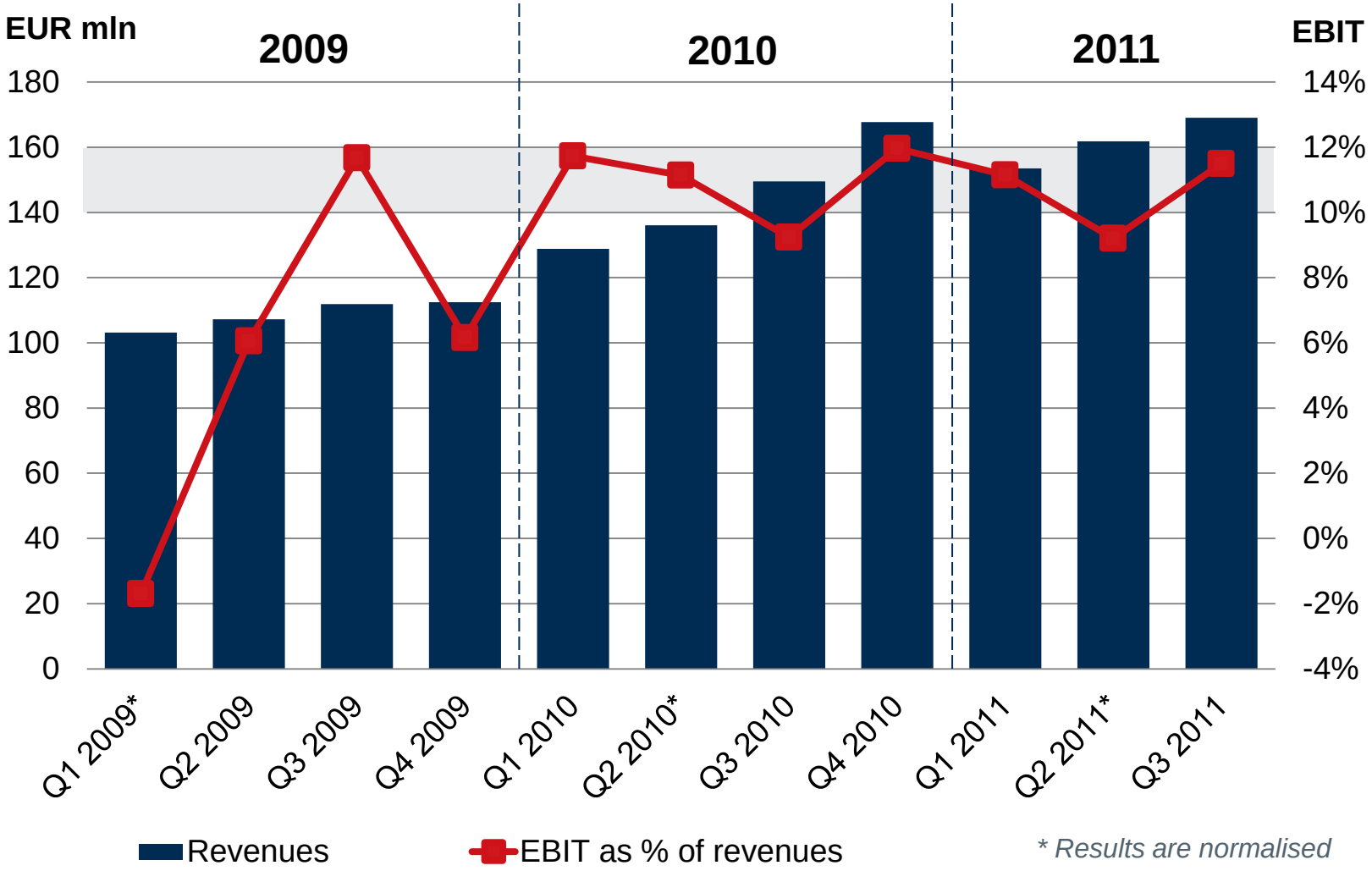
Business results

EUR thousands	Q3 2011	Q3 2010[1]	YTD 2011[2]
Revenues	169,063	149,523	484,454
Gross profit	60,692	52,240	177,492
as a % of revenues	*35.9*	*34.9*	*36.6*
Result from operations (EBIT)	19,453	13,806	51,533
as a % of revenues	*11.5*	*9.2*	*10.6*
EBITDA	25,819	19,938	70,084
as a % of revenues	*15.3*	*13.3*	*14.5*
Orders received (including service revenues)	196,967	165,428	526,499
Order book ……...	204,199	141,226	204,199

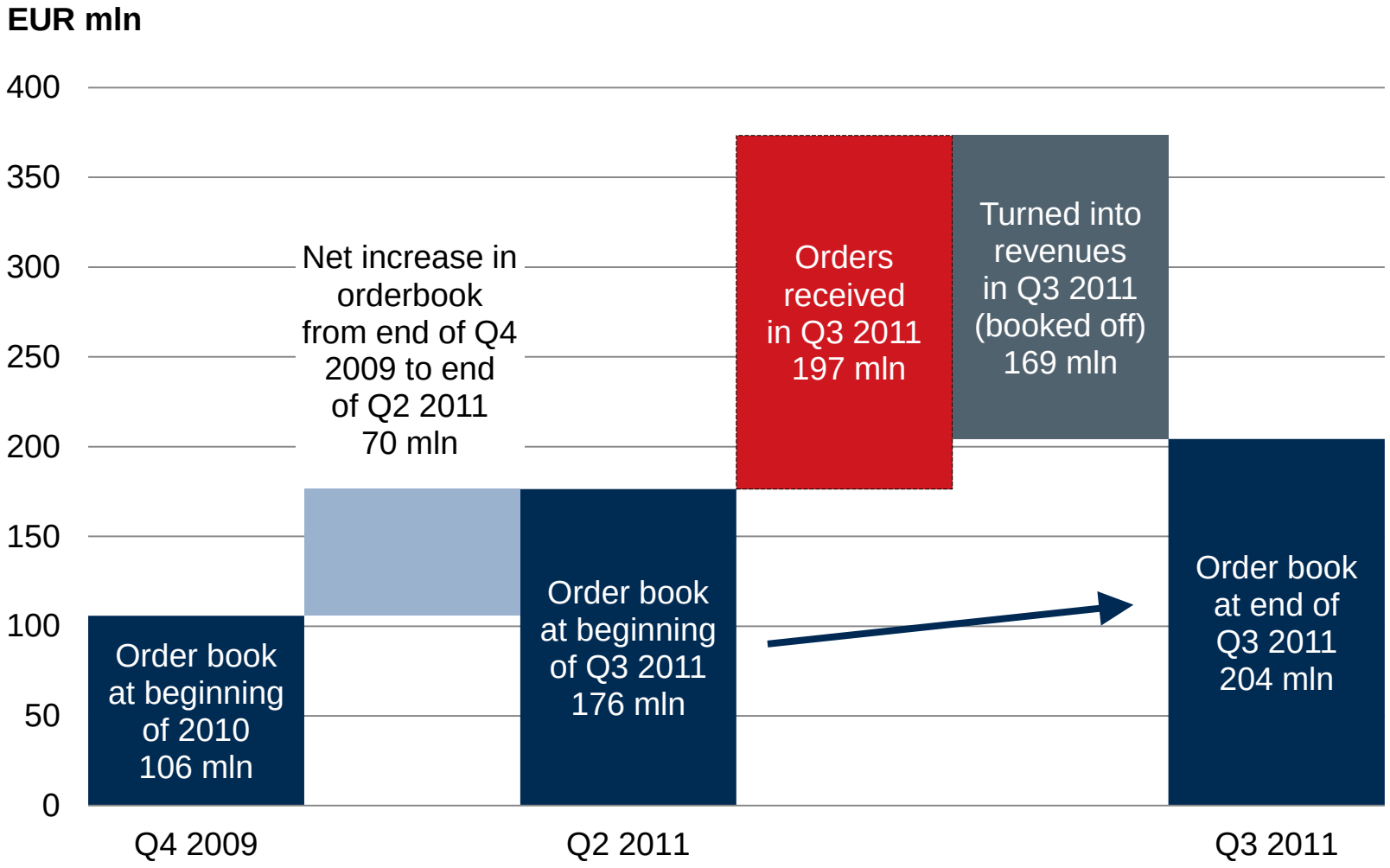
[1] Core numbers (exclude Stork Inter Iberica).
[2] Normalised for EUR 11.1 million in one-off costs for pension related issues.

Development of business results



** Results are normalised*

Order book reflects strong market position and product pipeline



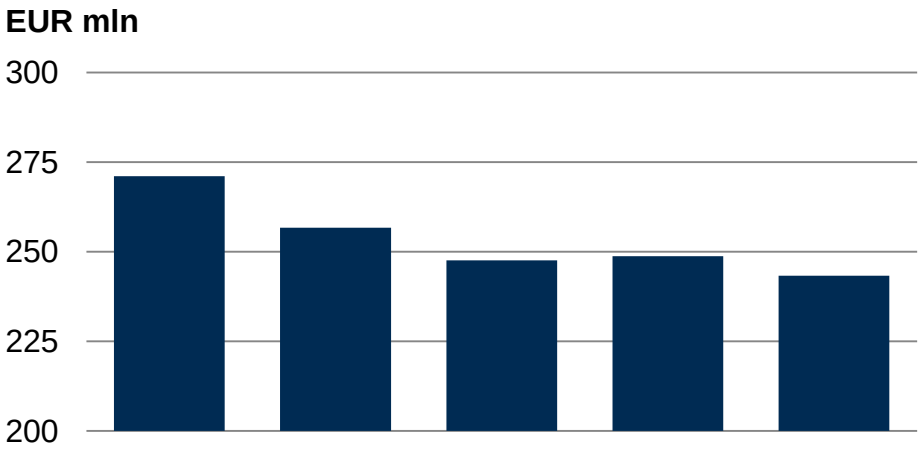
Condensed consolidated balance sheet

ASSETS *EUR thousands*	**30/9 2011**	**31/12 2010**
Non-current assets		
Property, plant and equipment	104,758	109,418
Goodwill	378,931	379,879
Other intangible assets	96,304	92,884
Investments in associates	109	109
Receivables	2,770	3,669
Deferred income tax assets	11,057	12,619
	593,929	598,578
Current assets		
Inventories	95,980	80,590
Production contracts	32,692	18,354
Trade receivables	76,916	87,780
Assets held for sale	598	598
Other receivables and prepayments	30,472	27,815
Restricted cash	654	12,509
Cash and cash equivalents	32,604	51,399
	269,916	279,045
Total assets	**863,845**	**877,623**

Condensed consolidated balance sheet (continued)

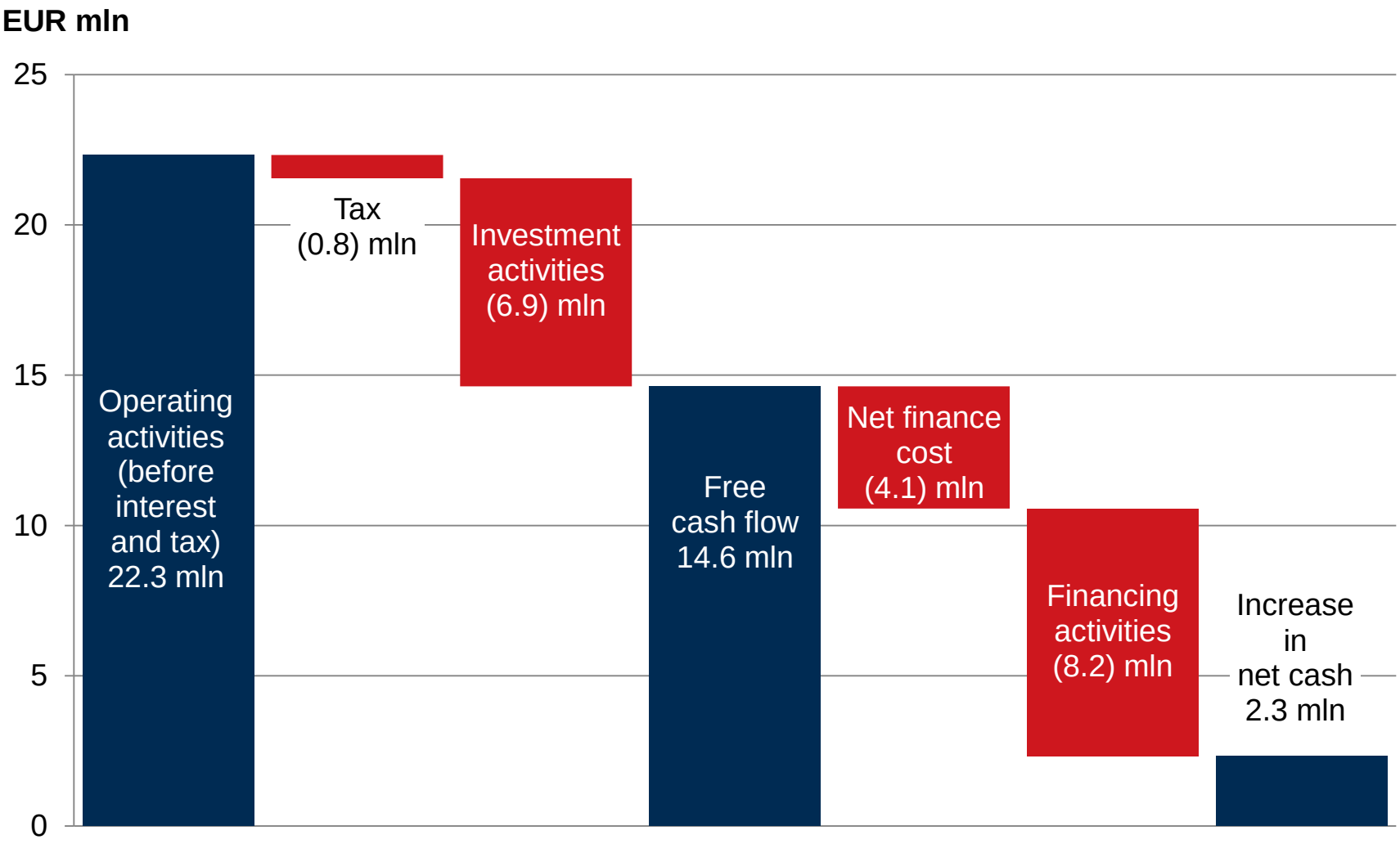
EQUITY *EUR thousands*	**30/9 2011**	**31/12 2010**
Total equity	**363,431**	**343,269**
LIABILITIES		
Non-current liabilities		
Borrowings	249,574	310,751
Deferred income tax liabilities	6,119	4,925
Provisions	6,365	6,719
Other liabilities	6,052	-
Derivative financial instruments	12,411	11,028
	280,521	333,423
Current liabilities		
Production contracts	67,615	78,306
Trade and other payables	120,743	107,783
Current income tax liabilities	1,333	1,624
Borrowings	27,031	9,898
Provisions	3,171	3,320
	219,893	200,931
Total liabilities	**500,414**	**534,354**
Total equity and liabilities	**863,845**	**877,623**

Net interest bearing debt EUR 28 mln lower than a year ago



End of quarter in EUR mln	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Change from Q3 2010
Non-current borrowings	342.4	310.7	274.3	262.8	249.6	(92.8)
Current borrowings	15.4	9.9	16.7	16.7	27.0	11.6
Total borrowings	**357.8**	**320.6**	**291.0**	**279.5**	**276.6**	**(81.2)**
Cash and equivalents	86.7	63.9	43.4	30.7	33.2	(53.5)
Net interest bearing debt	**271.1**	**256.7**	**247.6**	**248.8**	**243.3**	**(27.8)**

Q3 2011 cash flow composition



Financial focus areas

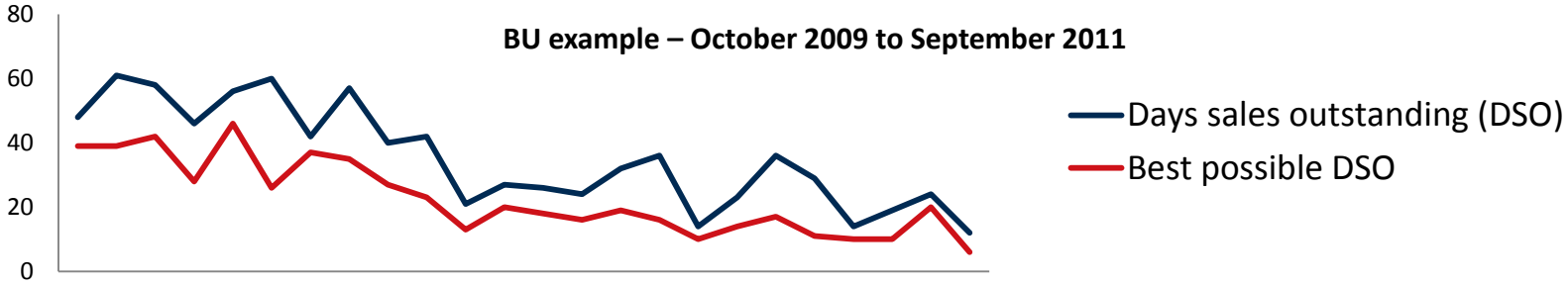
- Improving *gross profit*
  - Procurement
  - Production cost
  - Operational processes
- Ensuring a sustainable *SG&A cost base* despite growth in activity
  - Q3 2011; 18.7%
  - Q3 2010; 19.2%
- Improving *working capital* parameters
  - Inventory turn rate (ITR)
  - Days sales outstanding (DSO)
  - Days payable outstanding (DPO)

The Marel M2200. Our roots in Iceland go back to the marine scale, which is built to withstand harshest conditions while providing accurate results.

How do we manage Working Capital?

Phase 1: Enhanced focus on working capital, cleaning up old matters (EUR 80 mln since 2009)

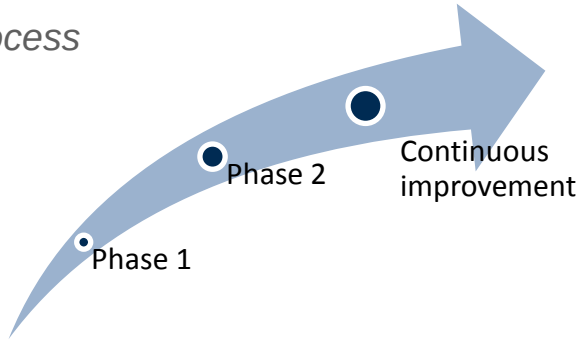
ITR: 5.3 *DSO: 38* *DPO: 48* *Q3 2011 CF from WC, EUR (3.4 mln)*



Monthly update meetings supported the process

Phase 2: Process improvements

- Structured approach to process improvements
- Focus on the key processes to work on
- Platform for growth



Theo Hoen

CEO

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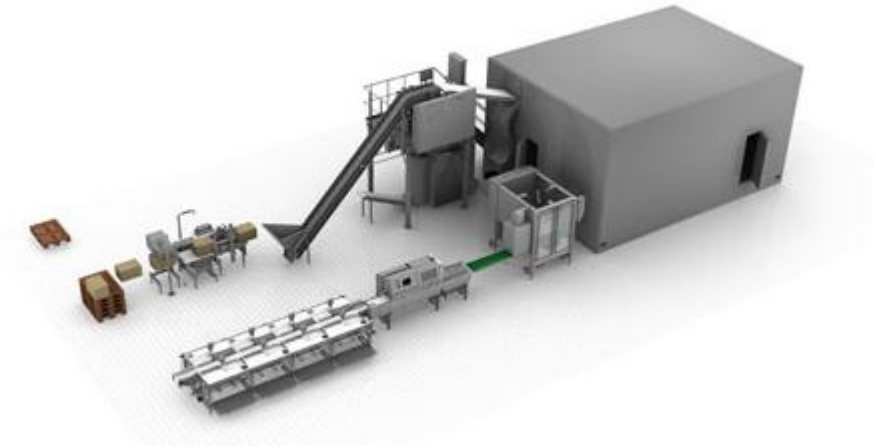
Poultry: Good order intake with several major orders received

- Recent completion of a large-scale installation in China provides a show-case for prospective customers
- Lower feed prices expected to boost profitability, especially in the US
- The company's AeroScalder nominated for the *Poultry Sustainability Award* in the Netherlands

After the US, China is the world's largest producer of chicken. Marel has two offices in China.

Fish: Several complete processing lines sold

- Marel's fixed-weight and high-speed salmon slicers continue to enjoy success in all key markets
- Major contract concluded with Chinese processor Pacific Andes for a brand new and fully automated high-volume flowline
- Marel recognised with the *Overall Outstanding Supplier* award at the Icelandic Fisheries Awards



As the leading global provider of systems and equipment for the fish processing industry, Marel is in the forefront when it comes to integrated processing systems.

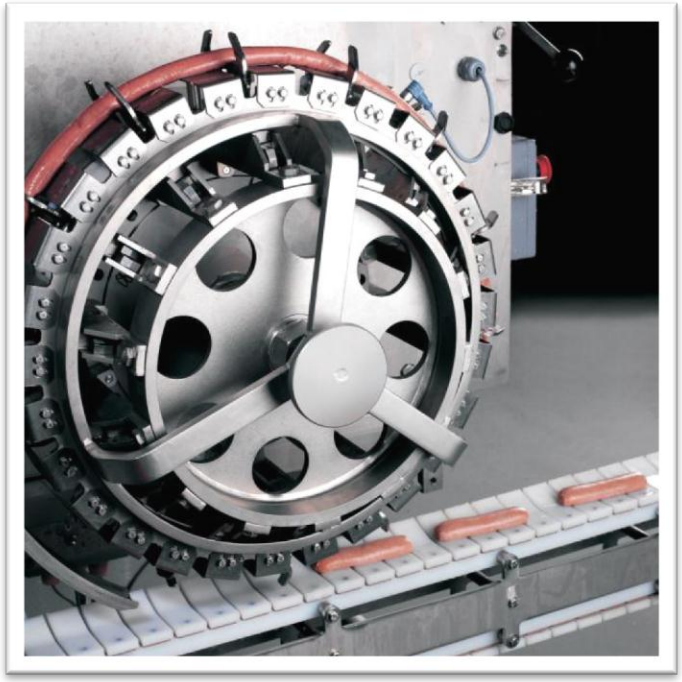
Meat: Order intake on plan

- Significant orders for Streamline and meat harvesting systems
- Multiple IBS 4600 slicers ordered by a major US bacon processor
- Portioning equipment made a good contribution to the order intake
- At Meat ShowHow, the latest meat machinery and systems were demonstrated to over 200 visitors from around the world
- Market activity in Europe and North America is expected to make a significant contribution to order intake in the next quarter

Meat harvesting is a profitable source of raw material for the sausage industry.

Further processing: Best quarter ever in terms of orders received

- Large order for co-extrusion sausage making systems
- Good intake also for RevoPortioners and heating equipment
- Number of large installations completed in the UK, Germany, Spain and Eastern Europe
- Most installations will be used as show-cases for prospective customers



Marel's Townsend Further Processing QX System combines the world's preeminent coextrusion technologies.

Positive outlook for the remainder of the year

- Market conditions stay favourable
- Marel has strengthened its market position with the introduction of new solutions and further geographical expansion
- The excellent level of the order book ensures a good continuation of the year
- Nevertheless, results may vary from quarter to quarter due to fluctuations in orders received and deliveries of larger systems

Icelandic Fisheries Awards 2011 WINNER

The Icelandic Fisheries Awards are awarded every three years and recognise and reward excellence within the Icelandic and International Commerical Fishing industries.

Q & A

Theo Hoen, CEO

Erik Kaman, CFO

Sigsteinn Grétarsson, COO

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