

## Q1 2013 investor meeting

Theo Hoen, CEO

Erik Kaman, CFO

*23 April 2013*



**STORK**  
POULTRY PROCESSING

**TOWNSEND**  
FURTHER PROCESSING

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**Theo Hoen**

CEO

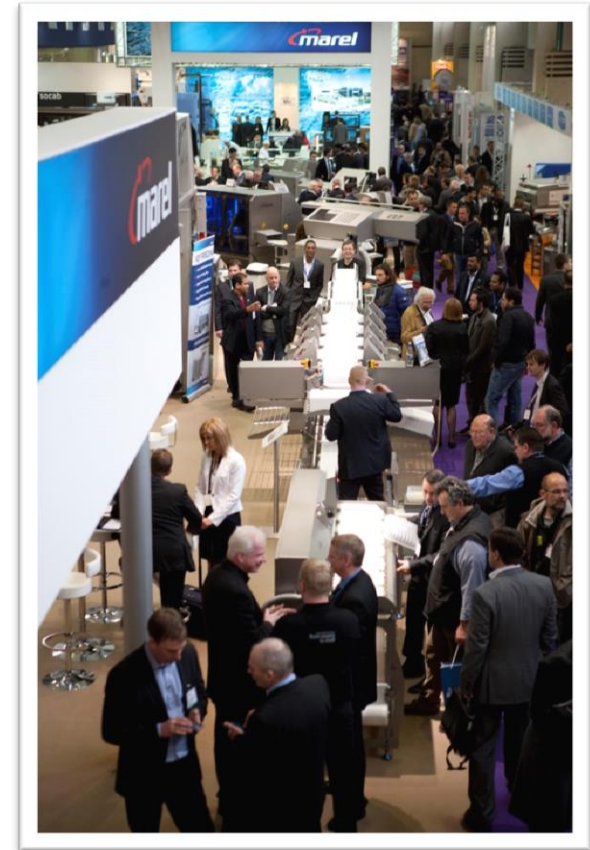


- 1** Introduction
- 2** Financial results
- 3** Outlook



## Slow start of the year but orders received picking up

- Revenues reflecting low level of order book at start of the year
- EBIT margin below target level
  - Long term target 10-12%
- Order book grew by more than 25 million
  - Supports expectation of higher revenues and profitability in the second half of the year
- Important sales in markets such as:
  - Brazil, China, Middle East and Russia
- Europe remains challenging while USA shows signs of recovery



*Seafood Processing Europe trade show in Brussels opens today with Marel showcasing a wide range of industry leading equipment, designed to meet today's food processing challenges*

**Erik Kaman**

CFO



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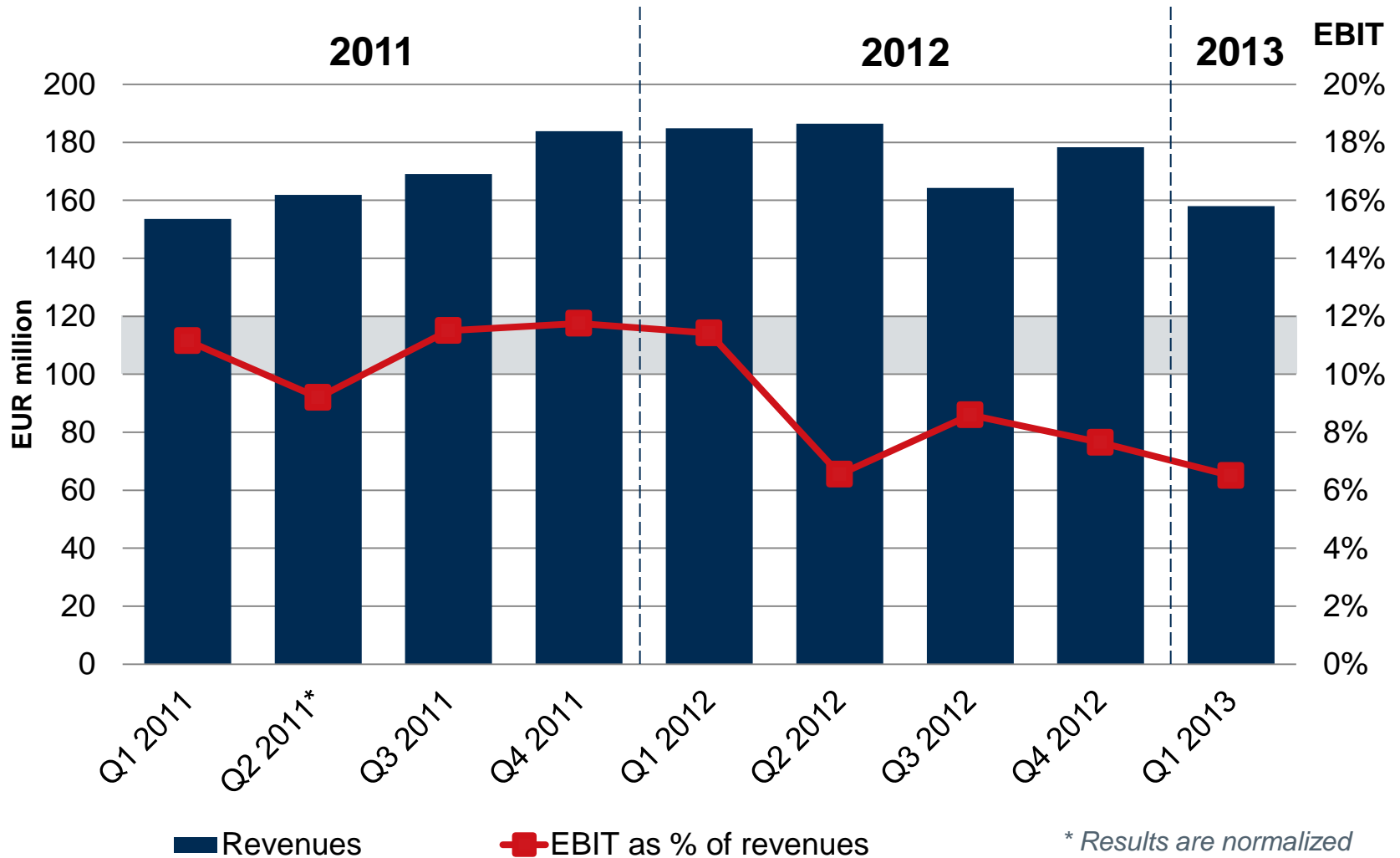




## Business results

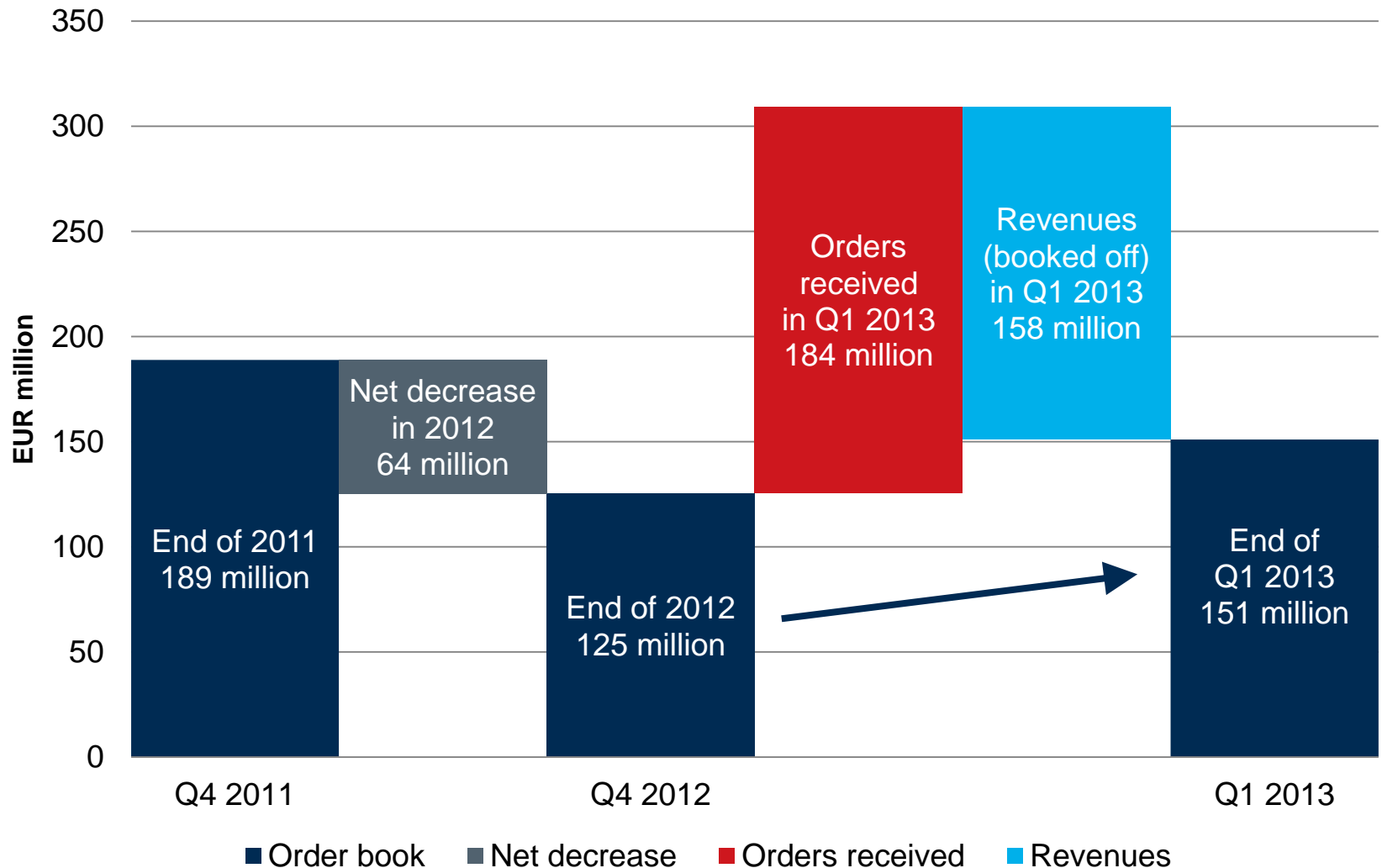
| <i>EUR thousands</i>                         | <b>Q1<br/>2013</b> | <b>Q1<br/>2012</b> | <b>Change in<br/>%</b> |
|--|--------------------|--------------------|------------------------|
| Revenues .....                               | 158,028            | 184,864            | (14.5)%                |
| Gross profit .....                           | 57,509             | 67,992             | (15.4)%                |
| <i>as a % of revenues</i>                    | 36.4               | 36.8               |                        |
| Result from operations (EBIT) .....          | 10,331             | 21,119             | (51.1)%                |
| <i>as a % of revenues</i>                    | 6.5                | 11.4               |                        |
| EBITDA .....                                 | 16,858             | 27,401             | (38.5)%                |
| <i>as a % of revenues</i>                    | 10.7               | 14.8               |                        |
| Orders received (including service revenues) | 183,745            | 185,420            | (0.9)%                 |
| Order book .....                             | 151,106            | 189,410            | (20.2)%                |

## Development of business results





## Order book back on a good level



## Condensed consolidated balance sheet

### ASSETS

*EUR thousands*

#### Non-current assets

|                                     | 31/03 2013 | 31/12 2012 |
|-------------------------------------|------------|------------|
| Property, plant and equipment ..... | 107,491    | 108,034    |
| Goodwill .....                      | 380,328    | 379,984    |
| Other intangible assets .....       | 115,189    | 112,779    |
| Receivables .....                   | 1,218      | 2,584      |
| Deferred income tax assets .....    | 8,487      | 7,988      |
|                                     | 612,713    | 611,369    |

#### Current assets

|   |         |         |
|---|---------|---------|
| Inventories .....                       | 102,498 | 99,178  |
| Production contracts .....              | 39,528  | 40,163  |
| Trade receivables .....                 | 79,391  | 70,816  |
| Other receivables and prepayments ..... | 33,513  | 27,657  |
| Cash and cash equivalents .....         | 14,726  | 15,945  |
|   | 269,656 | 253,759 |

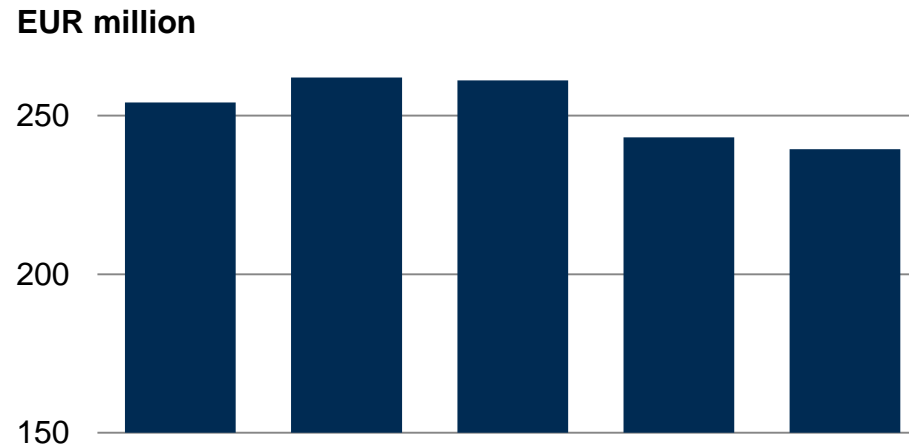
#### Total assets

|         |         |
|---------|---------|
| 882,369 | 865,128 |
|---------|---------|

## Condensed consolidated balance sheet (continued)

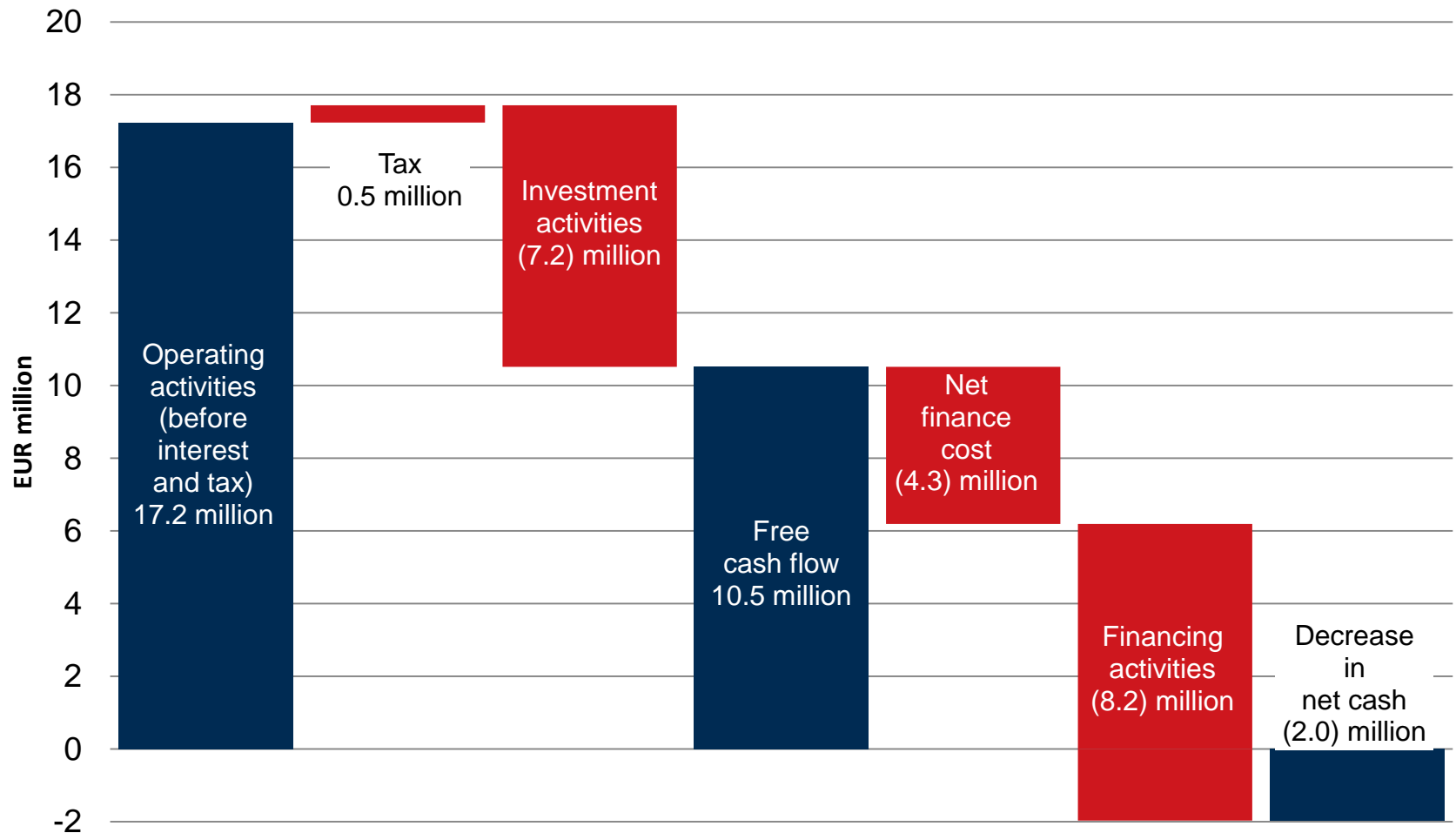
| <b>EQUITY</b>                          | <b>31/03 2013</b>     | <b>31/12 2012</b>     |
|--|-----------------------|-----------------------|
| <i>EUR thousands</i>                   |                       |                       |
| <b>Total equity</b>                    | <b>403,214</b>        | <b>403,748</b>        |
| <b>LIABILITIES</b>                     |                       |                       |
| <b>Non-current liabilities</b>         |                       |                       |
| Borrowings .....                       | 234,650               | 239,747               |
| Deferred income tax liabilities .....  | 11,304                | 11,194                |
| Provisions .....                       | 4,948                 | 4,941                 |
| Derivative financial instruments ..... | 10,328                | 10,815                |
|  | <u>261,230</u>        | <u>266,697</u>        |
| <b>Current liabilities</b>             |                       |                       |
| Production contracts.....              | 54,909                | 43,847                |
| Trade and other payables .....         | 136,474               | 125,417               |
| Current income tax liabilities .....   | 4,320                 | 3,090                 |
| Borrowings .....                       | 19,416                | 19,440                |
| Provisions .....                       | 2,806                 | 2,889                 |
|  | <u>217,925</u>        | <u>194,683</u>        |
| <b>Total liabilities</b>               | <b>479,155</b>        | <b>461,380</b>        |
| <b>Total equity and liabilities</b>    | <b><u>882,369</u></b> | <b><u>865,128</u></b> |

## Net interest bearing debt reduced by EUR 4 million in Q1 2013



| End of quarter<br>in EUR million     | Q1 2012      | Q2 2012      | Q3 2012      | Q4 2012      | Q1 2013      | Change since<br>Q1 2012 |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|-------------------------|
| Non-current borrowings               | 267.0        | 262.8        | 255.0        | 239.7        | 234.6        | (32.4)                  |
| Current borrowings                   | 19.4         | 19.5         | 19.5         | 19.4         | 19.4         | (0.0)                   |
| <b>Total borrowings</b>              | <b>286.4</b> | <b>282.3</b> | <b>274.5</b> | <b>259.1</b> | <b>254.0</b> | <b>(32.4)</b>           |
| Cash and equivalents                 | 32.2         | 20.3         | 13.4         | 15.9         | 14.7         | (17.5)                  |
| <b>Net interest bearing<br/>debt</b> | <b>254.2</b> | <b>262.0</b> | <b>261.1</b> | <b>243.2</b> | <b>239.3</b> | <b>(14.9)</b>           |

## Q1 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
  - 2011: 20.0%
  - 2012: 20.6%
  - Q1 2012: 19.8%
  - Q1 2013: 22.8%
- Improving *working capital* parameters
  - Inventory turn rate (ITR)
  - Days sales outstanding (DSO)
  - Days payable outstanding (DPO)



*The I-Cut 55 is designed for the accurate high-speed portion cutting of boneless meat products, such as beef, pork, veal and lamb*

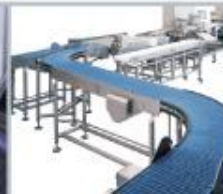
# Theo Hoen

CEO





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## Poultry: Significant improvement in Q1

- Considerable increase in order intake between quarters
- Substantial orders from China, Brazil, Middle East and Russia
- Highlights of the quarter:
  - New Intelligent reporting, inspection and selection (IRIS) solution successfully released
  - AeroScalder received another award at the Agrame exhibition in Dubai
  - Substantial sales of the StreamLine Poultry concept
  - Major order of 8” Eviscerating lines for heavy broilers



*IRIS – The new Intelligent reporting, inspection and selection solution uses shape, colour and texture to detect defects such as broken wings, red and blue bruises, faecal stains, remaining feathers and skin damage*

## Fish: Challenging market conditions in the global fish industry

- Decisions on capital investments are taking longer
- Long term outlook is positive
- The 12th annual Marel Salmon ShowHow in February
  - Attracted 230 guests from 28 countries
- Highlights of the quarter:
  - Increased efficiency in project execution proven in large and complex projects for the Norwegian Salmon industry
  - Great interest in the new retail pack slicer I-slice 3300



*The new retail pack slicer, I-Slice 3300 sets new standards in utilization and extremely high accuracy on weight and count*

## Meat: Slow start in Q1

- Slow start mainly due to continued market and economic uncertainty
- Pipeline of projects is growing steadily
  - Projects expected to be realized within the coming months
- Increased activity in Europe and US, improvement from 2012
- Highlights of the quarter:
  - Good orders from Ireland for the new Trim Management Systems
  - Large orders from Japan for numerous portioning machines



*The new Deboflex system is a groundbreaking logistical solution that makes deboning and cutting pork fore-ends more efficient. The Deboflex will be launched at the IFFA in May*

## Further processing: Important QX lines installed in Europe and US

- Sales of the RevoPortioner were high
  - Trend for installations of full lines continued
- The new innovative ModularOven gaining further popularity
- Two successful events in Q1:
  - The Fresh Event in February
  - The Finger Food Event in March
- Highlights of the quarter:
  - Number of QX lines installed in Europe and USA

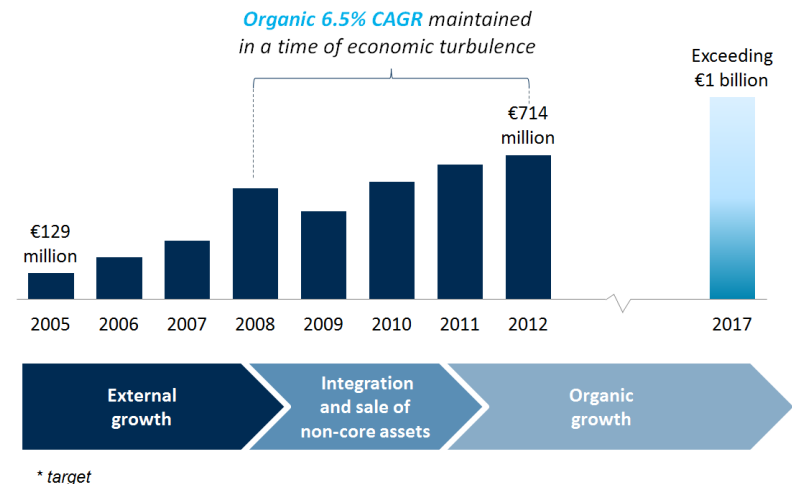


*The ModularOven– consists of two towers with separate controls for temperature, dew point and air speed, which offer the desired variable functionality for steaming, cooking or roasting in two completely separated cooking environments*



## Outlook: Moderate growth in 2013

- Moderate growth in 2013
  - Assuming recovery in established markets in the second half of the year
- EBIT margin expected to back on track in the second half of the year
  - With increased sales of standard equipment and focus on operational excellence
- Strong order intake in Q1
  - 20% growth in order book
- Mid and long-term, the Company believes that Marel's innovative products and global presence in all industries will stimulate strong growth and increase profitability



## Q & A

Theo Hoen, CEO

Erik Kaman, CFO





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

