



PRESS RELEASE

24 October 2012

Marel Q3 2012 results

(All amounts in EUR)

Slower growth with improving profit margins

- Revenues for Q3 2012 totalled 164.3 million, a decrease of 2.8% compared to the third quarter of 2011 [169.1 million]. Revenues YTD are up by 10.6% compared with 9 months 2011.
- EBITDA was 20.5 million or 12.5% of revenues [Q3 2011: 25.8 million].
- Operating profit (EBIT) was 14.1 million or 8.6% of revenues in Q3 2012 [Q3 2011: 19.5 million].
- Net result for Q3 2012 was 8.4 million [Q3 2011: 10.5 million]. Basic earnings per share in Q3 were 1.15 euro cents [Q3 2011: 1.42 euro cents].
- Cash flow from operating activities was 13.7 million and net interest-bearing debt was 261.1 million at the end of the quarter.
- The order book amounted to 151 million at the end of the quarter compared to 196.8¹ million at the end of Q3 2011.

Revenues for the first nine months of 2012 show growth of 10.6% compared to same period last year. The operating profit (EBIT) YTD is 8.9% which is below the Company's target (10-12%) for the full year.

Marel expects the revenues growth for the year 2012 to be around 5-6% with revised EBIT margin of around 9%.

Theo Hoen, CEO:

"The market in 2012 has been challenging with results in last two quarters below our target. Despite this I feel we are doing well. We have achieved strong growth this year with operating profits close to 9% and expect to meet our EBIT target of 10-12% soon again. We believe that demand is building up and we have many promising projects underway which we expect will turn into orders in the near future."

"With our strong global sales and service network we are uniquely positioned to deliver our innovative products. The efforts of our people to create a market driven organisation are showing results. Our fish segment is doing very well and the outlook for our meat segment is improving. All in all, we are well on track realising our growth agenda and I'm optimistic for the coming years."

Revenues are expected to reach 700 million in 2012

Revenues totalled 535.6 million for the 9-month period ending 30 September which is an increase of 10.6% compared to the previous year. Marel has grown rapidly in the last few years. The third quarter

¹ This is a restated figure for Q3 2011 of EUR (7.3) million, in accordance with the Q2 presentation which disclosed that the order book was restated following the new set-up of the organisation.

reflects a slower pace in the world's economy resulting in uncertainty which has caused delays in investment.

Marel has emphasised fluctuations between quarters. For the moment the uncertain market conditions are reflected in the Company's operations. However, the revenue split in the third quarter is geographically well balanced with large projects coming in from Canada, Saudi Arabia and Russia. As discussed further below under "Markets", the near- and long-term outlook remains good with steady growth projected in the protein industry. Therefore, Marel maintains its goal for EUR 1 billion turnover in 2015.

Expected EBIT margin of around 9% for the full year 2012

- Operating profit (EBIT) was 47.4 million for the first nine months of the year, or 8.9% of revenues, compared to 51.5 million normalised² for the same period of last year.
- The EBIT margin is expected to be around 9% for the full year.

Operating profit has improved since last quarter and is up to 8.6% from 6.5% in Q2 while falling below the Company's target. The main reasons are similar to last quarter; there were some extra costs of realising projects and the product mix was rather unfavourable due to market conditions. There was less demand for standalone equipment whereas larger projects have lower margins. However, larger projects create future demand for standard products and services.

Order book at acceptable level

Orders received during the third quarter are at the lower end of what Marel has seen in the recent past, amounting to 133 million. The timing of large orders received always impacts the level of the order book which now amounts to 151.4 million. Marel's customers are faced with difficult economic conditions coupled with higher feed prices, which has caused delays in investment decisions both in larger projects and standalone equipment as well as in spare parts and services. The manufacturing load is at acceptable level. The company's position in the market is strong and the near to long-term outlook for orders received is positive as the protein industry is expected to grow steadily in the coming years.

² Taking into account the one-off cost related to pension funding amounting to 11.1 million.

Performance summary for Q3 2012

Operating results

Consolidated (normalised for 2011, YTD) ¹⁾

	Quarter 3 2012	Quarter 3 2011	Change in %	Quarter 3 2012 YTD	Quarter 3 2011 YTD	Change in %
Revenues	164,264	169,063	(2.8)	535,597	484,454	10.6
Gross profit	58,871	60,692	(3.0)	189,140	177,492	6.6
<i>Gross profit as a % of Revenues</i>	35.8	35.9		35.3	36.6	
Result from operations (EBIT)	14,118	19,453	(27.4)	47,449	51,533	(7.9)
<i>EBIT as a % of Revenues</i>	8.6	11.5		8.9	10.6	
EBITDA	20,465	25,819	(20.7)	66,449	70,084	(5.2)
<i>EBITDA as a % of Revenues</i>	12.5	15.3		12.4	14.5	
Consolidated net result	8,407	10,472	(19.7)	28,465	19,476	46.2
<i>Net result as a % of consolidated revenues</i>	5.1	6.2		5.3	4.0	
Orders Received ²⁾	133,126	196,918	(32.4)	498,165	526,497	(5.4)
Order Book ³⁾				151,424	196,837	(23.1)

¹⁾ The 2011 YTD EBIT and EBITDA numbers are normalised for EUR 11 mln one-off costs for pension related issues

²⁾ Included are the service revenues

³⁾ Corrected for Q3 2011 with EUR (7.3) m

Cash flows

Cash generated from operating activities, before interest & tax	13,704	22,330		37,002	43,821
Net cash from (to) operating activities	9,359	17,489		23,859	28,659
Investing activities	(9,835)	(6,924)		(26,036)	(17,765)
Financing activities	(5,843)	(8,232)		(15,434)	(40,789)
Net cash flow	(6,319)	2,334		(17,611)	(29,895)

Financial position

Net Interest Bearing Debt			261,065	243,348
Operational working capital ⁴⁾			127,887	83,331

⁴⁾ Third party Debtors, Inventories, Net Work in Progress and Third party Creditors.

Key ratios

Current ratio			1.4	1.2
Quick ratio			0.8	0.8
Number of outstanding shares			731,364	735,569
Market cap. in millions of Euros based on exchange rate at end of period			613.9	540.2
Return on equity			9.9%	7.3%
Earnings per share in euro cents	1.15	1.42	3.91	2.65
Leverage ⁵⁾			2.76	2.53

⁵⁾ Net Interest Bearing Debt / Normalised LTM EBITDA

Markets

Food processors are experiencing uncertain times due to the global economical situation and fluctuations in feed prices. However, the protein consumption is expected to grow at a steady rate over the next two decades. As an example, the poultry segment is estimated to grow by 60% from 2010 to 2030 according to a recent industry report³⁾. The report also states that consolidation is expected to continue among food processors. As a major single source supplier of equipment to poultry, meat and

³⁾ Industry report by Rabobank.

fish industries, this may benefit Marel. Of the world's 20 largest meat and poultry processors, nearly all are Marel customers with whom Marel expects to grow. Companies from emerging markets are growing fast and due to its geographical spread Marel is well placed to serve increased demand in those markets.

Below is a performance overview of Marel's four core industry segments: poultry, fish, meat and further processing.

Poultry: In general we see further good growth in emerging markets such as Saudi Arabia, Russia and China while we are seeing slowdown in Europe and Brazil. The US market is anticipated to pick up in the near future. Many processors may start their new book year in the fourth quarter with increased readiness to invest. Major orders of this quarter include an important green field project in Russia including our solutions for entire processes from live bird handling until grading, packing and labelling. Another important order for fresh value added products was concluded in Saudi Arabia. Innovative products, such as the new "IRIS" computer vision system for quality inspection of whole birds was well received as a test series and the AeroScalder won the EuroTier Golden innovation award.

Fish: In general the global fish industry is enjoying solid growth. Third quarter has been busy in the fish segment of Marel with large installations in salmon and whitefish as well as onboard systems. Marel is in the process of installing state of the art installations in emerging markets. These projects will function as reference plants in these markets. In addition, many customers have placed orders for standalone units and smaller process lines in order to have the equipment installed in time for the Christmas season. The outlook for the remainder of the year remains good and activity level of 2012 will likely be at a similar level as in 2011 in the Fish Industry Center of Marel.

Meat: Third quarter continued to pose challenges to the meat industry. Marel's customers compete on thin margins globally. In Europe economic uncertainty continues, while in North America low product prices combined with high grain prices have had negative effects. As a result investment decisions have been postponed. Interest remains high for our unique Streamline concept and we experience more interest in our Trim Management System, a unique approach for measuring the Chemical Lean point of pork or beef trim, and allocating this to a pre-determined destination. In July, we received a substantial order from Finland for two beef Streamline systems. Activity looks promising for fourth quarter with more solid projects on the horizon than during three previous quarters of this year.

Further processing: The project volume is adequate with sufficient projects in the pipeline and several in the final stages. In the first half of 2012 the 0-series ModularOven 700 was set up in our factory allowing realistic testing, training sessions and customer demonstrations. We see strong interest in the product and expect orders in the fourth quarter. The first ModularOven 700 has been sold and is soon to be delivered as a part of a complete line for a customer in Eastern Europe and the second one for a customer in North America. The new Further Processing building in Boxmeer had its grand opening 14 September and is fully operational.

Innovation

Innovation is in the DNA of the Marel organisation. For many years, the poultry industry has been looking for better alternatives to the well-known hot water immersion scalding. Marel's new innovative AeroScalder system has received the 2012 EuroTier Golden Innovation Award. The AeroScalder, which will be officially launched at the upcoming EuroTier show in Hannover in November, uses moisturised

hot air, so immersion of broilers in scalding water is not needed anymore. Additional benefits for Marel's customers are up to 75% water reduction and up to 50% energy saving.

Throughout the years, Marel has introduced a large number of new poultry processing solutions to the market. Many of them have become a benchmark for the poultry industry. The innovative solutions bring poultry processors improvements in the areas of higher yields, process control, food safety and sustainability. Anton de Weerd, Managing Director of Marel's Poultry Industry Center: "It is our goal that our customers are able to distinguish themselves. We are convinced that developing innovative products is the best way to support our customers. Winning this award is a great confirmation of the potential of the AeroScalder. I thank everybody who contributed to this great new solution."

Operational excellence

Cost efficiency

The Company will continue to maintain a strict focus on rationalisation, manufacturing efficiency and costs. There are many ongoing projects which aim at streamlining the business and reducing the Company's cost base in a sustainable manner despite further growth in line with strategic goals.

Cash flow

Operational cash flow before interest and tax was positive at 13.7 million, compared to 22.3 million in Q3 2011. The decrease is a result of less down payments in relation to orders received in the last quarter. Apart from this, the operational working capital is moderately growing, stemming from the growth of the Company which is YTD 10.6% as previously stated.

Finance

The balance sheet is solid and net interest-bearing debt amounted to 261 million at the end of Q3, or at similar level as in the last quarters. The business remains well invested, and there has been some expansion of facilities, such as the new Further Processing Facilities in Boxmeer, and equipment in order to allow further growth. Continued focus has been on decreasing the cash in the balance sheet to reduce interest cost. The cash is now at an optimal level of 13.4 million. The cash pooling implementation has enabled Marel to reach this goal.

Supreme Court ruled in favour of Marel

As announced on 27 September 2012 the Supreme Court of Iceland ruled in favour of Marel in the case Glitnir bank hf. brought against Marel hf. to resolve a dispute regarding the settlement of derivative agreements from 2006. The effect of this verdict is that the risk of this contingent liability has now been eliminated, having no financial impact on the Company.

Outlook

Marel has revised its operating profit target for the full year 2012 as the Company expects that it will be around 9%. However, Marel remains optimistic that long-term conditions will be favourable and keeps its performance target of 10-12% for the year 2013. Notwithstanding the uncertainties in the world economy, reports project a steady moderate growth in the food industry. Marel views the fish and poultry industries at a good level, whereas conditions in the meat industry will continue to be more difficult. It should be kept in mind that results may vary from quarter to quarter due to general economic developments, fluctuations in orders received and deliveries of larger systems.

Presentation of results, 25 October 2012

Marel will present its results at an investor meeting on Thursday, 25 October, at 8:30 am (GMT), at the Company's headquarters at Austurhraun 9, Gardabaer. The meeting will also be webcast at www.marel.com/webcast.

Publication days of the Consolidated Financial Statements in 2012 and 2013 and the Annual General Meeting 2013

Publication dates of the Financial Statements for 2012 have been revised as follows:

- 4th quarter 2012 5 February 2013
- Annual General Meeting 6 March 2013

Publication dates of the Financial Statements for 2013:

- 1st quarter 2013 22 April 2013
- 2nd quarter 2013 24 July 2013
- 3rd quarter 2013 23 October 2013
- 4th quarter 2013 5 February 2014

Release of financial statements will take place after market closing at abovementioned dates.

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About Marel

Marel is the leading global provider of advanced equipment, systems and services to the fish, meat and poultry industries. With offices and subsidiaries in more than 30 countries and a global network of more than 100 agents and distributors, we work side-by-side with our customers to extend the boundaries of food processing performance. Advance with Marel for all your processing needs.

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 is 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.