

Marel Q3 2015 Results (All amounts in EUR)

Strong order intake and robust operational performance

- Revenue for Q3 2015 totaled 189.1m [Q3 2014:187.9m].
- Adjusted EBITDA* for Q3 2015 was 31.6m or 16.7% of revenue [Q3 2014: 25.9m]. EBITDA was 29.7m or 15.7% of revenue [Q3 2014: 24.6m].
- Adjusted EBIT* for Q3 2015 was 24.2m or 12.8% of revenue [Q3 2014: 17.4m]. EBIT was 22.2m or 11.7% of revenue [Q3 2014: 16.1m].
- Net result for Q3 2015 was 14.7m [Q3 2014: 9.8m]. Earnings per share were 2.07 euro cents in Q3 2015 compared with 1.34 euro cents in Q3 2014.
- Cash flow from operating activities before interest and tax was 29.7m [Q3 2014: 29.7m]. Net interest bearing debt was 150.3m [Q3 2014: 191.3m].
- The order book was at 187.7m at the end of the quarter compared with 165.9m at the end of Q2 2015 [Q3 2014: 169.2m].

Order intake was strong in Q3 at 211 million. The order intake is well balanced geographically and consists of medium and large size greenfield projects with good growth in the modernization and maintenance business.

Revenue in the first nine months of the year was 617 million and adjusted EBIT 78 million (12.6%) compared with revenues of 513 million and adjusted EBIT of 33 million (6.4%) for the same period last year. Revenues in 2014 include 30 million low margin operations that were sold or discontinued early in 2015. Cash flow and operational performance is strong leading to net debt/EBITDA at 1.1 at the end of the quarter.

A commercially strong product portfolio and focused market approach together with tailwind in the market has driven strong revenue growth in recent quarters. Near term it is expected that market conditions will normalize after a period of strong growth. The industry that Marel operates in has a history of 4-6% annual growth and it is expected that average annual growth will remain at that level in the long term. Marel's aim is to sustain above market growth by leveraging its market presence and with continuous investments in innovation.

Arni Oddur Thordarson, CEO:

"Marel had an excellent third quarter with strong order received and robust operational performance. We have focused our product portfolio and optimized our manufacturing footprint leading to more dynamic and cost efficient operations that is delivering those results. I would specially want to thank our great team for their dedication and commitment in reshaping the business at the same time as we are focused on serving the customers' needs better than ever.

With a focused market approach and strong product portfolio, Marel has achieved 6% annual organic revenue growth after the acquisition of Stork Food Systems in 2008. At the same time earnings per share have grown by 20% annually. This was achieved during turbulent times in world economy reflecting Marel's strength and future potential.

The Marel team is committed to making food production more sustainable and cost effective. The goal is always the same; to increase customer and shareholder long-term value".

*Before refocusing cost

Key figures from Marel's operations in thousands of EUR

	Quarter 3 2015	Quarter 3 2014	Change in %	Quarter 3 2015 YTD	Quarter 3 2014 YTD	Change in %
Revenues	189.106	187.931	0,6	616.689	512.536	20,3
Gross profit before refocusing costs	73.923	67.372	9,7	239.651	180.384	32,9
Gross profit before refocusing costs as a % of Revenues	39,1	35,8		38,9	35,2	
Result from operations before refocusing costs (EBIT)	24.166	17.409	38,8	77.662	32.720	137,4
EBIT before refocusing costs as a % of Revenues	12,8	9,3		12,6	6,4	
EBITDA before refocusing costs	31.636	25.912	22,1	105.727	55.544	90,3
EBITDA before refocusing costs as a % of Revenues	16,7	13,8		17,1	10,8	
Refocusing costs	(1.960)	(1.296)		(10.675)	(12.035)	
Result from operations (EBIT)	22.206	16.113	37,8	66.987	20.685	223,8
EBIT as a % of Revenues	11,7	8,6		10,9	4,0	
EBITDA	29.686	24.616	20,6	97.214	45.709	112,7
EBITDA as a % of Revenues	15,7	13,1		15,8	8,9	
Net result	14.698	9.841	49,3	46.834	8.736	436,1
Net result as a % of revenues	7,8	5,2		7,6	1,7	
Order Intake ¹⁾	210.940	200.747	5,1	629.581	549.340	14,6
Order Book				187.722	169.242	10,9

¹⁾ Included are the service revenues.

Cash flows	Quarter 3 2015	Quarter 3 2014	Quarter 3 2015 YTD	Quarter 3 2014 YTD
Cash generated from operating activities, before interest & tax	29.660	29.729	92.889	69.533
Net cash from (to) operating activities	25.286	26.617	73.816	58.572
Investing activities	(4.904)	(5.314)	(7.021)	(24.398)
Financing activities	(13.760)	(14.808)	(1.340)	(30.538)
Net cash flow	6.622	6.495	65.455	3.636

Financial position

Net Interest Bearing Debt	(150.294)	(191.308)
Operational working capital ²⁾	81.144	78.068

²⁾ Third party Debtors, Inventories, Net Work in Progress and Third party

Key ratios

Current ratio			1,4	1,2
Quick ratio			1,0	0,7
Number of outstanding shares			703.850	732.032
Market cap. in millions of Euros based on exchange rate at end of period			1.033,0	503,9
Return on equity	13,6%	9,3%	14,5%	2,7%
Earnings per share in euro cents	2,07	1,34	6,51	1,19
Leverage adjusted for refocusing costs ³⁾			1,12	2,75

³⁾ Net Interest Bearing Debt / LTM EBITDA

Simpler, Smarter, Faster refocusing program

The two year Simpler, Smarter, Faster program is fully on track and nearing its completion date at year-end 2015. The program focuses on simplifying the company's market approach to better serve customer needs and on streamlining operations to increase quality and efficiency in the company, while lowering the recurring cost base. Marel has streamlined its operations and focused its product portfolio leading to the discontinuation of low margin business that accounts for 30 million revenue annually and is, since Q2 2015, not included in the accounts.

From the beginning of the refocusing program, taking into account the proceeds from sales of operations, the total cash-out cost of the refocusing program is estimated at 14 million, with 30 million P/L effect for the same period, thereof 2 million in Q3 2015. The refocusing cost in Q3 2015 is due to ongoing manufacturing optimization and the transfer of manufacturing activities from Des Moines to Gainesville in the U.S. and from Bornholm to Aarhus in Denmark; these activities are expected to be finalized before year-end.

The total cash-out costs related to refocusing actions are estimated to remain under 25 million over the total refocusing period.

Markets

Market conditions in Marel's main markets remained good during Q3 2015, resulting in strong order intake during the quarter. Marel's poultry segment showed excellent operational performance, while the meat and fish segments showed good operational improvements. Marel is currently refocusing and investing in the further processing segment to support poultry, meat and fish customers in further value creation to return healthy future profitability.

Poultry

Marel's poultry segment had a very good first nine months of the year, with strong operational profit margins and volumes. The poultry segment generated 337 million in revenue and adjusted EBIT of 60 million (17.8% of revenue) in the first nine months of 2015. Market conditions in poultry remained favorable in Q3. Projects during the quarter were well distributed geographically and between different product types and sizes, including large projects in Germany and Italy. The quarter also saw the segment's first sale to Senegal, reflecting Marel's growing presence in West Africa.

During the quarter, Marel's poultry segment participated in exhibitions in Poland, Ecuador and Brazil, where Marel presented its latest innovative solutions for the poultry industry.

Fish

Marel's fish segment continues on track both in the whitefish and salmon divisions. The fish segment generated 104 million in revenue and adjusted EBIT of 9.7 million (9.3% of revenue) in the first nine months of 2015. Market conditions in salmon remain favorable, particularly in Scandinavia and the U.K., where producers are benefitting from improving margins. Conditions for whitefish are also positive and are expected to continue to improve. The FleXiCut Waterjet cutter continues to impress customers and has generated considerable attention following successful development projects in Iceland.

During the quarter, Marel's fish segment exhibited its latest solutions and equipment for the fish industry at several international events. At AquaNor in Norway the highlight was the revolutionary MS2730 salmon filleting machine with back and belly trim tools. The I-Cut 130 portion was on display at the VietFish exhibition in Vietnam. The VietFish exhibition led to a breakthrough sale into the pangasius segment in Vietnam.

Meat

Marel's meat segment generated 91 million in revenue and adjusted EBIT of 8.4 million (9.2% of revenue) in the first nine months of 2015, which is a significant improvement compared to previous years.

During the quarter, Marel's meat segment secured good order intake with good product and geographical mix. A landmark order was secured in Mexico during the quarter and a deboning project was sold to China.

It is expected that product mix will lead to a lower profitability in Q4 than what is seen year-to-date in Marel's meat segment.

Further Processing

Marel's further processing segment generated 76 million in revenue with negative adjusted EBIT of 2 million (-2.6% of revenue) in the first nine months of 2015. Profitability is expected to be at a low level in the coming quarters.

During the quarter, further processing held a successful event in its demo center in Boxmeer where four different product lines were exhibited to over 150 customers.

Marel is currently refocusing and investing in the further processing segment to support poultry, meat and fish customers in further value creation to return healthy future profitability in the further processing segment for Marel. Innovation efforts will be stepped up and further streamlining will take place in order to increase profitability going forward.

Financial items

Cash flow

Operational cash flow before interest and tax is 29.7 million for Q3 2015 or at the same level as in Q3 2014. Total operating working capital stayed flat during the quarter and slightly increased compared to year-end 2014 due to an increase in business volume, timing of delivery and payment of orders. Marel returned a healthy cash flow from its operations.

In Q3 2015, Marel acquired 10.0 million treasury shares for a total amount of 13.8 million. This purchase was made after the Board of Directors of Marel hf. authorized management to purchase up to 25 million own shares to be used as payment for potential future acquisitions, per the company's announcement on April 29, 2015. The authorization has now been fully utilized. Marel now holds 31.7 million treasury shares. There are 11.4 million outstanding stock options at the end of Q3 2015.

Financing

The balance sheet is healthy and net interest bearing debt amounts to 150.3 million in Q3 2015, compared with 191.3 million in Q3 2014. Strong EBITDA and cash flow results in a total net leverage ratio of 1.1 at the end of Q3 2015 compared to 1.2 at the end of Q2 2015 and 2.1 at the end of Q4 2014.

The strong financial position with net debt/EBITDA at 1.1 enables Marel to further stimulate growth and strengthen its competitive position.

Outlook

A commercially strong product portfolio and focused market approach together with tailwind in the market has driven strong revenue growth in recent quarters. Near term it is expected that market conditions will normalize after a period of strong growth. The industry that Marel operates in has a history of 4-6% annual growth and it is expected that average annual growth will remain at that level in the long term. Marel's aim is to continue to grow faster than the market by leveraging its market presence and with continuous investments in innovation.

In the mid- and long-term, the company believes its innovative products and global presence in all segments will secure good growth and increased profitability. Results may vary from quarter to quarter due to general economic developments, fluctuations in orders received and deliveries of larger systems.

Presentation of results, October 29, 2015

Marel will present its results at an investor meeting on Thursday, October 29, at 8:30 am (GMT), at the Company's headquarters at Austurhraun 9, Gardabaer. The meeting will also be webcasted at marel.com/webcast.

Publication days of Consolidated Financial Statements in 2016

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|--------------------------------|------------------|
| ▪ 4 th quarter 2015 | February 3, 2016 |
| ▪ 1 st quarter 2016 | April 25, 2016 |
| ▪ 2 nd quarter 2016 | July 27, 2016 |
| ▪ 3 rd quarter 2016 | October 26, 2016 |
| ▪ 4 th quarter 2016 | February 1, 2017 |

Release of financial statements will take place after market closing on the aforementioned dates.

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