

# Q4 and Annual Results 2012 Presentation

Theo Hoen, CEO

Erik Kaman, CFO

*February 6, 2013*



**STORK**  
POULTRY PROCESSING

**TOWNSEND**  
FURTHER PROCESSING

**marel**

**Theo Hoen**

CEO

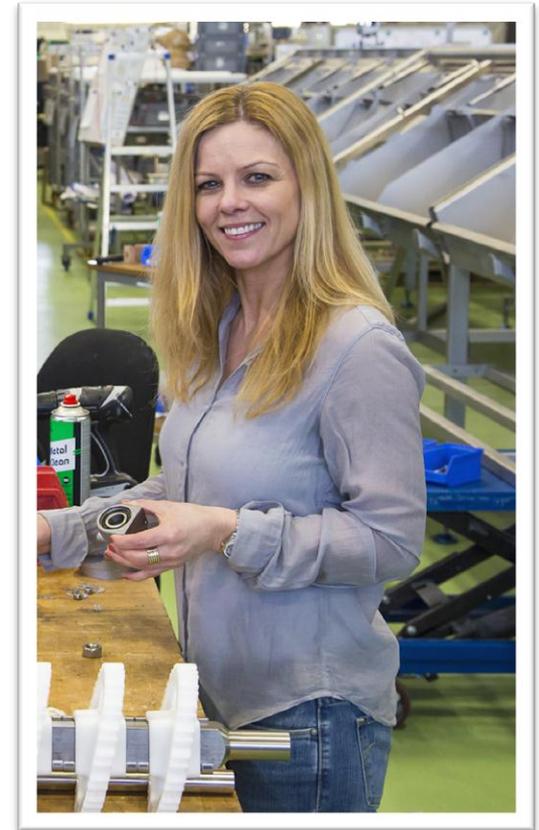


- 1** Introduction
- 2** Financial results
- 3** Outlook



## Healthy growth in a challenging market

- Revenues grew by 6.8%
  - Solid turnover from projects but standard equipment lagging behind
- EBIT below target at 8.6%
  - Challenging economic conditions and higher feed prices affecting customers
- Back on track in 2<sup>nd</sup> half of 2013
  - When established markets have recovered
- Excellent long-term outlook
  - Innovation and global presence drivers for strong organic growth



*Marel owes thanks to the commitment of its people*

## Marel chosen supplier of the year at IPPE in Atlanta

- "Marel's support for AMI, its members and the larger meat and poultry processing industry is truly remarkable.

"Marel's team members work as our partners, helping us to achieve our business goals.

"For these reasons, the company is truly deserving of the Supplier of the Year Award."

- AMI Chairman Nick Meriggioli,  
President of Kraft Foods, Inc. /  
Oscar Mayer



# Erik Kaman

CFO



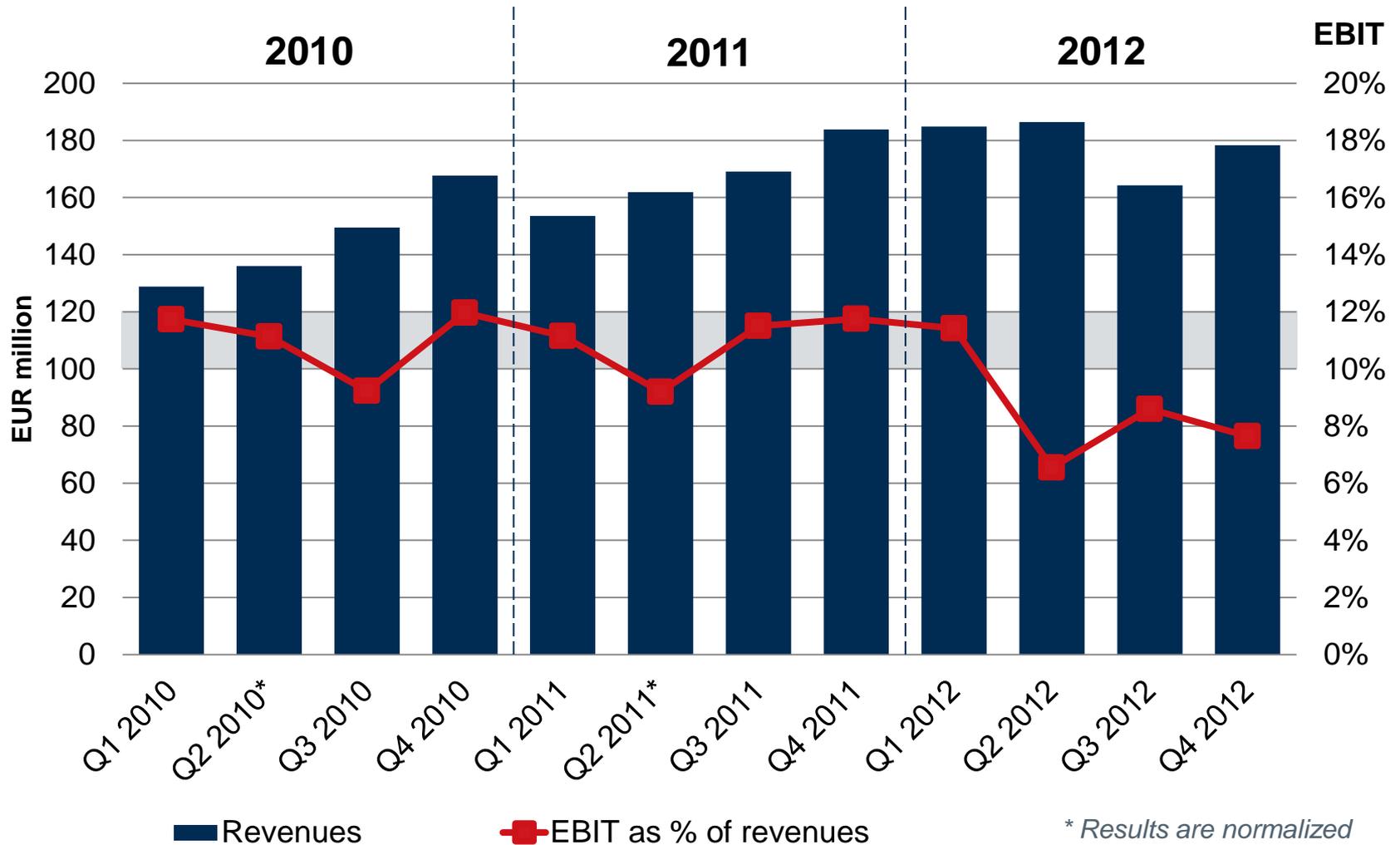
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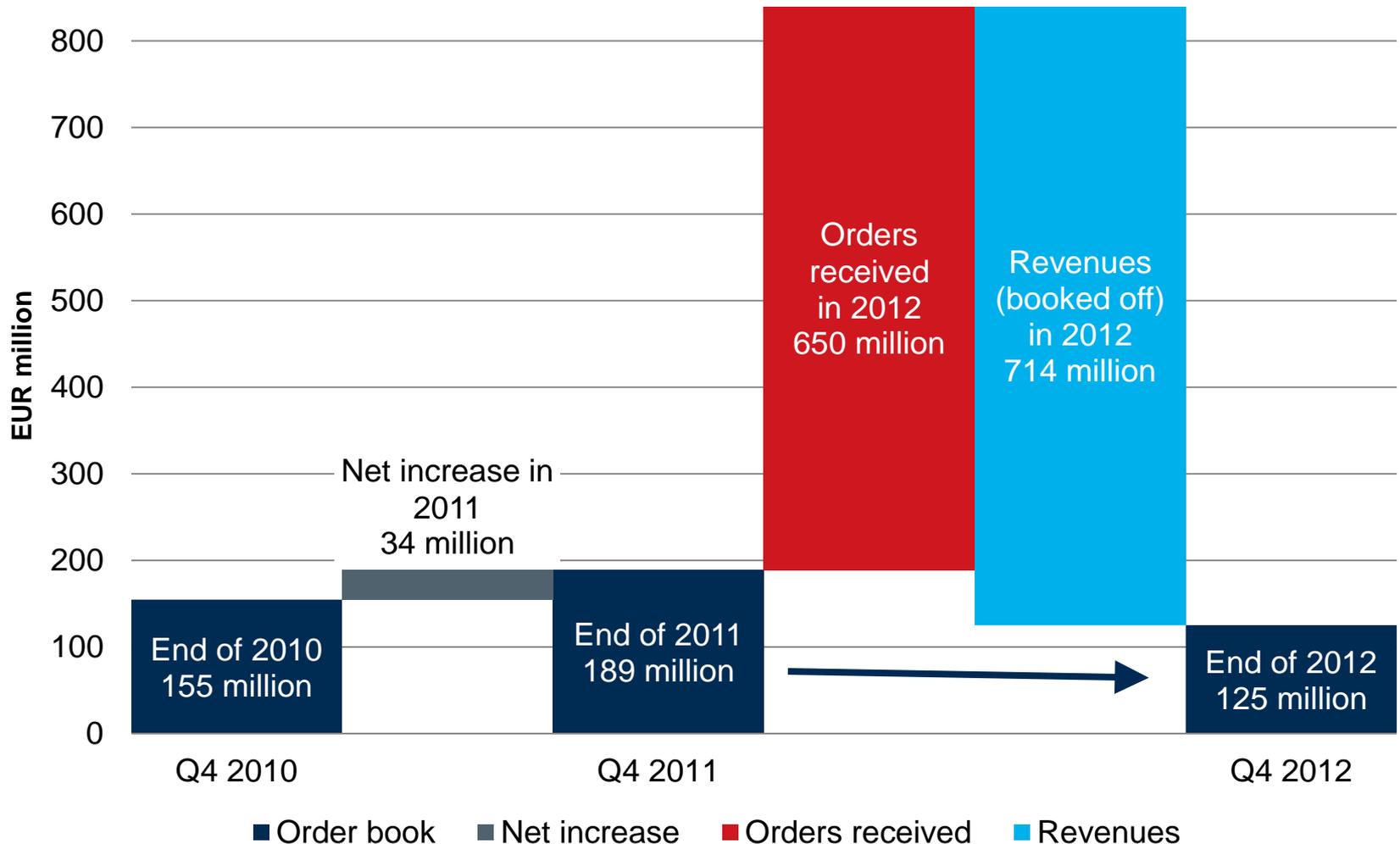
## Business results

<i>EUR thousands</i>	<b>Q4 2012</b>	<b>Q4 2011</b>	<b>YTD 2012</b>
Revenues .....	178,363	183,903	713,960
Gross profit .....	60,086	69,798	249,226
<i>as a % of revenues</i>	33.7	38.0	34.9
Result from operations (EBIT) .....	13,632	21,620	61,081
<i>as a % of revenues</i>	7.6	11.8	8.6
EBITDA .....	19,527	27,908	85,963
<i>as a % of revenues</i>	10.9	15.2	12.0
Orders received (including service revenues)	152,329	175,922	650,493
Order book .....	125,390	188,856	125,390

## Development of business results



## Orders received increased in Q4, but revenues were even higher



## Condensed consolidated balance sheet

### ASSETS

EUR thousands

#### Non-current assets

	31/12 2012	31/12 2011
Property, plant and equipment .....	108,034	108,088
Goodwill .....	379,984	380,419
Other intangible assets .....	112,779	100,073
Investments in associates .....	-	109
Receivables .....	2,584	3,115
Deferred income tax assets .....	7,988	11,567
	611,369	603,371

#### Current assets

Inventories .....	99,178	99,364
Production contracts .....	40,163	38,046
Trade receivables .....	70,816	77,497
Assets held for sale .....	-	555
Other receivables and prepayments .....	27,657	28,051
Cash and cash equivalents .....	15,945	30,934
	253,759	274,447

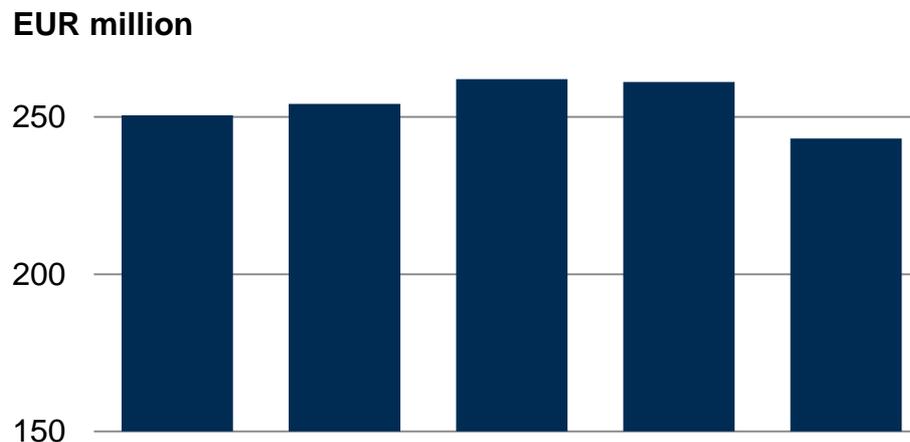
### Total assets

865,128	877,818
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## Condensed consolidated balance sheet (continued)

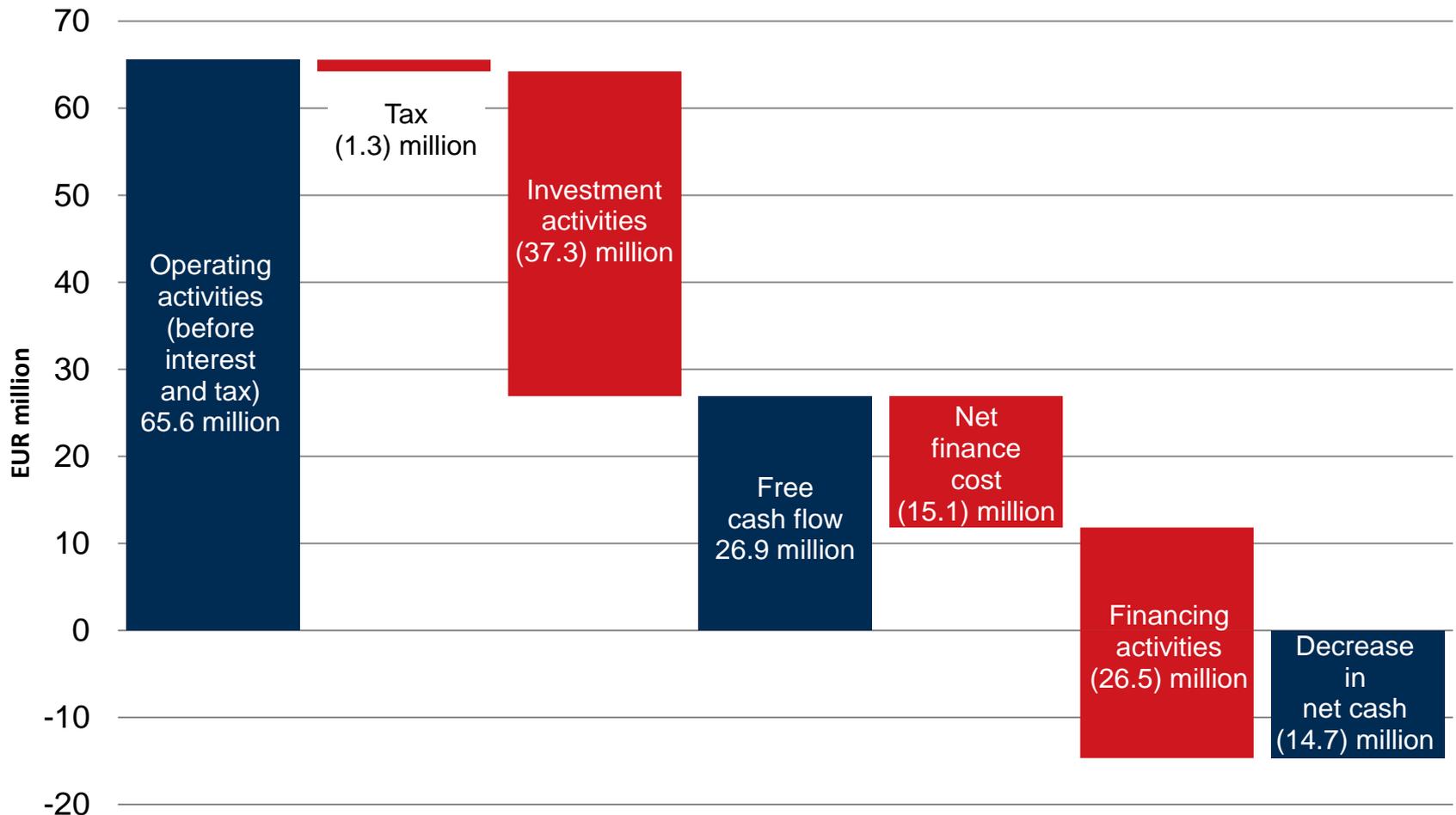
<b>EQUITY</b>	<b>31/12 2012</b>	<b>31/12 2011</b>
<i>EUR thousands</i>		
<b>Total equity</b>	<b>403,748</b>	<b>373,471</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings .....	239,747	254,361
Deferred income tax liabilities .....	11,194	8,705
Provisions .....	4,941	6,902
Derivative financial instruments .....	10,815	12,419
	<u>266,697</u>	<u>282,387</u>
<b>Current liabilities</b>		
Production contracts.....	43,847	64,029
Trade and other payables .....	125,417	125,570
Current income tax liabilities .....	3,090	2,293
Borrowings .....	19,440	27,062
Provisions .....	2,889	3,006
	<u>194,683</u>	<u>221,960</u>
<b>Total liabilities</b>	<b>461,380</b>	<b>504,347</b>
<b>Total equity and liabilities</b>	<b><u>865,128</u></b>	<b><u>877,818</u></b>

## Net interest bearing debt reduced by EUR 7 million in 2012



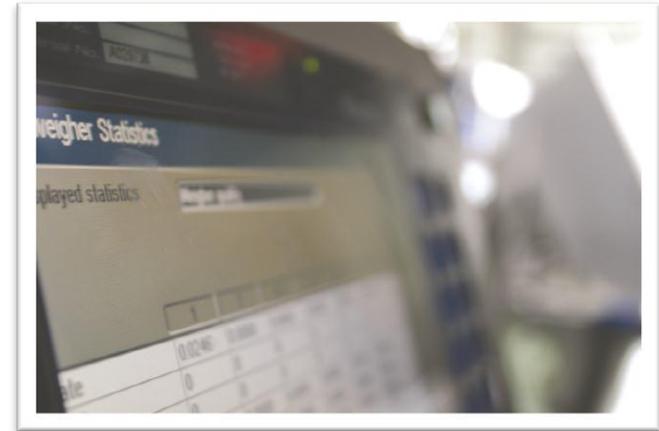
End of quarter in EUR million	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Change since Q4 2011
Non-current borrowings	254.3	267.0	262.8	255.0	239.7	(14.6)
Current borrowings	27.1	19.4	19.5	19.5	19.4	(7.7)
<b>Total borrowings</b>	<b>281.4</b>	<b>286.4</b>	<b>282.3</b>	<b>274.5</b>	<b>259.1</b>	<b>(22.3)</b>
Cash and equivalents	30.9	32.2	20.3	13.4	15.9	(15.0)
<b>Net interest bearing debt</b>	<b>250.5</b>	<b>254.2</b>	<b>262.0</b>	<b>261.1</b>	<b>243.2</b>	<b>(7.3)</b>

## 2012 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
  - 2010: 20.7%
  - 2011: 20.0%
  - 2012: 20.6%
- Improving *working capital* parameters
  - Inventory turn rate (ITR)
  - Days sales outstanding (DSO)
  - Days payable outstanding (DPO)



*Product traceability, performance monitoring of individual operations, and data collection for continuous process improvements, are among the benefits that customers get by choosing Innova enabled equipment from Marel.*

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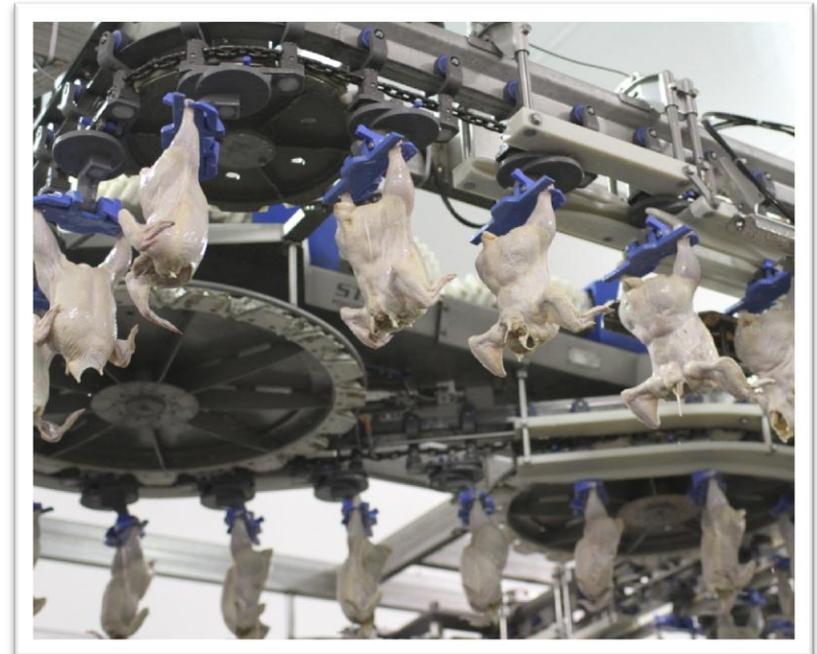


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## Poultry: an excellent year

- Ongoing consolidation in Europe
- China presence strengthened
- High feed prices in the US and Brazil
  - Signs of recovery in the US confirmed at IPPE in Atlanta
- Highlights of the quarter
  - AeroScalder awarded at EuroTier
  - Greenfield projects in Norway, Turkey and the UK



*SmartWeigher combines Marel's valuable knowledge of accurate weighing with decades of experience in the poultry industry*

## Fish: busy last quarter ends a year of strong growth

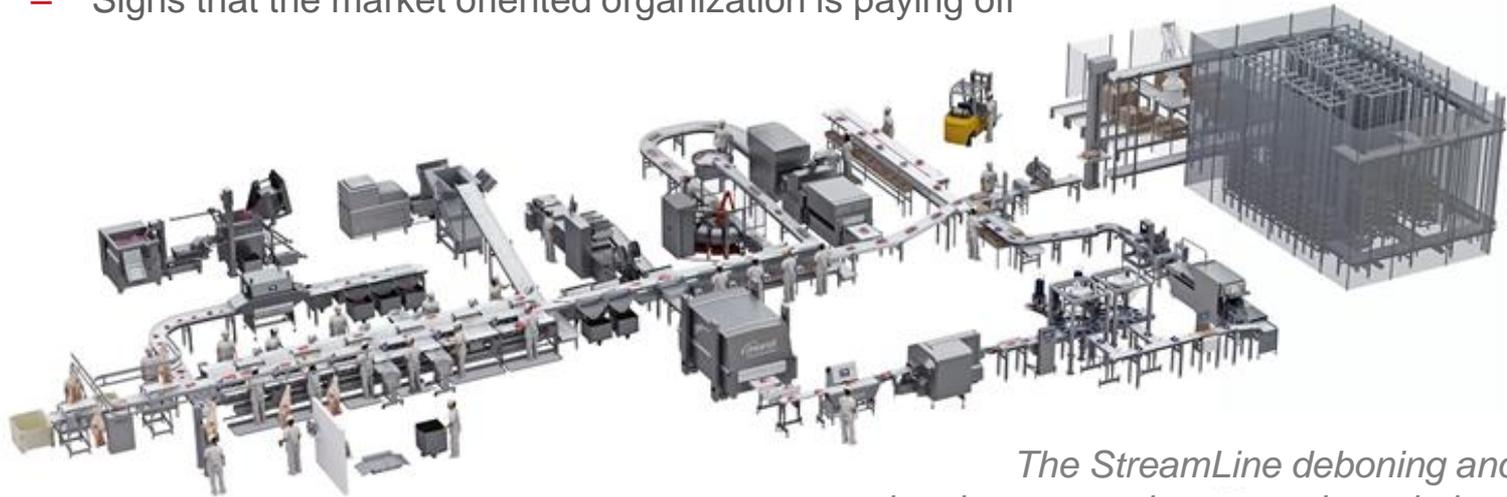
- Increased supply putting pressure on processors
  - Calling for increased automation
- Reference plants for farmed fish in Latin America and China
- New filleting machine a success
- Highlights of the quarter
  - The largest single sale in Central America to date in Costa Rica
  - Marel's first portioning and robot loading system for a salmon plant in Norway



*Installations in Q4 include a tilapia processing line in Costa Rica*

## Meat: signs of a turnaround

- Overall performance in 2012 was not good
- Customers competing on thin margins
  - Has hampered new investments in the US and Europe
- Increased activity in Asia and South America during the latter half of the year
- Highlights of the quarter
  - Five major beef processing systems sold to processors in Australia, Ireland, China, Chile and Mexico
  - Signs that the market oriented organization is paying off



*The StreamLine deboning and trimming system is among the solutions Marel offers customers to optimize their performance*

## Further processing: leadership position maintained

- High number of start-ups in South America, Eastern Europe and the Far East
- Increased demand for co-extrusion equipment
- Customers expanding operations with new solutions such as the new ModularOven
- Highlights of the quarter
  - Complete lines in Eastern Europe
  - New American factory in China supplying quick serve restaurants
  - Full house at Marel's Coating Event in November

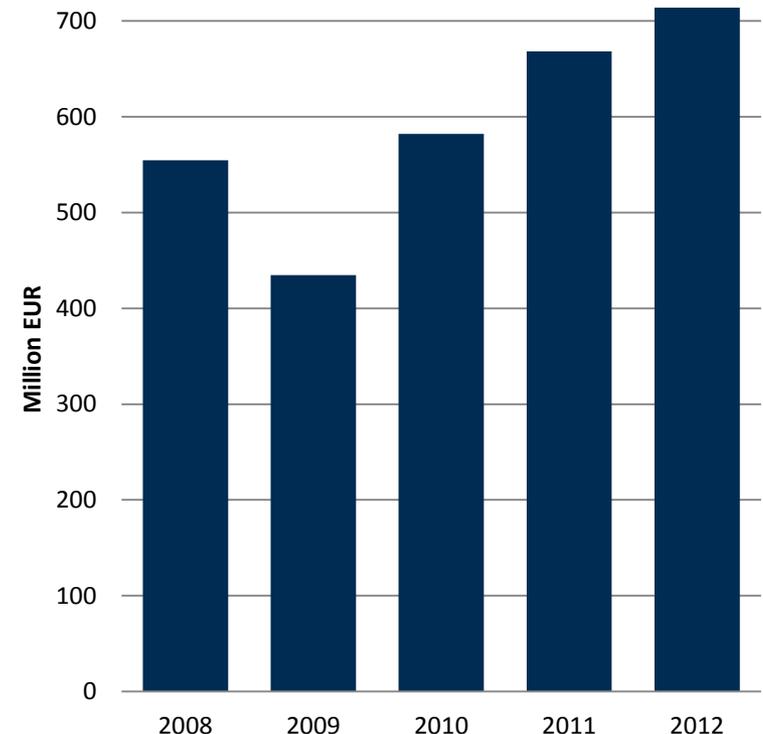


*The RevoPortioner – now available with belt widths up to 700mm – is gaining ground in the important Chinese market*

## What have we achieved in the last four years?

- Strong revenue growth
  - Compounded annual average growth rate of 6.5%
- Strong results
  - 8 quarters in our target range
- Net debt greatly reduced
  - 136 million reduction since 2008
- Long-term refinancing secured
  - All loans now in EUR and USD

### Normalized pro-form revenues from core business



*Graph of the revenues growth of our core activities*

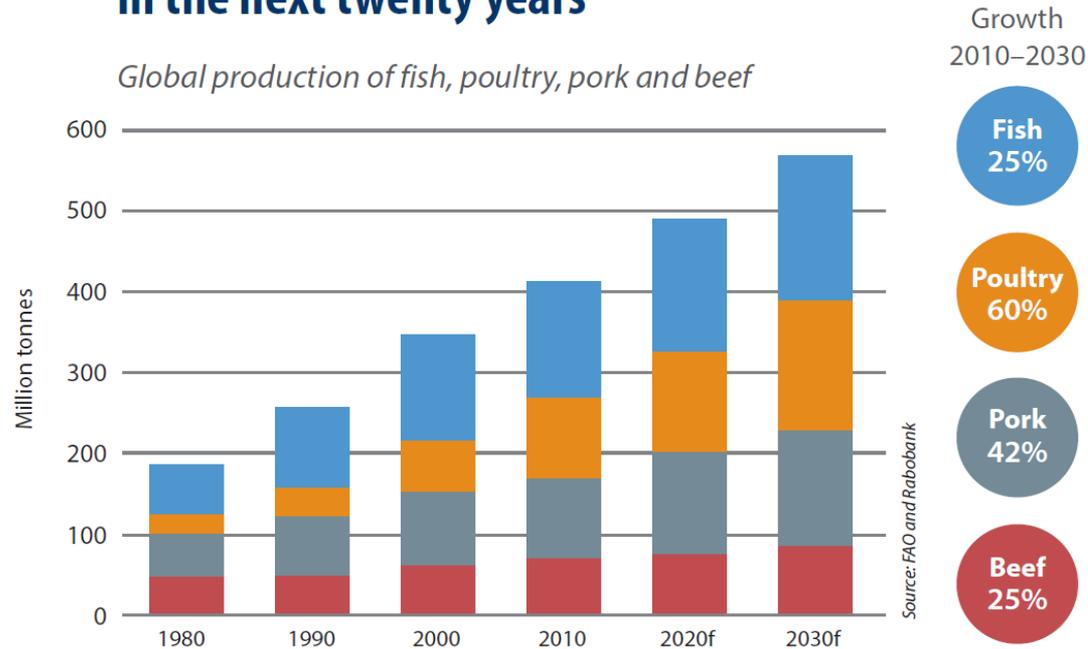
## We have kept to our strategy

- We strengthened our **global sales network** and now have more than 30 sales and service offices worldwide
- We have established a **strong position in emerging markets** such as China and Brazil
- We have **kept on investing 5-7% in R&D** which has created a great product portfolio for now and the future
- We have created **one company focused on four key markets**



## Favorable outlook for the mid-term and long-term future

### 40% increase in protein production in the next twenty years



- Continuing growth in protein consumption drives our market
- ➔ Marel's strategic position is a key factor in outperforming the market

## Q & A

Theo Hoen, CEO  
Erik Kaman, CFO



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

