

Marel Q1 2017 results

(All amounts in EUR)

Q1 2017 – Robust order intake and solid operational performance

- Revenue for Q1 2017 totaled 252.5m [Q1 2016: 220.6m]. On a pro forma basis, revenue in Q1 2016 was 233.9m.
- EBITDA for Q1 2017 was 46.0m or 18.2% of revenue [Q1 2016: EBITDA 38.2m or 17.3% of revenue]. Pro forma EBITDA in Q1 2016 was 42.5m or 18.2% of revenue.
- EBIT* for Q1 2017 was 37.7m or 14.9% of revenue [Q1 2016: EBIT* 31.1m or 14.1% of revenue]. Pro forma EBIT* in Q1 2016 was 35.2m or 15.1% of revenue.
- Net result for Q1 2017 was 21.3m [Q1 2016: 13.8m]. Basic earnings per share were 2.99 euro cents in Q1 2017 [Q1 2016: 1.93 euro cents].
- Cash flow from operating activities before interest and tax in Q1 2017 was 37.9m [Q1 2016: 27.9m]. Net debt/EBITDA was x2.19 at the end of Q1 2017.
- The order book was at 390.3m at the end of Q1 2017 compared with 349.5m at the end of Q4 2016 [Q1 2016: 339.9m].

Marel started the year on a strong note. Order intake was robust at 293 million in the quarter. The order intake was well balanced between industries, products and geographies. The order book is at an all-time high of 390 million compared to 340 million at the same time last year. Revenue was 252 million with 14.9% EBIT*.

Cash flow and operational performance were strong. In Q1, Marel declared a dividend and purchased own shares in the amount of 22.1 million. Net debt/EBITDA was x2.19 at the end of the quarter, which is within the range of the targeted capital structure.

Marel has secured an extension to and amendments of its long term financing at favorable terms and conditions reflecting its financial strength and current market conditions. The all senior loan facilities are approximately 640 million EUR with initial interest terms EURIBOR/LIBOR +185 bps that will vary in line with Marel's leverage ratio (Net debt/EBITDA) at the end of each quarter. The final maturity is in May 2022. This provides Marel with increased strategic and operational flexibility to support the ambitious growth plan introduced at Marel's Annual General Meeting in March 2017.

Arni Oddur Thordarson, CEO:

"2017 started on a strong note for Marel with increased revenue, operational profit and order intake. Organic revenue growth between years is 8% with a solid EBIT* nearing 15% of revenue.

We are now reaping the benefits of ongoing investments in innovation and strengthening of our full line offering. Order intake is robust and well balanced between poultry, meat and fish around the globe.

Marel's cash flow and financials are strong. We are pleased to announce an extension to and amendments of our financing agreement which provides us with increased operational and strategic flexibility to support our ambitious growth plan.

I would like to thank our customers and employees for their engagement and good cooperation. Together we are transforming the way food is processed."

Key figures from Marel's operations in thousands of EUR

Proforma figures ¹⁾	Quarter1	Quarter1	Change in %
	2017 YTD	2016 YTD	
Revenues	252.464	233.921	7,9
Gross profit	99.445	100.153	(0,7)
Gross profit as a % of Revenues	39,4	42,8	
Adjusted result from operations (EBIT) ²⁾	37.692	35.241	7,0
Adjusted EBIT as a % of Revenues ²⁾	14,9	15,1	
EBITDA	45.955	42.487	8,2
EBITDA as a % of Revenues	18,2	18,2	
Adjustment for amortization of acquisition-related intangible assets	(6.217)	(4.547)	36,7
Result from operations (EBIT)	31.475	30.694	2,5
EBIT as a % of Revenues	12,5	13,1	
Orders Received	293.188	254.080	15,4
Order Book	390.250	339.949	14,8

¹⁾ Proforma figures include MPS for the full first quarter in 2016.

²⁾ Operating income adjusted for amortization of acquisition-related intangible assets (PPA).

As per financial statements	Quarter1	Quarter1	Change in %
	2017 YTD	2016 YTD	
Revenues	252.464	220.631	14,4
Gross profit	99.445	92.607	7,4
Gross profit as a % of Revenues	39,4	42,0	
Adjusted result from operations (EBIT) ²⁾	37.692	31.123	21,1
Adjusted EBIT as a % of Revenues ²⁾	14,9	14,1	
EBITDA	45.955	38.185	20,3
EBITDA as a % of Revenues	18,2	17,3	
Adjustment for amortization of acquisition-related intangible assets	(6.217)	(4.547)	
Result from operations (EBIT)	31.475	26.576	18,4
EBIT as a % of Revenues	12,5	12,0	
Net result	21.349	13.752	55,2
Net result as a % of revenues	8,5	6,2	
Orders Received	293.188	247.380	18,5
Order Book	390.250	339.949	14,8

²⁾ Operating income adjusted for amortization of acquisition-related intangible assets (PPA).

Cash flows	Quarter1	Quarter1
	2017 YTD	2016 YTD
Cash generated from operating activities, before interest & tax	37.909	27.886
Net cash from (to) operating activities	32.718	6.335
Investing activities	(9.777)	(374.519)
Financing activities	(37.788)	306.750
Net cash flow	(14.847)	(61.434)

Financial position

Net Interest Bearing Debt	(401.395)	(486.024)
Operational working capital ³⁾	63.551	62.798

³⁾ Third party Debtors, Inventories, Net Work in Progress and Third party Creditors.

Key numbers

Current ratio	0,9	1,0
Quick ratio	0,6	0,6
Number of outstanding shares	711.526	715.466
Market cap. in millions of Euros based on exchange rate at end of period	1.927,8	1.204,8
Return on equity	16,2%	12,1%
Earnings per share in euro cents	2,99	1,93
Leverage adjusted result ⁴⁾	2,19	2,90

⁴⁾ Net Interest Bearing Debt / LTM EBITDA.

Markets

In Q1 2017, order intake was robust at 293 million. Orders are well balanced between industries, products and geographies. Large orders for customers in the poultry, meat and fish industries were secured in Asia, North-America and Europe during the quarter.

Marel is the leading global provider of advanced processing systems and services to the poultry, meat and fish industries. Marel continues to introduce a steady stream of innovative products to the market that will continue to increase the customers' value and advance food processing going forward.

Marel Poultry

Marel Poultry started 2017 on a strong note, showing solid operational profit margins and strong volume. Marel Poultry generated 135.0 million in revenue and 22.3 million EBIT (16.5% of revenue) in Q1 2017. Projects were well distributed geographically and between different products. In Q1, a Greenfield project was secured in Russia and a large order was secured in Germany. Marel is reaping the benefits of a steady flow of highly innovative solutions introduced to its markets.

Marel Meat

Q1 2017 was a strong quarter for Marel Meat with good operational margins, order intake and volume. A large Greenfield project was secured in South-Korea as well as numerous important projects worldwide. Marel's full line offering in the meat industry is well perceived by customers and various cross- and upselling sales were secured. Marel Meat generated 85.1 million in revenue and 12.7 million EBIT* (14.8% of revenue) in Q1 2017.

Marel Fish

In Q1 2017, Marel Fish continued to secure good order intake on the back of a record intake in the previous quarter. Following a strategic shift in 2016, operational results have improved. The Flexicut is now taking the first steps into the onboard and salmon segment through innovative partnerships with customers. Marel Fish generated 30.2 million in revenue and 2.0 million EBIT (6.6% of revenue) in Q1 2017.

Financial items

Cash flow and investments

The balance sheet is healthy and net interest bearing debt amounted to 401.4 million at quarter-end Q1 2017, compared to 486.0 million in Q1 2016.

Operational cash flow before interest and tax was 37.9 million for Q1 2017 compared to 27.9 million in Q1 2016. In Q1, Marel declared a dividend and purchased own shares in the amount of 22.1 million. Net debt/EBITDA is x2.19 which is within the range of the targeted capital structure.



Marel continues to invest in the business to prepare for future growth and full potential, which is in line with previous communication. Investment activities are expected to be, on average, above normalized levels for the coming period.

In Q1 2017, Marel purchased 2.5 million treasury shares for a total amount of 6.8 million in order to fulfill its obligations according to employee stock option agreements.

At the end of Q1 2017 Marel has 24.0 million treasury shares (end of Q4 2016: 21.5 million treasury shares). There are 11.8 million outstanding stock options at the end of Q1 2017.

Marel amends and extends financing facilities

Marel has secured an extension to and amendment of its long term financing at favorable terms and conditions reflecting its financial strength and current market conditions. The all senior loan facilities are approximately 640 million EUR and include a EUR 325 million revolving credit facility, a EUR 243 million term loan as well as a USD 75 million term loan. The initial interest terms are EURIBOR/LIBOR +185 bps and will vary in line with Marel's leverage ratio (Net debt/EBITDA) at the end of each quarter. The final maturity is in May 2022. This provides Marel with increased strategic and operational flexibility to support the ambitious growth plan introduced at Marel's Annual General Meeting in March 2017.

The agreement is in final documentation.

Outlook

Marel is targeting 12% average annual revenue growth in the next 10 years

- Marel's management expects 4-6% average annual market growth in the long term
- Marel aims to grow organically faster than the market, driven by innovation and market penetration
- Maintaining solid operational performance and strong cash flow supports average 5-7% revenue growth by acquisition
- Marel's management expects Earnings per Share (EPS) to grow faster than revenue

Growth will not be linear but based on opportunities and economic fluctuations. Operational results may vary from quarter to quarter due to general economic developments, fluctuations in orders received and timing of deliveries of larger systems.

Marel's Capital Markets Day 2017

Marel's Capital Markets Day for institutional investors, analysts and the media will take place on November 2, 2017 at Marel's demonstration center, Progress Point, in Copenhagen. More details and information about registration will be presented on Marel's Investor Relations website.

Presentation of results, May 4, 2017

Marel will present its results at an investor meeting on Thursday, May 4, at 8:30 am (GMT), at the company's headquarters at Austurhraun 9, Gardabaer. The meeting will also be webcasted at marel.com/webcast.

Marel's Investor calendar

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|-------------------------------------|------------------|
| ▪ 2 nd quarter 2017 | July 26, 2017 |
| ▪ 3 rd quarter 2017 | October 25, 2017 |
| ▪ Capital Markets Day in Copenhagen | November 2, 2017 |
| ▪ 4 th quarter 2017 | February 7, 2018 |

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

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