

3 November 2022

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# Q3 2022

## Investor meeting

Presented by:

Arni Oddur Thordarson, Chief Executive Officer

Stacey Katz, Chief Financial Officer

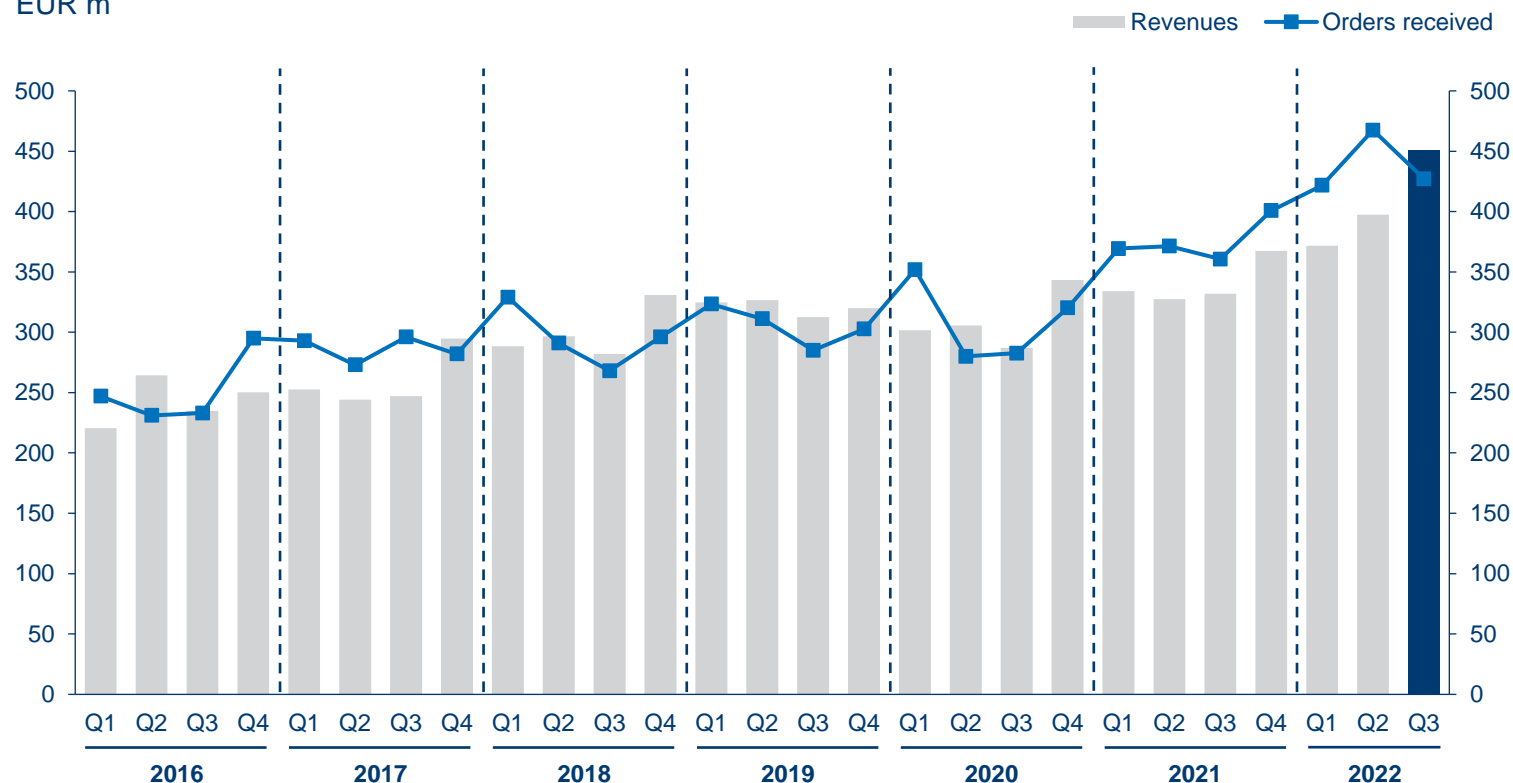
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# Revenues up 36% to EUR 451m, EBIT of 10.3%

Robust revenue growth of 35.8% YoY in the quarter and orders received of EUR 427 million at new price level, up 18.4% YoY

- Orders received of EUR 427.1m in the quarter, down 9.5% QoQ and up 18.4% YoY
- Demand for Marel's pioneering solutions has been strong since 3Q21 with orders above EUR 400m
- Pipeline for the poultry and plant, pet and feed segments is at a strong run rate. Outlook for the fish segment is good for the medium-term with some uncertainty in the short term. Continues to be softer for the meat segment, with consumers shifting towards poultry
- In North America and Latin America, market demand was on a strong rate, while increased uncertainty due to the war in Ukraine, surging energy prices in addition to rising inflation and interest rates, is softening demand in Europe
- Spare part revenues were at a record level for the fifth sequential quarter, further underpinning Marel's commitment to investments in automating and digitizing the spare parts delivery model and shortening lead times
- Market conditions remain challenging due to parts availability and inefficiencies in manufacturing, as well as higher costs associated with timely delivery
- Marel is targeting gradual step-up in revenue growth in 2022 - 2023 on the back of a strong order book and orders received at new price levels

Revenues and order evolution  
EUR m

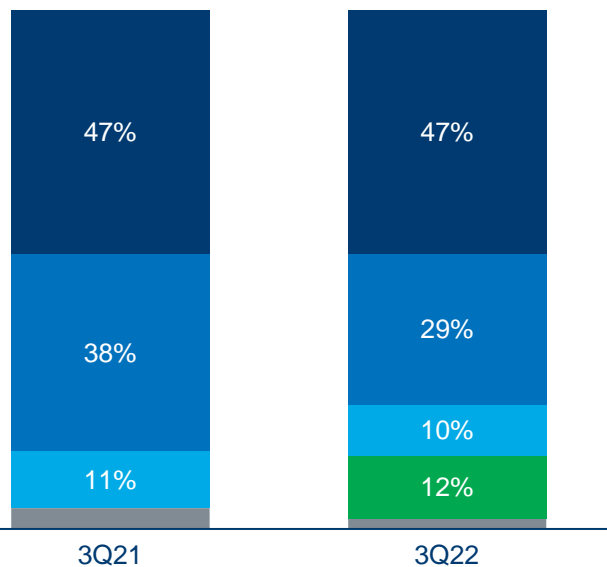


# Diversified revenue base

Strong track record of a well diversified revenue structure across industries, geographies and business mix

Revenues by industry

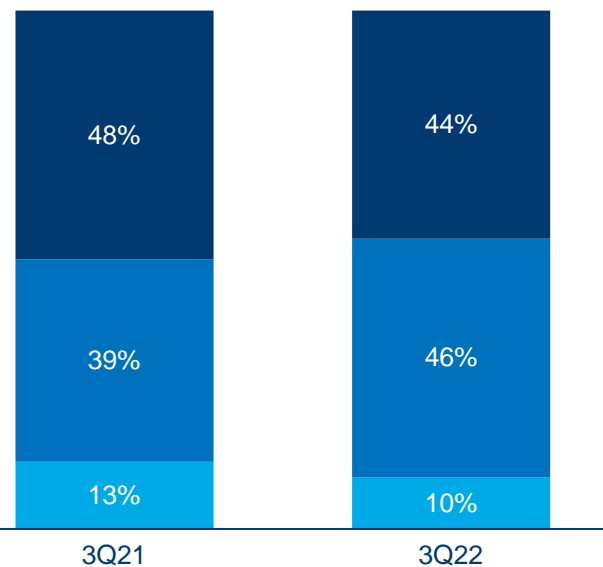
%



■ Poultry    ■ Fish    ■ Other<sup>1</sup>  
■ Meat    ■ Plant, Pet and Feed

Revenues by geography

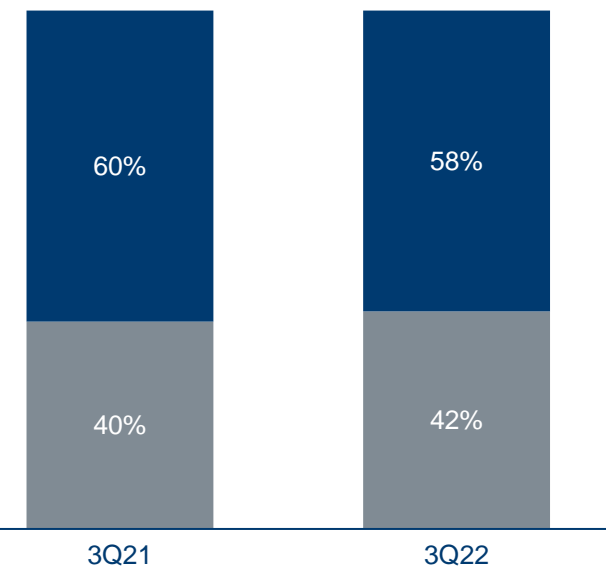
%



■ Europe, Middle East and Africa  
■ Americas  
■ Asia and Oceania

Revenues by business mix

%



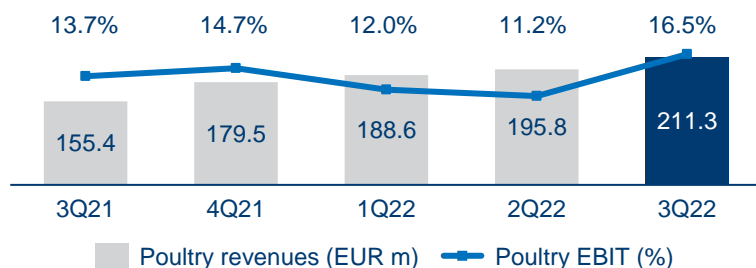
■ Equipment<sup>2</sup>    ■ Aftermarket<sup>3</sup>

Notes: <sup>1</sup> Other segment accounts for around 2% of the revenues in Q3 2022. Revenues from Wenger were allocated to the Other segment as of closing 9 June 2022 until end of Q2 2022. As of Q3 2022, Wenger has become part of segment reporting alongside the poultry, meat and fish business segments, under the name 'Plant, Pet and Feed'. Revenues for Plant, Pet and Feed in 3Q22 were EUR 55.9m, including 9.0m in revenues that were historically reported under the other segment. <sup>2</sup> Equipment revenues are comprised of revenues from greenfield and large projects, standard equipment and modernization equipment, and related installations. <sup>3</sup> Aftermarket revenues are comprised of revenues from maintenance, service, and spare parts.



# Balanced revenue mix

## Poultry



*On the way up towards historical profitability, promising pipeline and outlook*

**Orders received** were strong across products, projects and aftermarket. Good mix in orders received in the quarter at the new price level with growth in primary, secondary and consumer-ready solutions. The need for automation and optimized processing for better use of raw materials, energy and water becoming increasingly relevant in an inflationary environment. Consumers are tightening budgets, dining more at home and shifting to affordable proteins like poultry. Promising pipeline and outlook, strong in North America and Latin America, supporting stronger volume going forward with favorable product mix.

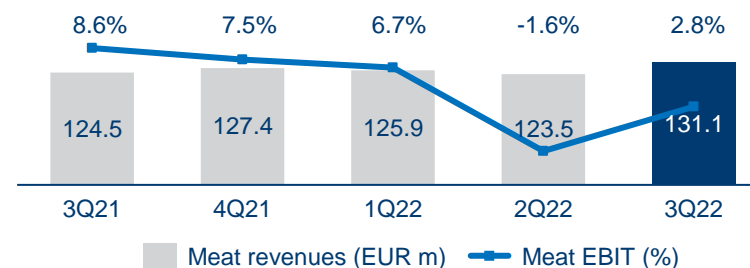
**Revenues** were EUR 211.3m, up 36.0% YoY (3Q21: 155.4m). Solid customer deliveries over the quarter with several initiatives in infrastructure to improve flow and flex in key manufacturing sites.

**EBIT<sup>1</sup> margin** in the quarter was 16.5% (3Q21: 13.7%) and moving up towards historical profitability despite continued margin pressures due to higher costs related to supply chain inefficiencies.

Management targets short-term EBIT margin expansion for Marel Poultry. Focus on further revenue ramp up in coming quarters in line with strong orders received at new price level and healthy order book resulting in gradual improvements in operational performance.

Two seasoned leaders within the Marel Poultry organization, Dirk den Hartog, Service Director, and Arie Tulp, Sales & Marketing Director are stepping up to co-lead Marel Poultry during the interim period while Roger Claessens, EVP of Marel Poultry, will step in as interim EVP of Marel Meat until a new appointment is announced.

## Meat



*Challenging market conditions, operational performance below targets and outlook soft*

**Orders received** were soft, in particular in primary processing projects. Challenging market conditions where geopolitics, sanctions and lockdowns in China are having a significant impact on the meat industry. Additionally, double digit inflation and focus on sustainability is shifting consumer preferences from meat to poultry and plant-based proteins. Focus forward is on modernization opportunities within primary meat and bringing pioneering solutions to the market in secondary processing to improve the seamless flow.

Outlook for North America and Latin America is promising while softer for other geographies in current market conditions. Marel is investing in several infrastructure initiatives to support aftermarket sales and modernization opportunities within primary meat.

**Revenues** were below targets at EUR 131.1m, up 5.3% YoY (3Q21: 124.5m) due to soft order book and lower volumes, continued supply chain inefficiencies and unbalanced load between manufacturing sites.

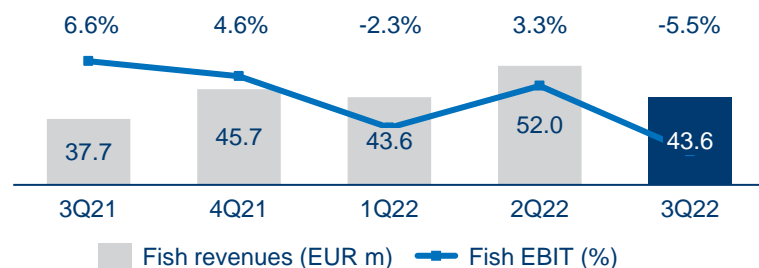
**EBIT<sup>1</sup> margin** of 2.8% (3Q21: 8.6%) where the improvement compared to 2Q22 is due to product mix. High focus on making necessary changes to achieve improved operational performance. Management continues to target EBIT margin expansion for Marel Meat.

David Wilson, EVP of Marel Meat, is stepping down and will be leaving Marel. Marel would like to sincerely thank David for his valuable contribution, commitment and loyalty over his 24-year career at the company and wish him every success in his future endeavors.

Notes: All financial numbers relate to the Q3 2022 Condensed Consolidated Interim Financial Statements. <sup>1</sup> Operating income adjusted for PPA related costs, including depreciation and amortization, and acquisition related costs. In Q3 2022, operating income is adjusted for restructuring costs due to the 5% headcount reduction.

# Balanced revenue mix

## Fish



**Operational performance below expectations, focus on improved productivity and cost efficiency**

**Orders received** were good in the quarter, although softer compared to the past two record quarters. Pipeline expected to continue at a good level, although the short-term outlook for salmon industry's investment appetite is colored by the Norwegian government's new tax proposal for sea-based salmon farmers. Several new solutions recently launched for the whitefish market. The first automated tilapia filleting machine, FilleXia, is revolutionizing the tilapia processing industry that until now has relied on a large, highly skilled workforce to fillet the fish manually.

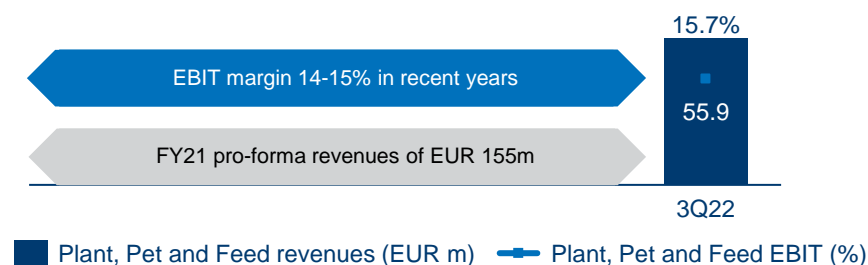
**Revenues** were EUR 43.6m, up 15.6% YoY (3Q21: 37.7m) while down 16.2% compared to 2Q22 which was a record quarter in customer deliveries.

**EBIT' margin** was -5.5% (3Q21: 6.6%) and below expectations impacted by integration costs (not adjusted for) due to fast track on integration of Curio and Valka, as well as product mix, weighted towards projects over standard equipment.

Insolvency proceedings of Stranda Prolog resulted in a EUR 7.0m write-off for Marel in 3Q22, categorized as investments in associates, and as such does not impact operational performance (EBIT), though it impacts net result.

Management continues to target EBIT margin expansion for Marel Fish. Focus on faster conversion from strong order book to revenues, in addition to improved product mix, productivity and cost efficiency through load balancing in key locations.

## Plant, Pet and Feed (Wenger platform)



**New segment in Marel's reporting focused on pet food, plant-based protein and aqua feed**

Q3 2022 is the first quarter where the newly acquired Wenger business is consolidated in Marel's segment reporting under the name of 'Marel Plant, Pet and Feed', which also includes sales of retail and food services into this market segment.

Wenger, a global leader in extrusion and dryer solutions focused on high growth markets of pet food, plant-based protein and aqua feed, was successfully closed for a total investment of USD 540m on 9 June 2022. US-based Wenger enjoys a diversified and loyal customer base ranging from blue-chip pet food processors to startup companies in plant-based proteins. Over 60% of Wenger's revenues derive from pet food where the company has a global leading position, and over 40% of revenues come from aftermarket services. Orders received were in line with expectations across the segments, and pipeline looks promising albeit softer for aqua feed due to Norwegian tax proposal.

**Revenues** were EUR 55.9m, including EUR 9.0m in revenues that were historically reported under the other segment. Wenger performed well in line with expectations with stronger 2H compared to 1H due to timing of orders and shipments. Wenger's revenues have grown organically approximately 5% in 2017-2021. Annual revenues expected around USD 190m in 2022.

**EBIT' margin** of 15.7%, driven by the expected Wenger EBIT margin of 14-15% in addition to favorable product mix from sales of retail and food service solutions into the segment.

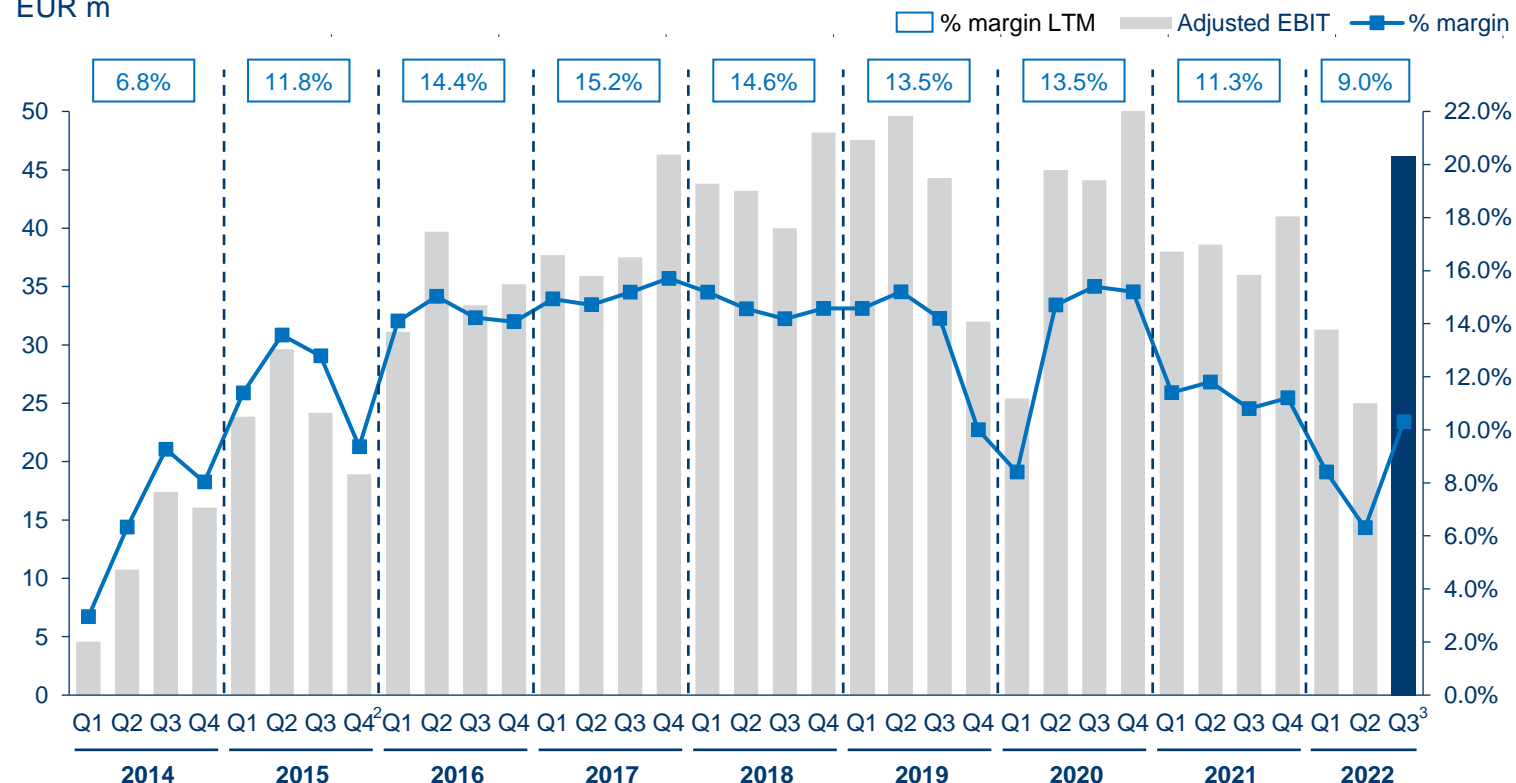
Notes: All financial numbers relate to the Q3 2022 Condensed Consolidated Interim Financial Statements. Other segment accounts for around 2% of the revenues in Q3 2022. Revenues from Wenger were allocated to the Other segment as of closing 9 June 2022 until end of Q2 2022. As of Q3 2022, Wenger has become part of segment reporting alongside the poultry, meat and fish business segments, under the name 'Plant, Pet and Feed'. Revenues for Plant, Pet and Feed in 3Q22 were EUR 55.9m, including EUR 9.0m in revenues that were historically reported under the other segment. <sup>1</sup> Operating income adjusted for PPA related costs, including depreciation and amortization, and acquisition related costs. In Q3 2022, operating income is adjusted for restructuring costs due to the 5% headcount reduction.

# Operational performance

## On track towards EBIT target of 14-16% run-rate by year-end 2023

- Gross profit was 36.0% in the quarter (2Q22: 33.5%, 3Q21: 37.1%), target to reach 40% by YE23
- Improved operational performance on higher volume enabled by automation infrastructure investments, solid customer deliveries, as well as better price/cost coverage
- Already enacted pricing actions and volume upside expected to continue to filter through until 2Q23, depending on the time lag by business mix, will support improved price/cost coverage
- Market conditions remain challenging due to parts availability and inefficiencies in manufacturing as well as higher costs associated with timely delivery
- Operating expenses:
  - S&M 12.6% of revenues (2Q22: 13.9%, 3Q21: 13.4%), driven by higher volumes and customer engagement normalizing after a busy quarter of trade shows in 2Q22. Target to reach 12.0% in S&M by YE23
  - G&A 7.1% of revenues in the quarter (2Q22: 7.5%, 3Q21: 6.9%). Cost saving initiatives in motion to reach YE23 target of 6%, e.g. Shared Services where transition period is resulting in higher costs temporarily
  - R&D 5.9% in the quarter (2Q22: 5.8%, 3Q21: 6.0%), in line with mid-term YE23 target of 6.0%

**Adjusted EBIT evolution<sup>1</sup>**  
EUR m



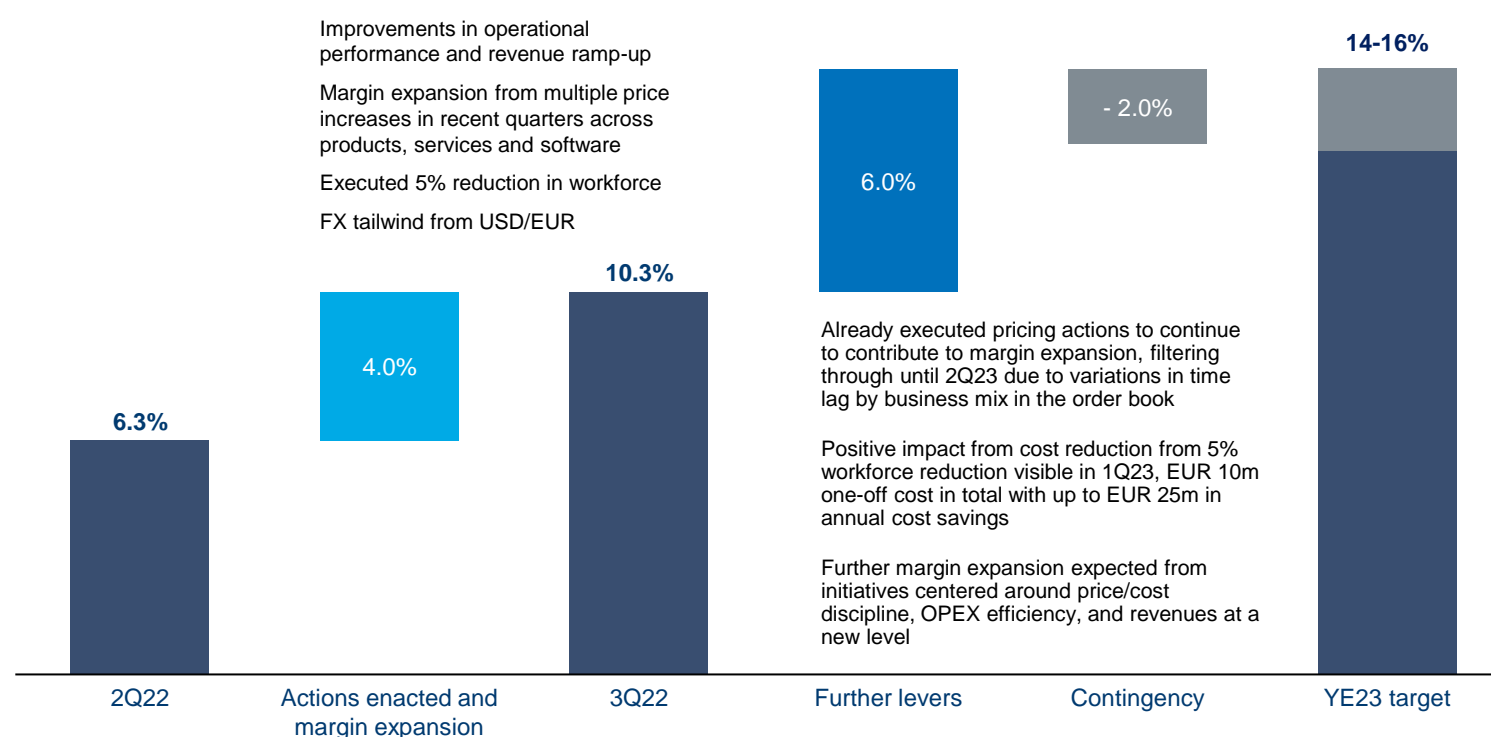
Notes: <sup>1</sup> Adjusted for PPA costs related to acquisitions from 2016 onwards and refocusing costs in 2014 and 2015 relating to "Simpler, Smarter, Faster" program. PPA refers to amortization of acquisition related (in) tangible assets. Beginning in Q4 2020 also adjusted for acquisition related costs. In Q3 2022, operating income is adjusted for restructuring costs due to the 5% headcount reduction. <sup>2</sup> Adjusted EBIT in Q4 2015 is not adjusted for EUR 3.3m cost related to the MPS acquisition, which was described in the Company's Q4 2015 report and recorded in general and administrative expenses. <sup>3</sup> In Q3 2022, operating income is adjusted for restructuring costs due to the 5% headcount reduction.

# Further levers towards EBIT of 14-16%

## Firm commitment to improve profitability through higher revenues, price execution and lower costs

- Financial targets for year-end 2023 to be achieved through a balanced mix of initiatives of efficiency gains and growth, supported by refinement of the operating model
- As announced in 2Q22, management expects EBIT margin to gradually improve through actions already enacted, and further initiatives and levers centered around price/cost discipline, OPEX efficiency, and ramp up of revenues, that are expected to contribute to margin expansion towards the YE23 target run-rate of 14-16% EBIT
- Other YE23 targets unchanged with gross profit at 36.0% in 3Q22 (target of 40%), SG&A at 19.7% (target of 18%) and innovation at 6% strategic level
- Marel has actively raised prices in recent quarters that will continue to filter through until 2Q23, service & spares takes on average 6-8 weeks to price through, standard equipment between 3-6 months and larger projects on average 9-12 months
- Annualized cost savings from the 5% workforce reduction worldwide as announced in 2Q22 revised to up to EUR 25m (previously stated EUR 20m). EUR 5.5m one-off cost accounted for and adjusted for in 3Q22 with remainder to be accounted for in 4Q22
- Cash CAPEX target unchanged and expected to increase to on average 4-5% of revenues in 2021-2026, thereafter, returning to more normalized levels, below 3% of revenues

### EBIT<sup>1</sup> bridge to year-end 2023 financial target



Notes: <sup>1</sup> Operating income adjusted for PPA related costs, including depreciation and amortization and acquisition related expenses. In Q3 2022, operating income is adjusted for restructuring costs due to the 5% headcount reduction.

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# Financial performance

Stacey Katz  
Chief Financial Officer

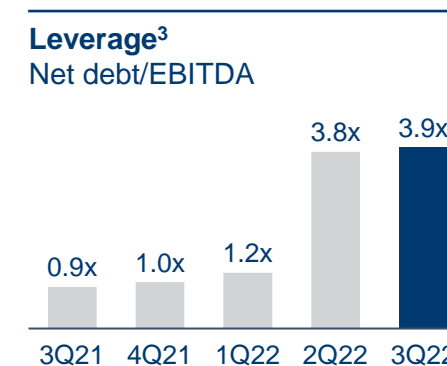
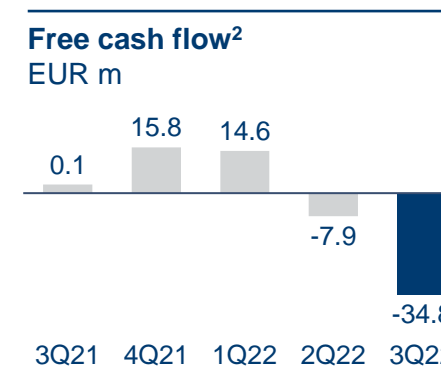
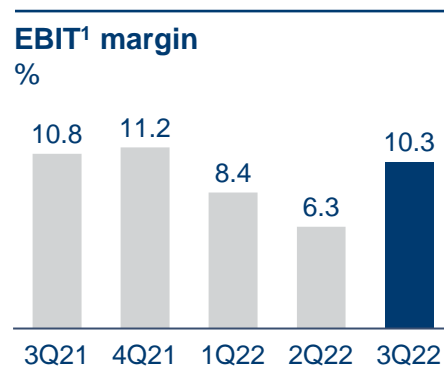
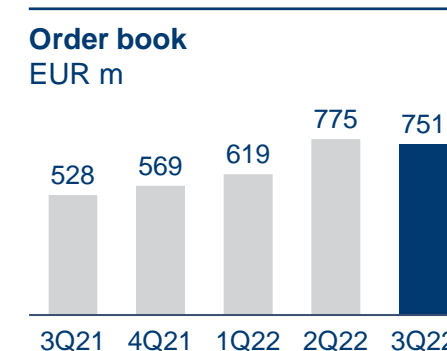
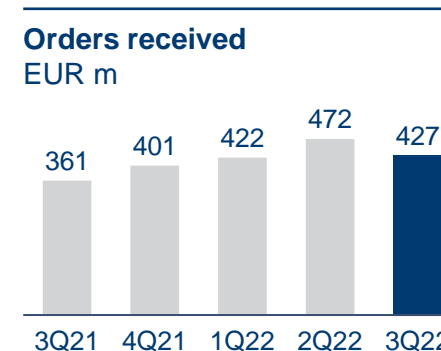
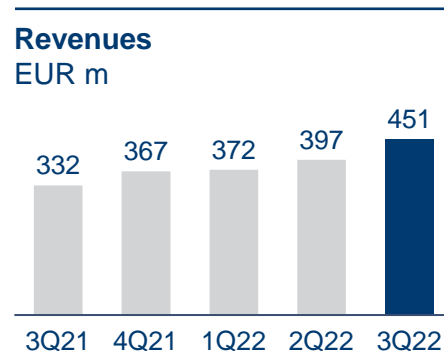
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# Financial highlights – Q3 2022

## Strong revenue growth and improved operational performance

- Robust revenue growth of 35.8% YoY in the quarter, including FX tailwind
- Aftermarket represented 42% of total revenues (2Q22: 41%, 3Q21: 40%), with revenues from spare parts at a record level for the fifth sequential quarter
- Order book up 42.3% YoY and represents 47.3% of 12-month trailing revenues
- Gross profit margin was 36.0% in the quarter (2Q22: 33.5%, 3Q21: 37.1%)
- EBIT<sup>1</sup> was EUR 46.2m in the quarter (2Q22: 25.0m, 3Q21: 36.0m), translating to 10.3% EBIT<sup>1</sup> margin, firm commitment to improve profitability through higher revenues, price execution and lower costs to reach YE23 targets
- Operating cash flow was EUR 1.0m, impacted by the book-to-bill ratio in the quarter of 0.95 as well as unfavorable working capital movements, including timing of invoicing and payments
- Leverage ratio at quarter-end was 3.9x, following the acquisition of Wenger, focus forward on deleveraging to reach targeted capital structure of 2-3x net debt to EBITDA



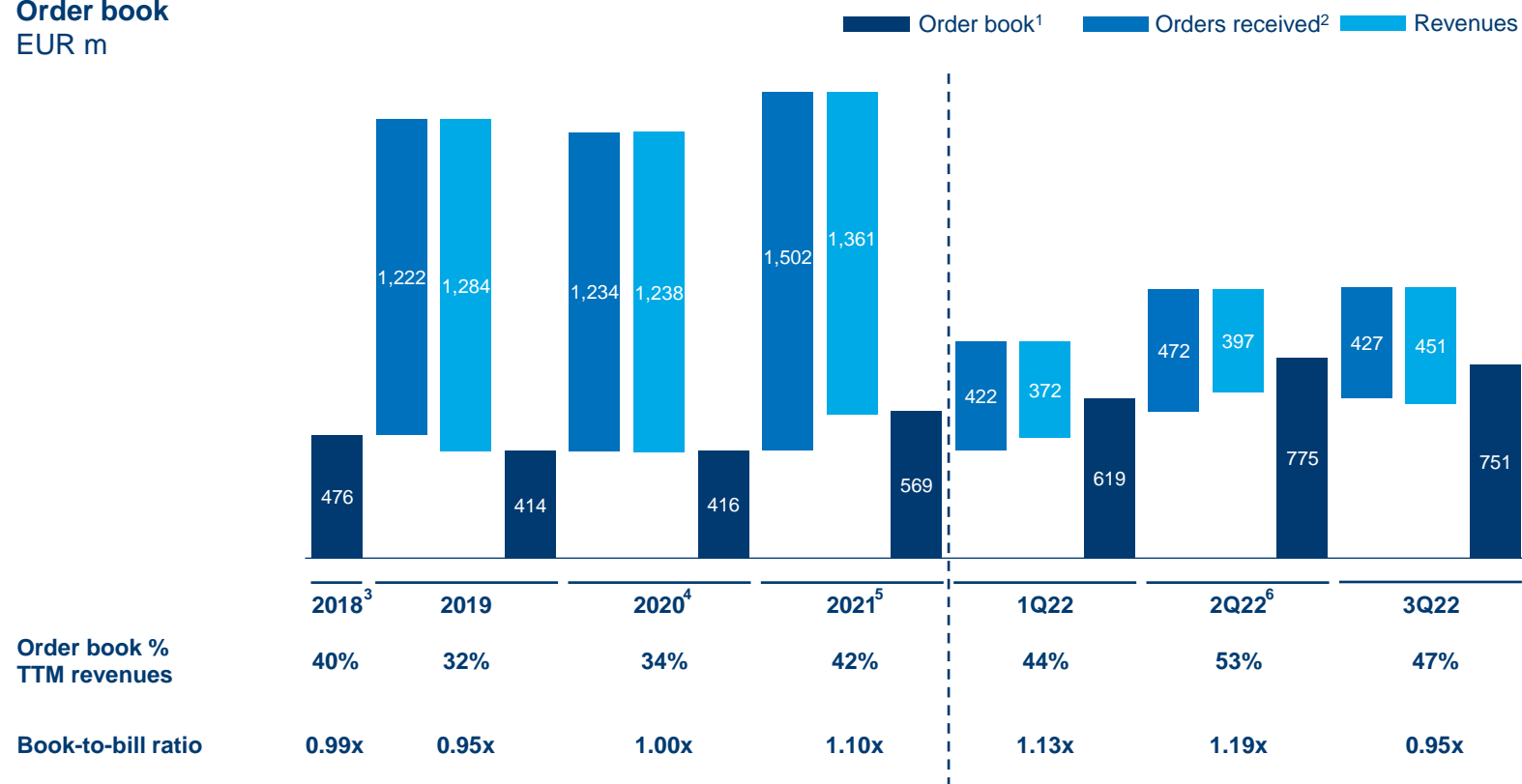
Notes: <sup>1</sup> Operating income adjusted for PPA related costs, including depreciation and amortization and acquisition related expenses. In Q3 2022, operating income is adjusted for restructuring costs due to the 5% headcount reduction. <sup>2</sup> Free cash flow defined as cash generated from operating activities less taxes paid and net investments in PP&E and intangible assets. <sup>3</sup> Including Pro-forma LTM EBITDA following the acquisition of Wenger in 2Q22.

# Healthy order book

## Order book of EUR 751 million, representing 47.3% of 12-month trailing revenues

- The book-to-bill ratio in the quarter was 0.95, compared to an average of 1.09 in the past four quarters (4Q21-3Q22), and reflects the strong revenue growth in the quarter on the back of a record order book at the end of 2Q22 and Marel's timely delivery to customers
- Vast majority of the order book are greenfield and projects, while spare parts and standard equipment run faster through the system
- Order book consists of orders that have been signed and financially secured with down payments/letters of credit
- Marel has actively raised prices which are filtering through the order book in this quarter and coming 2-3 quarters.
- New price/cost levels filtering through varies by business mix (aftermarket ~6-8 weeks, standard equipment ~3-6 months, and larger projects ~9-12 months)
- Low customer concentration with no customer accounting for more than 5% of total annual revenues

**Order book**  
EUR m



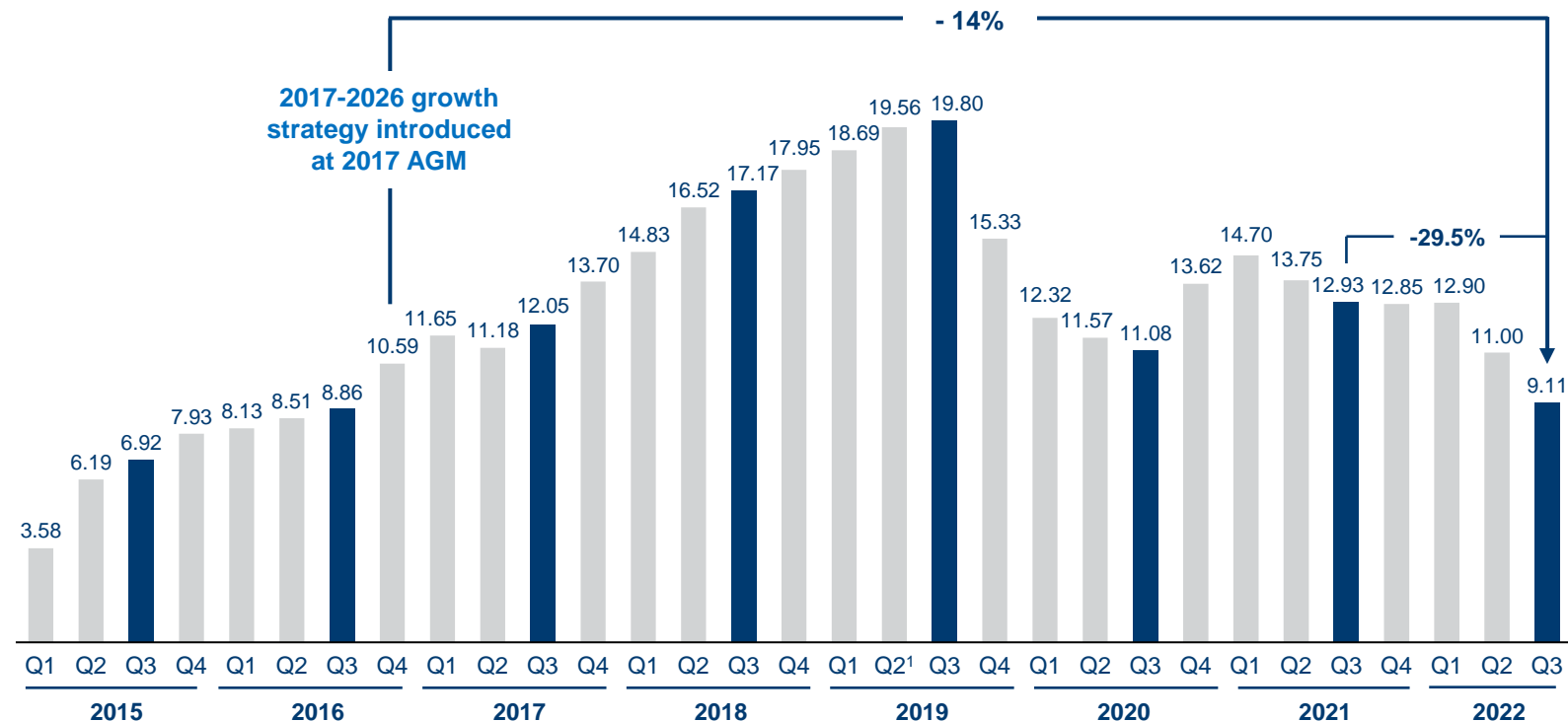
Notes: <sup>1</sup> The order book reflects Marel's estimates, as of the relevant order book date, of potential future revenues to be derived from contracts for equipment, software, service and spare parts which have been financially secured through down payments and/or letters of credit in line with the relevant contract terms. These estimates reflect the estimated total nominal values of amounts due under the relevant contracts less any amounts recognized as revenues in Marel's financial statements as of the relevant order book date. <sup>2</sup> Orders received represents the total nominal amount, during the relevant period, of customer orders for equipment, software, service and spare parts registered by Marel. <sup>3</sup> Including acquired order book of MAJA of EUR 2m. <sup>4</sup> Including acquired order book of TREIF of EUR 5m. <sup>5</sup> Including acquired order book of Curio, PMJ and Valka of EUR 12m. <sup>6</sup> Including acquired order book of Wenger and Slegers of EUR 81m.

# Earnings per share

## Marel's management targets Earnings per Share to grow faster than revenues

- Cash flow reinvested in innovation, infrastructure, strategic actions and global reach to sustain growth and value creation
- Basic earnings per share were EUR 1.18 cents (2Q22: 1.27 cents, 3Q21: 3.10 cents) and earnings per share trailing twelve months was EUR 9.11 cents in 3Q22 (3Q21: 12.93 cents)
- Earnings per share impacted by one-offs e.g. cost of 5% headcount reduction, Stranda insolvency, higher level of investments and Wenger PPA
- On 1 June 2022, Marel initiated a share buyback program on Nasdaq Iceland for up to 4m shares, or about 0.52% of the total issued share capital, and for up to 1m shares, or about 0.13% of the total issued share capital on Euronext Amsterdam
- The purpose of the buyback program was to meet the Company's obligations under share incentive programs with employees
- As part of its buyback program, Marel purchased 4.6m shares (EUR 19.8m) in the period 1 June to 2 Sept 2022 when the buyback program was ended

**Earnings per share (EPS)**  
Trailing twelve months, euro cents



Notes: <sup>1</sup> An offering of 100 million shares issued and sold in connection with the dual listing in 2Q19, increasing the total share capital to 771 million shares.

# Income statement: Q3 2022

Revenues in Q3 2022 were 451 million, gross profit was EUR 162 million or 36.0% of revenues, and the adjusted EBIT was EUR 46 million or 10.3%

In EUR million	Q3 2022	Of Revenues	Q3 2021	Of Revenues	Change
Revenues	450.6		331.9		+35.8%
Cost of sales	(288.6)		(208.7)		+38.3%
<b>Gross profit</b>	<b>162.0</b>	<b>36.0%</b>	<b>123.2</b>	<b>37.1%</b>	<b>+31.5%</b>
Selling and marketing expenses	(57.0)	12.6%	(44.6)	13.4%	+27.8%
General and administrative expenses	(32.2)	7.1%	(22.8)	6.9%	+41.2%
Research and development expenses	(26.6)	5.9%	(19.8)	6.0%	+34.3%
<b>Adjusted result from operations<sup>1</sup></b>	<b>46.2</b>	<b>10.3%</b>	<b>36.0</b>	<b>10.8%</b>	<b>+28.3%</b>
Non-IFRS adjustments	(27.1)		(4.6)		+489.1%
<b>Result from operations</b>	<b>19.1</b>	<b>4.2%</b>	<b>31.4</b>	<b>9.5%</b>	<b>-39.2%</b>
Net finance costs	1.1		(2.1)		-152.4%
Share of result of associates	(0.1)		0.0		-
Impairment loss of associates	(7.0)		-		-
<b>Result before income tax</b>	<b>13.1</b>		<b>29.3</b>		<b>-55.3%</b>
Income tax	(4.2)		(6.1)		-31.1%
<b>Net result</b>	<b>8.9</b>	<b>2.0%</b>	<b>23.2</b>	<b>7.0%</b>	<b>-61.6%</b>

Notes: The income statement as presented above provides an overview of the quarterly Adjusted result from operations, which management believes to be a relevant Non-IFRS measurement.<sup>1</sup> Operating income adjusted for PPA related costs, including depreciation and amortization and acquisition related expenses. In Q3 2022, operating income is adjusted for restructuring costs due to the 5% headcount reduction.

# Income statement: 9M 2022

Revenues in 9M 2022 were 1,219 million, gross profit was EUR 429 million or 35.2% of revenues, and the adjusted EBIT was EUR 103 million or 8.4%

In EUR million	9M 2022	Of Revenues	9M 2021	Of Revenues	Change
Revenues	1,219.5		993.4		+22.8%
Cost of sales	(790.4)		(627.2)		+26.0%
<b>Gross profit</b>	<b>429.1</b>	<b>35.2%</b>	<b>366.2</b>	<b>36.9%</b>	<b>+17.2%</b>
Selling and marketing expenses	(163.6)	13.4%	(124.4)	12.5%	+31.5%
General and administrative expenses	(90.5)	7.4%	(68.7)	6.9%	+31.7%
Research and development expenses	(72.5)	5.9%	(60.5)	6.1%	+19.8%
<b>Adjusted result from operations<sup>1</sup></b>	<b>102.5</b>	<b>8.4%</b>	<b>112.6</b>	<b>11.3%</b>	<b>-9.0%</b>
Non-IFRS adjustments	(43.6)		(18.1)		+140.9%
<b>Result from operations</b>	<b>58.9</b>	<b>4.8%</b>	<b>94.5</b>	<b>9.5%</b>	<b>-37.7%</b>
Net finance costs	2.6		(8.4)		-131.0%
Share of result of associates	(1.7)		(0.5)		+240.0%
Impairment loss of associates	(7.0)		-		-
<b>Result before income tax</b>	<b>52.8</b>		<b>85.6</b>		<b>-38.3%</b>
Income tax	(12.6)		(17.9)		-29.6%
<b>Net result</b>	<b>40.2</b>	<b>3.3%</b>	<b>67.7</b>	<b>6.8%</b>	<b>-40.6%</b>

Notes: The income statement as presented above provides an overview of the quarterly Adjusted result from operations, which management believes to be a relevant Non-IFRS measurement.<sup>1</sup> Operating income adjusted for PPA related costs, including depreciation and amortization and acquisition related expenses. In Q3 2022, operating income is adjusted for restructuring costs due to the 5% headcount reduction.



# Balance sheet: Assets

## Q3 2022 Condensed Consolidated Interim Financial Statements

- Total assets increased by EUR 815.0m in the first nine months of the year or 40.6%, of which 574.1m due to the acquisitions of Wenger and Slegers
- Wenger PPA in progress, to be finalized within one year after acquisition closing
- Increase in PPE of EUR 15.6m in the quarter, continued focus on automating and digitizing manufacturing platform, supply chain and aftermarket
- Inventories increased by EUR 37.8m in the quarter, of which EUR 26.0m due to Wenger PPA, remaining increase due to FX volatility and high cost prices covered by pricing actions
- Inventories targeted to decline and actions currently in progress, increased focus on re-balancing net working capital in the organization
- Trade receivables up by EUR 31.7m in the quarter, mainly driven by volume, timing of invoicing and payments

### Assets

In EUR million	30/09 2022	31/12 2021	Change
Property, plant and equipment	331.8	228.7	+45.1%
Right of use assets	39.9	40.5	-1.5%
Goodwill	901.7	705.2	+27.9%
Intangible assets	557.7	357.2	+56.1%
Investments in associates	4.0	12.7	-68.5%
Other non-current financial assets	0.9	-	-
Derivative financial instruments	1.6	-	-
Deferred income tax assets	26.7	18.1	+47.5%
<b>Non-current assets</b>	<b>1,864.3</b>	<b>1,362.4</b>	<b>+36.8%</b>
Inventories	430.4	273.4	+57.4%
Contract assets	79.0	69.6	+13.5%
Trade receivables	247.4	154.7	+59.9%
Derivative financial instruments	1.6	1.1	+45.5%
Other receivables and prepayments	117.7	66.7	+76.5%
Cash and cash equivalents	79.6	77.1	+3.2%
<b>Current assets</b>	<b>955.7</b>	<b>642.6</b>	<b>+48.7%</b>
<b>Total Assets</b>	<b>2,820.0</b>	<b>2,005.0</b>	<b>+40.6%</b>

# Balance sheet: Equity and liabilities

## Q3 2022 Condensed Consolidated Interim Financial Statements

- Net borrowings up EUR 53.3m in 3Q22, majority driven by FX impact of borrowings in USD
- Leverage ratio at 3.9x at quarter-end due to the acquisition of Wenger
- Contract liabilities, trade and other payables, derivative financial instruments and lease liabilities close to flat in the quarter

### Equity & liabilities

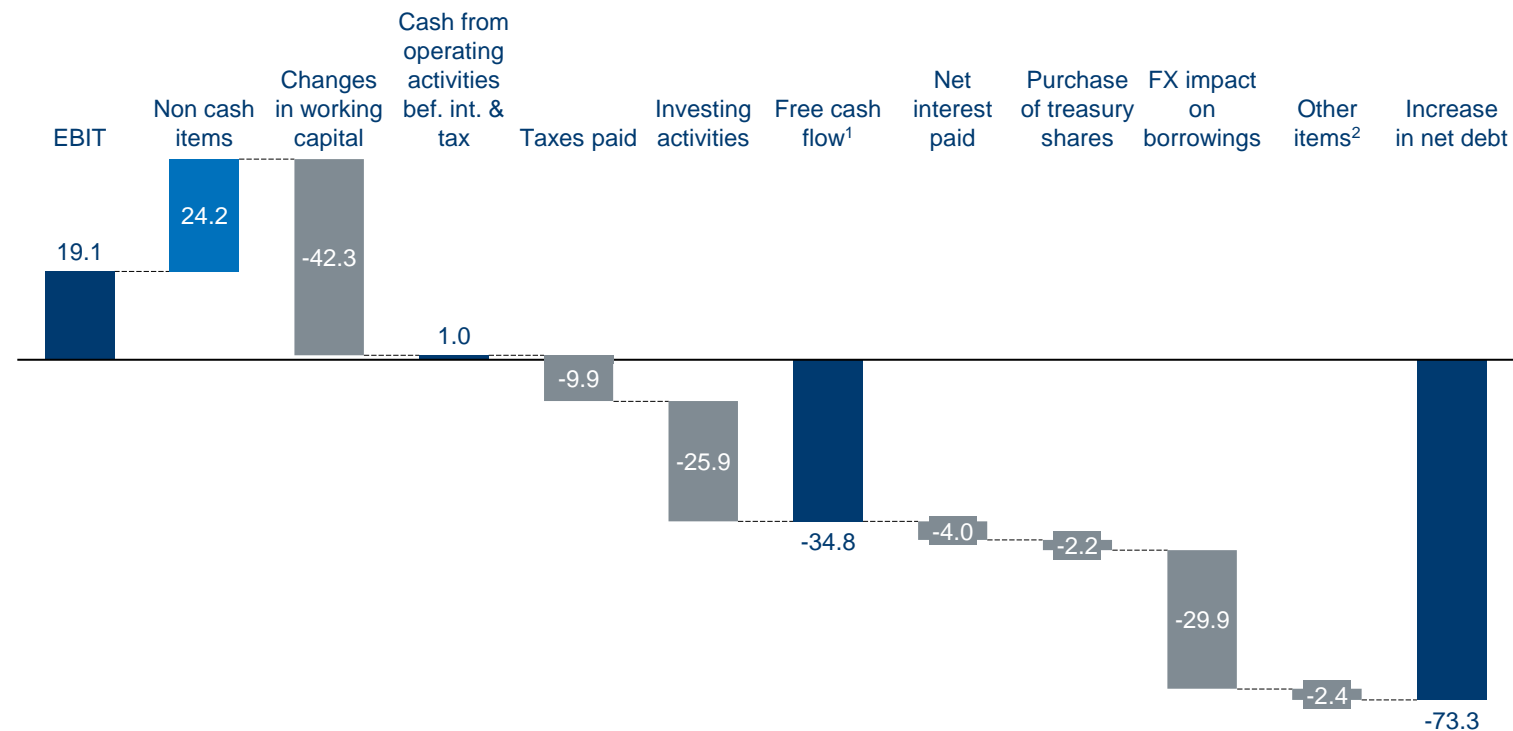
In EUR million	30/09 2022	31/12 2021	Change
<b>Group Equity</b>	<b>1,034.6</b>	<b>1,023.1</b>	<b>+1.1%</b>
Borrowings	881.5	234.9	+275.3%
Lease liabilities	30.6	30.9	-1.0%
Deferred income tax liabilities	90.9	92.1	-1.3%
Provisions	6.6	4.0	+65.0%
Other payables	9.0	22.7	-60.4%
Derivative financial instruments	-	0.4	-
<b>Non-current liabilities</b>	<b>1,018.6</b>	<b>385.0</b>	<b>+164.6%</b>
Contract liabilities	387.8	306.0	+26.7%
Trade and other payables	342.2	259.4	+31.9%
Derivative financial instruments	0.4	0.8	-50.0%
Current income tax liabilities	13.5	10.7	+26.2%
Lease liabilities	10.8	10.5	+2.9%
Provisions	12.1	9.5	+27.4%
<b>Current liabilities</b>	<b>766.8</b>	<b>596.9</b>	<b>+28.5%</b>
<b>Total liabilities</b>	<b>1,785.4</b>	<b>981.9</b>	<b>+81.8%</b>
<b>Total equity and liabilities</b>	<b>2,820.0</b>	<b>2,005.0</b>	<b>+40.6%</b>

# Cash flow bridge

## Cash flow impacted by net working capital changes and continued investments in infrastructure

- Operating cash flow was EUR 1.0 m in the quarter (2Q22: 18.4m, 3Q21: 19.7m). For the first nine months of the year, operating cash flow was EUR 52.1m (9M21 157.8m)
- Cash CAPEX excluding R&D investments in 3Q22 was EUR 19.3m (2Q22: 14.2m, 3Q21: 9.6m) or 4.3% of revenues
- Operating cash flow impacted by the book-to-bill ratio in the quarter of 0.95 as well as unfavorable working capital movements, including timing of invoicing and payments
- Free cash flow was EUR -34.8m in the quarter (2Q22: -7.9m, 3Q22: 0.1m), impacted by net working capital movements and continued investments
- For the first nine months of the year, free cash flow was EUR -28.1m (9M21: 100.2m)
- FX impact on borrowings from stronger USD totaled EUR 29.9m
- Marel's strong cash flow model remains unchanged, aim to reach cash conversion to adjusted EBIT<sup>3</sup> of ~120% by year-end 2023

**Cash flow**  
EUR m



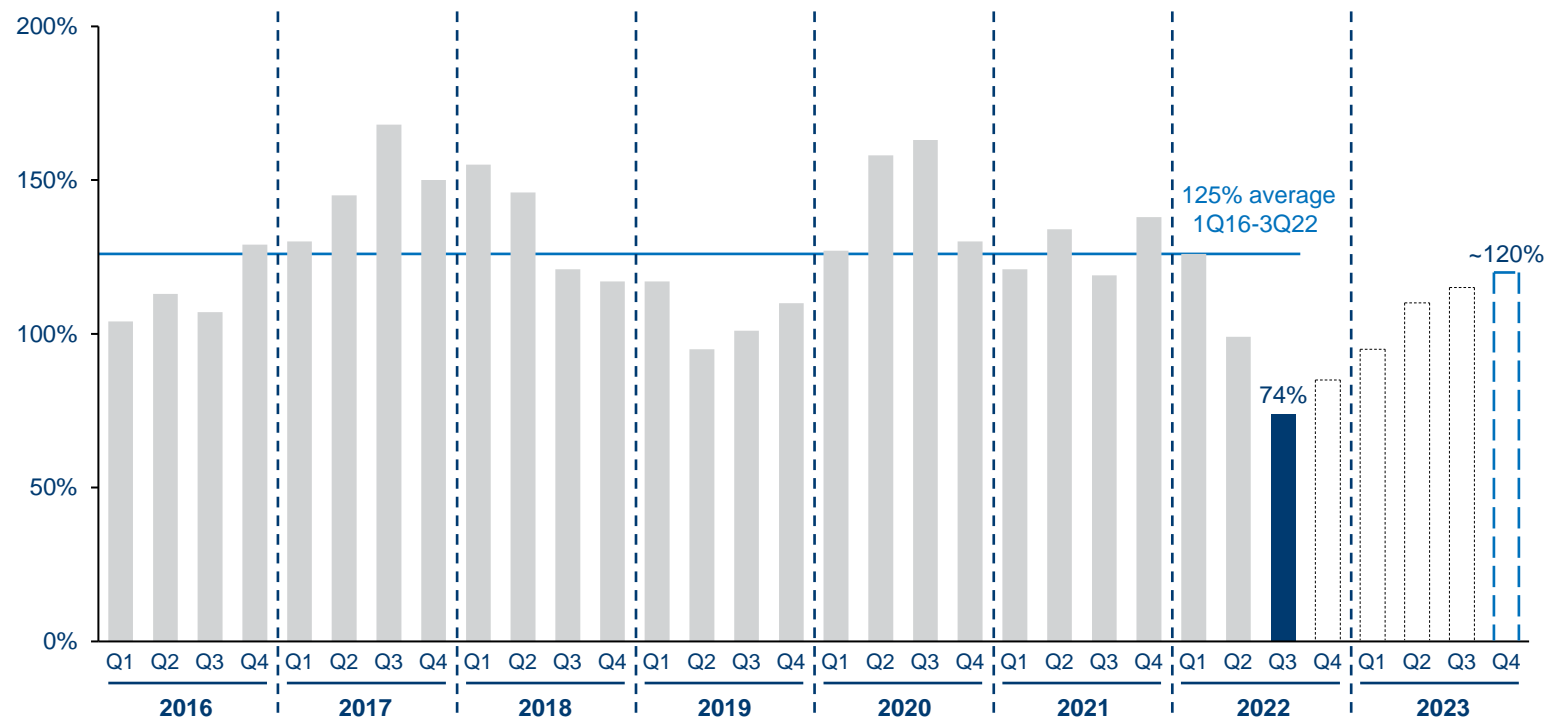
Notes: <sup>1</sup> Free cash flow defined as cash generated from operating activities less taxes paid and net investments in PP&E and intangible assets. <sup>2</sup> Change in capitalized finance charges, movement in lease liabilities, and options exercised. <sup>3</sup> Operating income adjusted for PPA related costs, including depreciation and amortization and acquisition related expenses. In Q3 2022, operating income is adjusted for restructuring costs due to the 5% headcount reduction.

# Cash conversion

## Aim to reach historical cash conversion to adjusted EBIT of ~120% by year-end 2023

- Marel's strong cash flow model remains unchanged
- Historically, cash conversion (cash from operating activities / EBIT<sup>1</sup>) has rebalanced after transformational acquisitions which temporarily impact net working capital
- Average cash conversion of 125% in the period 1Q16-3Q22
- More than EUR 1.1bn deployed in M&A since 2016:
  - MPS in Q1 2016
  - Sulmaq in Q3 2017
  - MAJA in Q2 2018
  - Curio (40%) and Cedar Creek in Q4 2019
  - TREIF in Q3 2020
  - PMJ in Q1 2021
  - Valka in Q3 2021
  - Curio (100%) Q1 2022
  - Wenger and Slegers in Q2 2022
- Marel expects cash conversion to reach ~120% by year-end 2023, the improvement will be non-linear as net working capital tends to fluctuate from quarter to quarter

**Adjusted EBIT cash conversion<sup>2</sup>**  
Trailing twelve months, %



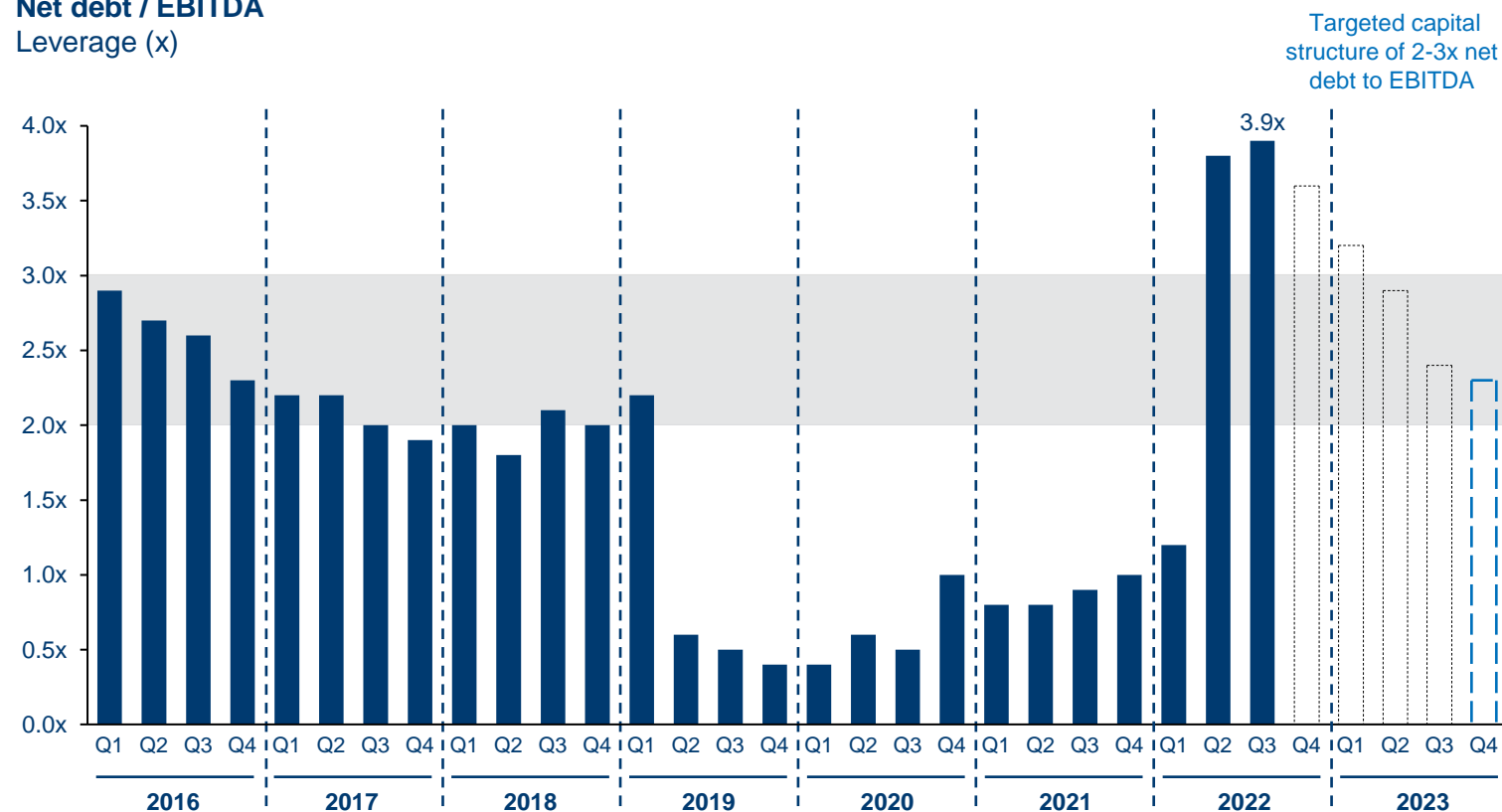
Notes: <sup>1</sup> Operating income adjusted for PPA related costs, including depreciation and amortization and acquisition related expenses. In Q3 2022, operating income is also adjusted for restructuring costs due to the 5% headcount reduction. <sup>2</sup> Cash from operating activities before interest & taxes trailing twelve months / Adjusted EBIT trailing twelve months.

# Leverage

## Leverage temporarily above the target capital structure of 2-3x net debt / EBITDA

- Leverage was 3.9x at the end of 3Q22 (2Q22: 3.8x, 3Q21: 0.9x), elevated by FX impact from stronger USD resulting in higher debts and negative cash flow
- Objective to enter 2024 closer to 2.0x, or the lower end of the targeted range of 2.0-3.0x, where main drivers of deleveraging will be EBIT improvements and improvements in net working capital
- Marel has a strong cash flow model and has shown in the past that it has deleveraged quickly after transformational acquisitions

**Net debt / EBITDA**  
Leverage (x)





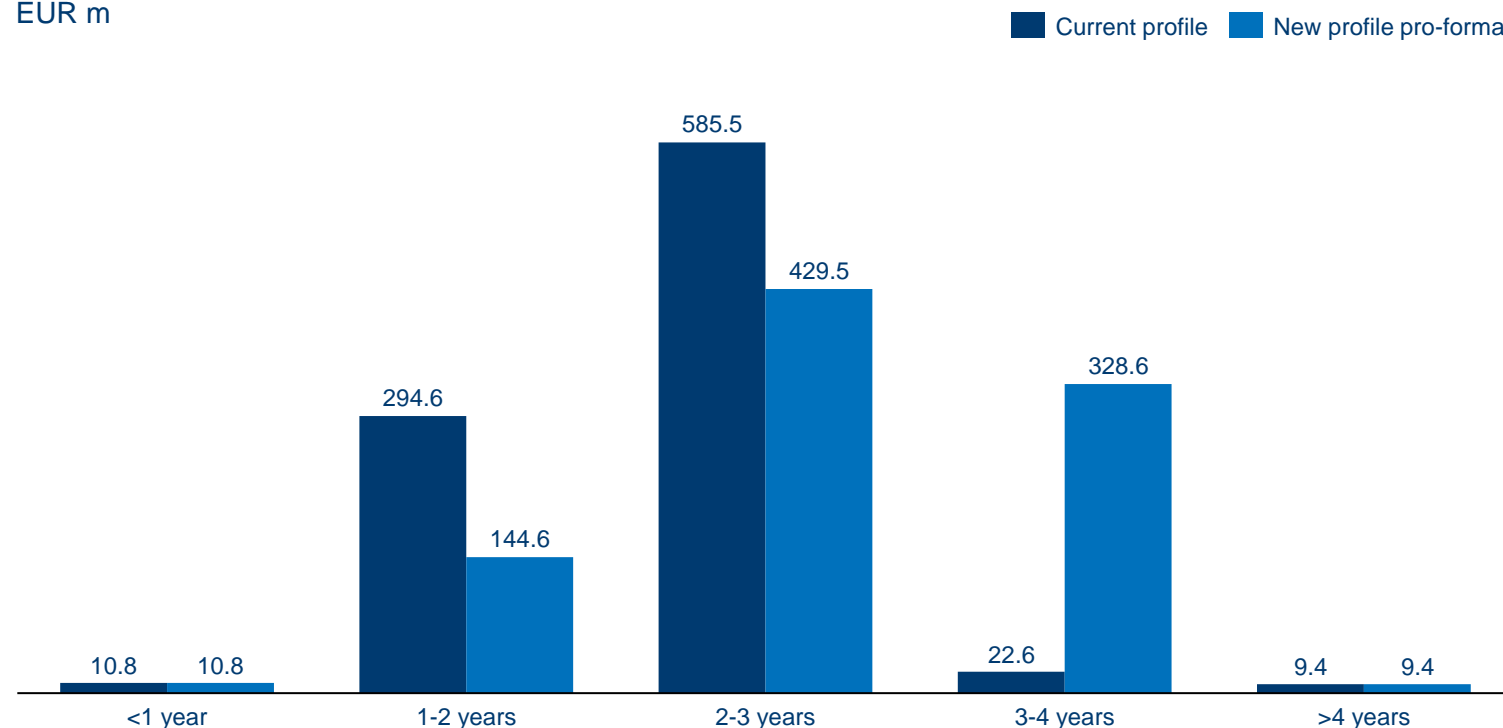
# New syndicated term loan of USD 300 million

## Marel has signed a new three-year syndicated term loan of USD 300 million with an additional two-year uncommitted extension

- On 2 November, Marel signed a new 3-year USD 300m term loan with the company's banking group consisting of ABN Amro, BNP Paribas, Danske Bank, HSBC, ING, Rabobank, and Unicredit
- The new USD 300m term loan has an initial margin of 250bp on top of Secured Overnight Financing Rate (SOFR) that will move in line with the net debt/EBITDA ratio and has a two-year uncommitted extension option
- Part of this new financing will be used to repay the EUR 150m multi-currency bridge facility drawn when acquiring Wenger
- While fully within the original acquisition spike and covenant terms of the EUR 700 million revolving facilities, Marel and the banking group have agreed on additional covenant headroom as a safety measure for temporary swings in cash flow and operational performance as well as FX volatility
- Marel has committed liquidity of EUR 170.3m at the end of 3Q22, and the new loan will increase liquidity to EUR 326.6m including cash at hand

### Current maturity compared to new profile as of 30 Sept 2022<sup>1</sup>

EUR m



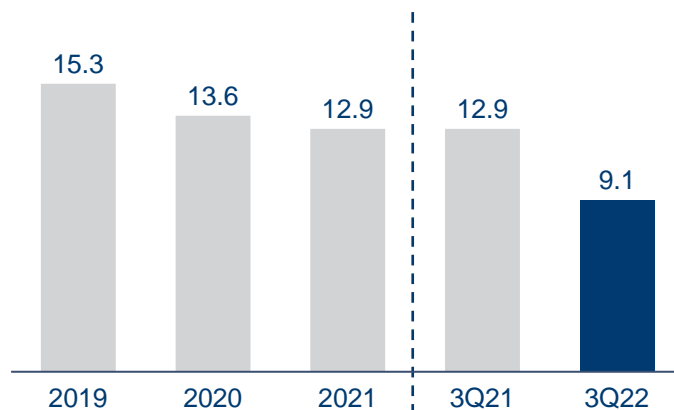
Notes: <sup>1</sup> Including EUR 1.0m capitalized finance charges and EUR 41.4m lease liabilities.

# Key performance metrics

## Proven track record of earnings results and value creation

### Earnings per share (EPS)

Trailing twelve months, euro cents

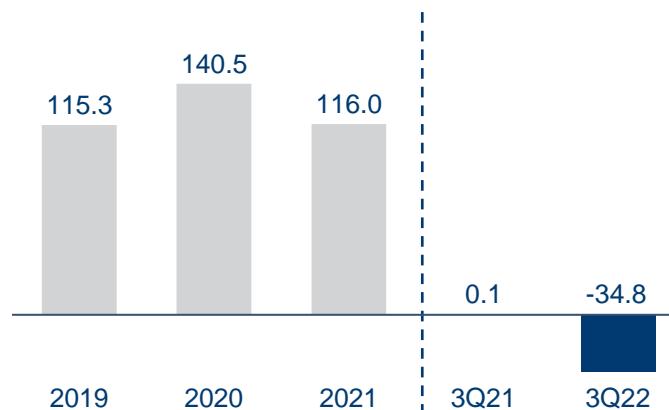


### EPS expected to grow faster than revenues

- In the period 2017-2026, Marel's management expects basic earnings per share to grow faster than revenues
- Focus on margin expansion and overall operational improvement and value creation

### Free cash flow<sup>1</sup>

EUR m

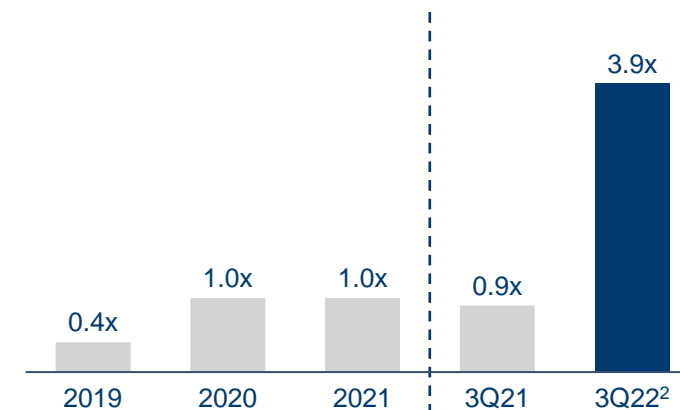


### Cash flow impacted by working capital and CAPEX

- Cash flow impacted in the quarter by the book-to-bill ratio of 0.95 and unfavorable working capital movements, including timing of invoicing and payments, as well as continued investment
- Marel's strong cash generation has enabled both deleveraging and the undertaking of strategic acquisitions as well as supported continued investments in infrastructure, innovation and strategic inventory buildup

### Net debt / EBITDA

Leverage (x)



### Focus on deleveraging towards target

- Leverage 3.9x at quarter-end, elevated by FX impact from stronger USD resulting in higher debts
- Focus forward on deleveraging to reach targeted capital structure of 2-3x net debt to EBITDA
- Objective to enter 2024 closer to 2.0x, or the lower end of the target range, where main drivers of deleveraging will be EBIT improvements and improvements in net working capital

Notes: <sup>1</sup> Free cash flow defined as cash generated from operating activities less taxes paid and net investments in PP&E and intangible assets. <sup>2</sup> Net debt (including lease liabilities) / Pro-forma LTM EBITDA.

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# Business and outlook

Arni Oddur Thordarson  
Chief Executive Officer

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# Three key strategic pillars to drive customer engagement and growth

1

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## Customer focus



- ✓ Reliable (maintenance) partner - operate in same time zone, culture and language as our customers
- ✓ Focus on effortless customer journey and best in class infrastructure to drive customer engagement
- ✓ Improved sales & service coverage

2

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## Best-in-class products and technology



- ✓ Leader in best-in-class, high quality equipment, lines and digital solutions
- ✓ Close partnership with customers addressing opportunities with product development and strategic partnerships
- ✓ Standard and modular building blocks with overarching software and strong service model

3

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## People and Culture



- ✓ Identifying and developing future leaders for strategic roles across the business
- ✓ Great talent drives our success but is in high demand, so attraction and retention is key
- ✓ Developing high performing teams by focusing on diversity, inclusion and development opportunities

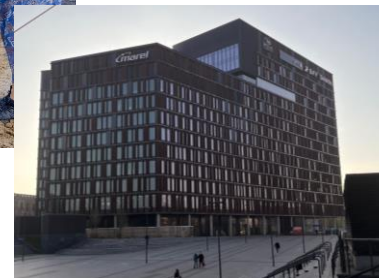
# Transformative infrastructure investments

## Transforming end-to-end spare parts journey to shorten lead times

- Focus on reshaping and digitalizing end-to-end spare parts operations – securing Marel’s position as a trusted maintenance partner and improving share of wallet as a one-stop shop
- Splitting up warehouses and opening dedicated spare part distribution centers to separate spare part handling from manufacturing
- On 22 June 2022, Marel opened a new 10,000 m<sup>2</sup> distribution center in **Buford, Georgia, USA** focused on spare parts
  - Will enhance efficiency and scalability of rapidly growing spare parts operations globally and ensure faster delivery times
- In Sept 2022, construction begun on a new 15,000 m<sup>2</sup> global distribution center in **Eindhoven, Netherlands**, a highly automated, green building that is strategically located near Marel’s main logistics service providers
  - Will become operational in 2024 and shorten lead times to customers, to improve the flow and flex, scale and operational efficiency

## Continued streamlining of back-end, improved efficiency and lower costs

- In Sept 2022, Marel opened a shared service center in **Lodz, Poland**
- A cross functional entity to improve efficiency and ensure standardization enhancing scalability, starting with transactional activities in G&A
- Currently 60 FTEs with plans for extend services to other business activities within Marel
- Transition of finance transactional activities to Lodz will be finalized in 4Q22, phasing out higher cost during implementation period



## Automating and digitizing manufacturing for better flow and flex

- Ongoing journey to automate and digitize our manufacturing facilities, for better load balancing in key locations and shorter lead times
- **Nitra, Slovakia**
  - Invested in new 18,700 m<sup>2</sup> production facility adjacent to current facilities to scale up production capacity in a best-cost location – to become operational in 1H23
  - Vast majority of capacity focused on solutions for the consumer-ready market
- **Boxmeer, Netherlands**
  - Plan to expand capacity by 10,000 m<sup>2</sup> to improve flow in production processes in poultry, supported by investments in robotics and automation solutions
  - Relocating meat operations from Boxmeer to consolidate the meat platform in Lichtenvoorde
- **Stovring, Denmark**
  - Improving production capacity for Fish in Stovring
  - Relocating food preparation in Stovring to Boxmeer, clustering with other prepared foods activities
- **Lichtenvoorde, Netherlands**
  - Harmonizing ways of working in Meat in Lichtenvoorde to make operations more effective



# Well positioned for inflationary recession

Inflation and global recessions have historically shifted consumer demand as well as investments in the food industry

## >> Marel's strong value proposition

New pioneering solutions launched in 2021 that drive automation, digitalization to optimize food processing

27

15 new products launched at IFFA 2022

sustainability

higher yields and throughput, less energy, less water, less food waste

inflation

Customer investment appetite shifts toward standard equipment and secondary processing solutions

42%

from aftermarket as trusted maintenance partner

Unique sales and service network

30 countries | 6 continents

## >> Food processors' focus areas

automation + digitalization  
focused on raw material utilization by optimizing production and reducing waste (yield, throughput and SKU agility)

investments shift from large projects towards standardized solutions, aftermarket and less capital-intensive projects

rising interest rates

Smart factories, connected equipment run by AI and machine learning, but still with a human touch, increasing the need for data scientists and engineers

labor scarcity  
industry 4.0

## >> Consumers changing behavior

shifting market demand

Consumer shift to more affordable proteins, smaller proteins portions and more dine-in than dine-out

US economy rebounds in third quarter

GDP growth of 2.6% surpasses expectations but report signals softening of consumer demand

US fast food: inflation will ketchup with burger flippers soon enough

McDonald's and Co are benefiting from the cheaper than cooking at home

Food inflation concerns deepen as prices reach highest level since 2014

UN body warns trajectory of prices could create a 'big issue' for poorer, import-reliant countries

Food inflation: taking away the bread basket adds to higher bills

Disruptions to supply could trigger a rewriting of agricultural rules

UK households face 'very, very hard' winter, warns National Grid chief

Many families will struggle as cost of energy doubles compared with a year ago, John Porttrew says



# Focus First operating model

Enables scale and growth with clearer accountability, simplified customer journey and effective collaboration

<p><b>Increased importance of software and services</b></p> <p>Aftermarket ~50%</p> <p>Equipment ~50%</p>	<p><b>Growing revenues</b></p> <p><b>One-stop shop</b></p> <p>EUR <b>3</b> billion</p>	<p><b>Partnership with customer on transformative solutions and services</b></p> <p><b>Engaged workforce</b></p>
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**Enhancing end-to-end accountability**

End-to-end visibility and accountability within divisions to clarify responsibilities, give a sharper view on profit and performance, and allow for growth – ultimately leading to a better customer journey.

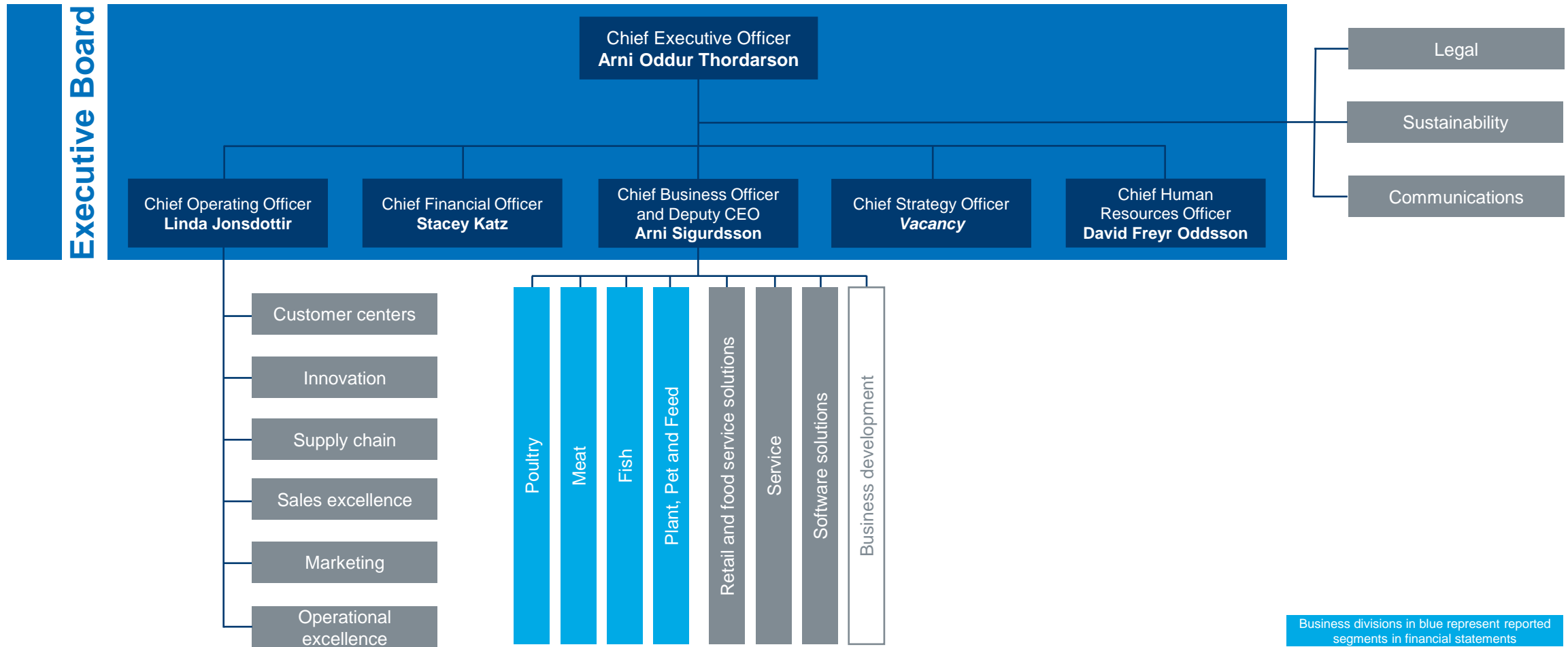
**Enabling customer centricity**

An optimal customer journey that is fast yet reliable allowing us to maintain and build long term relationships with customers. To achieve this, we aim to have a deeper understanding of customer needs and provide them with clear contact points.

**Ensuring cross-business collaboration**

Better cross-business collaboration to provide our customers with solutions consisting of best-in-class building blocks of equipment, service and software, either stand-alone or as an integrated solution.

# Focus First organizational structure



# Financial targets and dividend policy

Marel is targeting 12% average annual revenue growth from 2017-2026 through market penetration and innovation, complemented by strategic partnerships and acquisitions

2017-2026 targets and performance		FY17	FY18	FY19	FY20	FY21	9M22
Revenue growth <sup>1</sup>	Organic	4.9%	12.5%	5.4%	-5.4%	4.4%	15.6%
	Acquired	2.2%	2.9%	1.8%	1.8%	5.5%	7.2%
	Total	7.1%	15.4%	7.2%	-3.6%	9.9%	22.8%
		<b>CAGR 2017-9M22</b>		<b>8.9%</b>			
Innovation investment	~6% of revenues	5.6%	6.2%	6.4%	5.6%	5.9%	5.9%
Earnings per share (TTM)	EPS to grow faster than revenues	13.7	18.0	15.3	13.6	12.9	9.1
Leverage	Net debt/EBITDA 2-3x	1.9x	2.0x	0.4x	1.0x	1.0x	3.9x
Dividend policy	20-40% of net results	30%	30%	40%	40%	40%	-

## Mid-term targets by YE23

Adjusted EBIT 14-16%

Gross profit 40%

SG&A 18%

Innovation investment 6%

Notes: <sup>1</sup> Growth is not expected to 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.

# Financial targets and dividend policy

Marel is targeting 12% average annual revenue growth from 2017-2026 through market penetration and innovation, complemented by strategic partnerships and acquisitions

## 2017-2026 targets and performance

<b>Revenue growth<sup>1</sup></b>	<b>12%</b>	<p>In the period 2017-2026, Marel is targeting 12% average annual revenue growth through market penetration and innovation, complemented by strategic partnerships and acquisitions.</p> <p>Maintaining solid operational performance and strong cash flow is expected to support 5-7% revenue growth on average by acquisition.</p> <ul style="list-style-type: none"> <li>Marel's management expects average annual market growth of <b>4-6% in the long term</b>. Marel aims to grow organically faster than the market, driven by innovation and growing market penetration.</li> <li>Management believes that market growth will be at a level of <b>6-8% in the medium term</b> (2021-2026), due to catch up effect from the past five years and a tailwind in the market.</li> <li>Recurring revenues to reach 50% of total revenues by YE26, including software and services.</li> </ul>
<b>Innovation investment</b>	<b>~6% of revenues</b>	To support new product development and ensure continued competitiveness of existing product offering.
<b>Earnings per share (TTM)</b>	<b>EPS to grow faster than revenues</b>	Marel's management targets Earnings per Share to grow faster than revenues.
<b>Leverage</b>	<b>Net debt/EBITDA 2-3x</b>	The leverage ratio is targeted to be in line with the targeted capital structure of the company.
<b>Dividend policy</b>	<b>20-40% of net results</b>	Dividend or share buyback targeted at 20-40% of net result. Excess capital used to stimulate growth and value creation, as well as payment of dividends / funding share buybacks.

## Mid-term targets by YE23

Adjusted EBIT **14-16%**

Gross profit **40%**

SG&A **18%**

Innovation investment **6%**

Notes: <sup>1</sup> Growth is not expected to 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.



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# Q&A

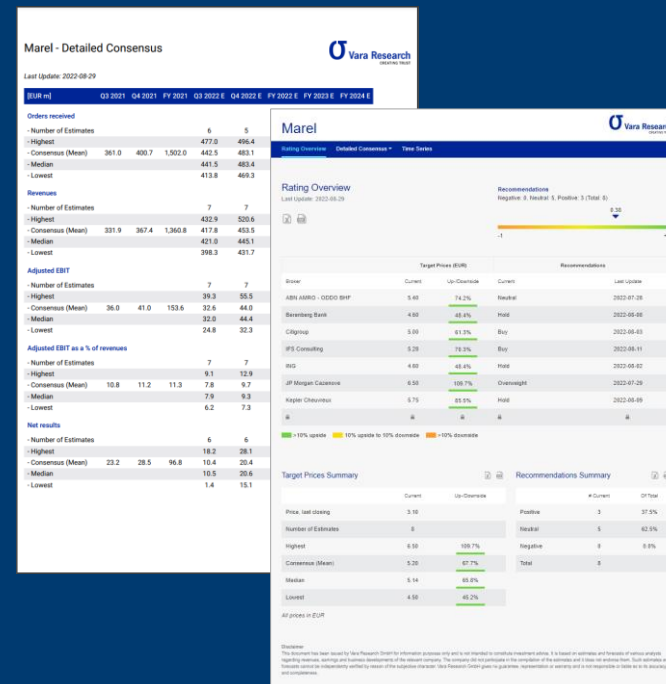
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# Did you know?

Analyst consensus estimates for Marel are available to the market on [marel.com/ir](https://marel.com/ir)

## Consensus estimates

- In 2021, Marel engaged Vara Research consensus services to survey brokerages analysts for a detailed consensus.
- Vara Research is an independent service provider of external investor relations services, with a focus on consensus management.
- The company is widely known and follows a strict process by which the data is gathered, leading to better transparency and credibility between the company and the market.
- The resulting high-quality consensus will support capital market participants by reflecting the expectations of research analysts covering Marel.
- The consensus estimates are compiled throughout the year and updated around the company's quarterly results.



Vara Research follows a strict process by which the data is gathered, leading to better transparency and credibility between the company and the market

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# Marel IR on Twitter

Stay tuned for \$MAREL news, events, and helpful information. And if you have any questions, we are here to help with that too.

Follow us on [@Marel\\_IR](https://twitter.com/Marel_IR)



# Investor Relations



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# Disclaimer

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## 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 are 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.

## Market share data

Statements regarding market share, including those regarding Marel's competitive position, are based on outside sources such as research institutes, industry and dealer panels in combination with management estimates.

Where information is not yet available to Marel, those statements may also be based on estimates and projections prepared by outside sources or management. Rankings are based on sales unless otherwise stated.

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# Thank you

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