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# Q4 and FY 2022

## Press release

8 February 2023

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# Ramp up of revenues and improved EBIT of 12.4%



## Executive summary

- On track to deliver the run-rate of 14-16% EBIT target for year-end 2023
- Record quarter delivering revenues of EUR 489m, providing better cost coverage and improvement of EBIT margin to 12.4% or EUR 60.9m
- Improved operational performance on higher volume enabled by automation and infrastructure investments, solid customer deliveries, as well as better price/cost coverage
- Record aftermarket revenues for eleven consecutive quarters, 40% of total revenues in 2022, reflecting strong market position as a trusted maintenance partner and underpinning 2026 target where 50% of revenues come from software and services

## Key figures (EUR m)

As per financial statements	4Q22	4Q21	Δ YoY	FY22	FY21	Δ YoY
Revenues	489.2	367.4	33.2%	1,708.7	1,360.8	25.6%
Gross profit	175.8	131.9	33.3%	604.9	498.1	21.4%
% of revenues	35.9%	35.9%		35.4%	36.6%	
SG&A expenses	89.9	70.6	27.3%	344.0	263.7	30.5%
% of revenues	18.4%	19.2%		20.1%	19.4%	
R&D expenses	25.0	20.3	23.2%	97.5	80.8	20.7%
% of revenues	5.1%	5.5%		5.7%	5.9%	
EBITDA <sup>1</sup>	77.9	55.1	41.4%	221.4	205.5	7.7%
% of revenues	15.9%	15.0%		13.0%	15.1%	
EBIT <sup>1</sup>	60.9	41.0	48.5%	163.4	153.6	6.4%
% of revenues	12.4%	11.2%		9.6%	11.3%	
Non-IFRS adjustments	(22.8)	(5.2)	338.5%	(66.4)	(23.3)	185.0%
Result from operations (EBIT)	38.1	35.8	6.4%	97.0	130.3	(25.6%)
% of revenues	7.8%	9.7%		5.7%	9.6%	
Net result	18.5	28.5	(35.1%)	58.7	96.2	(39.0%)
% of revenues	3.8%	7.8%		3.4%	7.1%	
Orders Received	413.4	400.7	3.2%	1,734.0	1,502.0	15.4%
Order Book <sup>2</sup>				675.2	569.0	18.7%
<b>Cash flows</b>	<b>4Q22</b>	<b>4Q21</b>		<b>FY22</b>	<b>FY21</b>	
Cash from operating activities, bf. int. & tax	44.3	54.5		96.4	212.3	
Net cash from (to) operations	25.7	43.6		51.4	176.2	
Investing activities	(27.3)	(56.3)		(567.2)	(121.4)	
Financing activities	1.1	20.9		505.9	(64.3)	
Net cash flow	(0.5)	8.2		(9.9)	(9.5)	
<b>Financial position</b>	<b>31/12 2022</b>	<b>31/12 2021</b>				
Net Debt (Including Lease liabilities)	816.7	199.2				
Operational working capital <sup>3</sup>	234.3	74.6				
<b>Key ratios</b>	<b>FY22</b>	<b>FY21</b>				
Current ratio	1.1	1.1				
Quick ratio	0.6	0.6				
Return on equity <sup>4</sup>	5.7%	9.7%				
Leverage <sup>5</sup>	3.6	1.0				
Number of outstanding shares (millions)	752.7	755.7				
Market cap in EUR billion	2.5	4.6				
Basic earnings per share in EUR cents	7.78	12.85				



# Key highlights



## Q4 2022 – Financial highlights

- **Orders received** were EUR 413.4m (3Q22: 427.1m, 4Q21: 400.7m).
- **Order book<sup>1</sup>** was EUR 675.2m (3Q22: 751.0m, 4Q21: 569.0m).
- **Revenues** were EUR 489.2m (3Q22: 450.6m, 4Q21: 367.4m).
- **Book-to-bill** is 0.85 and the order book represents 39.5% of 12-month trailing revenues.
- **EBIT<sup>2</sup>** was EUR 60.9m (3Q22: 46.2m, 4Q21: 41.0m), translating to an **EBIT<sup>2</sup> margin** of 12.4% (3Q22: 10.3%, 4Q21: 11.2%).
- **Net result** was EUR 18.5m (3Q22: 8.9m, 4Q21: 28.5m).
- **Cash flow from operating activities before interest and tax** was EUR 44.3m (3Q22: 1.0m, 4Q21: 54.5m).
- **Free cash flow** amounted to EUR 10.0m (3Q22: -34.8m, 4Q21: 15.8m), improving quarter-on-quarter based on stronger operational performance.
- **Net debt/EBITDA<sup>3</sup>** was 3.6x (3Q22: 3.9x, 4Q21: 1.0x) following acquisition of Wenger in 2Q22, focus on deleveraging to return to targeted capital structure of 2-3x net debt to EBITDA.

## FY 2022 – Financial highlights

- **Orders received** were EUR 1,734.0m (FY21: 1,502.0m).
- **Revenues** were EUR 1,708.7m (FY21: 1,360.8m).
- **EBIT<sup>2</sup>** was EUR 163.4m (FY21: 153.6m), translating to an EBIT<sup>2</sup> margin of 9.6% (FY21: 11.3%).
- **Net result** was EUR 58.7m (FY21: 96.2m).
- **Basic earnings per share (EPS)** were EUR 7.78 cents (FY21: 12.85 cents).
- **Cash flow from operating activities before interest and tax** was EUR 96.4m (FY21: 212.3m).
- **Free cash flow** at EUR -18.1m (FY21: 116.0m).
- **Dividend** of EUR 11.7m, or 20% payout ratio, to be proposed by the Board at the AGM 2023, in line with Marel's dividend policy of 20-40%.

## Arni Oddur Thordarson, CEO of Marel

*"2022 will be a year to remember – a year of transformation for Marel in a time of disruption in global supply chains and shifting consumer behavior impacting the food value chain. Against a wider backdrop of macroeconomic uncertainty and volatility, we close the year with a record quarter of EUR 489 million in revenues and EUR 61 million in EBIT, at a 12.4% EBIT margin.*

*Revenues for the full year were up 26% at 1,709 million and momentum was good for orders received totaling EUR 1,734 million, or up 15% from 2021. Recurring aftermarket revenues were 40% of total and have continued to increase for 11 consecutive quarters reflecting our strong position as a trusted maintenance partner. This could not have been achieved without the dedication, commitment, and hard work of team Marel in close partnership with our customers and suppliers.*

*Although adding to non-recurring costs in 2022, our transformative infrastructure investments to further automate and digitize our platform enabled us to improve operational efficiency and increase volumes through solid customer deliveries. Higher revenues in turn provided better cost coverage resulting in improved operational performance towards our year-end 2023 run-rate target of 14-16% EBIT. Additionally, actions already enacted, such as the 5% global workforce reduction, had a positive impact on EBIT margin. Further levers to support margin expansion center around cost/price discipline, aftermarket penetration on current installed base, in addition to optimizing our manufacturing footprint and supply base. To position our business for future growth, we will continue our CAPEX at ~4-5% in the coming years to shorten lead times and support the 2026 target of 50% of revenues coming from service and software.*

*Acquisitions and strategic partnerships have accelerated our innovation roadmap. The platform acquisition of Wenger in 2022 represents an exciting new growth avenue for Marel, focused on pet food, plant-based protein, and aqua feed. The acquisition was*

*margin and earnings enhancing for Marel and there are immediate opportunities for growth and value creation by leveraging Marel's global reach and digital platforms in Wenger's sizeable and high-growth markets.*

*At the same time we launched 33 new and innovative solutions that improve yield and decrease waste in the food value chain, that adds up to tremendous gains in sustainability for food processors and their CO2 footprint accountability. 2022 was also the year we returned to key trade shows where our dedicated team was proud to demonstrate our technological leadership and reconnect with customers.*

*The long-term growth outlook in our industry is unchanged and we are committed to a balanced approach of organic and acquired growth to reach the financial targets of 2023 and growth ambition for 2026. Stepping up short-term profitability and robust cash flow are key elements to fuel our future growth plan. Marel's strong cash flow model has enabled Marel to deleverage quickly after transformational acquisitions in the past. Net leverage improved to 3.6x at year-end and our objective is to be within the targeted range of 2-3x at the beginning of 2024.*

*As a growth company, we continuously need to seek ways to become leaner, more efficient and easier to do business with. That is why we are redefining our operating model which will equip us with the increased customer centricity, speed and scale needed to win in today's market, and become a true partner for our customers' ambitious growth plans. Although operational results may vary from quarter to quarter, our diversified business model is built on a solid foundation and the structural long-term growth drivers in our end markets have never been more attractive."*

## Full commitment to the 2023 financial targets and 2026 growth plan

- Management is committed to the year-end 2023 financial targets to reach a run-rate of 14-16% EBIT, gross profit of 40% and SG&A of 18%, and maintain the innovation promise at the 6% strategic level.
- For the period 2017-2026 Marel has set a target of 12% average annual increase in revenues, through both organic growth and acquisitions. Marel's growth plan involves capitalizing on strong innovation investment, global reach and digital solutions to drive expansion and market penetration, as well as strategic partnerships and acquisitions. Compound annual growth rate (CAGR) in 2017-2022 was 9.9%.

### Acquisitions and strategic partnerships

- In April, Marel announced the USD 540m acquisition of US-based Wenger, a global leader in extrusion systems, widely known for its pioneering contributions in pet food, plant-based protein and aqua feed. Wenger forms Marel's fourth reported business segment - plant, pet and feed - alongside poultry, meat and fish. Over 60% of Wenger's revenues derive from pet food, they have a strong foothold in the North American market and over 40% of revenues come from services. Headquartered in Sabetha, Kansas in the United States, Wenger has around USD 190m in annual revenues and 500 FTEs.
- The bolt-on acquisition of Slegers Technique was also concluded in April 2022. Slegers is a Dutch provider of interleaving, stacking, loading, and slicing solutions for prepared foods such as hamburger, bacon and cheese processing. Headquartered in Nieuwkuijk in the Netherlands, Slegers has around EUR 5m in annual revenues and 27 FTEs.
- On 1 February 2022, Marel acquired the remaining 50.0% of the shares of Curio, an innovative primary processing equipment provider for whitefish processing. Curio and Marel have worked closely together since 2019.
- In November, Marel, Tyson Ventures and a group of investors announced they are joining hands to invest in Soft Robotics Inc., a US based industry-leading technology company that designs and builds automated picking solutions utilizing proprietary soft robotic grippers, 3D machine perception and Artificial Intelligence (AI). Marel invested a total of USD 3m as part of Soft Robotics' initial Series C where the company raised a total of USD 26m from new and existing investors.

### Investments to position our business for future growth

- In 2022, there was continued focus on automating and digitizing the manufacturing platform, supply chain and aftermarket to shorten lead times and support the 2026 target of 50% of revenues coming from service and software.
- Key initiatives include the new and digitalized global distribution center in Eindhoven, Netherlands, a new production facility adjacent to current operations in Nitra, Slovakia, and the ongoing journey to digitize, automate and improve flow and flexibility in our main poultry facility in Boxmeer.
- Cash capital expenditures excluding R&D investments will be on average 4-5% of revenues in 2021-2026, thereafter, returning to more normalized levels of below 3% of revenues.

## Focus on sustainability and making an impact through innovation

- Circular designs that improve yields and decrease waste in food production can add up to tremendous gains in sustainability for food processors and their CO2 footprint accountability.
- As the leading global supplier of high-tech food processing solutions, our biggest impact for our industry is through innovation, where our equipment and software enable customers to deliver on their sustainability strategies and green reporting.
- In 2022, Marel brought 33 solutions to market and showcased over 35 products at key tradeshows over the year, where e.g., IFFA marked the first trade show showing the full combined product portfolio of Marel and the two acquisitions of MAJA (2018) and TREIF (2020).
- In 2022, Marel took significant steps in its own climate-related disclosure journey. Our near-term targets to reduce carbon emissions from our entire value chain were validated by the Science Based Targets initiative (SBTi), we introduced a sustainability program fully in line with Marel's 2026 growth plan, and expanded ESG into the short-term incentive plans for ~1/3 of our employees.

### 'Full Potential' program to reach year-end 2023 financial targets

- In 2Q22, Marel revised its year-end 2023 financial target to a run-rate of 14-16% EBIT, from the previously stated 16%, allowing for 2% contingency buffer due to volatility in market conditions.
- To support the EBIT margin expansion, the 'Full Potential' program was launched as a global top priority. Actions already enacted expected to positively impact EBIT margin include pricing actions filtering through, and the 5% global workforce reduction (EUR 25m in annualized cost savings). Further initiatives centered around price/cost discipline, improving SLA attachment rates and further aftermarket penetration on current installed base, in addition to optimizing our footprint.

### 'Focus First' to improve customer centricity, speed and scale across the organization

- On 2 Nov 2022, Marel introduced a refined operating model called Focus First to position Marel for future growth and ensure long-term profitability. To be implemented in the first half of 2023, the operating model is expected to foster more customer centricity, enhance end-to-end accountability and enable cross-business collaboration. An Executive Board was introduced at the same time.
- The operating model has seven business divisions (four segments for external reporting), global functions and customer centers. The seven business divisions are: Poultry, Meat, Fish, Plant, Pet and Feed, Retail and Food Service Solutions (RFS), Service, and Software Solutions. Functions provide enabling capabilities and expertise to the divisions. Customer Centers represent our 6 regions, further building upon the foundation of Marel's global reach and local presence.

### New USD 300 million term loan for additional headroom and flexibility

- On 2 November, a new 3-year USD 300m term loan was signed, with 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.

# Financial performance



## Orders received above EUR 400m level for five consecutive quarters

- Orders received in 4Q22 of EUR 413.4m, down 3.2% QoQ and up 3.2% YoY (3Q22: 427.1m, 4Q21: 400.7m). Orders received in 2022 at a record level, EUR 1,734.0m, up 15.4% from EUR 1,502.0m in 2021.
- Commercial value of Marel's focus markets of poultry, meat, fish, in addition to pet food, aqua feed and plant-based processing industries are estimated at around EUR 1,500 billion and expected to grow at ~3% annually in the long-term. For Marel specifically, the addressable market for equipment solutions and services in these target markets is estimated at EUR 15 billion and expected to grow 4-6% in the long term<sup>3</sup>.
- Demand for Marel's pioneering solutions has been strong since 3Q21 with orders received above EUR 400m. Based on this new level of market demand due to catch up effect from the past years and a strong tailwind in the market, Marel raised its forecast of short-term organic market growth to the range of 6-8% until 2026, compared to the 4-6% market growth expected in the long term.
- Prolonged inflation, rising interest rates and global recession have historically shifted consumer demand as well as investments in the food industry from large projects towards standardized solutions, aftermarket and less capital-intensive projects.
- Favorable secular trends, focused on automation, robotics technology and digital solutions that support sustainable food processing, will continue to support organic growth outlook in the long term. In the short term, the current macroeconomic backdrop is resulting in elevated uncertainty.

## Healthy order book of EUR 675m and book-to-bill ratio of 0.85

- Order book, consisting of orders that have been signed and financially secured with down payments/letters of credit, was EUR 675.2m at the end of December, up 18.7% YoY (3Q22: 751.0m, 4Q21: 569.0m), representing 39.5% of 12-month trailing revenues.
- The book-to-bill ratio in the quarter was 0.85, compared to 1.01 for the full year, and reflects the strong revenue growth in the quarter on the back of the record order book in June 2022 and timely delivery to customers.
- Vast majority of the order book is comprised of greenfields and projects, while spare parts and standard equipment run faster through the system. Marel has actively raised prices which are filtering through (aftermarket takes ~6-8 weeks, standard equipment ~3-6 months, and larger projects ~9-12 months).

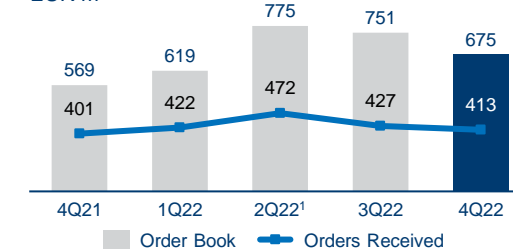
## Successful revenue ramp up and solid delivery to customers

- Record revenues of EUR 489.2m in the quarter, up 8.6% QoQ and 33.2% YoY (3Q22: 450.6m, 4Q21: 367.4m).
- Revenues in 2022 were EUR 1,708.7m (2021: 1,360.8m), where acquisitions contributed EUR 129.3m.
- Organic revenue growth in 4Q22 was 17.4% YoY, and 16.1% YoY for the full year.
- Tailwind of FX in 2022 due to strengthening of USD.
- Successful ramp up of revenues in 2022 resulting in better cost coverage. Higher volume and solid customer deliveries enabled by infrastructure investments in warehouses, better load balancing across manufacturing sites, in addition to signs of easing in parts availability albeit semi-cons are still an issue. Actions ongoing to resolve bottlenecks, e.g. setting up cross-functional teams for critical suppliers and innovating to engineer around switching parts and suppliers where needed.
- Low customer concentration with no customer accounting for more than 5% of total annual revenues.

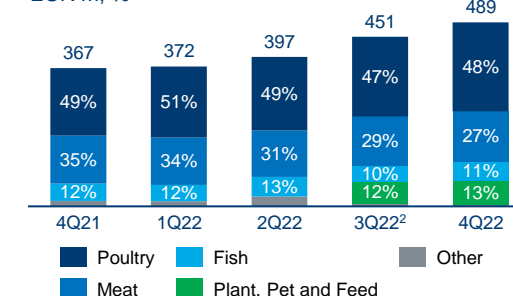
## Recurring aftermarket revenues continue to rise to new record levels

- Aftermarket revenues, comprised of recurring services and spare parts, have increased for 11 consecutive quarters to reach a record EUR 190.5m in 4Q22 and EUR 689.2m for the full year 2022.
- This translates to 39% of total revenues in the quarter (3Q22: 42%, 4Q21: 40%), and 40% for the full year 2022 (2021: 40%), further underpinning Marel's commitment to investments in automating and digitizing the spare parts delivery model and shortening lead times.
- Annual revenue growth in aftermarket is 26.8% YoY, and 46.4% in the period 2019-2022 and reflects Marel's strong market position and reputation as a trusted maintenance partner.
- Service level agreements (SLAs) are showing high growth as customers are increasingly looking to Marel as a full-line supplier with service and software to ensure processing optimization and factory uptime.
- Utilization of field service engineers is improving following the pandemic and easing travel restrictions, focus on adding capacity.

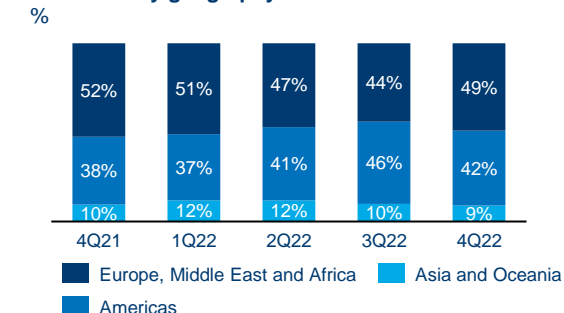
## Order book and orders received



## Revenues by industry



## Revenues by geography



# Financial performance



## Improved operational performance on the back of revenue ramp up providing better price/cost coverage

- As stated in 2Q22, strong order book and the full benefit of pricing actions supported ramp up in revenues and improving price/cost coverage and operational performance in the second half of 2022, towards the YE23 financial targets.
- Gross profit margin at 35.9% in the quarter (3Q22: 36.0%, 4Q21: 35.9%) and 35.4% in 2022 (2021: 36.6%). Gross profit was EUR 175.8m in the quarter (3Q22: 162.0m, 4Q21: 131.9m) and EUR 604.9m in 2022 (2021: 498.1m).
- SG&A of 18.4% (3Q22: 19.7%, 4Q21: 19.2%) and 20.1% in 2022 (2021: 19.4%) and moving closer to the target of 18% by YE23.
- Sales and marketing (S&M) expenses were at a level of 11.1% of revenues in 4Q22 (3Q22: 12.6%, 4Q21: 12.4%). S&M expenses were 12.7% in 2022 (2021: 12.5%), and trending down with higher revenues and better cost coverage towards the target of 12.0% by YE23.
- General and administrative (G&A) expenses were 7.3% of revenues in the quarter (3Q22: 7.1%, 4Q21: 6.8%). G&A was 7.4% of revenues in 2022 (2021: 6.9%). Cost saving initiatives in motion to reach YE23 target of 6%.
- Innovation costs at 5.1% in 4Q22 (3Q22: 5.9%, 4Q21: 5.5%) and 5.7% in 2022 (2021: 5.9%), in line with strategic promise of investing 6.0% of revenues in innovation annually. In 2022, Marel brought 33 solutions to market and showcased over 35 products at key tradeshows over the year, where e.g., IFFA marked the first trade show showing the full combined product portfolio of Marel and the two acquisitions of MAJA (2018) and TREIF (2020).
- EBIT<sup>1</sup> in the quarter was EUR 60.9m (3Q22: 46.2m, 4Q21: 41.0m), translating to an EBIT<sup>1</sup> margin of 12.4% (3Q22: 10.3%, 4Q21: 11.2%). EBIT<sup>1</sup> in 2022 was EUR 163.4m (2021: 153.6m), translating to an EBIT<sup>1</sup> margin of 9.6% (2021: 11.3%).
- Marel adjusts EBIT<sup>1</sup> for PPA and acquisition related costs. In Q3 and Q4 2022, EBIT<sup>1</sup> is adjusted for restructuring costs due to the 5% headcount reduction. Total adjustment was EUR 8.4m (thereof EUR 2.9m in 4Q22) with expected annualized savings of EUR 25m.

## Cash flow improving in the quarter, although below historical levels

- Operating cash flow was EUR 44.3m in the quarter (3Q22: 1.0m, 4Q21: 54.5m). For the full year, operating cash flow was EUR 96.4m (2021: 212.3m).
- Operating cash flow improved in 4Q22 due to stronger operational results and a slower working capital increase. A lower book-to-bill of 0.85 in 4Q22 also impacting working capital with higher contract assets than liabilities. Operating cash flow for the full year colored by lower operational performance including one-off costs related to acquisitions and restructuring.
- Cash CAPEX excluding R&D investments in 4Q22 were EUR 19.2m (3Q22: 19.3m, 4Q21: 25.0m) or 3.9% of revenues.
- Free cash flow was EUR 10.0m in the quarter (3Q22: -34.8m, 4Q21: 15.8m), improving quarter-on-quarter on stronger operational performance. For the full year, free cash flow was EUR -18.1m (2021: 116.0m), impacted by net working capital movements, continued investments as well as an inventory buildup earlier in the year, tying up capital and cash flow.
- Marel's cash flow model remains unchanged. Aim to increase towards historical cash conversion levels by year-end 2023.

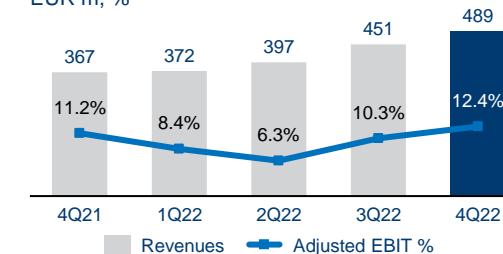
## Leverage temporarily above target of 2-3x

- Net leverage improving to 3.6x at the end of 4Q22 from 3.9x in 3Q22 (4Q21: 1.0x), following the acquisition of Wenger in second quarter.
- Objective to be within the targeted range of 2.0-3.0x at the beginning of 2024, where main drivers of deleveraging will be EBIT improvements and improvements in net working capital.
- Marel's strong cash flow model has enabled Marel to deleverage quickly after transformational acquisitions in the past.
- Temporarily elevated working capital, expected to normalize in coming quarters.

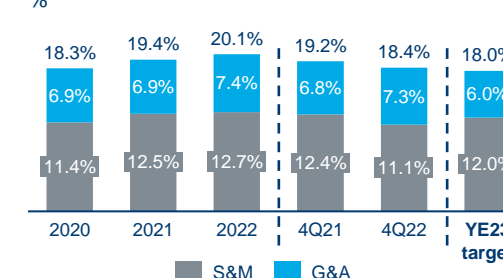
## Dividend proposal of 20% payout ratio for upcoming AGM

- In line with Marel's dividend policy of 20-40% payout ratio, the Board of Directors will propose a 20% payout ratio at the 2023 Annual General Meeting, to be held on 22 March 2023 (2022: 40%).
- Based on a EUR 1.56 cents dividend per outstanding share paid for the operational year 2022, the estimated total dividend payment will be around EUR 11.7m, compared to EUR 38.7m in the prior year.

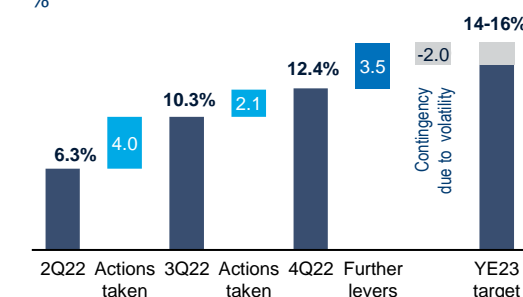
Revenues and adjusted EBIT<sup>1</sup>  
EUR m, %



Sales, general and administrative costs  
%



EBIT bridge to year-end 2023 target  
%

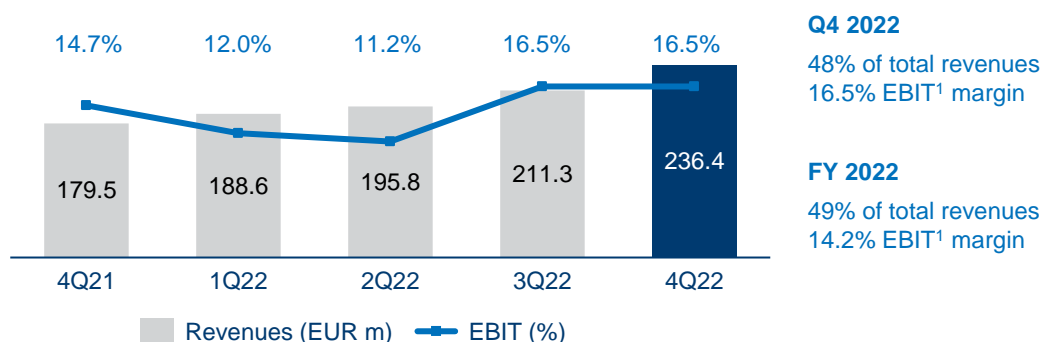




# Business segment performance



## Marel Poultry



**Record revenues delivering a strong EBIT margin, large installed base benefiting double digit growth in aftermarket and rising number of SLAs**

**Orders received** for Marel Poultry were at a good level in 4Q22 and the full year with good mix of orders received, spanning the whole value chain from primary, secondary and consumer ready products. Latin America, North Europe and Asia & Oceania also had high volumes in Q4. In North America, demand in the fourth quarter continued on a strong note as it did throughout 2022.

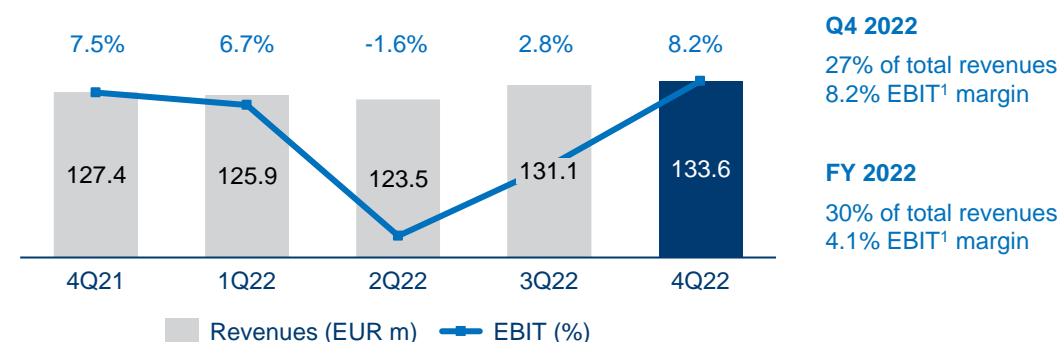
On the back of double-digit growth in orders, the year starts with a healthy order book. Pipeline is good, although timing of converting pipeline into orders is more uncertain in the current market environment and demand could shift between geographies. Marel was prominent at IPPE in Atlanta, one of the key trade shows for poultry and meat processing, demonstrating innovative solutions relevant for today's inflationary environment.

**Revenues** in 4Q22 for Marel Poultry were EUR 236.4m, up 31.7% YoY (4Q21: 179.5m). In 2022 revenues were EUR 832.1m (2021: 639.1m), up 30.2% YoY, driven by growth in both equipment and aftermarket.

**EBIT<sup>1</sup> margin** in the quarter was 16.5% (4Q21: 14.7%), however when looking at the absolute numbers, EBIT was EUR 38.9m (4Q21: 26.4m), up 47.3% YoY and up 11.8% QoQ. In 2022, EBIT was EUR 118.3m and 14.2% margin up 29.7% YoY (2021: 91.2m and 14.3% EBIT margin).

Management targets short-term EBIT margin expansion for Marel Poultry. However, 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 Meat



**Catch up quarter in an environment colored by high uncertainty and challenging market conditions, ongoing strategic and operational review and soft outlook for 1H23**

**Orders received** in 4Q22 for Marel Meat were at a good level, in particular primary processing projects. Challenging market conditions where geopolitics, sanctions, as well as lockdowns and reappearance of African Swine Fever in China have had a significant impact on the meat industry in 2022. Additionally, double digit inflation and focus on sustainability has shifted consumer preferences from meat to poultry and plant-based proteins.

Outlook for North America and Latin America is promising while softer for other geographies in current market conditions.

**Revenues** in 4Q22 for Marel Meat at EUR 133.6m, up 4.9% YoY (4Q21: 127.4m), driven by high aftermarket revenues. Revenues in 2022 were EUR 514.1m (2021: 512.5m), at same level as previous year due to softness in orders in 2Q22 and 3Q22 impacting volume for the full year.

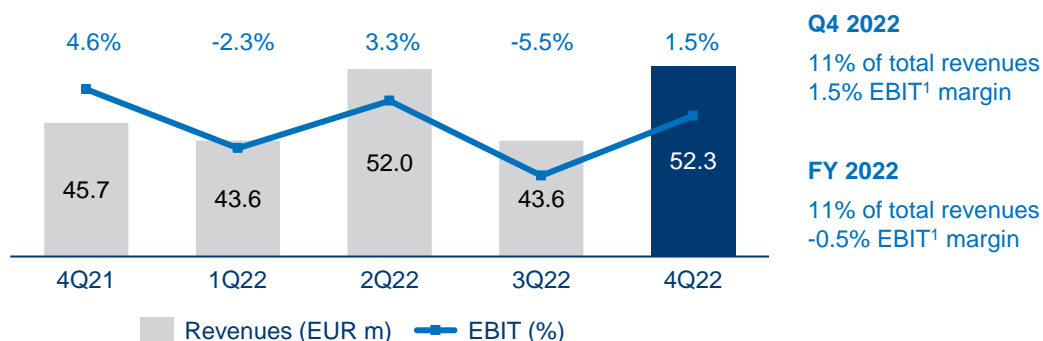
**EBIT<sup>1</sup> margin** in 4Q22 of 8.2% (4Q21: 7.5%) improving QoQ from catchup on projects, in addition to improved product mix and several cost and streamlining initiatives. In 2022, EBIT was EUR 21.0m and 4.1% margin, down 55.3% YoY (2021: 47.0m and 9.2% EBIT margin).

Management continues to target EBIT margin expansion for Marel Meat. High focus on achieving improved operational performance, i.e. optimizing the manufacturing footprint, investing in several infrastructure initiatives to support aftermarket sales and modernization opportunities within primary meat. Recent product launches in secondary processing showing great promise and relevance in the current inflationary environment.

# Business segment performance



## Marel Fish



**Strong revenues and performance improving in the quarter, though temporary softness in orders – New EVP to lead Marel Fish and support management’s targets for EBIT margin expansion**

**Orders received** for Marel Fish were on the softer side in 4Q22, in part as closing of several larger projects shifted into 1Q23 as well as being impacted by the proposed tax changes in Norway.

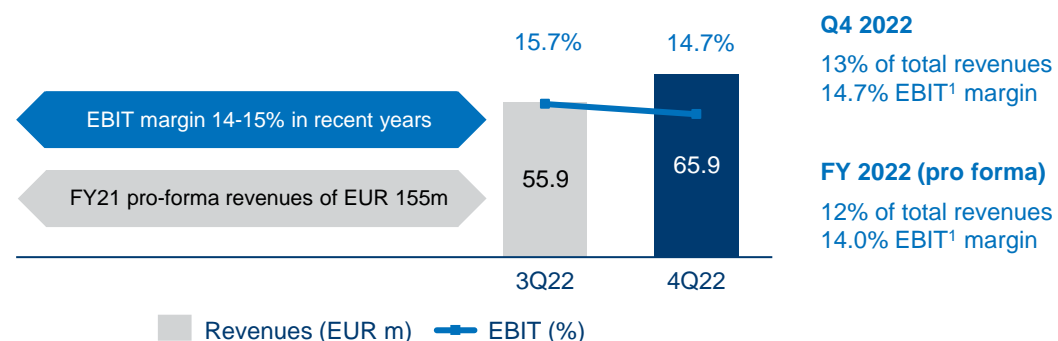
**Revenues** in 4Q22 for Marel Fish were EUR 52.3m, a record high, up 14.4% YoY (4Q21: 45.7m) driven by larger projects and standard equipment sales. Revenues in 2022 were EUR 191.5m (2021: 161.1m) up 18.9% YoY.

**EBIT<sup>1</sup> margin** in 4Q22 was 1.5% (4Q21: 4.6%) recovering from -5.5% in 3Q22 as product mix improved. Results were still impacted by integration costs (not adjusted for) due to the integration of Curio and Valka. In 2022 EBIT was EUR -0.9m and -0.5% EBIT margin down 109.9% YoY (2021: 9.1m and 5.6% margin).

Orders received and revenues were strong in 2022 for Marel Fish. Outlook is promising despite temporary softness in orders in 4Q22 related to uncertainty on the proposed tax on Norwegian salmon farmers aimed to be finalized in mid-year 2023.

Management continues to target EBIT margin expansion for Marel Fish. Focus on faster conversion from order book to revenues, in addition to improved product mix, productivity and cost efficiency through load balancing in key locations. In December, Olafur Karl Sigurdarson was appointed EVP of Marel Fish. Olafur has been with Marel since 2015 and held various positions in service and innovation for the fish industry. Marel would like to thank Gudbjorg for her dedication and valuable contribution to Marel over the years and wish her all the best in her new role.

## Marel Plant, Pet and Feed (Wenger platform)



**Another strong quarter for Marel Plant, Pet and Feed (PPF) – promising outlook on the back of healthy order book and solid pipeline in pet food and plant-based**

**Orders received** for Marel PPF were strong in 4Q22, driven by growth in Pet and Plant segment of operations while feed related orders were soft.

**Revenues** in 4Q22 were EUR 65.9m, up 17.9% compared to 3Q22, including EUR 12.3m in revenues that were historically reported under the other segment. Wenger performed well, in line with expectations, with stronger 2H22 compared to 1H22 due to timing of orders and shipments.

**EBIT<sup>1</sup> margin** in 4Q22 of 14.7%, in line with the expected Wenger EBIT margin of 14-15%.

Wenger has a strong foothold in the North American market which is providing Marel with better diversification of revenues across geographies.

Aftermarket revenues for Wenger have historically been at around 40% of total revenues. There are immediate opportunities for growth and value creation by leveraging Marel’s global reach and digital platforms for a more proactive approach in Wenger’s sizable and high-growth markets and to utilize customer relationships to cross sell the combined portfolio. Other planned initiatives include expanding manufacturing capacity to respond to high demand in Wenger’s core markets, in particular pet food.

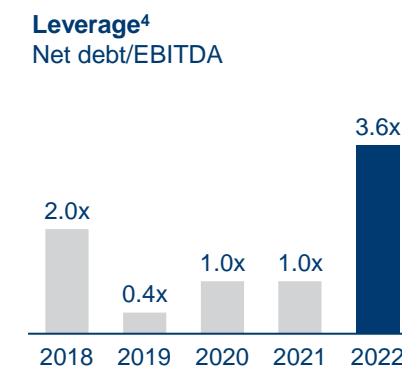
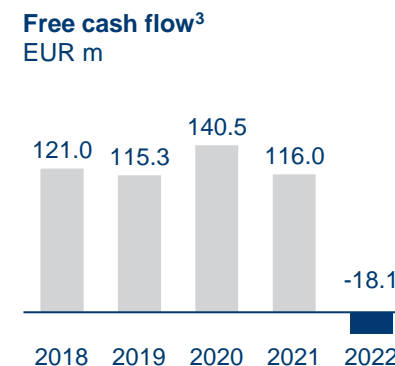
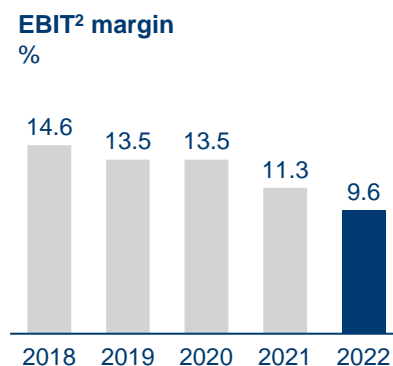
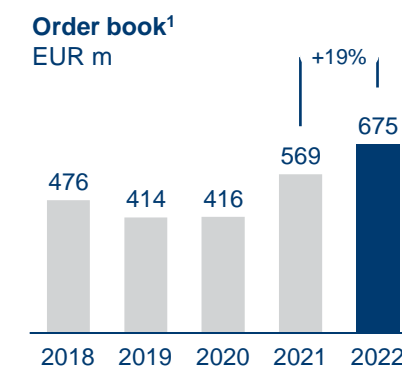
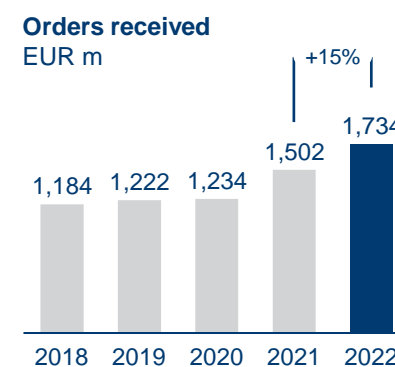
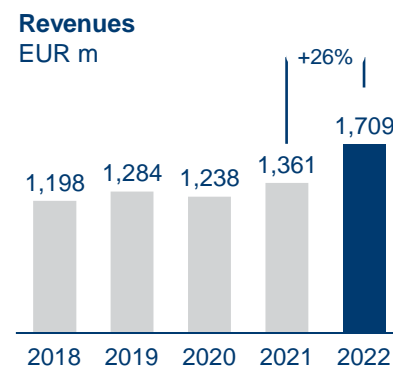


# Key figures and outlook



## Outlook

- In 2Q22, Marel revised its year-end 2023 financial target to a run-rate of 14-16% EBIT, from the previously stated 16%, allowing for 2% contingency buffer due to volatility in market conditions. Other 2023 financial targets were unchanged, gross profit of ~40%, SG&A of ~18% and innovation at the 6% strategic level.
- Market conditions remain challenging due to continued supply chain disruption and inflation at high levels resulting in inefficiencies in manufacturing and aftermarket, and higher costs associated with timely delivery. There are signs of easing in supply chain and parts availability which should improve operational efficiency. Favorable secular trends, focused on automation, robotics technology and digital solutions that support sustainable food processing, will continue to support organic growth outlook in the long term. In the short term, the current macroeconomic backdrop is resulting in elevated uncertainty.
- 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.
- In the period 2017-2026, Marel is targeting **12% average annual revenue growth** through market penetration and innovation, complemented by strategic partnerships and acquisitions.
  - Maintaining solid operational performance and strong cash flow is expected to support **5-7% revenue growth** on average by acquisition.
  - Marel's management expects average annual market growth of **4-6% in the long term**. Marel aims to grow organically faster than the market, driven by innovation and growing market penetration.
  - Management believes that market growth will be at a level of **6-8%** 2021-2026, due to catch up effect and a tailwind in the market.
  - Recurring aftermarket revenues to reach **50% of total revenues** by YE26, including software and services.
- Marel's management expects basic EPS to grow faster than revenues.
- Cash capital expenditures excluding R&D investments are expected to increase to an average of 4-5% of revenues in 2021-2026, thereafter, returning to more normalized levels.



## Investor meeting and conference call

On Thursday 9 February 2023, at 8:30 am GMT (9:30 am CET), Marel will host an investor meeting where senior management will give an overview of the financial results and operational highlights in the fourth quarter and for the full year.

The investor meeting will be held at the company's headquarters in Austurhraun 9, Gardabaer, Iceland. Breakfast will be served from 8:00 am GMT.

The meeting will be streamed live via Zoom and a recording will be made available after the meeting on [marel.com/ir](https://marel.com/ir).

Please register for the webcast [here](#).

## Upcoming investor conferences and events in 2023

Marel regularly engages with market participants during non-deal roadshows, equity sales briefings, conferences, and other events. Here are some of Marel's upcoming investor events in 2023:

- Jefferies Pan-European Mid-Cap Conference, London, 28-29 March
- ABN AMRO-ODDO Benelux European Conference, Amsterdam, 24 May
- Berenberg Tarrytown Conference USA, New York, 23-25 May

## Upcoming trade shows and events in 2023

Marel regularly participates in exhibitions around the world where it showcases the company's innovative solutions. In addition, Marel hosts its own trade shows and KnowHows in the company's demonstration facilities. Here are some of Marel's upcoming events in 2023:

- VIV Asia in Bangkok, Thailand, 8-10 March
- Seafood Expo North America in Boston, USA, 12-14 March
- CFIA in Rennes, France, 14-16 March
- Seafood Processing Europe in Barcelona, Spain, 25-27 April

## Financial calendar

Marel will publish its financial results according to the below financial calendar:

- AGM – 22 March 2023
- Q1 2023 – 3 May 2023
- Q2 2023 – 26 July 2023
- Q3 2023 – 23 October 2023
- Q4 2023 – 7 February 2024

Financial results will be disclosed and published after market closing of both Nasdaq Iceland and Euronext Amsterdam.

## Disclaimer

### 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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