

2019 ANNUAL GENERAL MEETING

6 March 2019



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.

US DISCLAIMER

Any sale of Marel hf.'s ordinary shares has not been and will not be registered under the United States Securities Act of 1933, as amended (the Securities Act), and will not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act.

There will be no public offer of the ordinary shares in the United States (for these purposes, the "United States" means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia).

Weighing in rough seas? Challenge accepted.

When we brought accurate data collection to the fishing grounds with the first motion-compensating marine scales forty years ago, we tipped the scales towards increased efficiency throughout the value-chain.

Celebrating 40 years

The **2018 Annual Report** is dedicated to the 40th anniversary of Marel's first motion compensating marine scales.

By being **data-driven from day one**, we tipped the scales towards increased efficiency throughout the value chain.

This is a great example of both the **power of numbers**, and how our extraordinary and talented team here at Marel use their **power in numbers**.

2018 Annual Report - [marel.com/ar2018](https://www.marel.com/ar2018)



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REPORT OF THE BOARD OF DIRECTORS

Asthildur Margrét Otharsdóttir,
Chairman of the Board



In **partnership** with our customers we are **transforming** the way food is processed.

Our **vision** is of a world where quality food is produced **sustainably** and affordably.

UNITY

We are united in our success

EXCELLENCE

Excellence is what differentiates us

INNOVATION

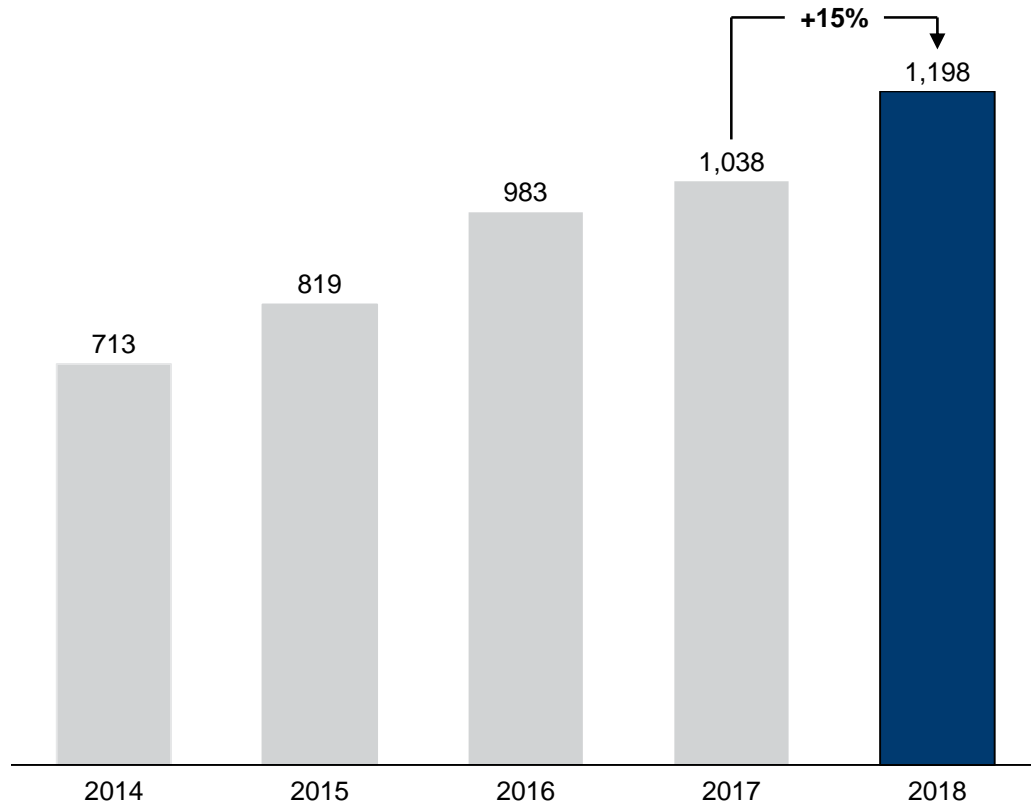
Innovation drives the value we create

STRONG PERFORMANCE

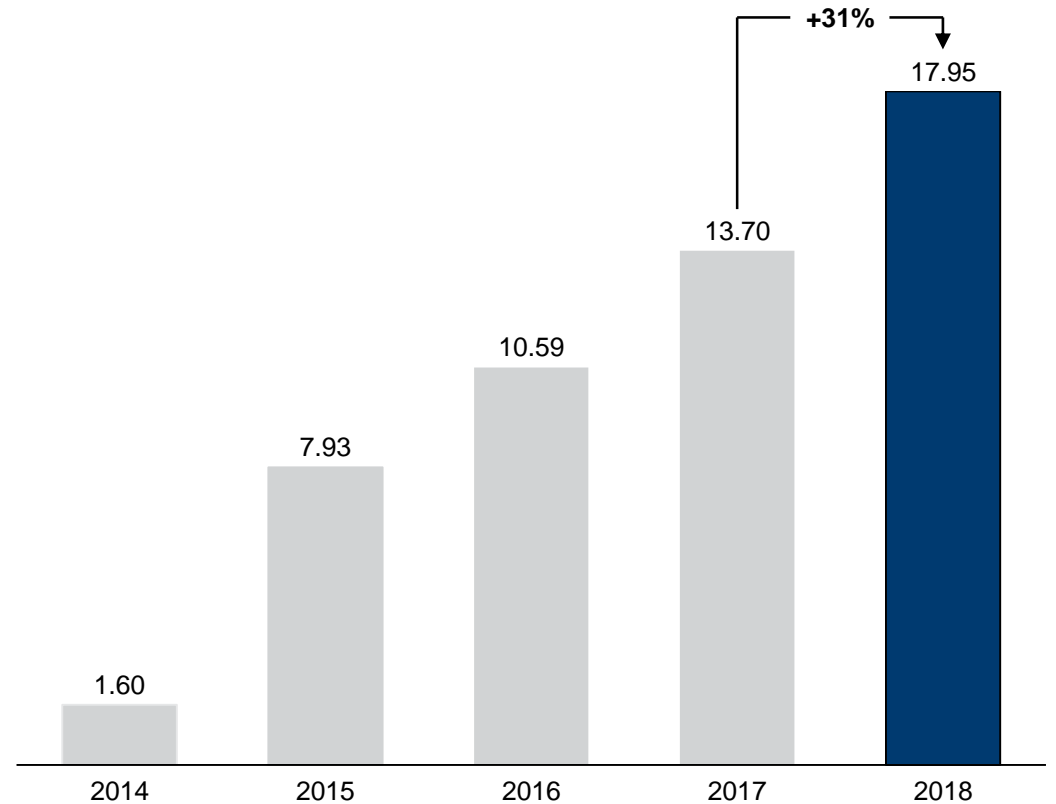


Revenues increased by 15% from 2017 and earnings per share rose 31% year on year

REVENUES
EUR m



EARNINGS PER SHARE (EPS)
Trailing twelve months, euro cents





More data and precise food processing means less waste

Feeding a growing world population means minimizing waste at every stage of the production chain.

That's the power in numbers

Seeing the future is our business

We envision a world where quality food is produced sustainably and affordably. By using virtual reality to simulate food production, we speed up development and minimize waste.

That's the power in numbers



Data-driven from day one

The world's first motion-compensating marine scales pioneered serious data collection.

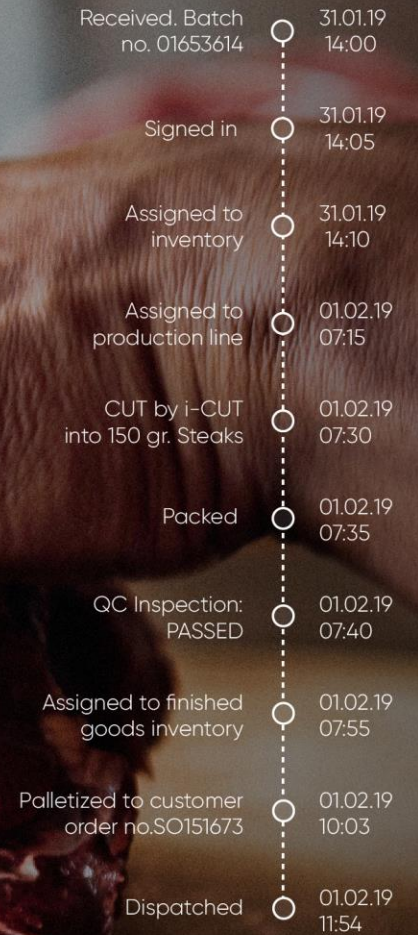
That's the power in numbers



This steak has a story and we want to tell it

With data collection, we provide full traceability throughout the production process.

That's the power in numbers

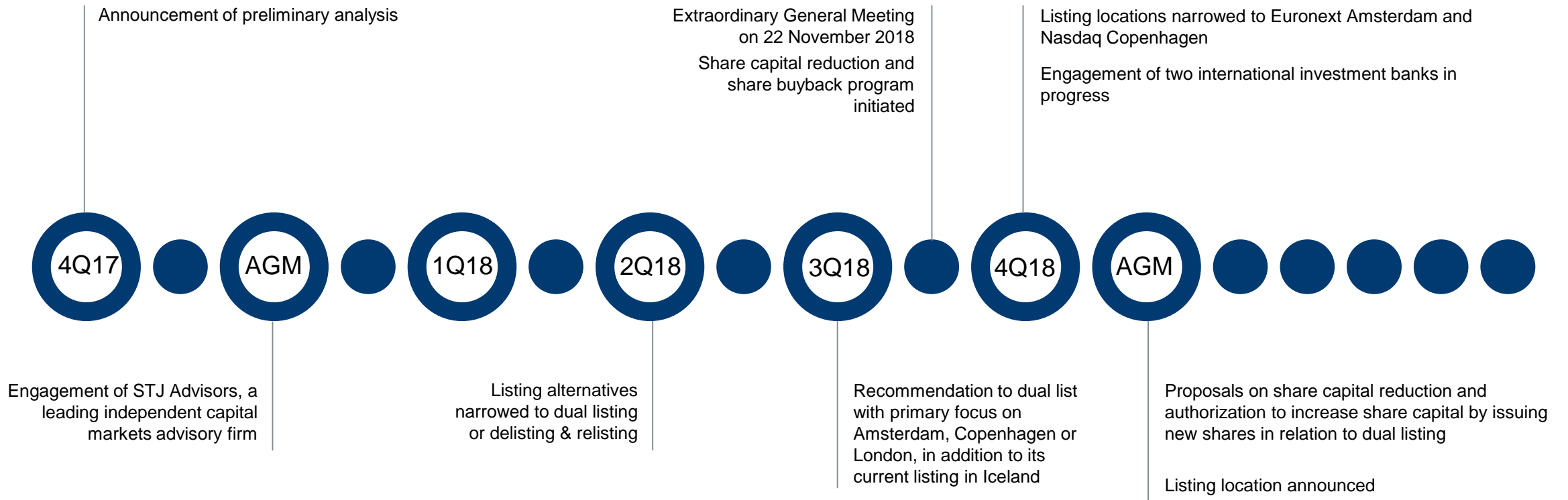


Received. Batch no. 01653614	31.01.19 14:00
Signed in	31.01.19 14:05
Assigned to inventory	31.01.19 14:10
Assigned to production line	01.02.19 07:15
CUT by i-CUT into 150 gr. Steaks	01.02.19 07:30
Packed	01.02.19 07:35
QC Inspection: PASSED	01.02.19 07:40
Assigned to finished goods inventory	01.02.19 07:55
Palletized to customer order no.SO151673	01.02.19 10:03
Dispatched	01.02.19 11:54

RECAP OF THE LISTING PROJECT



A global stage for an international company / Focus on a smooth shareholder journey





Listed since 1992



EURONEXT

Dual listing expected in 2019

Agenda
item #

9

Article 15.3 - Proposal to authorize the Board of Directors to increase the Company's share capital in connection with the dual-listing of the Company's shares



BOARD OF DIRECTORS

1 NO POVERTY

2 NO HUNGER

3 GOOD HEALTH

4 QUALITY EDUCATION

5 GENDER EQUALITY

6 CLEAN WATER AND SANITATION

SUSTAINABILITY IS OUR BUSINESS

7 RENEWABLE ENERGY

8 GOOD JOBS AND ECONOMIC GROWTH

9 INNOVATION AND INFRASTRUCTURE

10 REDUCED INEQUALITIES

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION

13 CLIMATE ACTION

14 LIFE BELOW WATER

15 LIFE ON LAND

16 PEACE AND JUSTICE

17 PARTNERSHIPS FOR THE GOALS

THE GLOBAL GOALS
For Sustainable Development

1 NO POVERTY 	2 NO HUNGER 	3 GOOD HEALTH 	4 QUALITY EDUCATION 	5 GENDER EQUALITY 	6 CLEAN WATER AND SANITATION
7 RENEWABLE ENERGY 	8 GOOD JOBS AND ECONOMIC GROWTH 	9 INNOVATION AND INFRASTRUCTURE 	10 REDUCED INEQUALITIES 	11 SUSTAINABLE CITIES AND COMMUNITIES 	12 RESPONSIBLE CONSUMPTION
13 CLIMATE ACTION 	2 ZERO HUNGER 	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	14 JUSTICE 	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	

SUSTAINABILITY IS OUR BUSINESS



**IN PARTNERSHIP WITH OUR CUSTOMERS
WE ARE TRANSFORMING THE WAY FOOD IS PROCESSED.
OUR VISION IS OF A WORLD WHERE QUALITY FOOD
IS PRODUCED SUSTAINABLY AND AFFORDABLY.**

UNITY

EXCELLENCE

INNOVATION

2 |

CEO'S OPERATIONAL REPORT

Árni Oddur Thórdarson,
Chief Executive Officer





ACTIVE CONSUMERS ARE LOOKING FOR A BALANCED DIET

EUR 1,200bn

annual retail value of poultry
meat and fish industries

3bn people

belong to the rising middle
class worldwide, half in Asia

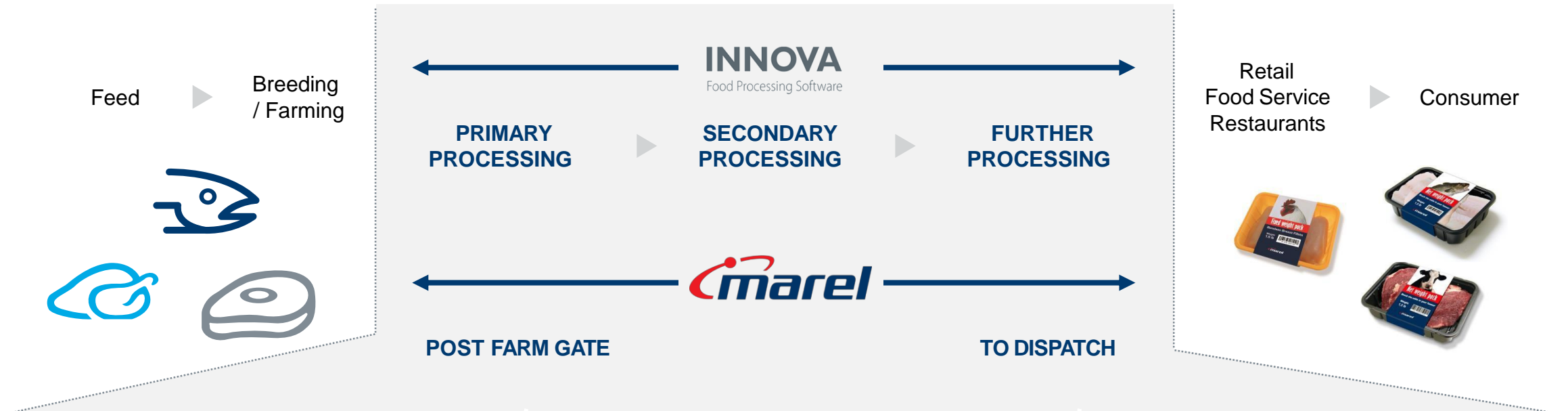
3-4%

global annual growth of
urbanized middle class

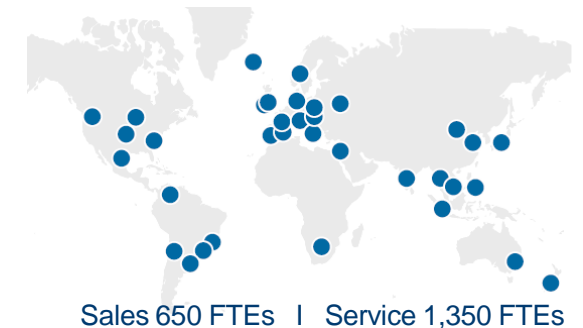
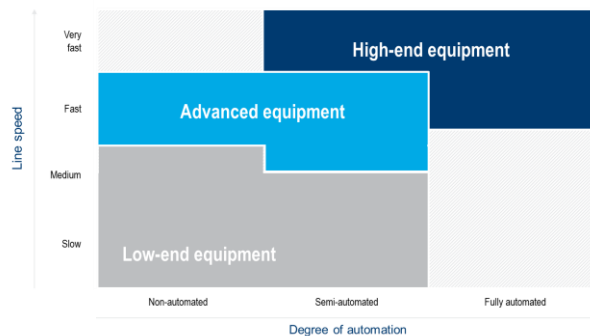
MAREL'S PLAYING FIELD HAS GRADUALLY EXPANDED



Today Marel is a mission critical one-stop-shop for solutions, software and services for the poultry, meat and fish industry



ADVANCED, HIGH-END EQUIPMENT | MANUFACTURING WORLDWIDE | SALES & SERVICE NETWORK



Note: 1. Includes service and spare parts.

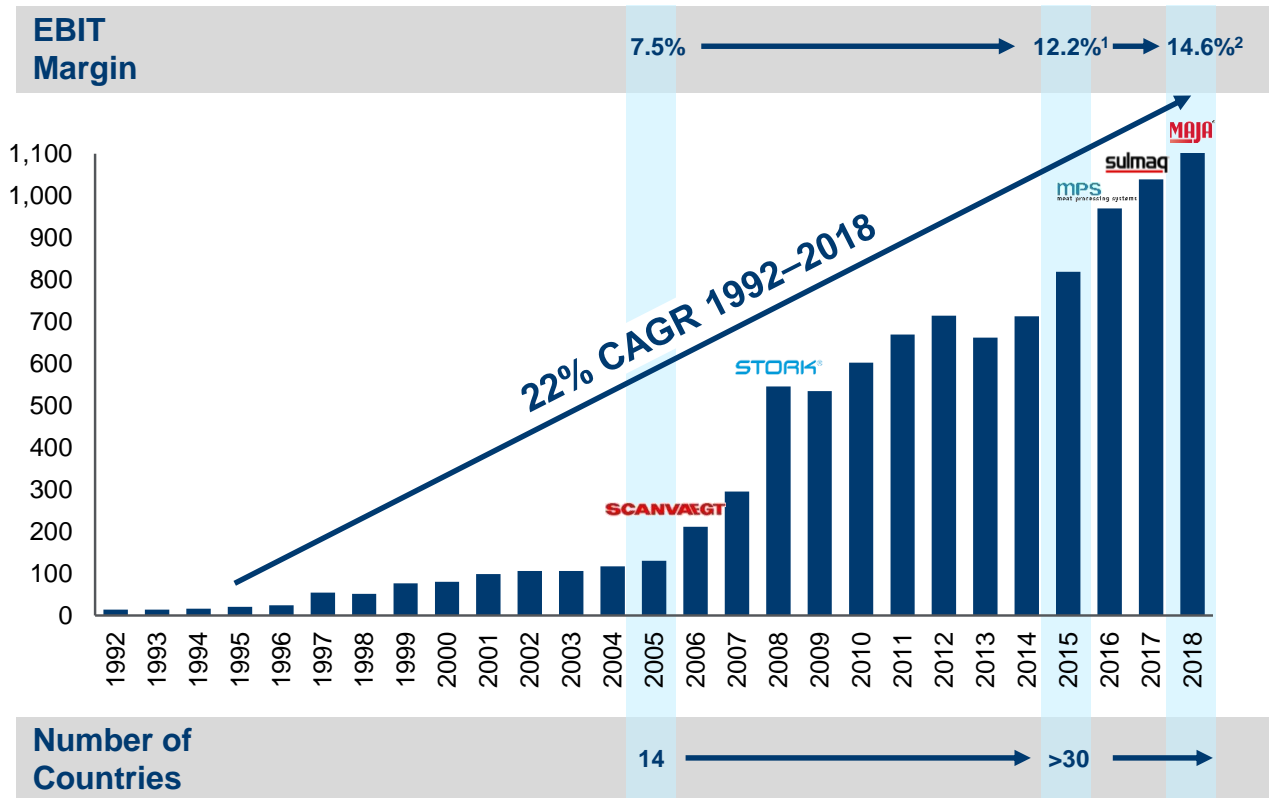
STRONG TRACK RECORD OF GROWTH



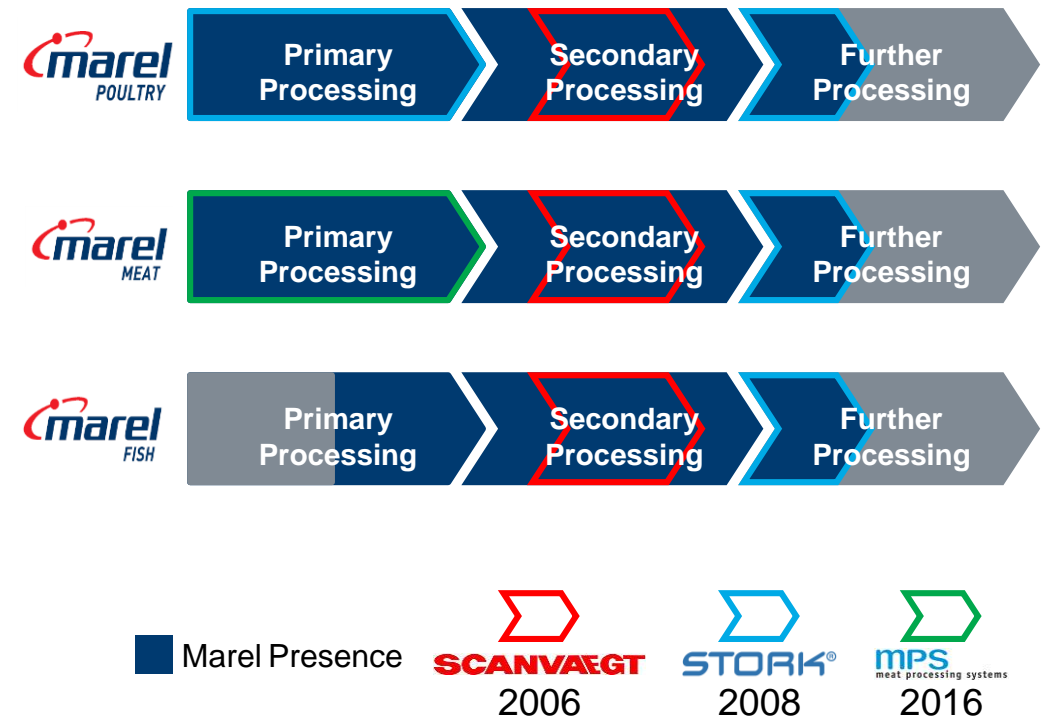
Marel has grown organically and through strategic acquisitions to become the leading global provider of advanced food processing systems and services

STRONG REVENUE GROWTH SINCE 1992

EUR m



EXAMPLES OF HISTORICAL ACQUISITIONS



Source: Company information. Note: 1. 2015 EBIT adjusted for refocusing cost and acquisition costs. 2. Operating income adjusted for PPA related costs, including depreciation and amortization. PPA refers to amortization of acquisition-related intangible assets.

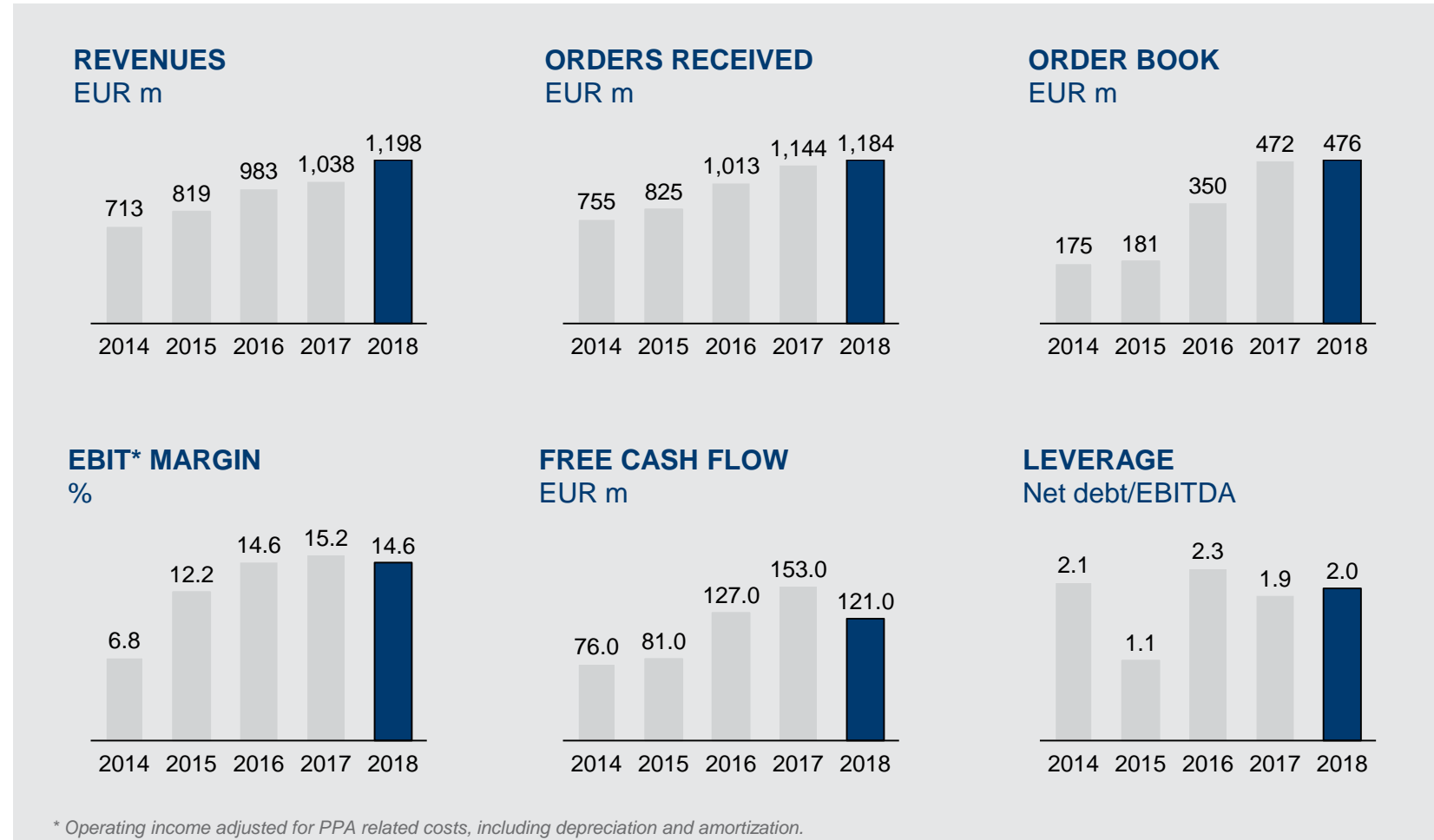
STRONG ORGANIC GROWTH AND 14.6% EBIT* MARGIN



Revenues were a record EUR 1.2 billion in 2018, up 15.4% from the previous year. Thereof, 12.5% was organic growth.

HIGHLIGHTS

- Gross margin stable at 39%
- Strong order book of EUR 476m, or around 40% of trailing twelve month revenues
- Net profit was EUR 123m, up 26.4%
- Earnings Per Share was up 31%
- EUR 134m paid out in dividends, share buybacks and for the MAJA acquisition
- Strong operational cash flow and leverage at x2.0 net debt/EBITDA



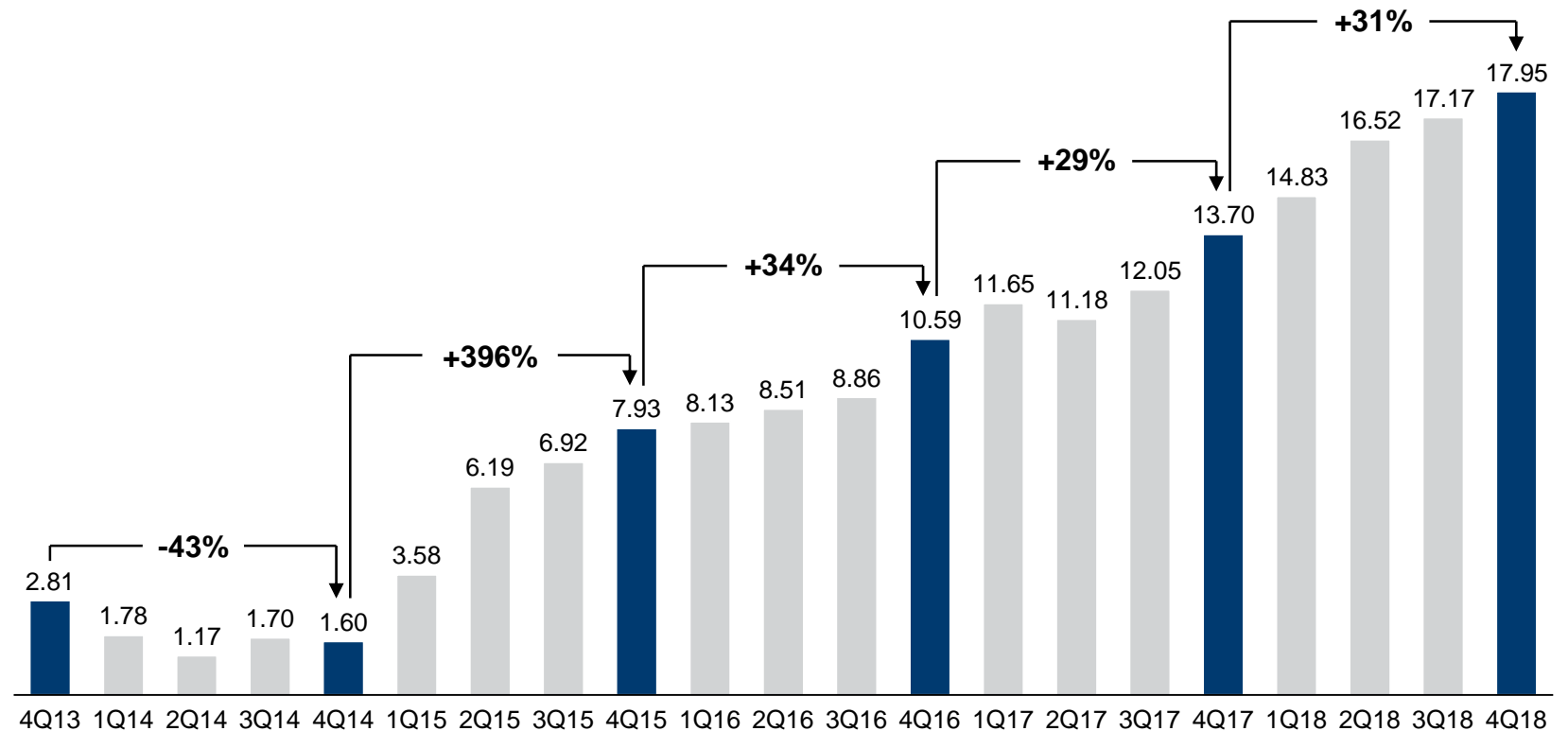
EARNINGS PER SHARE



Favorable development in Earnings per Share (EPS) over recent quarters, management expects EPS to grow faster than revenues

- Robust growth and operational improvements with best in class cash flow
- Cash flow reinvested in innovation, infrastructure and global reach to sustain growth and value creation
- Dividends paid out in recent years within the targeted dividend policy of 20-40% of net profit
- Proposal to AGM on dividend payout of EUR 5.57 cents per share, or approximately 30% of net result

EARNINGS PER SHARE (EPS)
Trailing twelve months, euro cents



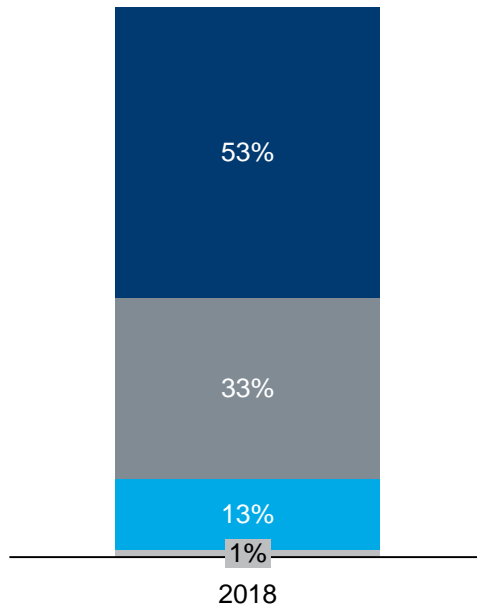
GOOD QUALITY OF EARNINGS



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

REVENUES BY INDUSTRY

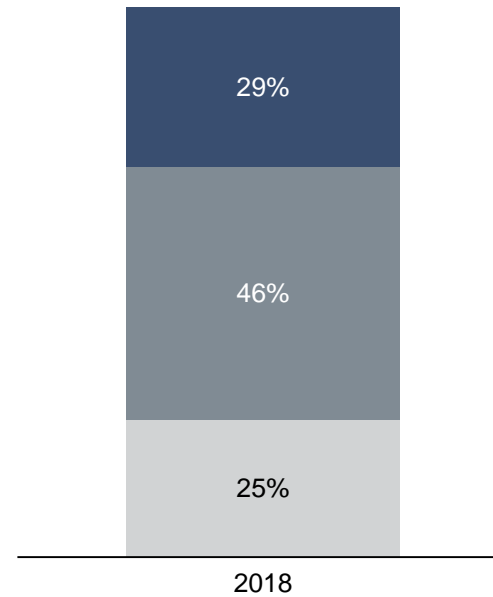
%



- Poultry
- Meat
- Fish
- Other

REVENUES BY GEOGRAPHY

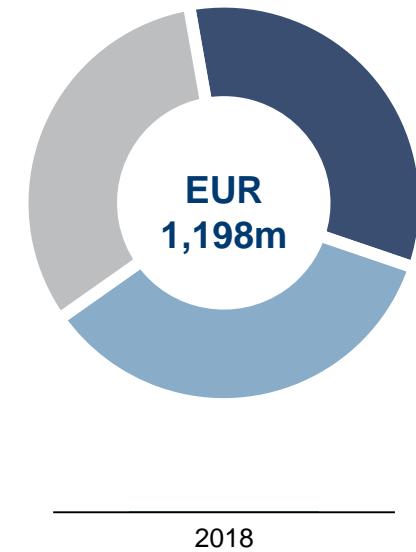
%



- North-America
- Europe
- Rest of the world

REVENUES BY BUSINESS MIX

%



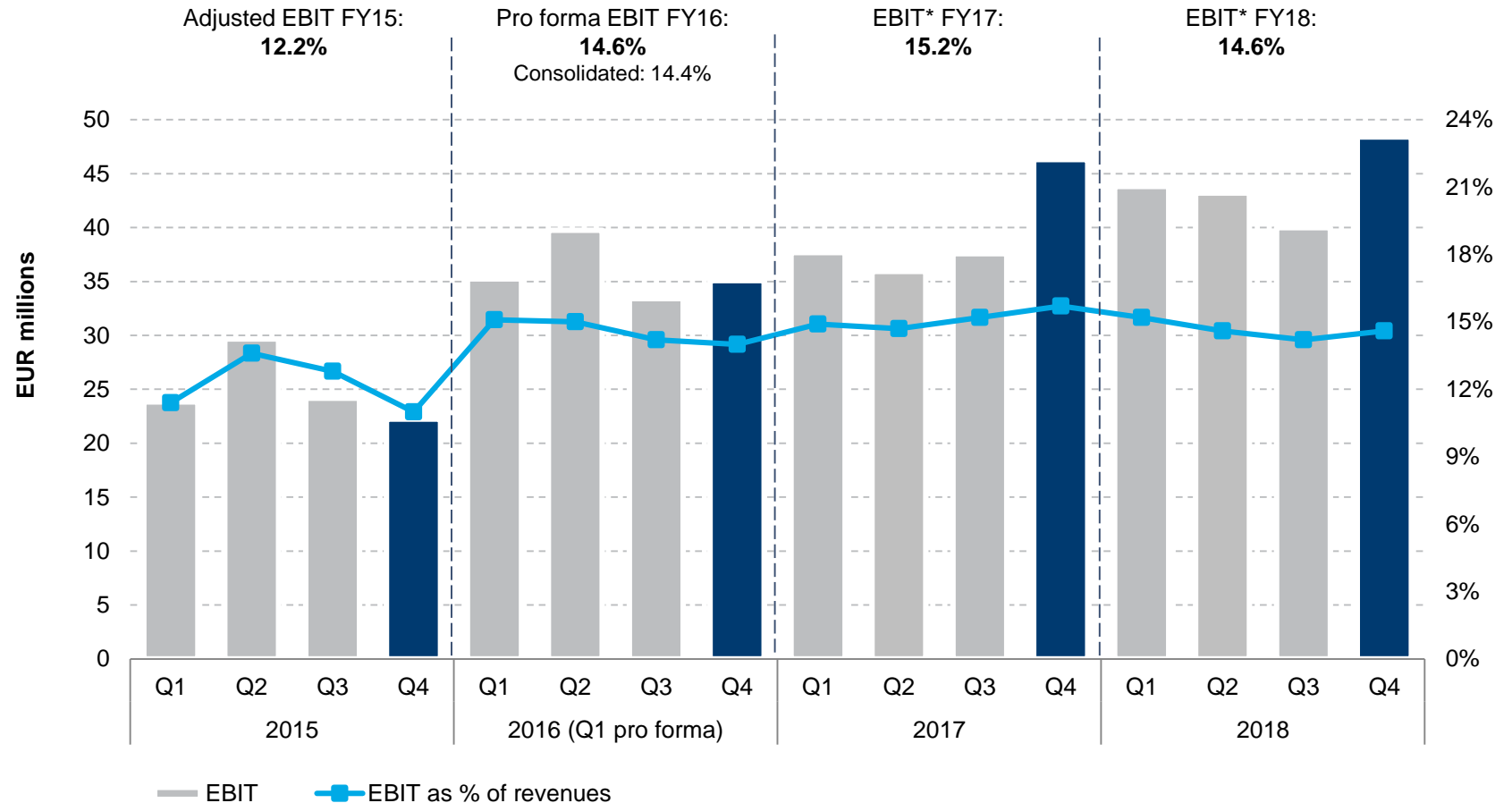
- Greenfield and projects
- Modernization and standard equipment
- Maintenance Service and repairs

STRONG AND STEADY OPERATIONAL PERFORMANCE



Double-digit revenue growth in the quarter of 12.2% YoY with a profit margin of 14.6% EBIT*

- EBIT* margin of 14.6% in 4Q18 and 14.6% in FY18
- Revenues increased by 12.2% YoY in 4Q18 leading to an increase in EBIT* by 4.3% YoY
- 6.2% of revenues invested in innovation in 2018, compared to 5.7% in 2017
- Ongoing and continued investment in the future scalability of our platform, IT infrastructure and global reach



*Operating income adjusted for PPA related costs, including depreciation and amortization in 2016-2018. 2015 EBIT adjusted for refocusing cost and acquisition costs.

BALANCED REVENUE MIX

Poultry continues to be the biggest revenue driver. Global reach and focus on full-line offering across the poultry, meat and fish industries counterbalances fluctuations in operations.

POULTRY



18.4% EBIT margin FY18

- Strong growth and operational performance
- Full-line offering of standard equipment and modules from post farm gate to dispatch of consumer products
- Integrated system to handle a line speed of 15,000 birds per hour introduced in 2018

With the most complete product range and one of the largest installed base worldwide, competitive position remains strong

All financial numbers relate to the 2018 Consolidated Financial Statements. Other segments account for around 1% of the revenues.

MEAT



11.3% EBIT* margin FY18

- Orders received for Marel Meat strong in 2018
- Bolt-on acquisition of MAJA, to strengthen secondary processing offering, closed 14 August
- Management is targeting medium and long-term EBIT margin expansion for Marel Meat

Focus going forward on increased standardization and modularization

** Operating income adjusted for PPA related costs, including depreciation and amortization.*

FISH



7.9% EBIT margin FY18

- The full year of 2018 delivered strong revenues for Marel Fish, up 20.3% and solid operational improvements year-on-year
- Management is targeting medium and long-term EBIT margin expansion for Marel Fish

Focus on full-line offering for wild whitefish, farmed salmon and farmed whitefish

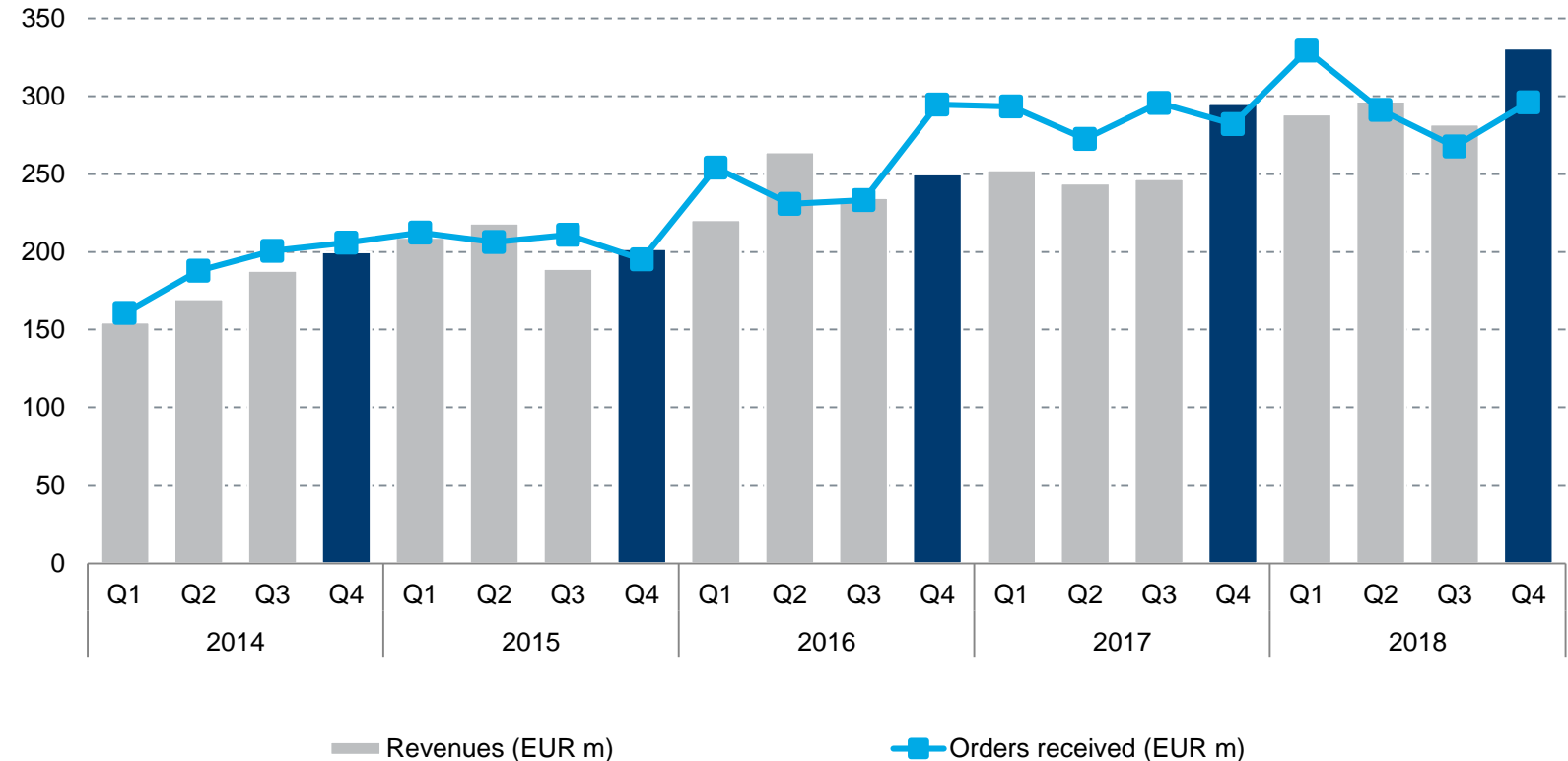
ORDERS RECEIVED



Orders received in Q4 2018 amounted to EUR 296 million and revenues were EUR 331 million. For the full year, orders received were EUR 1,184 million and total revenues were EUR 1,198 million.

- At year-end, the order book was around 40% of trailing twelve months revenues
- Orders received were up 3.5% YoY
- Book-to-bill was 0.99 in 2018, compared to 1.10 for FY17
- Greenfields and projects with long lead times constitute the vast majority of the order book
- Standard equipment and spare parts run with shorter cycles than larger projects

REVENUES AND ORDERS RECEIVED
EUR m



INCOME STATEMENT: FULL YEAR 2018



Revenues in 2018 were EUR 1.2 billion with an adjusted EBIT of EUR 175 million or 14.6% EBIT margin. Gross profit was EUR 468 million or 39.0% of revenues.

In EUR million (unless stated otherwise)	FY 2018	Of revenues	FY 2017	Of revenues	Change
Revenues	1,197.9		1,038.2		+15.4%
Cost of sales	(730.4)		(631.5)		+15.7%
Gross profit	467.5	39.0%	406.7	39.2%	+14.9%
Selling and marketing expenses	(133.7)	11.2%	(120.5)	11.6%	+11.0%
Research and development expenses	(73.7)	6.2%	(57.8)	5.6%	+27.5%
General and administrative expenses	(84.9)	7.0%	(71.0)	6.8%	+19.6%
Adjusted result from operations	175.2	14.6%	157.4	15.2%	+11.3%
PPA related costs	(14.3)		(17.1)		+16.4%
Result from operations	160.9	13.4%	140.3	13.5%	+14.7%
Net finance costs	(14.9)		(20.3)		-26.6%
Result before income tax	146.0		120.0		+21.7%
Income tax	(23.5)		(23.1)		+1.7%
Net result	122.5	10.2%	96.9	9.3%	+26.4%

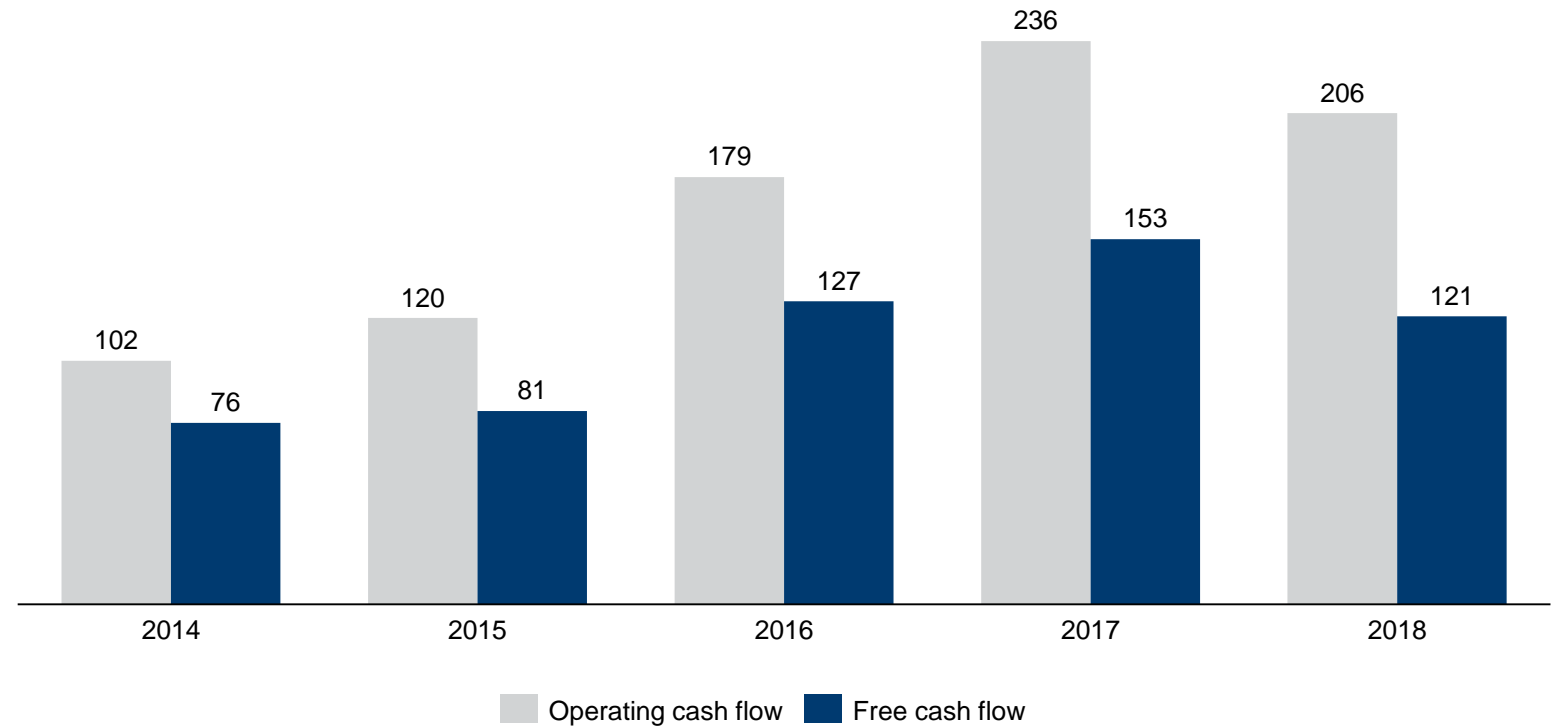
STRONG CASH FLOW



Strong cash flow enabled both deleveraging and the undertaking of strategic acquisitions, free cash flow in 2018 amounted to EUR 121 million

- Strong operating cash flow, slightly down in line with book-to-bill ratio
- Investments of EUR 54m in 2018 in both tangibles and intangibles to maintain and support future growth, investments above normalized levels
- Free cash flow is strong, EUR 121m in line with operational performance and revenue growth

CASH FLOW
EUR m



Free cash flow defined as cash generated from operating activities less tax and investments

BALANCE SHEET: EQUITY AND LIABILITIES



2018 Consolidated Financial Statements

HIGHLIGHTS

- Leverage was 2.0x at a similar level as end of 2017
- Contract liabilities (production contracts) reflect down payments from customers on projects that will be produced
- Trade and other payables rose in line with higher volumes

EQUITY AND LIABILITIES

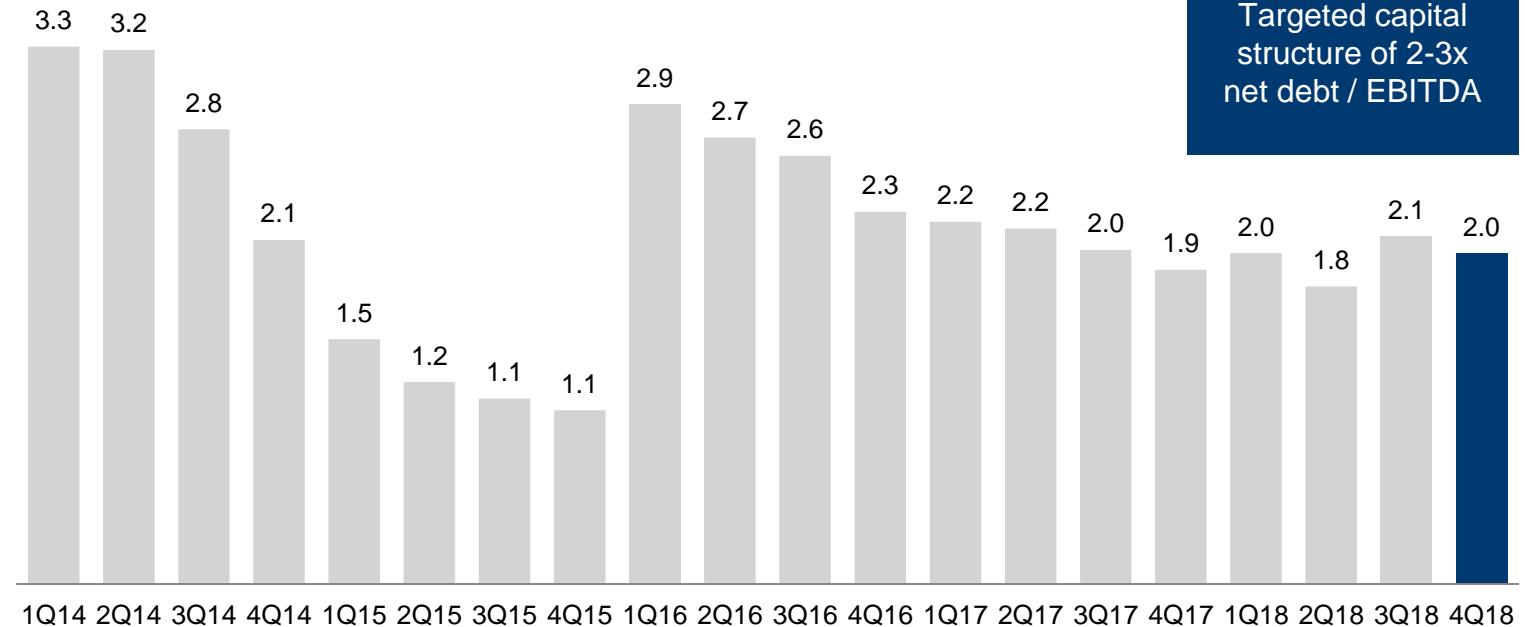
In EUR million	31/12 2018	31/12 2017	Change
Group equity	560.9	541.9	+3.5%
Borrowings	429.3	370.5	15.9%
Lease liability	27.1	0.2	-
Deferred income tax liabilities	57.3	61.3	-6.5%
Provisions	9.2	8.6	+7.0%
Other liabilities	3.0	3.6	-16.7%
Derivative financial instruments	1.4	2.7	-48.2%
Non-current liabilities	527.3	446.9	+18.0%
Contract liabilities	212.1	209.6	1.2%
Trade and other payables	217.0	195.9	+10.8%
Current income tax liabilities	9.3	11.0	-15.5%
Borrowings	24.8	26.2	-7.3%
Lease liability	6.7	-	-
Provisions	7.8	9.1	-14.3%
Current liabilities	477.7	451.8	+5.7%
Total liabilities	1,005.0	898.7	+11.8%
TOTAL EQUITY AND LIABILITIES	1,565.9	1,440.6	+8.7%

LEVERAGE REMAINS AT LOWER END OF TARGET

In addition to raising its first issue in the Schuldschein market of EUR 140 million in 2018, Marel also paid out EUR 134 million in dividends, share buybacks and for the MAJA acquisition

- First issue in the Schuldschein market of EUR 140m with a mixture of floating and fixed tranches in maturities of 5 & 7 years
- Because of oversubscription the Schuldschein was increased to EUR 140m from EUR 100m
- Vast majority placed in the 5-year tranche priced at 110bp over EURIBOR, and the 7-year priced at 130bp over EURIBOR
- Joint bookrunners were ABN AMRO, Bayerische Landesbank, and UniCredit

LEVERAGE RATIO
Net debt / EBITDA



**MAREL
CURRENT
BORROWER
PROFILE**

Net debt
EUR 432m

Equity ratio
36%

Leverage ratio
2.0x

Interest cover
19x EBITDA

FINANCIAL TARGETS



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

	TARGET	FY18	FY17	FY16	
REVENUE GROWTH*	12% average annual revenue growth in 2017-2026*	15.4%	5.6%	20.1%	<p>Marel enjoys a balanced exposure to global economies and local markets. Market conditions have been exceptionally favorable but are currently more challenging in light of geopolitical uncertainty and the general slowdown in global economic growth.</p> <p>In the long term*, management expects 4-6% average annual market growth. Marel aims to grow organically faster than the market, driven by innovation and market penetration.</p> <p>Solid operational performance and strong cash flow is expected to support 5-7% revenue growth on average by acquisition.</p>
INNOVATION INVESTMENT	~6% of revenues	6.2%	5.6%	6.5%	To support new product development and ensure continued competitiveness of existing product offering.
Earnings per Share (euro cent)**	EPS to grow faster than revenues	17.95	13.70	10.59	Marel's management expects Earnings per Share to grow faster than revenues.
LEVERAGE	Net debt/ EBITDA x2-3	x2.0	x1.9	x2.3	The leverage ratio is estimated to be in line with the targeted capital structure of the company.
DIVIDEND POLICY	20-40% of net profit	30%	30%	20%	Dividend or share buy-back targeted at 20-40% of net profits. Excess capital used to stimulate growth and value creation, as well as paying dividends.

*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.

**Trailing twelve months, EUR cents

35 years since foundation

Listed on Nasdaq Iceland since 1992

Marel has created excellent value for its shareholders

+ 2,500

EUR 1.2bn
of revenues

Compounded average revenue growth of

~ 20%

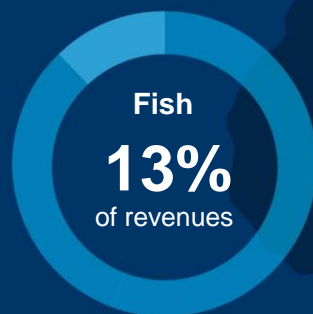
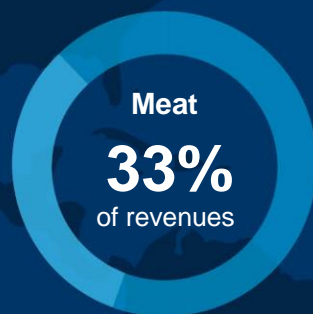
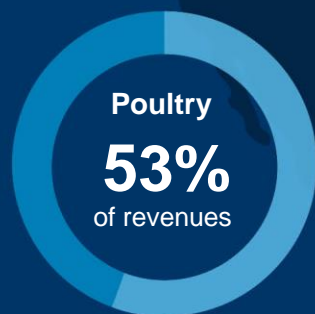
a year since 1992

30 countries

6 CONTINENTS



~6,000
employees



~ 6%
OF REVENUES
INVESTED IN
INNOVATION

Thank you.