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# Q4 and FY 2021

## Investor meeting

3 February 2022

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# Q4 and FY 2021 results

## Investor meeting

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**Arni Oddur Thordarson**  
Chief Executive Officer



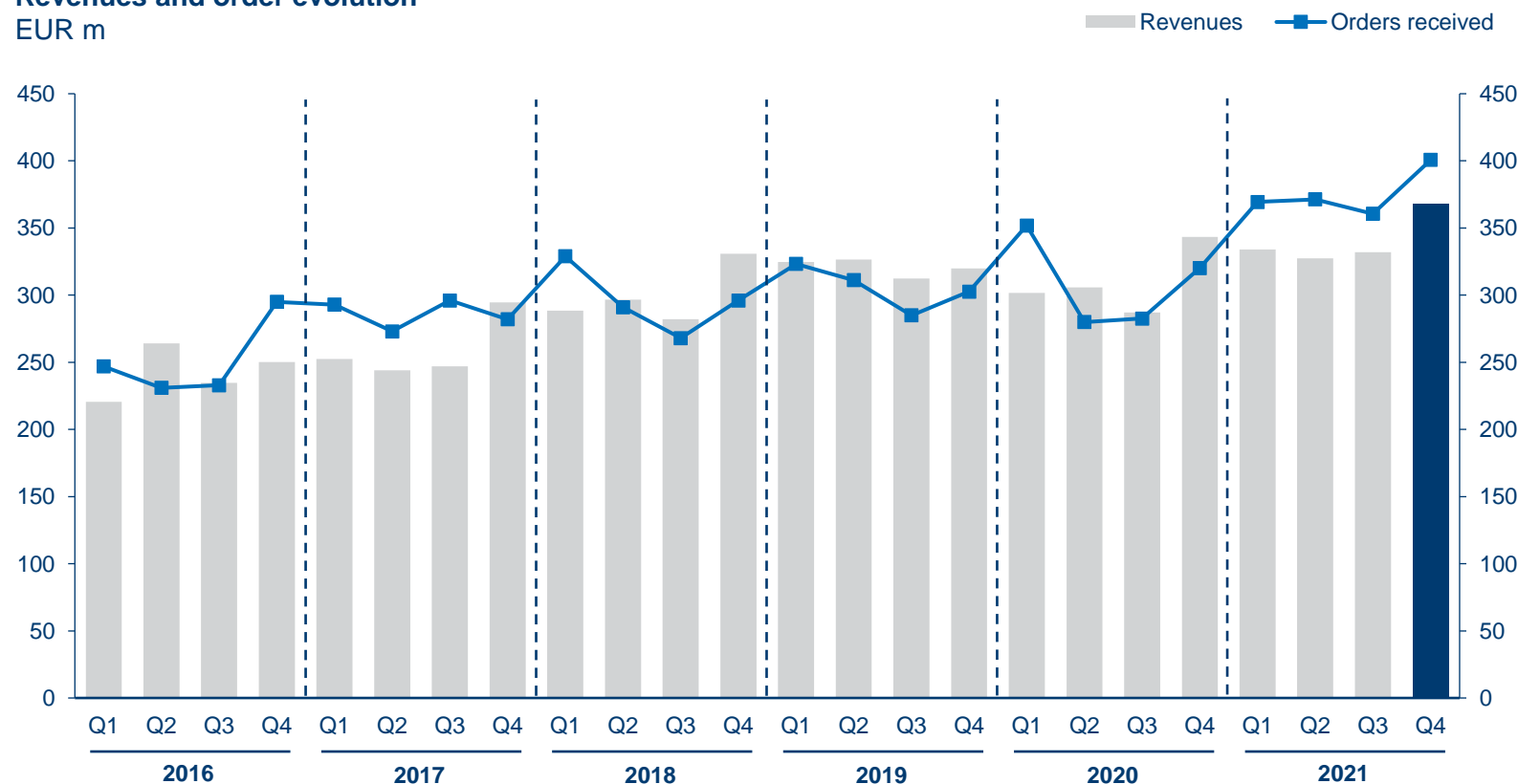
**Linda Jonsdottir**  
Chief Financial Officer

# Orders received at a record level

Orders received in the quarter of EUR 400.7m, up 25% YoY and EUR 1,502m for the full year, up 22% YoY

- Orders received at a record level in the quarter and for the full year, with pipeline trending upwards in all industries
- Strong demand for Marel solutions, software and services as the need for automation and digitalization in food processing is accelerating
- Strong orders from poultry and meat in the quarter while orders in fish were at a record level
- Standard equipment and secondary processing solutions gaining momentum as customer demand appetite is shifting towards investment in automation and consumer-ready products
- Spare parts sales at a record level for two sequential quarters, full focus on strengthening the spare parts delivery model and shortening lead times to customers
- Marel is targeting a step up in revenues in 2022, compared to 2021, on the back of a strong order book and promising pipeline
- We expect high customer activity in line with successful start of the year at IPPE in Atlanta, driving new orders as well as costs. Global supply chain pressures are expected to continue to affect operational results in 1H22.

**Revenues and order evolution**  
EUR m



# Financial highlights – FY2021

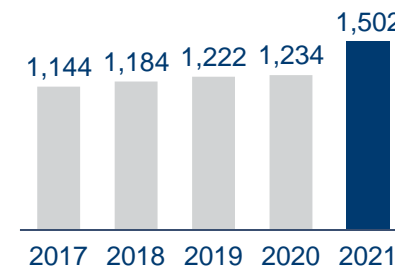
Orders received up by 22%, fueled by pioneering solutions and global reach

- Orders received of 1,502.0m, up 21.7% YoY, reflecting rising demand for Marel solutions, software and services as the need for automation and digitalization is accelerating
- Order book was EUR 569.0m at year-end 2021 (2020: 415.7m), up 36.9% YoY and representing 41.8% of 12-month trailing revenues
- Revenues of EUR 1,360.8m, up 9.9% YoY, thereof 4.4% organic and 5.5% acquired growth
- Aftermarket was 40% of total revenues in 2021 (2020: 40%)
- Innovation costs at the 6% strategic level, while SG&A temporarily higher. Better cost coverage will be reached through more volume and streamlining back-end to reach targeted profitability levels
- Profitability temporarily colored by step up in resources and investments ahead of the growth curve, resulting in good product mix in orders, with increase in standard consumer-ready solutions, and continued momentum in aftermarket. Margin pressure from supply chain and logistics challenges as well
- Strong cash flow generation in 2021 supporting significant strategic inventory build up of EUR 63.6m (excl. business combinations) and continued investment in infrastructure, innovation and growth strategy

**Revenues**  
EUR m



**Orders received**  
EUR m



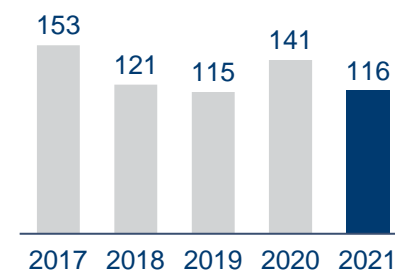
**Order book**  
EUR m



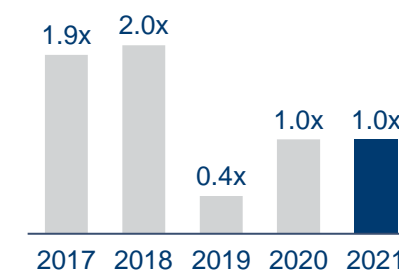
**EBIT<sup>1</sup> margin**  
%



**Free cash flow<sup>2</sup>**  
EUR m



**Leverage**  
Net debt/EBITDA



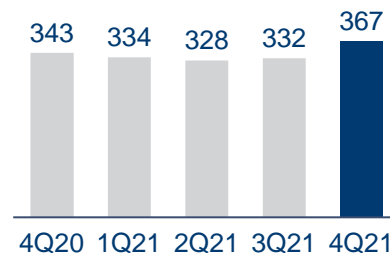
Notes: <sup>1</sup> Operating income adjusted for PPA related costs, including depreciation and amortization, and beginning in 2020 acquisition related costs. <sup>2</sup> Free cash flow defined as cash generated from operating activities less taxes paid and net investments in PP&E and intangible assets.

# Financial highlights – Q4 2021

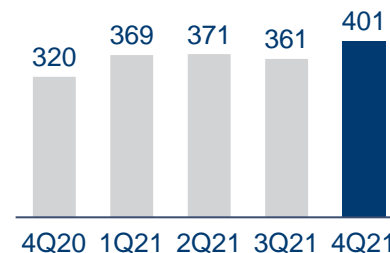
Record orders received and good customer delivery albeit at higher cost

- Record orders received of EUR 400.7m in the quarter, leading to a healthy order book and strong orders across all industries and all processing stages
- Revenues totaled EUR 367.4m, up by 7.0% YoY
- Aftermarket represented 40% of total revenues in the quarter (4Q20: 38%), with spare parts at a record level for two sequential quarters
- Gross profit at 35.9% in the quarter (4Q20: 37.4%), impacted by strategic projects, and margin pressure from supply chain and logistics challenges
- Step up in market coverage fueling growth in orders received
- EBIT<sup>1</sup> was 11.2% (4Q20: 15.2%), compared to a mid-term YE23 target of 16.0%
- Better cost coverage will be reached through more volume
- Free cash flow in quarter was EUR 15.8m, colored by continued strategic inventory buildup and CAPEX investments
- Leverage ratio at 1.0x, well below the targeted capital structure of 2-3x net debt / EBITDA

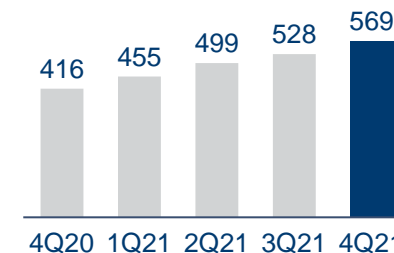
**Revenues**  
EUR m



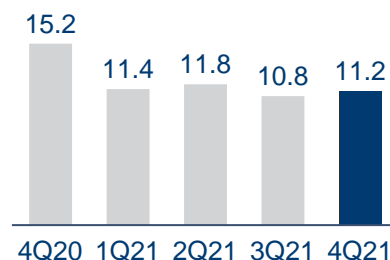
**Orders received**  
EUR m



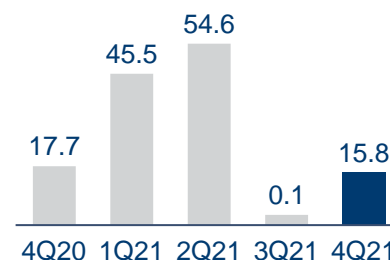
**Order book**  
EUR m



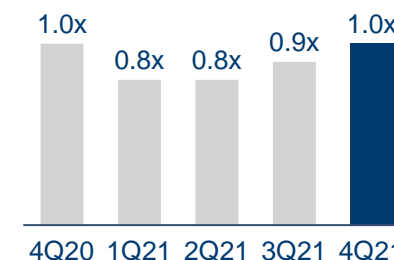
**EBIT<sup>1</sup> margin**  
%



**Free cash flow<sup>2</sup>**  
EUR m



**Leverage**  
Net debt/EBITDA



Notes: <sup>1</sup> Operating income adjusted for PPA related costs, including depreciation and amortization, and acquisition related costs. <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.

# Balanced revenue mix

Global reach and focus on full-line offering across the poultry, meat and fish industries counterbalance fluctuations in customer demand, complemented by growing aftermarket revenues



## Poultry



## Meat



## Fish

### Revenues

4Q21: EUR 179.5m

FY21: EUR 639.1m

### EBIT<sup>1</sup>

4Q21: 14.7%

FY21: 14.3%

### Revenues

4Q21: EUR 127.4m

FY21: EUR 512.5m

### EBIT<sup>1</sup>

4Q21: 7.5%

FY21: 9.2%

### Revenues

4Q21: EUR 45.7m

FY21: EUR 161.1m

### EBIT<sup>1</sup>

4Q21: 4.6%

FY21: 5.6%

- Recent bolt-on acquisition of PMJ fueling organic growth in terms of new sales into the duck market.
- Orders received for Marel Poultry were strong in 4Q21, driven by demand for consumer-ready solutions. Orders have been strong for three sequential quarters after a soft start to the year. Pipeline remains strong, supporting stronger volume going forward with a favorable product mix.
- Revenues in 2021 at the same level as the previous year, despite softness in orders for larger projects in the beginning of 2021.
- Profitability impacted by volatility in volume and scaling up ahead of the growth curve.
- On the back of a stronger order book and pipeline, volume will continue to increase with foreseen more favorable mix, resulting in higher operating profits.

- Acquisitions stimulating organic growth through cross- and upselling, and accelerating the innovation roadmap by transferring technology across industries.
- Orders received in 4Q21 for Marel Meat were strong with well-balanced mix and increased sales in consumer-ready solutions. Overall, orders received were strong in 2021 with improved mix. The need for automation has never been clearer and the pipeline shows good opportunities in China and North America.
- Revenues in 2021 up 22.3% on the back of acquisitions and organic growth.
- Focus in 2021 was on stepping up market coverage, further strengthening the management team, value-based pricing, better project execution, and several other strategic initiatives ongoing for profit improvement, some of which resulted in non-recurring costs not adjusted for in the 2021 results.
- Management continues to target medium and long-term EBIT margin expansion for Marel Meat.

- On 1 February 2022, Marel acquired the remaining 50.0% of the shares of Curio. The recent acquisitions of Curio, Stranda and Valka, which was successfully closed in 4Q21, will further accelerate the innovation roadmap to close certain application gaps to reach full-line offering for both salmon, as well as wild and farmed whitefish. Combined platform will also further unlock synergies in terms of cross- and upselling, market penetration and gradually expanding species coverage.
- Marel foresees higher revenues in 2022 with better operating cost coverage. In addition, there will be non-recurring costs related to integration of newly acquired entities not adjusted for.
- Orders received in 4Q21 for Marel Fish were at a record level and have overall been solid in 2021. Strong pipeline for salmon while whitefish is also picking up, and higher conversion of pipeline into orders expected in coming quarters.
- Management continues to target medium and long-term EBIT margin expansion for Marel Fish.

Notes: All financial numbers relate to the Consolidated Financial Statements 2021. Other segment accounts for around 3% of the revenues in 2021. <sup>1</sup> Operating income adjusted for PPA related costs, including depreciation and amortization, and acquisition related costs.

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# Financial performance

Linda Jonsdottir, Chief Financial Officer

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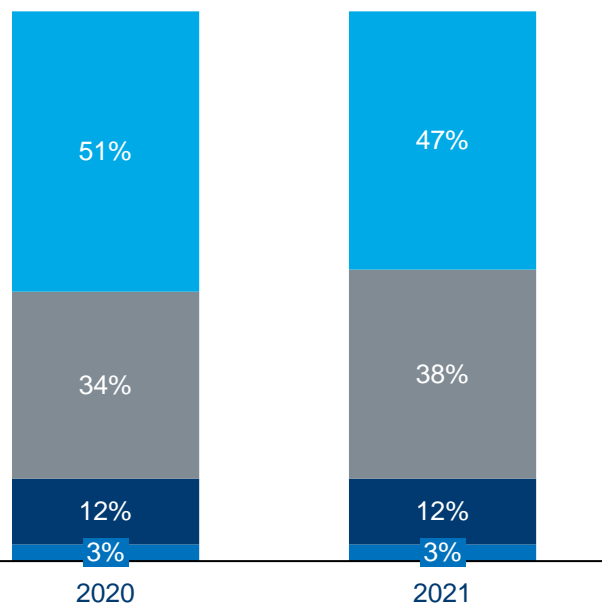


# Good quality of earnings – FY 2021

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

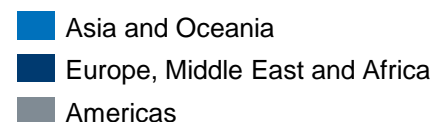
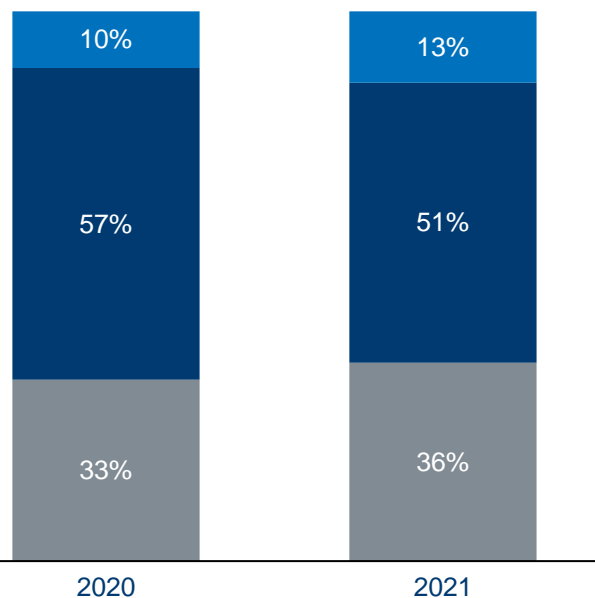
Revenues per industry

%



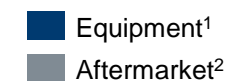
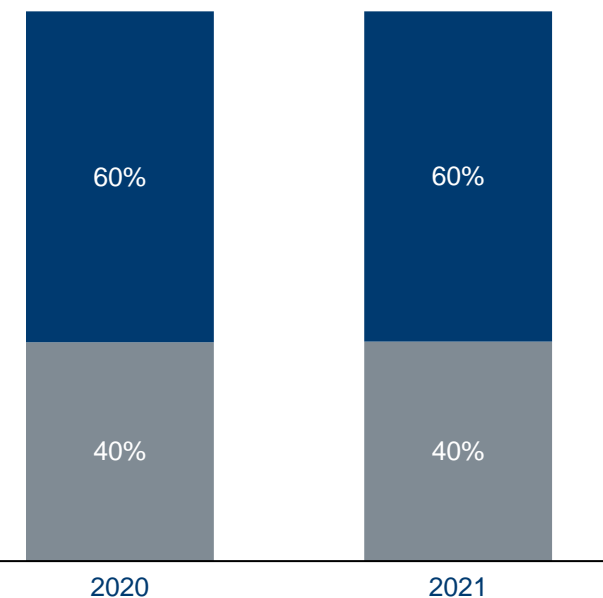
Revenues by geography

%



Revenues by business mix

%



Notes: <sup>1</sup> Equipment revenues are comprised of revenues from greenfield and large projects, standard equipment and modernization equipment, and related installations.

<sup>2</sup> Aftermarket revenues are comprised of revenues from maintenance, service, and spare parts.

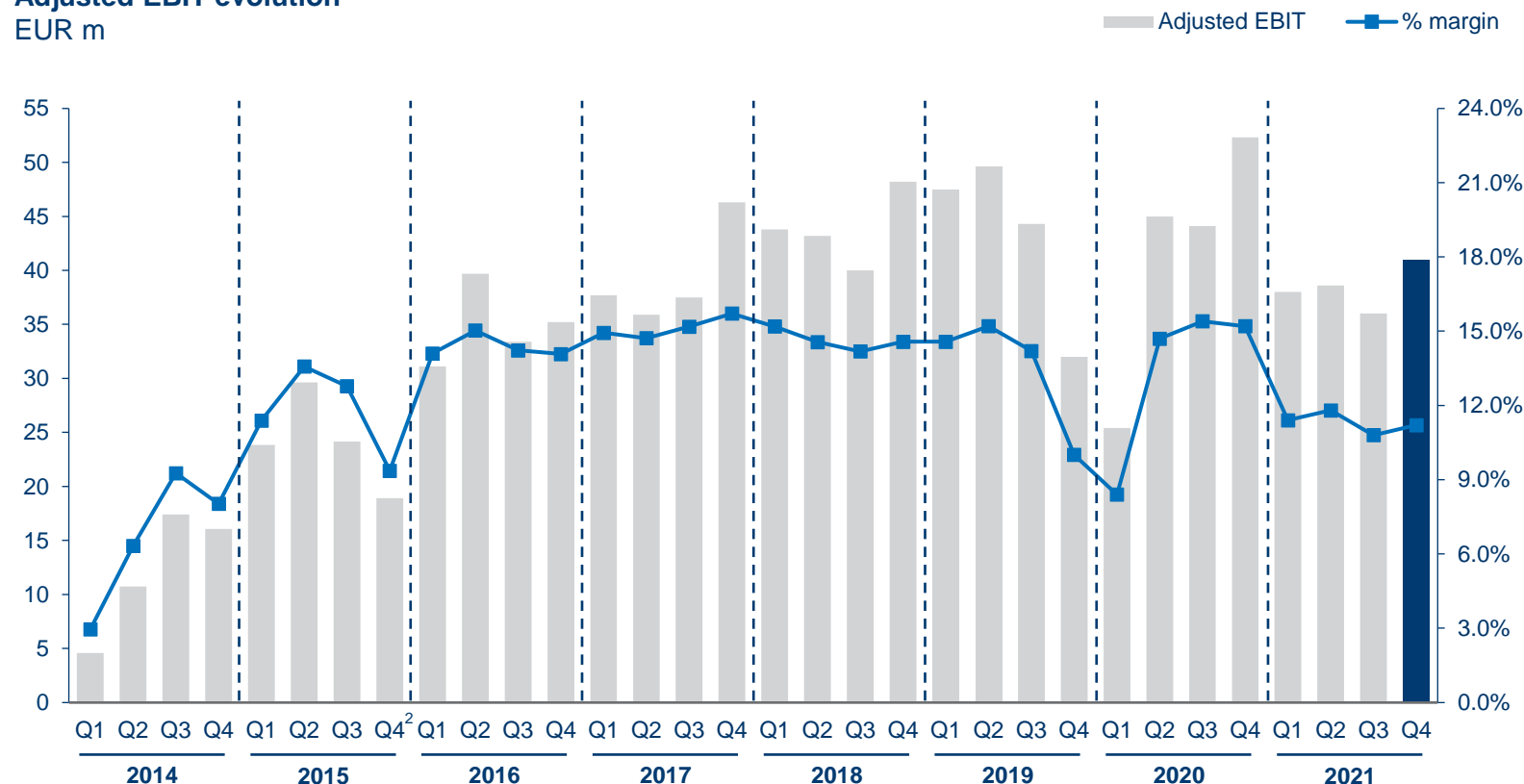


# Operational performance

Margin impacted by strategic projects and higher costs of delivering the right quality at the right time to customers

- Gross profit was 36.6% in 2021 (2020: 37.4%) and 35.9% in 4Q21 (4Q20: 37.4%)
  - Margin impacted by strategic projects with the aim of increasing speed and scale
  - Imbalance between supply and demand for electronic components and raw materials, resulting in an increase in prices and delivery times
  - Mitigation actions such as price increases have been implemented, with an emphasis on value-based pricing, that will partly offset increased costs
- Operating expenses
  - SG&A 19.4% in 2021 (2020: 18.3%) and 19.2% in 4Q21 (4Q20: 17.0%), compared to mid-term YE23 target of 18.0%
  - SG&A temporarily higher and better cost coverage will be reached through increased volume and some improvement projects
  - R&D 5.9% in 2021 (2020: 5.6%) and 5.5% in 4Q21 (4Q20: 5.2%), compared to mid-term YE23 target of 6.0%
- Results not adjusted for non-recurring costs, except for PPA and acquisition related costs

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



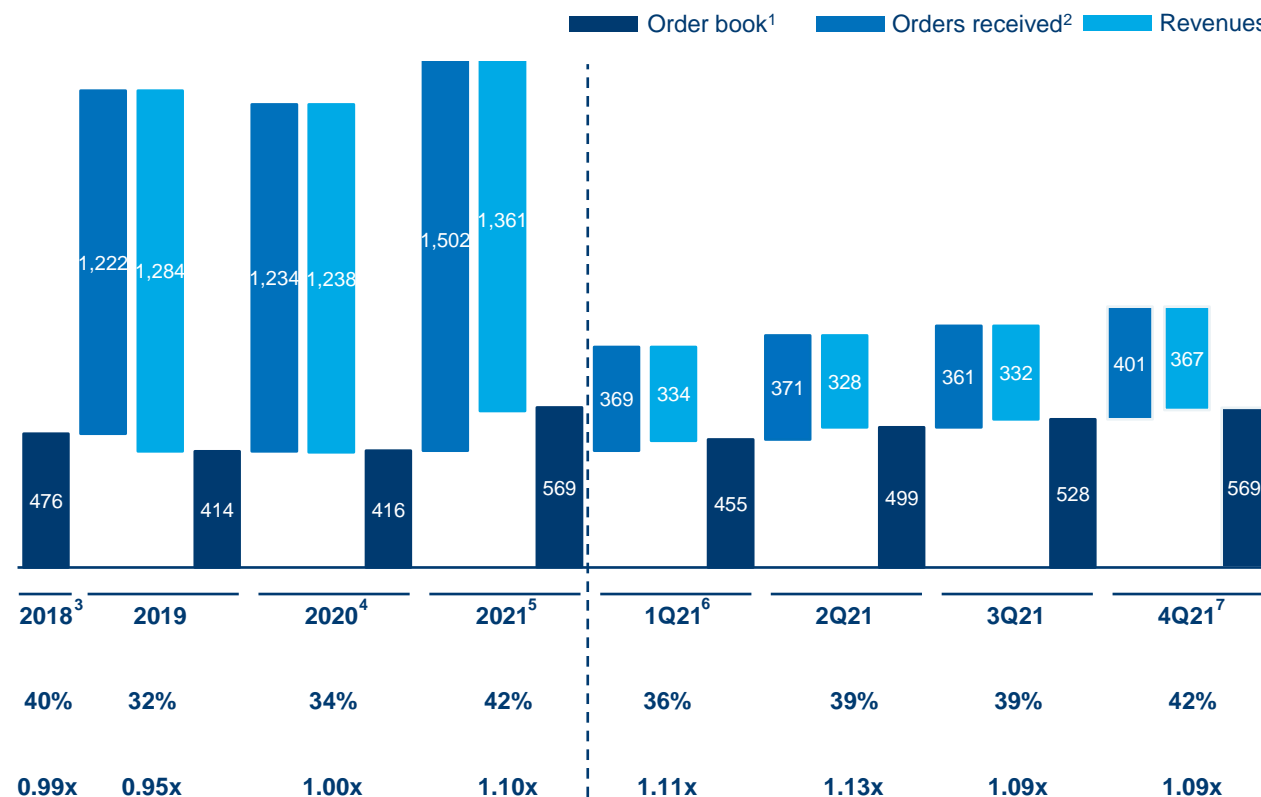
Notes: <sup>1</sup> Adjusted for PPA costs related to acquisitions from 2016 onwards and refocusing costs in 2014 and 2015 relating to "Simpler, Smarter, Faster" program. PPA refers to amortization of acquisition related (in) tangible assets. Beginning in Q4 2020 also adjusted for acquisition related costs. <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.

# Healthy order book

A healthy order book of EUR 569 million, representing 41.8% of 12-month trailing revenues

- For the full year 2021, book-to-bill was 1.10x, compared to 1.00x in 2020
- Book-to-bill 1.09x in 4Q21, compared to an average of 1.06x in the past four quarters (4Q20-3Q21)
- Order book consists of orders that have been signed and financially secured with down payments/letters of credit
- Vast majority of the order book are greenfield projects while spare parts and standard equipment run faster through the system
- Low customer concentration with no customer accounting for more than 5% of total annual revenues
- Strong orders received in the poultry industry for the last three quarters supporting stronger volume and improved industry mix

**Order book**  
EUR m



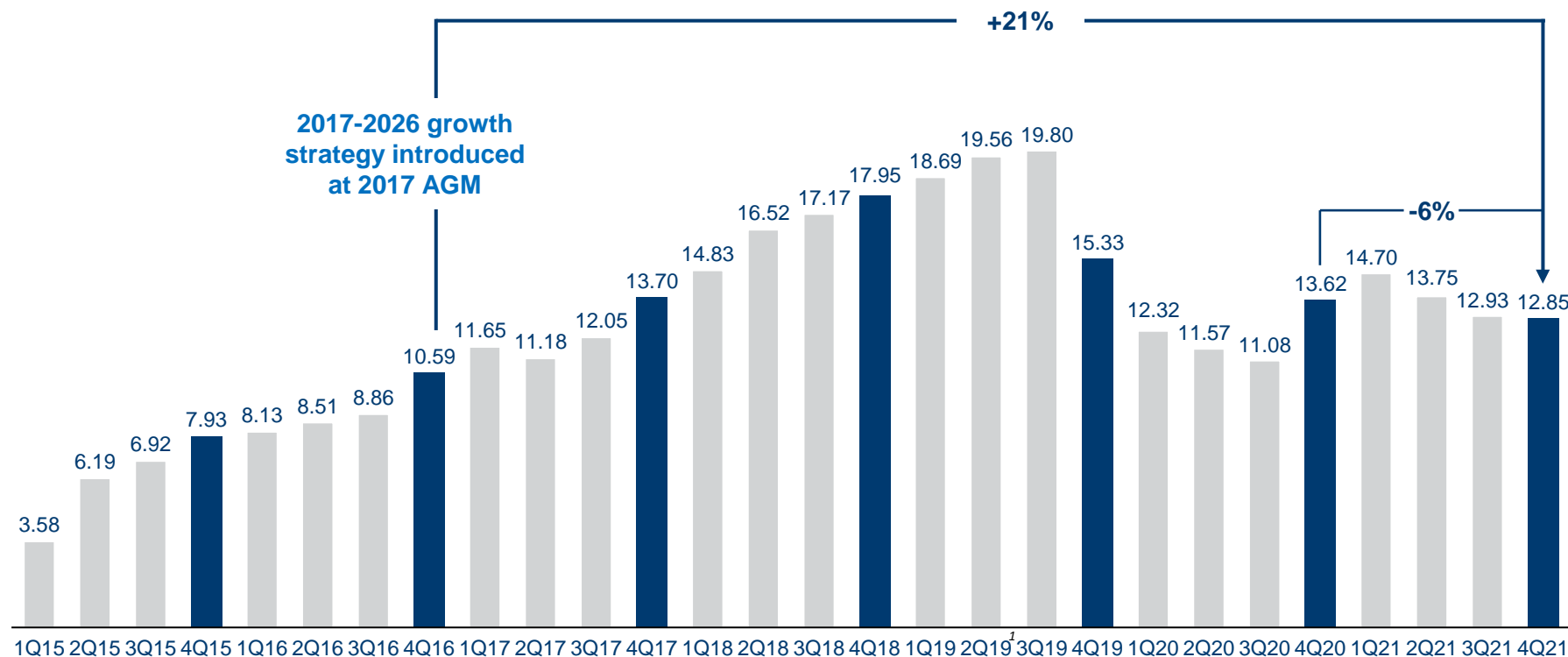
Notes: <sup>1</sup> The order book reflects Marel's estimates, as of the relevant order book date, of potential future revenues to be derived from contracts for equipment, software, service and spare parts which have been financially secured through down payments and/or letters of credit in line with 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 in 4Q20. <sup>5</sup> Including acquired order book of Curio, PMJ and Valka of EUR 12m. <sup>6</sup> Including acquired order book of Curio and PMJ of EUR 4m. <sup>7</sup> Including acquired order book of Valka of EUR 8m.

# Earnings per share

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

- Strong operational cash flow in 2021, despite strategic inventory buildup
- Cash flow reinvested in innovation, infrastructure and global reach to sustain growth and value creation
- EUR 41.0m paid in dividends in April 2021 for the operational year 2020
- Dividend policy targeted at 20-40% of net results
- Proposal of 40% dividend payout ratio at Marel's 2022 AGM (2021: 40%, 2020: 40%)
- Based on a EUR 5.12 cents dividend per share, 6% lower per share compared to previous year, and the estimated total dividend payment will be around EUR 38.7m

**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: Q4 2021

Revenues in Q4 2021 were 367 million, gross profit was EUR 132 million or 35.9% of revenues, and the adjusted EBIT was EUR 41.0 million or 11.2%

In EUR million	Q4 2021	Of Revenues	Q4 2020	Of Revenues	Change
Revenues	367.4		343.3		+ 7.0%
Cost of sales	(235.5)		(214.8)		+ 9.6%
<b>Gross profit</b>	<b>131.9</b>	<b>35.9%</b>	<b>128.5</b>	<b>37.4%</b>	<b>+ 2.6%</b>
Selling and marketing expenses	(45.6)	12.4%	(36.7)	10.7%	+ 24.3%
General and administrative expenses	(25.0)	6.8%	(21.7)	6.3%	+ 15.2%
Research and development expenses	(20.3)	5.5%	(17.8)	5.2%	+ 14.0%
<b>Adjusted result from operations<sup>1</sup></b>	<b>41.0</b>	<b>11.2%</b>	<b>52.3</b>	<b>15.2%</b>	<b>- 21.6%</b>
Non-IFRS adjustments	(5.2)		(9.2)		- 43.5%
<b>Result from operations</b>	<b>35.8</b>	<b>9.7%</b>	<b>43.1</b>	<b>12.6%</b>	<b>- 16.9%</b>
Net finance costs	(0.3)		(4.9)		- 93.9%
Share of result of associates	(0.4)		0.3		- 233.3%
<b>Result before income tax</b>	<b>35.1</b>		<b>38.5</b>		<b>- 8.8%</b>
Income tax	(6.6)		(9.4)		- 29.8%
<b>Net result</b>	<b>28.5</b>	<b>7.8%</b>	<b>29.1</b>	<b>8.5%</b>	<b>- 2.1%</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 costs.

# Income statement: Full year 2021

Revenues in 2021 were 1,361 million, gross profit was EUR 498 million or 36.6% of revenues, and the adjusted EBIT was EUR 154 million or 11.3%

In EUR million	2021	Of Revenues	2020	Of Revenues	Change
Revenues	1,360.8		1,237.8		+ 9.9%
Cost of sales	(862.7)		(775.3)		+ 11.3%
<b>Gross profit</b>	<b>498.1</b>	<b>36.6%</b>	<b>462.5</b>	<b>37.4%</b>	<b>+ 7.7%</b>
Selling and marketing expenses	(170.0)	12.5%	(141.1)	11.4%	+ 20.5%
General and administrative expenses	(93.7)	6.9%	(85.5)	6.9%	+ 9.6%
Research and development expenses	(80.8)	5.9%	(69.1)	5.6%	+ 16.9%
<b>Adjusted result from operations<sup>1</sup></b>	<b>153.6</b>	<b>11.3%</b>	<b>166.8</b>	<b>13.5%</b>	<b>- 7.9%</b>
Non-IFRS adjustments	(23.3)		(17.1)		+ 36.3%
<b>Result from operations</b>	<b>130.3</b>	<b>9.6%</b>	<b>149.7</b>	<b>12.1%</b>	<b>- 13.0%</b>
Net finance costs	(8.7)		(18.4)		- 52.7%
Share of result of associates	(0.9)		0.3		- 400.0%
<b>Result before income tax</b>	<b>120.7</b>		131.6		- 8.3%
Income tax	(24.5)		(29.0)		- 15.5%
<b>Net result</b>	<b>96.2</b>	<b>7.1%</b>	<b>102.6</b>	<b>8.3%</b>	<b>- 6.2%</b>

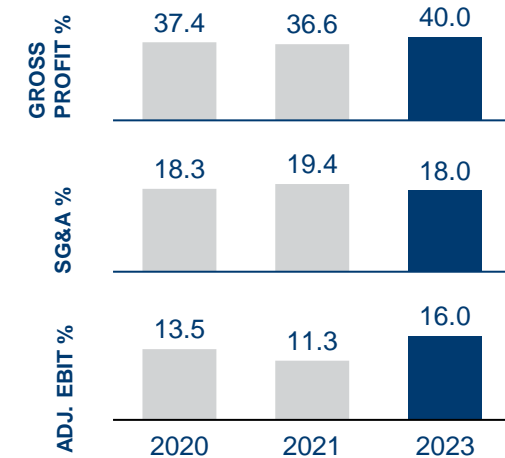
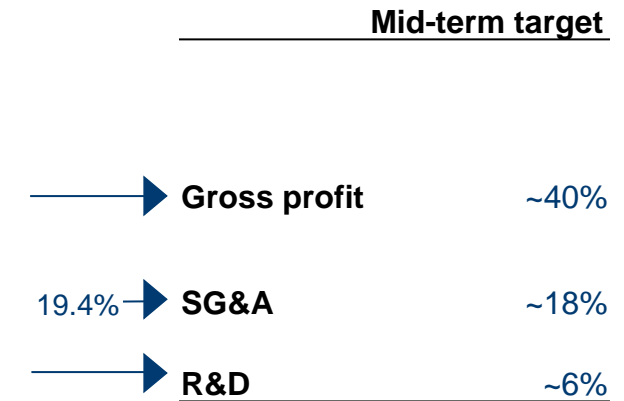
Notes: The income statement as presented above provides an overview of the quarterly Adjusted result from operations, which management believes to be a relevant Non-IFRS measurement.

<sup>1</sup> Operating income adjusted for PPA related costs, including depreciation and amortization, and acquisition related costs.

# Mid-term targets

Marel is committed to the mid-term targets to achieve gross profit of 40%, SG&A of 18% and maintain the innovation investment at the 6% strategic level by year-end 2023

In EUR million	2021	Of Revenues
Revenues	1,360.8	
Cost of sales	(862.7)	
<b>Gross profit</b>	<b>498.1</b>	<b>36.6%</b>
Selling and marketing expenses	(170.0)	12.5%
General and administrative expenses	(93.7)	6.9%
Research and development expenses	(80.8)	5.9%
<b>Adjusted result from operations<sup>1</sup></b>	<b>153.6</b>	<b>11.3%</b>
Non-IFRS adjustments	(23.3)	
<b>Result from operations</b>	<b>130.3</b>	<b>9.6%</b>
Net finance costs	(8.7)	
Share of result of associates	(0.9)	
<b>Result before income tax</b>	<b>120.7</b>	
Income tax	(24.5)	
<b>Net result</b>	<b>96.2</b>	<b>7.1%</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 costs.

# Balance sheet: Assets

## 2021 Consolidated Financial Statements

- Since the beginning of the pandemic Marel has systematically built-up sufficient safety stock of critical parts to serve customer demand and ensure timely delivery, for a total of EUR 73.5m in 2021, thereof EUR 9.9 from business combinations
- Property, plant and equipment increase by EUR 32.0m, mix of business combinations and higher investments

### Assets

In EUR million	31/12 2021	31/12 2020	Change
Property, plant and equipment	228.7	196.7	+16.3%
Right of use assets	40.5	42.7	-5.2%
Goodwill	705.2	678.8	+3.9%
Intangible assets	357.2	331.0	+7.9%
Investments in associates	12.7	17.6	-27.8%
Other receivables	-	2.1	-100.0%
Deferred income tax assets	18.1	13.3	+36.1%
<b>Non-current assets</b>	<b>1,362.4</b>	<b>1,282.2</b>	<b>+6.3%</b>
Inventories	273.4	199.9	+36.8%
Contract assets	69.6	46.1	+51.0%
Trade receivables	154.7	151.3	+2.2%
Assets held for sale	-	1.8	-100.0%
Derivative financial instruments	1.1	1.9	-42.1%
Other receivables and prepayments	66.7	53.1	+25.6%
Cash and cash equivalents	77.1	78.6	-1.9%
<b>Current assets</b>	<b>642.6</b>	<b>532.7</b>	<b>+20.6%</b>
<b>Total Assets</b>	<b>2,005.0</b>	<b>1,814.9</b>	<b>+10.5%</b>

# Balance sheet: Equity and liabilities

## 2021 Consolidated Financial Statements

- Committed liquidity of EUR 666.5m at year-end, including fully committed all-senior funding in place until 2025
- Leverage ratio at 1.0x, well below the targeted capital structure of 2-3x net debt / EBITDA
- Financial strength to support strategic actions in the ongoing industry consolidation wave, in line with the company's 2017-2026 growth strategy
- Contract liabilities increased by EUR 69.4m due to down payments from customers in the record order book
- Trade and other payables increased by EUR 36.7m, mostly due to higher volume and timing of payments
- Other payables include options and holdbacks related to business combinations

### Equity and liabilities

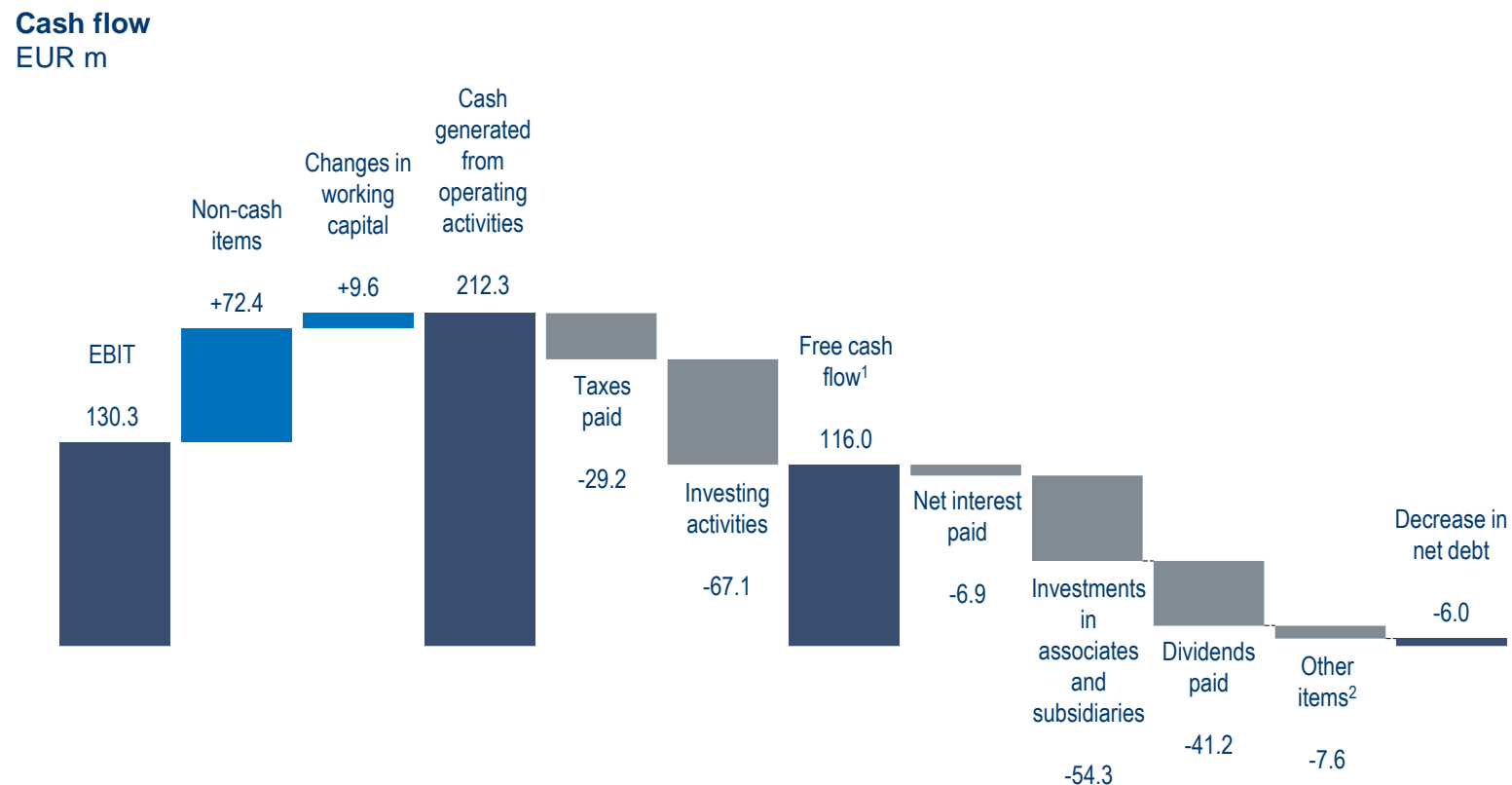
In EUR million	31/12 2021	31/12 2020	Change
<b>Group Equity</b>	<b>1,023.1</b>	<b>958.7</b>	<b>+6.7%</b>
Borrowings	234.9	240.2	-2.2%
Lease liabilities	30.9	33.6	-8.0%
Deferred income tax liabilities	92.1	84.9	+8.5%
Provisions	4.0	4.1	-2.4%
Other payables	22.7	1.1	+1,963.6%
Derivative financial instruments	0.4	3.7	-89.2%
<b>Non-current liabilities</b>	<b>385.0</b>	<b>367.6</b>	<b>+4.7%</b>
Contract liabilities	306.0	236.6	+29.3%
Trade and other payables	259.4	222.7	+16.5%
Derivative financial instruments	0.8	-	+100.0%
Current income tax liabilities	10.7	8.8	+21.6%
Lease liabilities	10.5	10.0	+5.0%
Provisions	9.5	10.5	-9.5%
<b>Current liabilities</b>	<b>596.9</b>	<b>488.6</b>	<b>+22.2%</b>
<b>Total liabilities</b>	<b>981.9</b>	<b>856.2</b>	<b>+14.7%</b>
<b>Total equity and liabilities</b>	<b>2,005.0</b>	<b>1,814.9</b>	<b>+10.5%</b>



# Robust cash flow generation

Operational cash flow in 2021 was EUR 212 million and free cash flow amounted to EUR 116 million

- Cash flow, both operational and free cash flow, strong for the full year 2021, enabling continued significant investments in innovation, infrastructure and strategic inventory buildup
- Operating cash flow was EUR 54.5m in 4Q21 (4Q20: 38.9m) and EUR 212.3m in 2021 (2020: 217.6m)
- Strong cash conversion as operating cash flow was at 15.6% of revenues in 2021, despite building up safety stocks
- Free cash flow was EUR 15.8m in 4Q21 (4Q20: 17.7m) and EUR 116.0m in 2021 (2020: 140.5m)
- Cash capital expenditures excluding R&D investments are expected to increase to an average 4-5% of revenues over the next four years and then returning back to more normalized levels
- Significant inventory buildup of EUR 63.6m (excluding business combinations) in 2021, tying up capital and cash flow, to ensure timely delivery of equipment and spare parts to customers, operational cash flow before inventory buildup at healthy level
- Net cash used in investing activities, excluding business combinations and investments/loans in associates, was EUR 29.7m in the quarter (4Q20: 18.4m) and EUR 67.1m (2020: 51.7m) for the full year equivalent



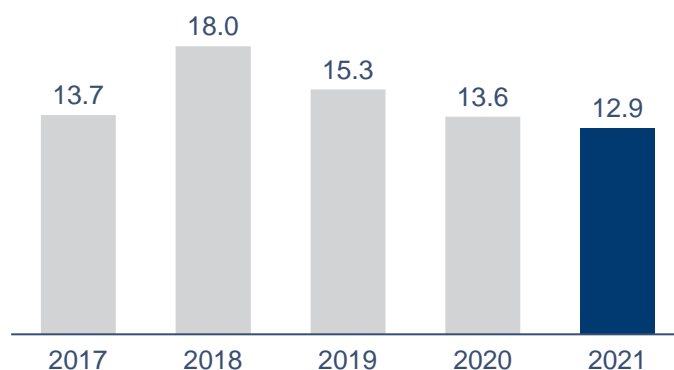
Notes: <sup>1</sup> Free cash flow defined as cash generated from operating activities less taxes paid and net investments in PP&E and intangible assets. <sup>2</sup>Currency effect, change in capitalized finance charges, movement in lease liabilities, dividends paid and sale of treasury shares and options exercised.

# Key performance metrics

Proven track record of earnings results and value creation

## Earnings per share<sup>1</sup>

EUR per share

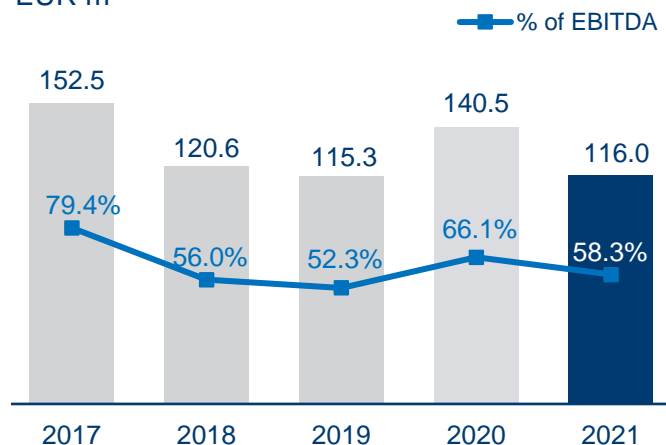


## EPS expected to grow faster than revenues

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

## Free cash flow<sup>2</sup>

EUR m

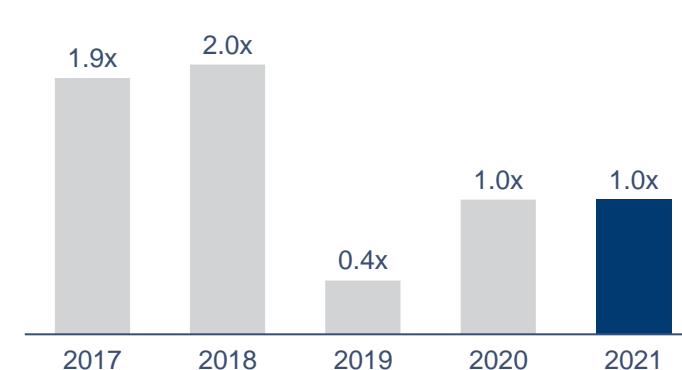


## Strong cash generation

- Marel's strong cash generation supports continued investments in infrastructure, innovation and strategic inventory buildup
- Strong cash flow enables both deleveraging and the undertaking of strategic acquisitions

## Net debt / EBITDA

Leverage (x)



## Capacity for further growth

- Leverage well below the targeted capital structure of 2-3x net debt / EBITDA
- Financial strength enables continued investment and will facilitate future strategic moves in line with the company's 2017-2026 growth strategy

Notes: <sup>1</sup> Basic earnings per share, trailing twelve months. <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.

# 2021 Capital Markets Day 360° mini-series

This year, Marel hosted a series of virtual Capital Markets Day events where Marel leadership, joined by our experts and customers, provided a 360° insight into how Marel delivers growth — globally, digitally and sustainably



**#1** Join us on a virtual tour of Marel in Iceland, including our headquarters, manufacturing facility and innovation cluster, in addition to one of our key customers in the fish industry Brim and their new whitefish processing plant

**#2** Watch and learn how Marel aims to fulfill its ambitious growth targets through a balanced combination of innovation-driven organic growth and strategic acquisitions and partnerships

- Keynote speakers:**
- Arni Oddur Thordarson - CEO
  - Linda Jonsdottir - CFO
  - Arni Sigurdsson - Chief Strategy Officer & EVP Strategic Business Units

**#3** Listen to how Marel's local presence is the foundation of its global reach and is absolutely key to Marel's success in terms of staying ahead of the market trends

- Keynote speakers:**
- Ulrika Lindberg - EVP Global Markets and Service
  - Gudbjorg Heida Gudmundsdottir - EVP of Marel Fish

**#4** Tune into how Marel's integrated solutions and scalable platform enable Marel to provide the right solutions and connect the ecosystem across the entire value chain

- Keynote speakers:**
- Arni Sigurdsson - Chief Strategy Officer & EVP Strategic Business Units
  - Anna Palsdottir - EVP Innovation
  - Hjalti Thorarinnsson - VP of Innova Software

**#5** Listen to how Marel's is changing the way food is being processed, sustainably, our impact through innovation in partnership with our customers, and our net zero journey for 2040

- Keynote speakers:**
- Arni Oddur Thordarson - CEO
  - Thorsteinn Kari Jonsson - Director of Sustainability
  - Greta Maria Gretarsdottir, MD of Innovation, CSR and IR, BRIM

**Watch now:**  
[Marel Capital Markets Day 360° mini-series of virtual events | Marel](#)

**Watch now:**  
[Capital Markets Day - Growth | Marel](#)

**Watch now:**  
[Capital Markets Day - Global Reach | Marel](#)

**Watch now:**  
[Capital Markets Day - Digitalization | Marel](#)

**Watch now:**  
[Capital Markets Day - Sustainability | Marel](#)

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# Business and outlook

Arni Oddur Thordarson,  
Chief Executive Officer

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# Marel is at the center of prevailing trends



**Population growth**



**Rising middle class**



**Consumer preferences**

## Drivers of Marel's addressable market

*Labor scarcity, shifting consumer demand by channel, traceability and brand awareness of sustainably processed products*



**Automation**



**Agility**



**Sustainability**

## Drivers of production volume

*More demand for food, especially from Asia and Africa*

*Increased protein consumption typically correlates to higher income*

*Consumer preferences more diversified, focused on convenience, freshness & health*

← *Continued focus on automation to combat labor shortages and increased costs* →

← *Flexibility to match changing consumer preferences with different products* →

← *Food safety, traceability and resource use efficiency are becoming key priorities* →

# Innovation to drive automation and agility

Continued strong performance in 2021 providing new solutions to the market that drive more sustainability, automation and digitally-driven technology

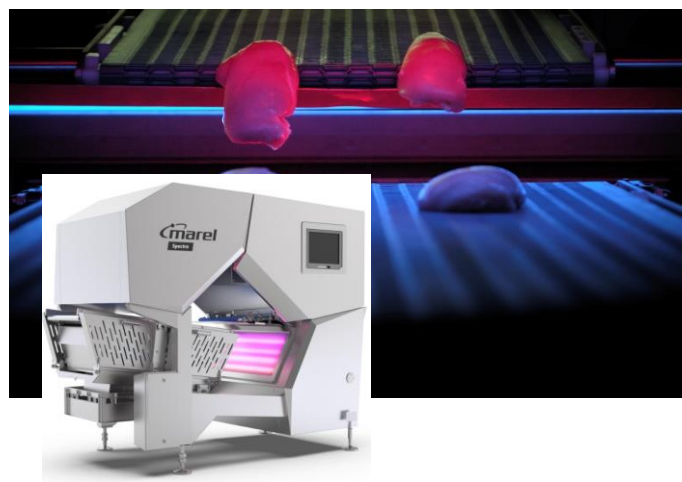
## Digitalization

- Digitalization is live with Nuova-I, SensorX and FleXicut connectivity enabled and providing customers historic and live actionable data
- Enables digital innovation in service, currently deploying new digital services in the areas of predictive maintenance, remote support and performance management



## Transformative solutions

- Common trends: automation, digitalization, sustainability and line concepts
- Strategic partnerships – Marel Spectra launched a uniquely valuable solution in foreign material detection together with TOMRA, a leader in vision technology
- 27 innovative products made Free for Sale in 2021 that drive automation, and sustainability in food processing

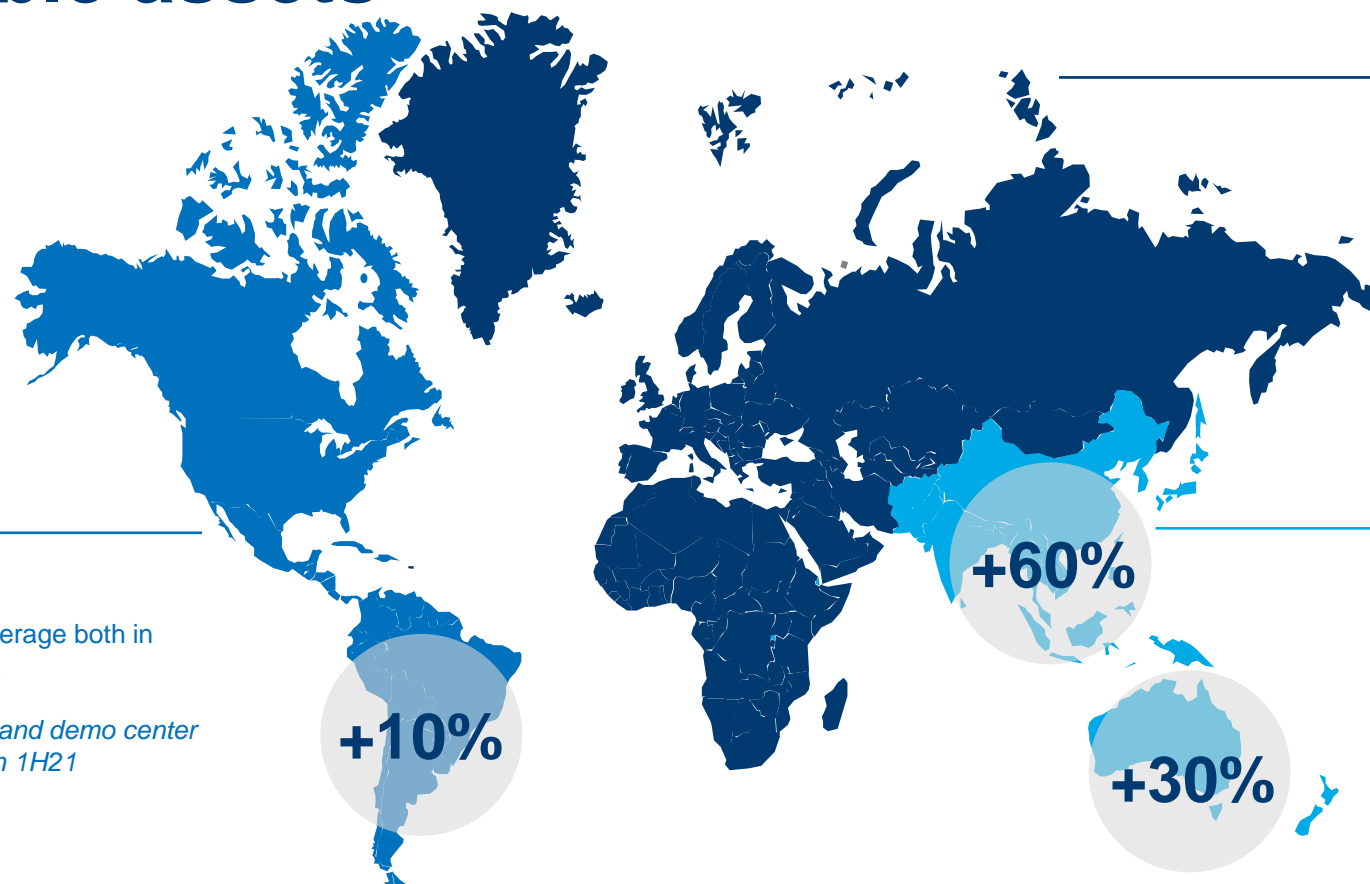


## Passion for innovation

- Team of more than 1.000 innovation experts and engineers in 10 countries
- An important community of solution-driven experts, innovating around challenges like semicon shortages
- With a challenging external environment we continue to deliver and develop new solutions in partnership with our customers



# Marel's global network of dedicated sales and service representatives is one of the company's strongest and most visible assets



## Americas

Well positioned in market coverage both in N-America and Latin America

*New sales and service office and demo center opened in Campinas, Brazil in 1H21*

## EMEA

Consolidating and streamlining global back-end

## Asia & Oceania

Ramping up sales and service coverage

*New sales and service office and demo center opened in Shanghai, China in 2H21*

# First sustainability program

Our medium to long-term sustainability program complements Marel's climate ambitions as we set a science-based target in 2022 in line with the Paris Agreement

## Environmental targets

Reduce carbon emissions<sup>1</sup> by 20% by 2026

Increase recycling of waste to 90% by 2026

Powering >85% manufacturing facilities on renewable electricity by 2026

## Social targets

Gender diversity in management levels L1-L3 > 25%

All managers create annual engagement improvement action plans with their teams<sup>2</sup>

Total recordable incident rate < 0.5

## Governance targets

Increase proportion of ESG incentivized pay throughout the organization

Continuously improve supply chain sustainability<sup>3</sup>

All new innovations need to improve at least one sustainability aspect

## Marel's long-term commitment to a sustainable future

- Setting long-term science-based targets
- Becoming net zero by 2040
- Focused on supporting three UN Sustainable Development Goals:



Notes: <sup>1</sup> Includes Scope 1, Scope 2 and business air travel from Scope 3 emission intensity. Environmental targets are set against base year 2019. <sup>2</sup> As measured by Gallup.

<sup>3</sup> As measured by EcoVadis.



# Stimulating organic growth and accelerating innovation

Following recent acquisitions, Marel has secured important orders where a broader product portfolio and worldwide sales coverage were key to successful cross- and upselling

## Poultry



**PMJ**, a Dutch duck and goose processing solutions provider. PMJ added duck market as a third pillar within poultry processing alongside broilers and turkey.

## Meat



**TREIF**, a leading German food cutting technology provider. Strengthened Marel's full-line offering and increased standard equipment sales.

## Fish



**Curio**, an Icelandic whitefish processing solutions provider. Marel is now a step closer becoming a full-line solution provider to the global fish industry.

Accelerating the innovation roadmap by transfer of technology across industries

Leveraging aftermarket potential on acquired installed base

Cross- and upselling

## Project example

- Ulybino, duck processing in Siberia, Russia
- A joint success project for the combined PMJ and Marel Poultry team where technical and sales expertise were the defining characteristics

## Project example

- Vion, case-ready plant in Altenburg, Germany
- First integrated project together with TREIF and the Marel Meat team. Initially only TREIF was involved with the project, but Marel was able to add more capabilities to the overall project

## Project example

- BRIM, whitefish plant in Reykjavik, Iceland
- The most advanced whitefish processing facility in the world, where primary capabilities from Curio with Marel supplying other processing solutions and software

# 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

Mid-term targets by YE23		2017-2026 targets		FY17	FY18	FY19	FY20	FY21	
<b>Gross profit</b>	<b>40%</b>	Revenue growth <sup>1</sup>	12%	Organic	4.9%	12.5%	5.4%	-5.4%	4.4%
				Acquired	2.2%	2.9%	1.8%	1.8%	5.5%
				Total	7.1%	15.4%	7.2%	-3.6%	9.9%
				<b>CAGR 2017-2021</b>		<b>7.0%</b>			
		<b>Innovation investment</b>	~6% of revenues	5.6%	6.2%	6.4%	5.6%	5.9%	
<b>Innovation investment</b>	<b>6%</b>	<b>Earnings per share (TTM)</b>	EPS to grow faster than revenues	13.7	18.0	15.3	13.6	12.9	
<b>SG&amp;A</b>	<b>18%</b>	<b>Leverage</b>	Net debt / EBITDA 2-3x	1.9x	2.0x	0.4x	1.0x	1.0x	
<b>Adj.EBIT</b>	<b>16%</b>	<b>Dividend policy</b>	20-40% of net result	30%	30%	40%	40%	40%	

Notes: 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

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Mid-term targets by YE23		2017-2026 targets		
<b>Gross profit</b>	<b>40%</b>	<b>Revenue growth<sup>1</sup></b>	<b>12%</b>	<p>Market conditions have been challenging due to geopolitical uncertainty and the ongoing COVID-19 pandemic. Marel enjoys a balanced exposure to global economies and local markets through its global reach, innovative product portfolio and diversified business mix. Supply chain and logistics challenges expected to continue to have an impact in 2022, although it is not known what the full economic impact will be on Marel.</p> <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>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. Due to a catch up effect from the past five years and a very strong tailwind in the market, accelerated by the pandemic, management believes that market growth in the medium term (2021-2026) will be at a level of 6-8%.</p> <p>Solid operational performance and strong cash flow is expected to support 5-7% revenue growth on average by acquisitions.</p>
<b>Innovation investment</b>	<b>6%</b>	<b>Innovation investment</b>	<b>~6% of revenues</b>	To support new product development and ensure continued competitiveness of existing product offering.
<b>SG&amp;A</b>	<b>18%</b>	<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>Adj.EBIT</b>	<b>16%</b>	<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 result</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.

Notes: 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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**Arni Oddur Thordarson**  
Chief Executive Officer



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# Q&A

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**Linda Jonsdottir**  
Chief Financial Officer



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**Tinna Molphy**  
Director of Investor Relations



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**Marino Thor Jakobsson**  
Investor Relations



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**Drofn Farestveit**  
Investor Relations



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3 February 2022

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# Questions

## We're here to help!



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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.

The text "Thank you" is centered in the lower half of the image. It is written in a large, bold, white, sans-serif font. The background behind the text is a dark blue, textured surface, possibly a conveyor belt, with two pieces of meat visible. A thin white horizontal line is positioned above the text, and another is positioned below it.

**Thank you**