



ANNUAL GENERAL MEETING
AR2017.MAREL.COM

MARCH 6, 2018

AGENDA



ANNUAL GENERAL MEETING – MARCH 6, 2018

- 1 | Report of the Board of Directors
- 2 | CEO's operational report
- 3 | Submission of annual accounts
- 4 | Decision on how to address the profit from Marel's operations in 2017
- 5 | Report on the execution of the remuneration policy
- 6 | Proposal on the company's remuneration policy
- 7 | Decision on remuneration to members of the Board of Directors and auditor
- 8 | Elections to the Board of Directors
- 9 | Election of an auditor or auditing firm
- 10 | Proposal on an authorization to buy treasury shares
- 11 | Any other business, lawfully presented

1 |

REPORT OF THE BOARD OF DIRECTORS

Asthildur Margret Otharsdottir,
Chairman of the Board



Marel is the leading global provider of advanced processing systems and services to the poultry, meat and fish industries.

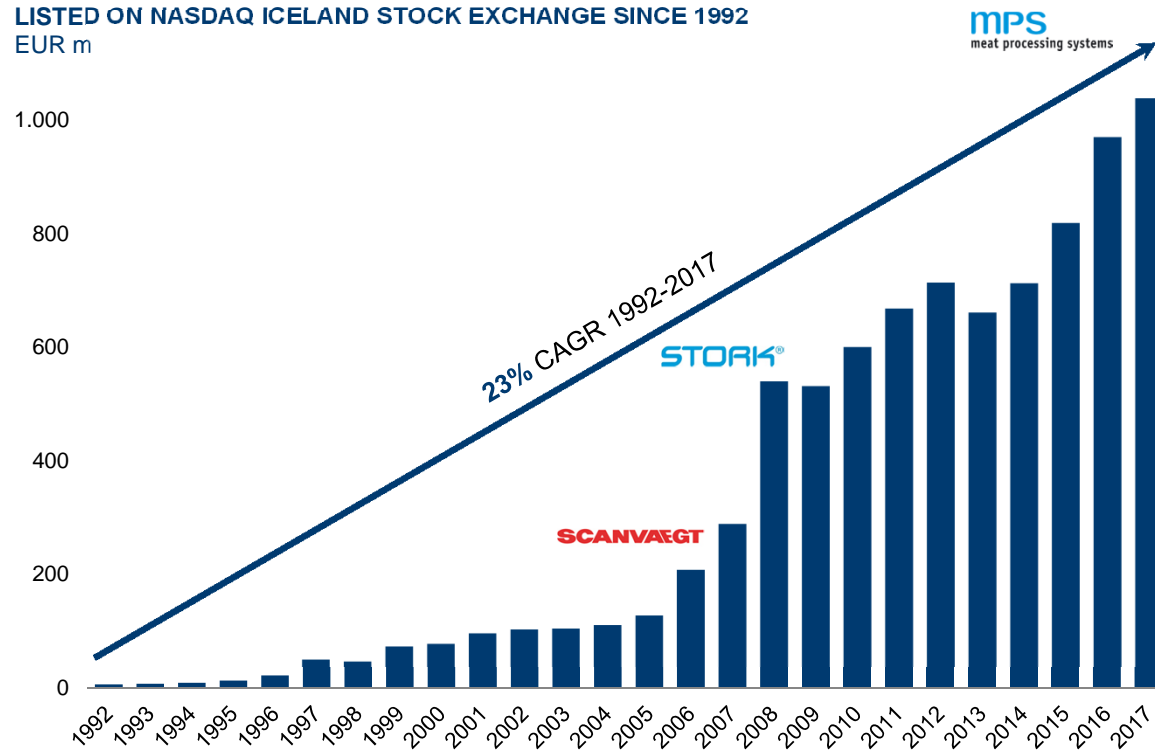
FROM START UP TO A GLOBAL LEADER



At year-end 2017, Marel had 5,400 employees working in over 30 countries and EUR 1,038m in revenues, a stark contrast to its 45 employees and revenues of EUR 6m at the time of listing in 1992

- Good support from shareholders since listing on Nasdaq Iceland in 1992
- Growth strategy announced and agreed in the 2006 AGM
- Acquisitions of Scanvaegt and Stork Food Systems with equity contribution of EUR 268 million
- MPS and Sulmaq acquisitions financed with support from banking partners, strong operational results and cash flow

LISTED ON NASDAQ ICELAND STOCK EXCHANGE SINCE 1992
EUR m



ORGANIC GROWTH
1/3 average annual organic revenue growth

ACQUIRED GROWTH
2/3 average annual acquired revenue growth

SUSTAINABILITY IS OUR BUSINESS



We are transforming the way food is processed, the unprecedented speed and magnitude of change today demands no less

- We emphasize corporate social responsibility because we are convinced it is good business
- We are a signatory of the United Nations' Global Compact and participated in NASDAQ's Sustainable Markets Initiative in 2017
- We are proud of the advancements made in corporate social responsibility reporting during the year and will continue on that journey in 2018





**10 BILLION
PEOPLE IN
2050**

ACTIVE CONSUMERS INCREASING BY
60 MILLION A YEAR
DRIVEN BY A GROWING
POPULATION AND URBANIZATION

Marel is at the center point
of prevailing trends

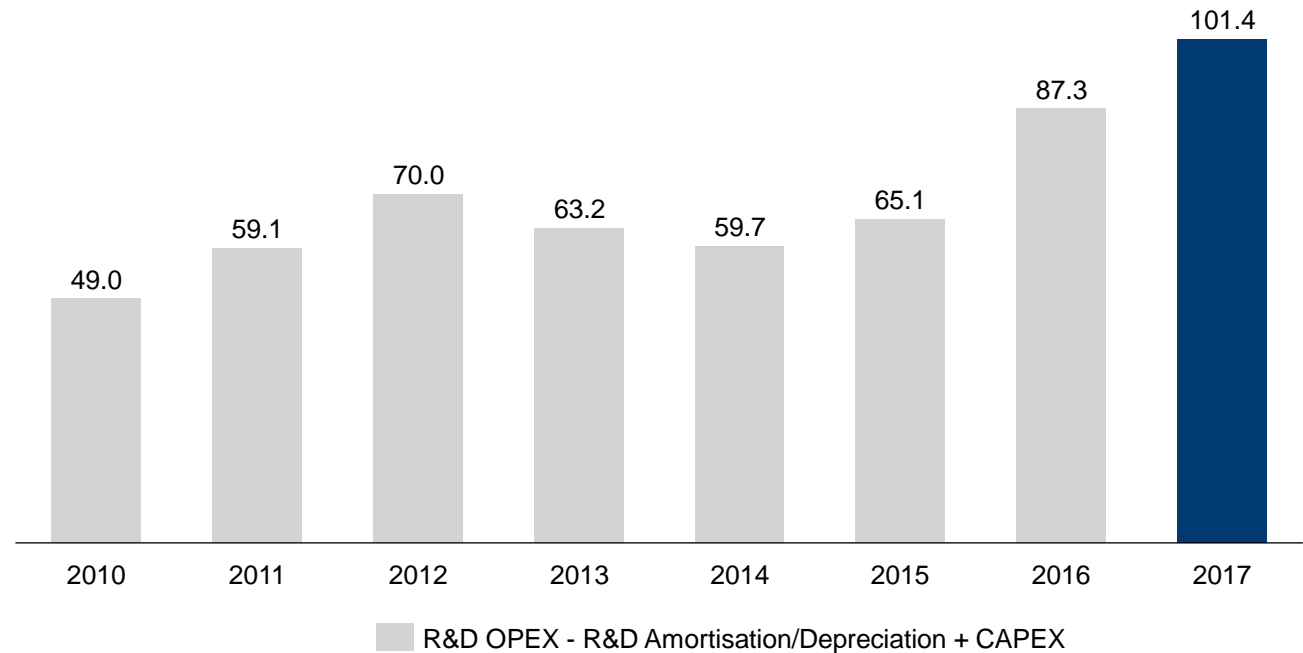
INVESTING IN THE BUSINESS TO SUPPORT FUTURE GROWTH



Strong cash flow enables substantial investments in innovation and the future platform

- Objective to use part of the cash flow to invest in innovation and the business, strengthening the platform to support future growth
- Advancing our manufacturing and innovation facilities
- Investing in our IT platform

R&D EXPENSES AND CAPEX 2010-2017
EUR m

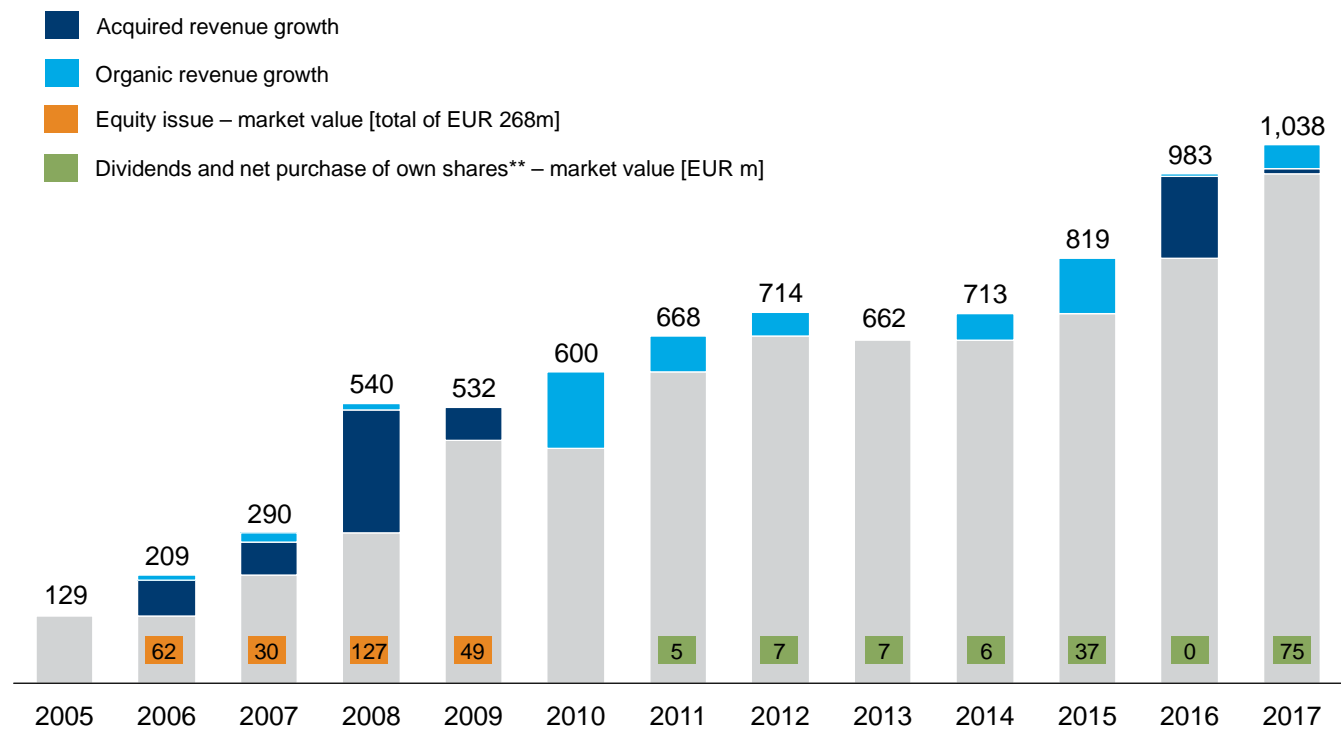


REVENUES HAVE GROWN x8 SINCE AGM 2006



Strong organic and acquired revenue growth in recent years has created excellent value for shareholders - annual compounded growth in the share price of 19.4% since 1992 (CAGR EUR).

- Good support from shareholders since listing on Nasdaq Iceland in 1992
- Marel's size on Nasdaq Iceland is a growing concern and the ISK is an obstacle for many international shareholders
- To further advance its global vision and drive continued shareholder returns, Marel has engaged STJ Advisors, an independent international advisor to evaluate potential listing alternatives



25 YEARS LISTED ON NASDAQ ICELAND STOCK EXCHANGE



~ 6%
OF REVENUES
INVESTED IN
INNOVATION

Other segments account
for 1% of revenues

Since its listing in
1992, Marel has
created excellent
value for its
shareholders

EUR 1 bn
in revenues

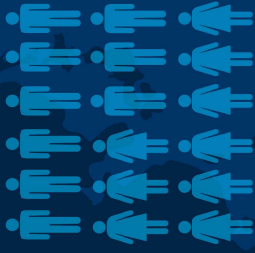
Compounded average revenue
growth of

~ 20%

a year over the past 25 years

30 countries

6 CONTINENTS



5,400
employees



BOARD OF DIRECTORS



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

Arni Oddur Thordarson,
Chief Executive Officer



The Marel equity story
is truly a compelling one



2017

**A YEAR OF GROWTH
AND SOLID
OPERATIONAL
PERFORMANCE**

ANNUAL REVENUES OF EUR 1 BILLION

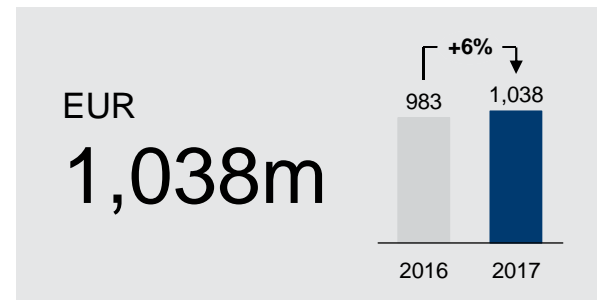


For the full year, revenues were over EUR 1 billion with 15% EBIT. In light of the good results delivered in 2017 and robust order book, we expect strong organic revenue growth in 2018.

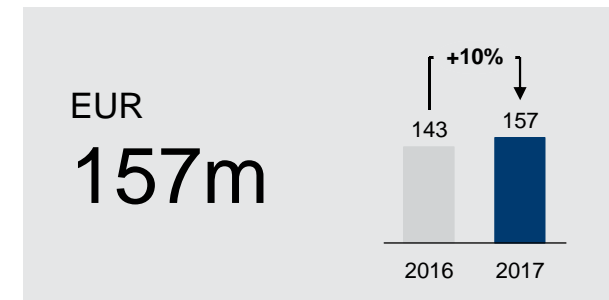
2017 HIGHLIGHTS

- Orders received increased by 13% over the year
- Revenues increased by 6%
- Operational EBIT increased 10%
- Earnings per share (EPS) was up 29%
- Strong operational cash flow and leverage at x1.9 net debt/EBITDA
- Marel starts 2018 with a strong order book, at EUR 472m, or x0.45 of trailing twelve month revenues

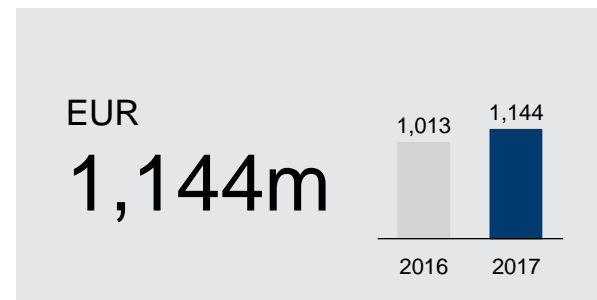
REVENUES



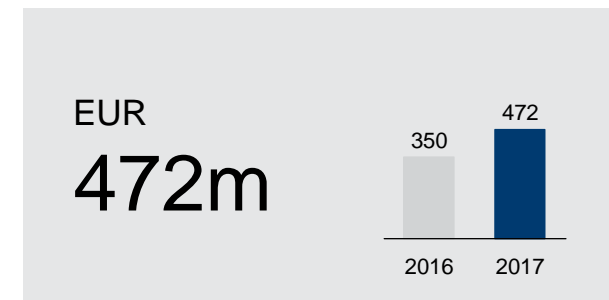
ADJUSTED EBIT



ORDERS RECEIVED



ORDER BOOK



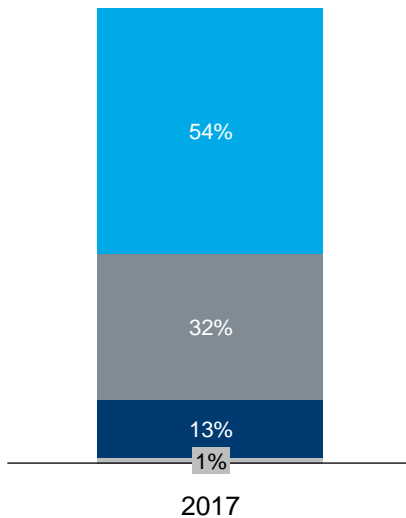
GOOD QUALITY OF EARNINGS



Good market conditions in all industries, strong track record of a well diversified revenue structure across business segments and geographies

REVENUES BY INDUSTRY

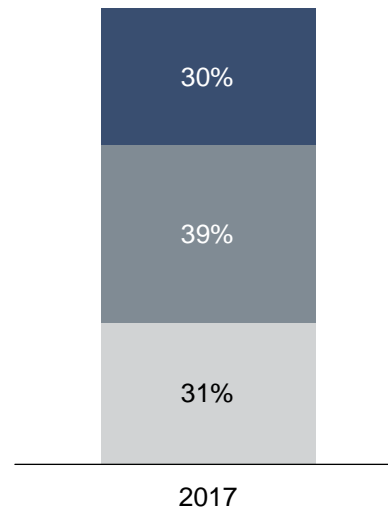
%



- Poultry
- Meat
- Fish
- Other

REVENUES BY GEOGRAPHY

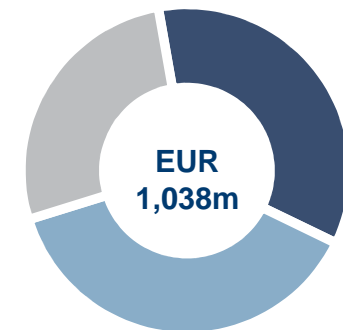
%



- North-America
- West-Europe
- Rest of the world

REVENUES BY BUSINESS MIX

%



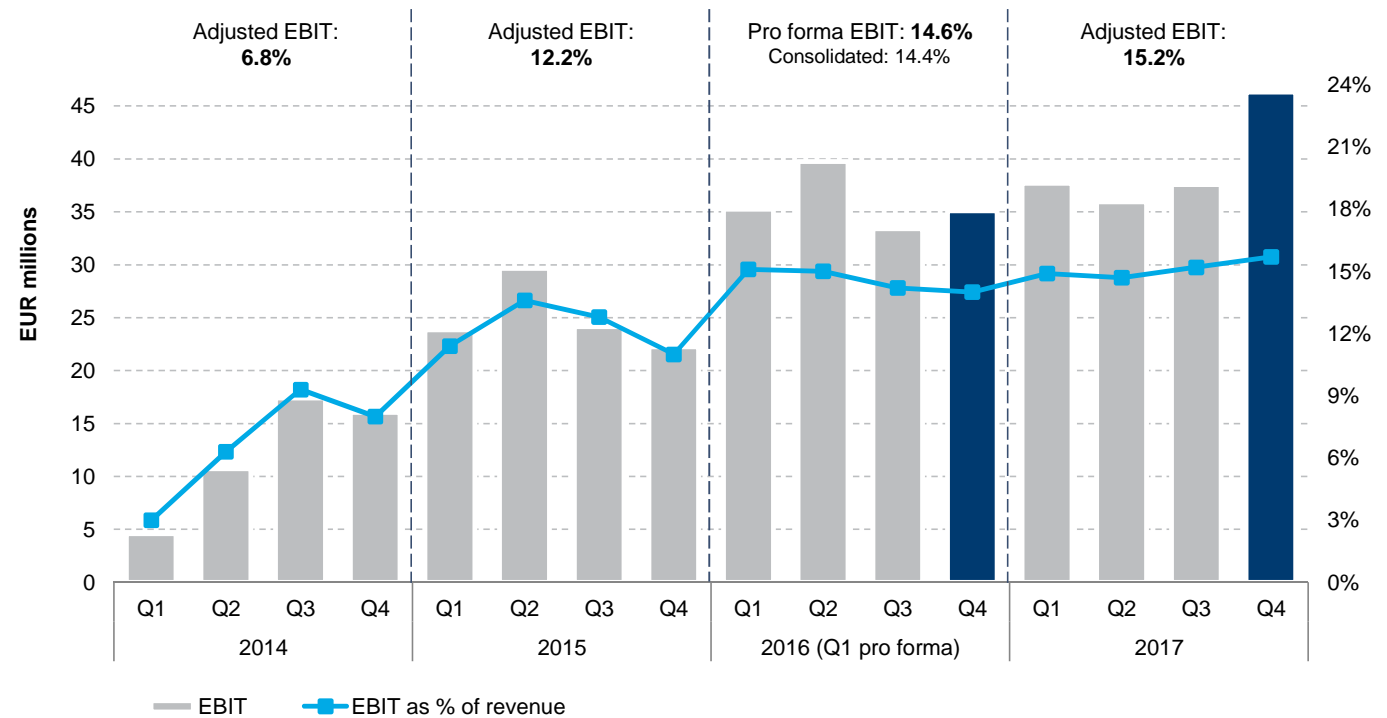
- Greenfield and projects
- Modernization and standard equipment
- Maintenance service and repairs

FIRM STEPS TAKEN TO IMPROVE PROFITABILITY



Strong earnings growth with healthy profit margin of around 15% EBIT margin for eight consecutive quarters

- Ramp up of production well managed in 4Q17 with higher revenues and operational costs rising at slower pace, leading to higher EBIT
- Improved flexibility with more scalable operations following 'Simpler, Smarter, Faster' and strategic investments in innovation and infrastructure
- Ongoing and continued investment in future platform to serve customers' needs better and sustain competitive edge



Note: Operating income adjusted for amortization of acquisition-related intangible assets (PPA) in 2016-2017. 2014-2015 EBIT adjusted for refocusing cost and acquisition costs.



BALANCED REVENUE MIX

Good market conditions and overall balanced product mix. Focus on the three industries to counterbalance fluctuations in operations. Long term outlook is good for all industries.

POULTRY



54% of revenues
19.5% EBIT margin

- Very strong full year with robust order intake, strong volume and solid operational performance
- Good market conditions and strong competitive position

Marel is reaping the benefits of a steady flow of innovative products with standard blocks and full line offering

All financial numbers relate to the 2017 Annual Consolidated Financial Statements. Other segments account for 1% of the revenues.

MEAT



32% of revenues
11.5% EBIT* margin

- Good first half of the year, however 2H17 was affected by product mix and timing of deliveries of large orders, soft outlook expected to continue in the short term
- Marel is strengthening its position in South America with the acquisition of Brazilian meat processor Sulmaq

Focus going forward on increased standardization and modularization

** Operating income adjusted for amortization of acquisition-related intangible assets*

FISH



13% of revenues
4.3% EBIT margin

- Marel Fish is on track and delivered good order intake and improved margins in core business while discontinuing customized onboard solutions in Seattle
- Operational performance below long term targets

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

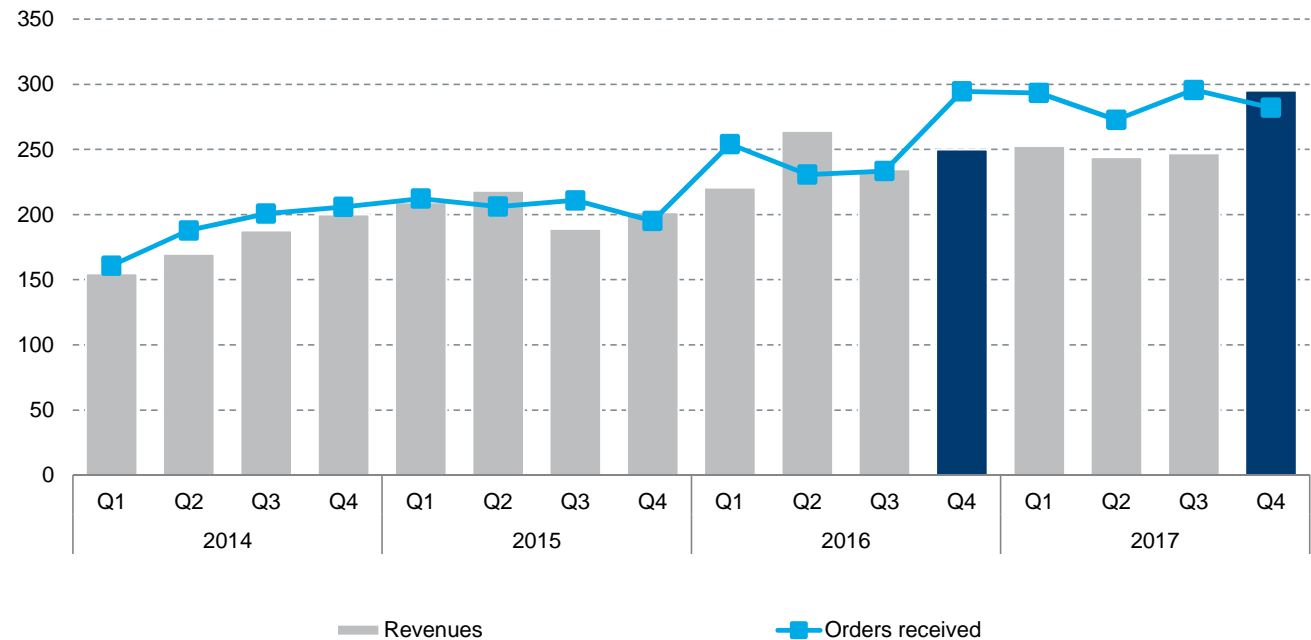
ORDERS RECEIVED



Orders received in 2017 were robust amounting to EUR 1,144 million compared to revenues of EUR 1,038 million

- At year-end, the order book was x0.45 of trailing twelve months' revenues
- 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
- Maintenance, spare parts and services are now close to 40% of revenues

REVENUES AND ORDERS RECEIVED
EUR m



INCOME STATEMENT - FULL YEAR 2017



Revenues in 2017 reached the EUR 1bn mark with an adjusted EBIT of EUR 157m or 15.2% EBIT margin. Gross profit was EUR 407m or 39.2% of revenues.

In EUR million unless stated otherwise	FY 2017	Of revenues	FY 2016	Of revenues	Change
Revenues	1,038.2		969.7		+7%
Cost of sales	(631.5)		(572.7)		+10%
Gross profit	406.7	39.2%	397.0	40.9%	+2%
Selling and marketing expenses	(120.5)	11.6%	(128.5)	13.2%	-6%
Research and development expenses	(57.8)	5.6%	(63.1)	6.5%	-8%
General and administrative expenses	(71.0)	6.8%	(66.2)	6.8%	+7%
Other operating income	-	-	0.2	0.0%	-
Adjusted result from operations	157.4	15.2%	139.4	14.4%	+13%
Amortization of acquisition-related (in)tangible assets	(17.1)		(24.6)		-30%
Result from operations	140.3	13.5%	114.8	11.8%	+22%
Net finance costs	(20.3)		(25.4)		-20%
Result before income tax	120.0		89.4		+34%
Income tax	(23.1)		(13.6)		+69%
Net result	96.9	9.3%	75.8	7.8%	+28%

BALANCE SHEET - ASSETS

2017 Consolidated Financial Statements



HIGHLIGHTS

- Marel is advancing the manufacturing and innovation facilities and improving the working environment across the company, as reflected in PP&E
- Goodwill is increasing because of the acquisition of Sulmaq that adds EUR 13m to goodwill
- Working capital items are impacted by increased volume
- Overall working capital is decreasing compared to 2016, primarily caused by down payments on projects

ASSETS

In EUR million	2017	2016	Change
Property, plant and equipment	144.7	119.0	+22%
Goodwill	643.9	635.2	+1%
Intangible assets (excluding goodwill)	262.7	277.5	-5%
Other non-current assets	9.3	7.9	+18%
Non-current assets	1,060.6	1,039.6	+2%
Inventories	124.4	122.2	+2%
Production contracts	48.2	37.0	+30%
Trade receivables	128.9	115.3	+12%
Other receivables and prepayments	46.6	32.7	+42%
Derivative financial instruments		0.1	
Cash and cash equivalents	31.9	45.5	-31%
Current assets	380.0	352.8	+8%
TOTAL ASSETS	1,440.6	1,392.4	+3%

BALANCE SHEET - EQUITY AND LIABILITIES



2017 Consolidated Financial Statements

HIGHLIGHTS

- Borrowings are going down between years despite purchase of EUR 63.4m worth of treasury shares and the acquisition of Sulmaq
- Working capital items affected by volume
- Production contracts reflect down payments from customers on projects that will be produced

EQUITY AND LIABILITIES

In EUR million	2017	2016	Change
Group equity	541.9	525.6	+3%
Borrowings	370.7	425.0	-13%
Deferred income tax liabilities	61.3	63.5	-3%
Provisions	8.6	7.4	16%
Other liabilities	3.6		
Derivative financial instruments	2.7	4.9	-45%
Non-current liabilities	446.9	500.8	-11%
Production contracts	209.6	150.8	39%
Trade and other payables	195.9	168.9	16%
Current income tax liabilities	11.0	9.1	21%
Borrowings	26.2	24.1	9%
Provisions	9.1	13.1	-31%
Current liabilities	451.8	366.0	23%
Total liabilities	898.7	866.8	+4%
TOTAL EQUITY AND LIABILITIES	1,440.6	1,392.4	+3%

CASH FLOW COMPOSITION - FULL YEAR 2017



2017 Consolidated Financial Statements

HIGHLIGHTS

- Strong cash flow
- Part of the cash flow used to invest in innovation and the business, strengthening the platform to support future growth
- Net finance cost going down due to improved terms and conditions and lower net debt
- Net purchase of treasury shares in 2017 of around EUR 60m
- Dividends paid out in 2017 20% of net profit
- Business combinations, purchase of Sulmaq in 2017 and MPS in 2016.

CASH FLOW FROM OPERATING ACTIVITIES

In EUR million	2017	2016	Change
Cash generated from operating activities	236.2	179.0	32%
Taxed paid	(26.2)	(8.1)	223%
Investing activities	(57.5)	(44.3)	30%
Free cash flow	152.5	126.6	20%
Net finance cost	(14.4)	(33.8)	-57%
Net sale of treasury shares	(59.8)	10.9	-
Proceeds from assets held for sale	0	4.6	-
Dividends paid	(15.3)	(11.3)	35%
Net proceeds from borrowings	(47.1)	220.8	-
Business combinations	(20.2)	(368.4)	-95%
Other cash flow items	(156.9)	(177.2)	-11%

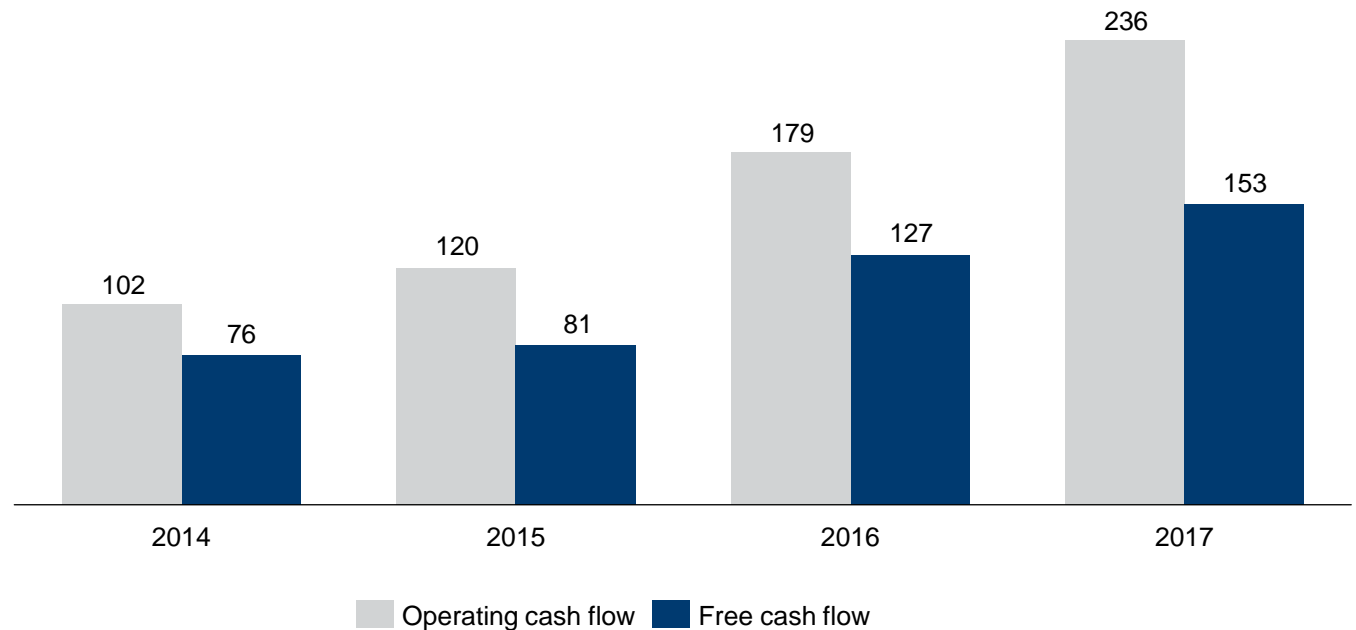
STRONG CASH FLOW



Strong cash flow enabled both deleveraging and the undertaking of strategic acquisitions, free cash flow in 2017 amounted to EUR 153 million

- Free cash flow growing with operational improvement and revenue growth
- Strong order book results in working capital improvements
- Good cash conversion despite focus on investments to grow the business

CASH FLOW
EUR m



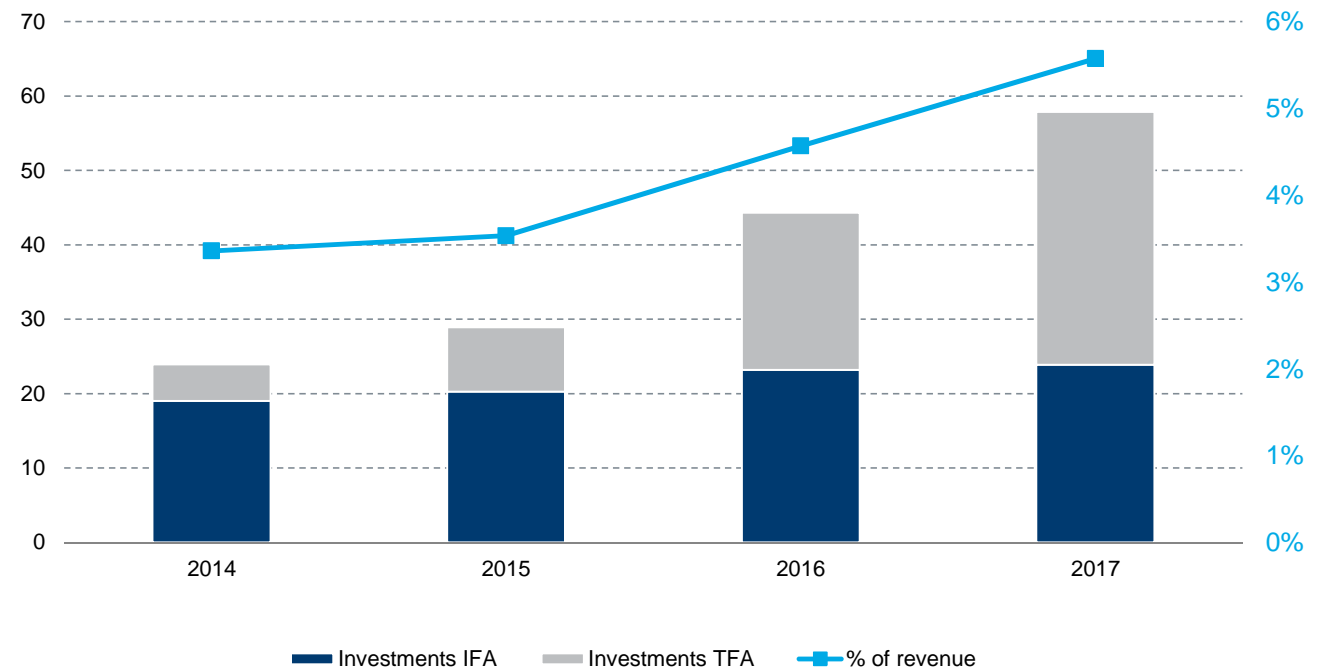
INVESTING IN THE BUSINESS TO SUPPORT FUTURE GROWTH



Strong cash flow enables substantial investments in innovation and the future platform to the advantage of Marel and our customers

- Robust cash flow partly used to invest in infrastructure to support our ambitious growth strategy as laid out in the 2017 AGM
- Aligned IT platforms across the whole organization
- Significant investment in our facilities, in particular manufacturing and innovation

CAPEX 2014-2017
EUR m



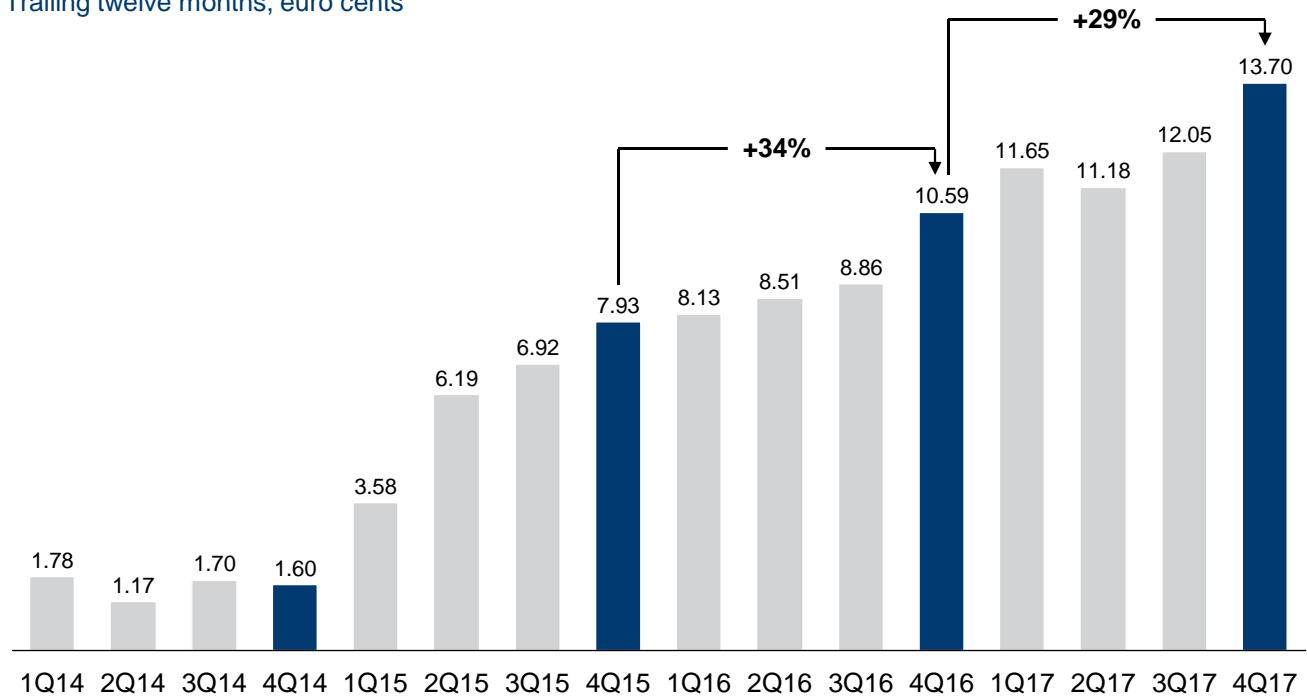
EARNINGS PER SHARE



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

- The Board of Directors has proposed a dividend of EUR 4.19 cents per share for the operating year 2017, the equivalent of 30% of 2017 net results
- This is proposed in accordance to Marel's dividend policy
- Dividends or share buy-backs are targeted at 20-40% of the net result
- The Board of Directors has authorized management to purchase own shares for nominal value of 20 million

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



LONG STANDING BANKING PARTNERS



Marel's funding structure is built on long term relationships with seven international first class banks



SENIOR FACILITY	MARGIN	MATURITY	AMORTIZATION p.a.	INTEREST HEDGES
EUR 243m and USD 75m Term loans EUR 325m revolving facility	Margin moves in line with net debt leverage	Five year facility with final maturity in May 2022	EUR 15m (semi- annually) USD term loan is a bullet	Floating interest rate risk is hedged with interest rate swaps (hedging policy of 50-70% fixed)
EUR 600m	1.85%	2022	EUR 30m	~ 60% fixed

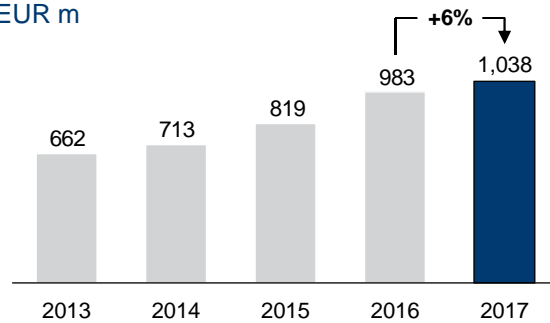
KEY FIGURES



Comparison of the 2017 Annual Consolidated Financial Results

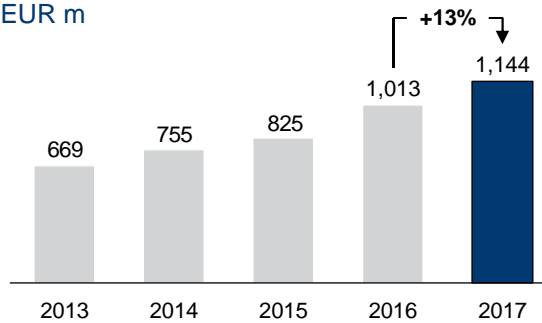
REVENUES

EUR m



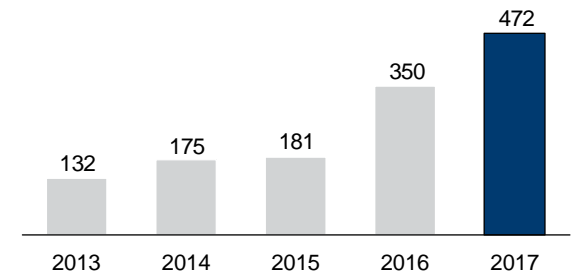
ORDERS RECEIVED

EUR m



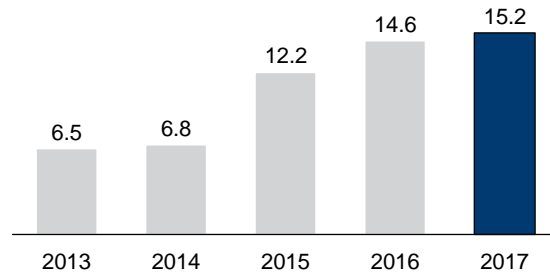
ORDER BOOK

EUR m



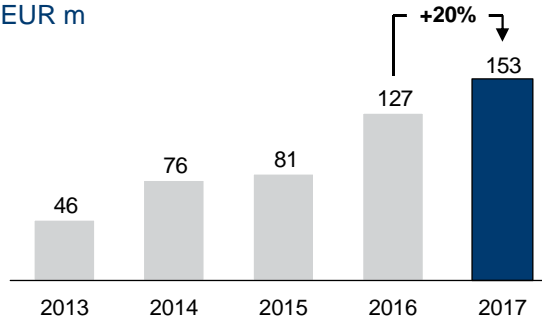
EBIT

%



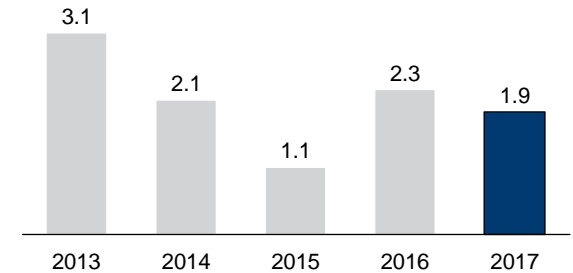
FREE CASH FLOW

EUR m



LEVERAGE

Net debt/EBITDA



FINANCIAL TARGETS



The growth strategy laid out in 2017 states the goal of achieving 12% average annual revenue growth in the next ten years

	TARGET	FY17	FY16	FY15	
REVENUE GROWTH	12% average annual revenue growth in 2017-2026	6%	20%	15%	Marel's management expects 4-6% average annual market growth in the long-term.* Marel aims to grow organically faster than the market, driven by innovation and market penetration. Solid operational performance and strong cash flow to support 5-7% revenue growth on average by acquisition.**
INNOVATION INVESTMENT	~6% of revenues	5.5%	6.5%	7%	To support new product development and ensure continued competitiveness of existing product offering.
EPS (euro cent)***	EPS to grow faster than revenue	13.7	10.6	7.9	Marel's management expects Earnings per Share (EPS) to grow faster than revenues.
LEVERAGE	2-3 times net debt/ EBITDA	x1.90	x2.25	x1.05	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%	20%	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 will not be linear but based on opportunities and economic fluctuations.

**Operational results may vary from quarter to quarter due to general economic developments, fluctuations in orders received and timing of deliveries of larger systems.

***Trailing twelve months, EUR cents



UNITY

A DIVERSE TEAM OF 5,400 PEOPLE IN OVER 30 COUNTRIES

The playing field has gradually expanded to provide advanced solutions and services for the global poultry, meat and fish industries.



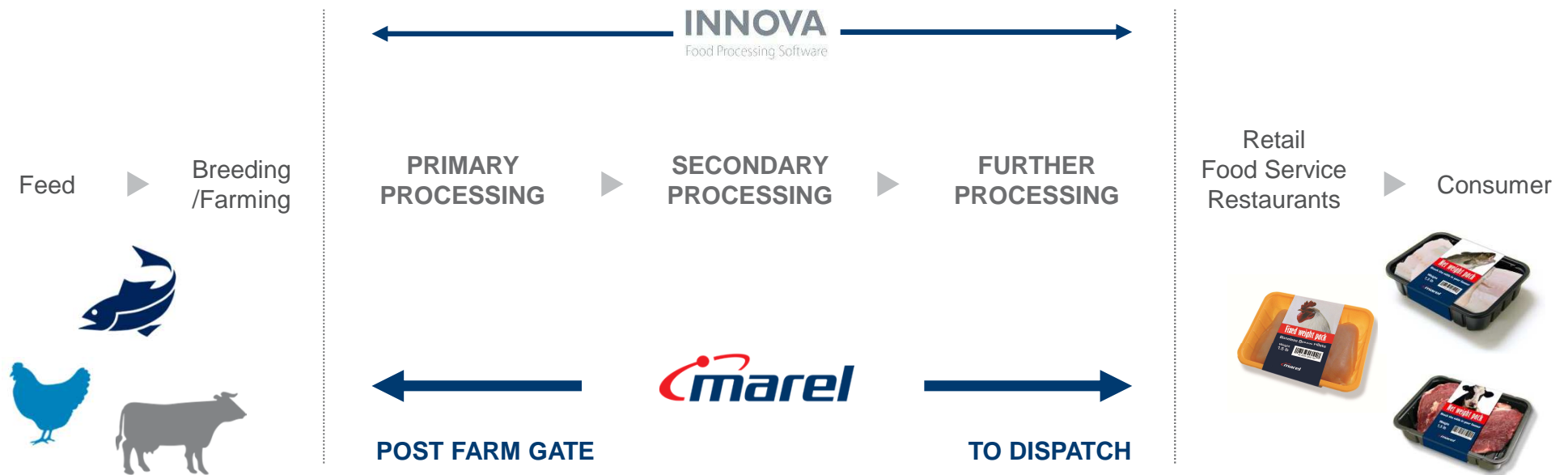
YIELD
EFFICIENCY



VALUE
QUALITY
FOOD SAFETY
TRACEABILITY
SUSTAINABILITY
HEALTH & WELLNESS

POST FARM GATE TO DISPATCH

Marel's playing field is gradually expanding





IMPROVING THE GEOGRAPHICAL FOOTPRINT

The Sulmaq acquisition closed successfully in August 2017, improving foothold in the rapidly growing meat market in South and Central America and access to the talent pool in those markets

- Today the US and Canada, with 360 million inhabitants, account for around 30% of our revenues
- Latin America, including Mexico with 640 million inhabitants, accounts for around 8% of our revenues
- Solid workforce with strong engineering know-how
- Strong customer relationships
- Future manufacturing hub that can be scaled to support the region



sulmaq[®]

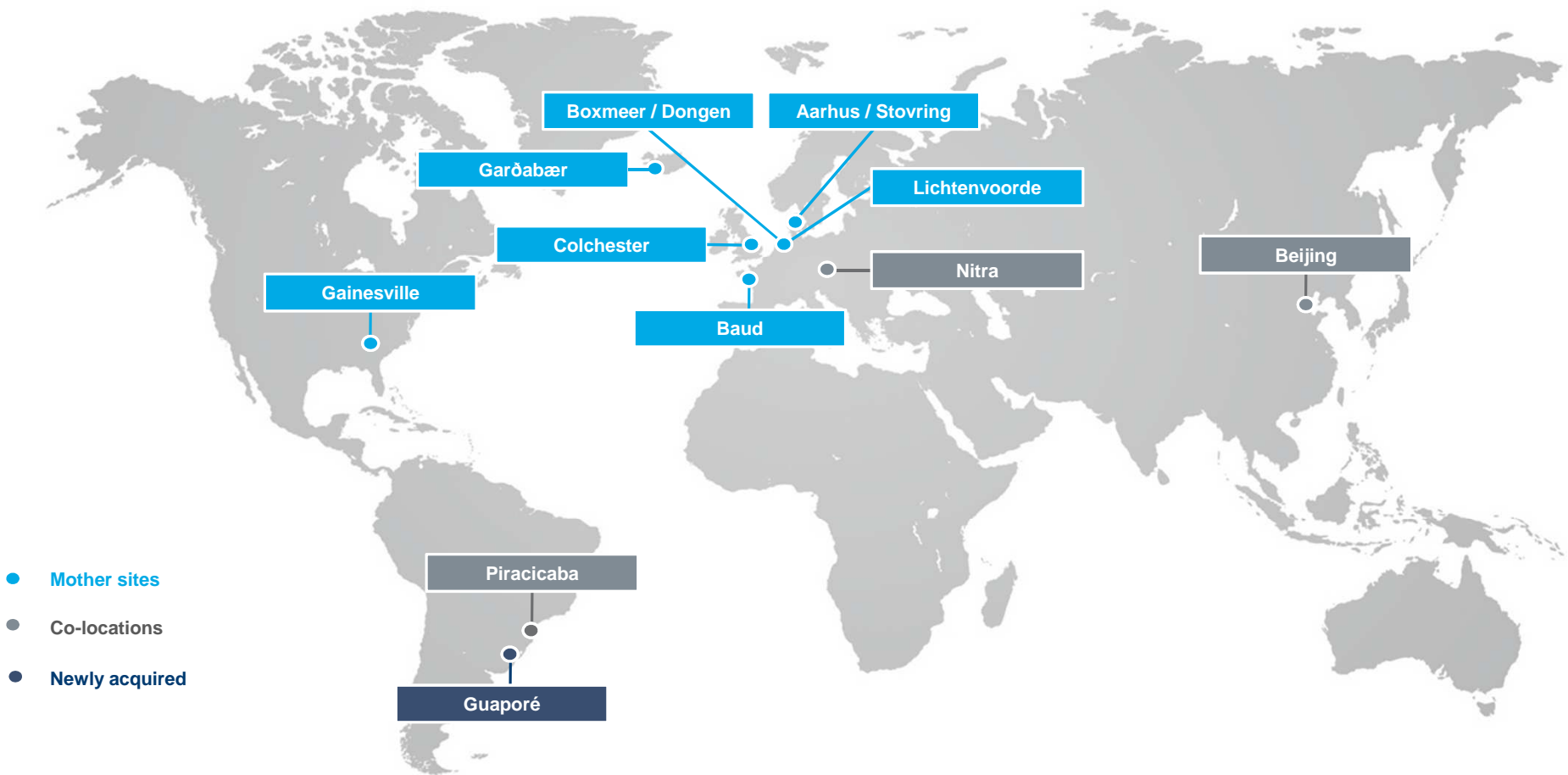


EXCELLENCE

OPTIMIZED MANUFACTURING PLATFORM



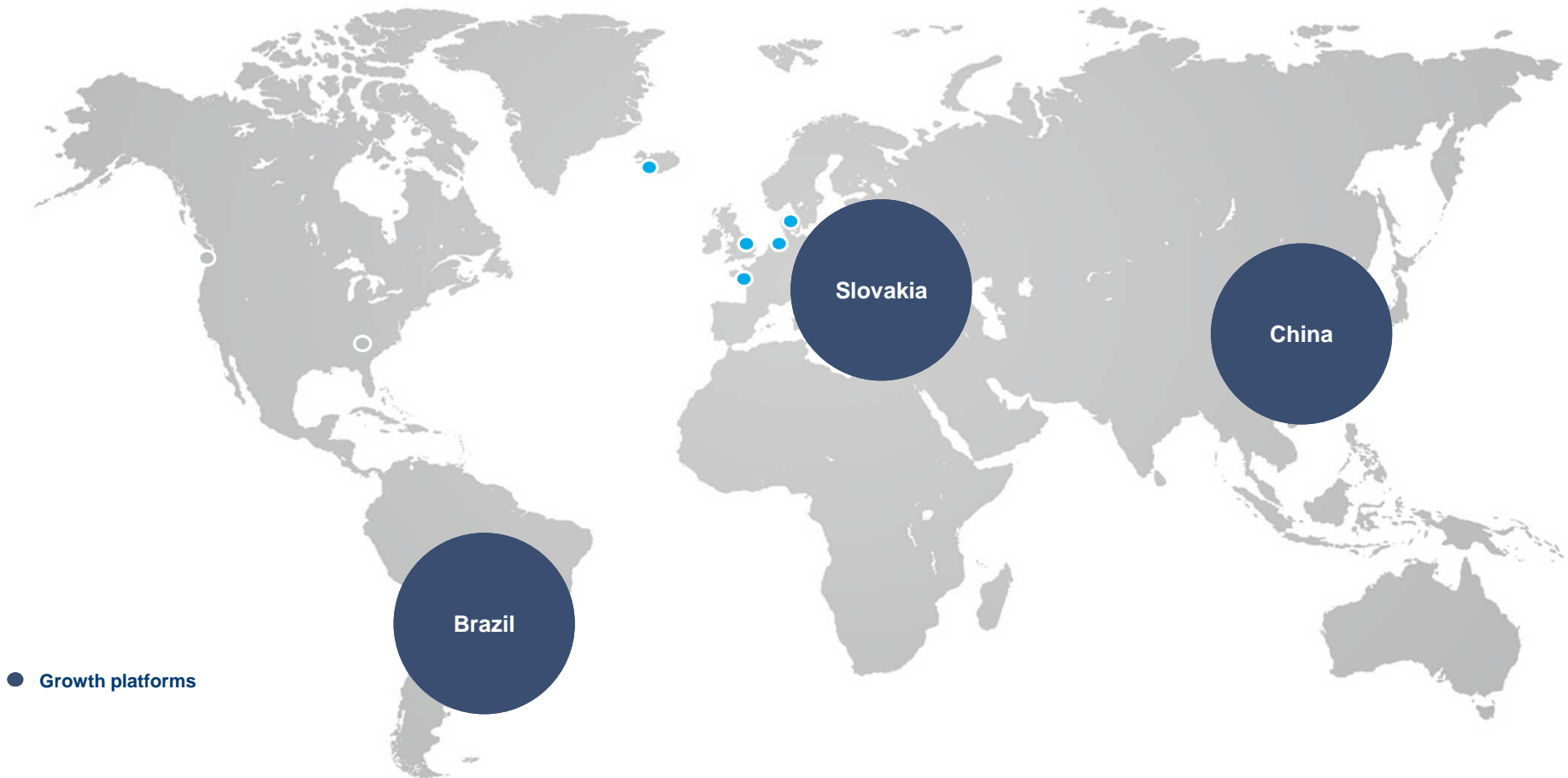
Today, there are 12 manufacturing sites strategically positioned around the world, thereby reducing complexity and optimizing the manufacturing footprint in order to better support further growth



GROWTH PLATFORMS FOR THE FUTURE



Based on product characteristics and the geographical sales profile per product - Marel is gearing up for the future with more flexibility to rende operational excellence and scalability

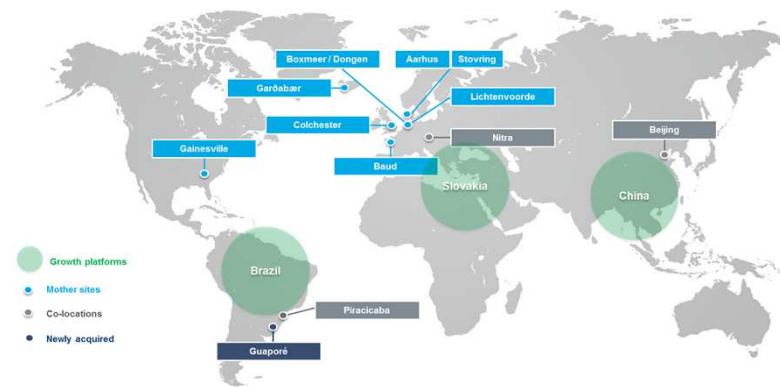


NITRA – EXPANDING FACILITIES



A good example of business platform investment that will support further growth - reshuffling operational capacity to best-cost geographies and provide access to talent at competitive cost

- A manufacturing facility in Nitra opened in 2005 and a new facility was built in 2008
- An extension has been built and formally opened in January 2018
- The new facility adds 9,000 m², bringing all employees under one roof of 17,500 m²
- Will enable Nitra to increase its production capacity and to take on further growth
- 20% of the Marel manufacturing footprint





INNOVATION

AT THE FOREFRONT OF INNOVATION



Marel invests ~6% of its revenue in product development and launched several new or improved products

ATLAS Live bird handling system		Vent Cutter High capacity		Second Joint Wing Cutter High yield		TR-EC High-speed transfer	
AMF-i Breast cap filleting system		SingleFeed High-speed singulating		Strip Positioner Strips & tender rotator		SensorX SmartSort Bone detection & grading	
Multihead Weigher Fixed-weight batching		DeboFlex Pork fore-end & leg deboning		DeboFlex Handheld skinner		StreamLine Deboning & trimming system	
Flexicut Production of high value portions		Pre-Trim Line Streamlined fillet infeed		M360 Labeler Flexible high speed		I-Cut 130 Fixed-weight & fixed-length portioning	

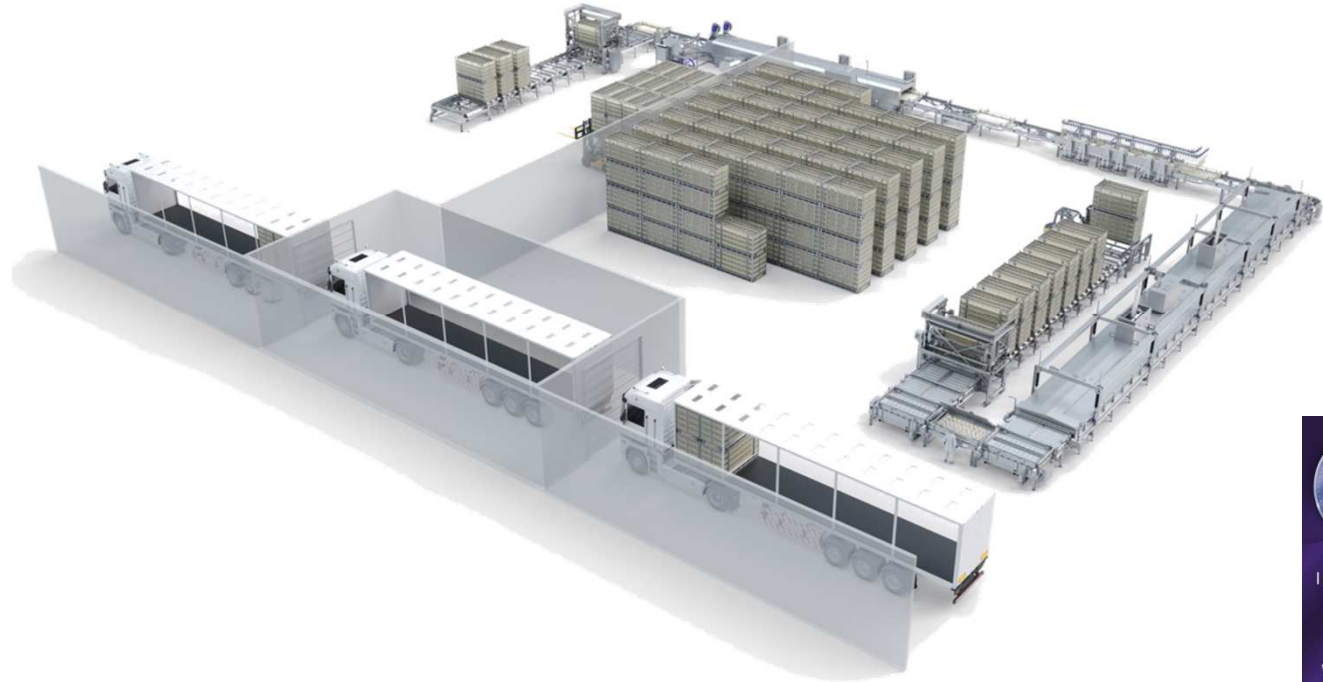
- OVER 700 EMPLOYEES IN 9 COUNTRIES
- 3 INNOVATION HUBS
- OVER 20 PRODUCT LAUNCHES IN 2017

ATLAS LIVE BIRD HANDLING SYSTEM



Featuring a high tech loadable pallet with a variable number of trays, the ATLAS not only gives high attention to animal welfare but also increases efficiency considerably

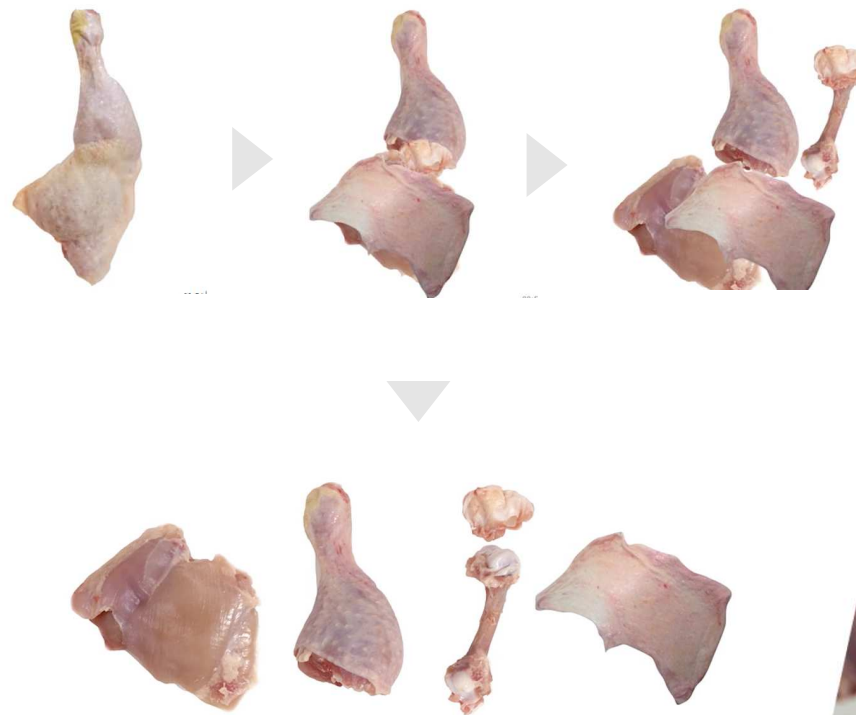
- Improved efficiency (loading, transport, cleaning and uptime)
- Loading capacity can increase up to 38%, which means fewer truck movements and less CO2 emission
- Avoids additional handling and human contact until after stunning
- Optimal cleaning sets new benchmark in the industry
- Robust design for high capacities
- Innova production control platform



THIGH FILLET SYSTEM

The Thigh Fillet System reproduces the work of a skilled manual operator in an industrial way, ensuring a retail quality thigh fillet and a more stable process

- Ability to create the highest added value out of thigh meat
- Guaranteed highest yield in the market
- Retail quality products
- In-line solution, high volume
- Low bone content
- Kneecap harvesting
- Labor saving (no loading, less trimming)
- Integrated with the ACM-NT cut-up system



INNOVATION ACROSS INDUSTRIES



In the secondary and further processing parts of the value chain, the processing steps become more homogenous across industries, e.g. portioning, batching, weighing and marinating

The I-Cut PortionCutter uses a **3D scanner** to calculate product weight and decide where to cut to gain the best **possible yield**






- Same technology is used in all I-Cut portion cutters across industries, with slight variations
- For poultry, meat or fish products
- Poultry needs more capacity, so they use two lane machines and smaller knives
- Meat needs the machine to handle larger products so it has wider belts and larger knives



KEY DIFFERENTIATING FACTORS



Marel has a unique position that is hard to replicate

 SUPERIOR TECHNOLOGY	 FULL LINE PROVIDER	 LARGE INSTALLED BASE	 ECONOMIES OF SCALE	 STRONG BRAND
<p>Leading technology provider with innovation through customer partnerships.</p> <p>Scale and efficiency enables higher investment in new product development.</p> <p>Extensive process know-how and skills in food processing.</p>	<p>Seamless flow and integration between different applications result in higher overall efficiency.</p> <p>Overarching software to monitor and control the process that is hard to replicate.</p> <p>One-stop-shop for the customer both from an equipment and a service standpoint.</p>	<p>Ensuring uptime and reliability resulting in high recurring revenue of spare parts and services.</p> <p>Service level agreements (SLA) result in strong customer loyalty and repeat business.</p>	<p>Global sales and service network that requires high capital investment to replicate.</p> <p>Ongoing investment in software for a long period, resulting in great knowledge and capabilities.</p> <p>Global manufacturing footprint.</p>	<p>Innovative and trustworthy partner.</p> <p>High-performing reliable equipment.</p>

Innovation is and has always
been at the heart of Marel



THANK YOU