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Confirmation of your representation: This electronic transmission and the attached document are delivered to you on the basis that you are deemed to have represented to Marel hf. (the "**Company**") and each of Citigroup Global Markets Limited, J.P. Morgan Securities plc, ABN AMRO Bank N.V., ING Bank N.V., Coöperatieve Rabobank U.A., Arion Banki hf. and Landsbankinn hf. (the "**Managers**") that you have understood and agree to the terms set forth herein and confirm that you are a person that is outside the United States for the purpose of Regulation S or a QIB inside the United States and, in the latter case, you are acquiring the Securities for your own account and/or for the account of another QIB, and you further confirm that either (i) you are a person in the Netherlands or Iceland, (ii) you are a person in a member state of the EEA, other than Iceland, the Netherlands or the United Kingdom, and you are a Qualified Investor and/or a Qualified Investor acting on behalf of Qualified Investors or Relevant Persons, to the extent that you are acting on behalf of persons or entities in the EEA (other than Iceland, the Netherlands or the United Kingdom), (iii) you are a person in the United Kingdom and you are a Relevant Person and/

or a Relevant Person acting on behalf of Relevant Persons or Qualified Investors, to the extent that you are acting on behalf of persons or entities in the United Kingdom or in the EEA (other than Iceland and the Netherlands), or (iv) you are an institutional investor that is otherwise eligible to receive this electronic transmission and the attached document in accordance with the laws of the jurisdiction in which you are located.

You shall also be deemed to have represented to the Company and each of the Managers that you consent to delivery by electronic transmission.

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You are reminded that documents transmitted electronically may be altered or changed during the process of transmission and, consequently, neither the Company, nor the Managers nor any of their respective affiliates accepts any liability or responsibility whatsoever in respect of any difference between the attached document delivered by electronic transmission and the hard copy version. Your receipt of this document is at your own risk and you are responsible for protecting against viruses and other destructive items.

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None of the Managers nor any of their respective affiliates accepts any responsibility whatsoever for the contents of this electronic transmission or the attached document or for any statement made or purported to be made by them, or on their behalf, in connection with the Company, the Securities or the Offering referred to herein. Each of the Managers and each of their respective affiliates accordingly disclaim all and any liability whether arising in tort, contract or otherwise which they might otherwise have in respect of such electronic transmission, the attached document and/or any such statement. No representation or warranty, express or implied, is made by any of the Managers or any of their respective affiliates as to the accuracy, completeness or sufficiency of the information set out in this electronic transmission or the attached document.

The Managers are acting exclusively for the Company and no one else in connection with the Offering. They will not regard any other person (whether or not a recipient of this electronic transmission or the attached document) as their clients in relation to the Offering and will not be responsible to anyone other than the Company for providing the protections afforded to their clients or for giving advice in relation to the Offering and the listing or any transaction, matter or arrangement referred to herein.

Marel hf.

(a public limited company established under the laws of the Republic of Iceland)

Public offering of 90,909,091 ordinary shares and admission to listing and trading on Euronext Amsterdam

This Prospectus (the "**Prospectus**") relates to the public offering and admission to trading on Euronext in Amsterdam ("**Euronext Amsterdam**") and Nasdaq Iceland of 90,909,091 newly issued ordinary shares, each with a par value of Icelandic krona ("**ISK**") 1.00 (the "**New Shares**"), of and by Marel hf. (the "**Company**" or "**Marel**"), a public limited company established under the laws of the Republic of Iceland ("**Iceland**"). The terms **Marel** and the **Company** both refer to either Marel hf. or Marel hf. and its consolidated subsidiaries, as the context requires.

The offering (the "**Offering**") consists of (i) a public offering in the Netherlands and Iceland and (ii) private placements to certain institutional investors in various other jurisdictions, including: (x) a private placement in the United States of America (the "**United States**" or "**US**") to persons reasonably believed to be "qualified institutional buyers" ("**QIBs**") as defined in, and in reliance on, Rule 144A ("**Rule 144A**") under the US Securities Act of 1933, as amended (the "**US Securities Act**"), or pursuant to another available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable state and other securities laws of the United States; and (y) a private placement to institutional buyers outside the United States, where all offers and sales will be made in compliance with Regulation S under the US Securities Act ("**Regulation S**").

The Company has granted the Joint Global Coordinators, on behalf of the Managers (as defined below), an option (the "**Over-Allotment Option**") to purchase up to 9,090,909 additional Shares (the "**Over-Allotment Shares**") at the Offer Price, comprising up to 10.0% of the total number of Offer Shares sold in the Offering, to cover short positions resulting from any over-allotments or stabilisation transactions, if any, made in connection with the Offering. The Over-Allotment Option is exercisable in whole or in part by the Joint Global Coordinators (as defined below), on behalf of the Managers, for 30 calendar days after the First Trading Date (as defined below).

The New Shares and, if any are sold hereunder, the Over-Allotment Shares, shall be referred to as the "Offer Shares" and the term "Shares" shall refer to all the Company's issued and outstanding ordinary shares (together with the issued ordinary shares held in treasury by the Company). Assuming no exercise of the Over-Allotment Option, the Offer Shares will constitute up to 13.5% of the issued and outstanding Shares. Assuming the Over-Allotment Option is exercised in full, the Offer Shares will constitute up to 15.0% of the issued and outstanding Shares.

The Shares are currently listed and admitted to trading under the symbol "MAREL" on Nasdaq Iceland. Application has been made to list and admit all of the Shares to trading under the symbol "MAREL" on Euronext Amsterdam, a regulated market operated by Euronext Amsterdam N.V. Subject to acceleration or extension of the timetable for the Offering, trading on an "as-if-and-when-issued/delivered" basis, conditional on admission (otherwise known as "**conditional trading**"), in the Offer Shares on Euronext Amsterdam is expected to commence on or about 7 June 2019 (the "**First Trading Date**"). Admission to listing and unconditional trading of the Shares on Euronext Amsterdam is expected to occur on or about 12 June 2019.

The price range of the Offer Shares (the "Offer Price Range") is EUR 3.40 to EUR 3.90 per Offer Share

The price at which the Offer Shares will be sold (the "**Offer Price**") is expected to be between EUR 3.40 and EUR 3.90 per Offer Share and will be determined through a book-building process. The Offer Price will be set in euro ("**EUR**"). The Offer Price and the exact number of the Offer Shares to be sold is expected to be announced on or about 6 June 2019. The Company's last reported sale price of its Shares on Nasdaq Iceland on 27 May 2019 was ISK 571 per Share, or EUR 4.11 based on the official exchange selling rate of EUR/ISK as published by the Central Bank of Iceland as of such date.

There will be a preferential allocation of Offer Shares to eligible retail investors in the Netherlands and Iceland (the "**Preferential Retail Allocation**"). Retail investors will be allocated the first 1,350 (or fewer) Offer Shares for which such investor subscribes, provided that if the total number of Offer Shares subscribed for by retail investors under the Preferential Retail Allocation would exceed 10.0% of the total number of Offer Shares, assuming no exercise of the Over-Allotment Option, the preferential allocation to each retail investor may take place *pro rata* to the first 1,350 (or fewer) Offer Shares for which such investor subscribes. As a result, retail investors may not be allocated all of the first 1,350 (or fewer) Offer Shares that they subscribe for. The exact number of Offer Shares allocated to retail investors will be determined after the Offer Period has ended. In Iceland, the minimum size of orders is restricted to Offer Shares with a purchase value equal to EUR 1,000.

Payment for, and issue and delivery of, the Offer Shares ("**Settlement**") is expected to take place on or about 11 June 2019 (the "**Settlement Date**"), except that delivery of Offer Shares to Icelandic retail investors is expected to take place on 12 June 2019 (the "**Icelandic Retail Settlement Date**"). If Settlement does not take place as planned or at all, the Offering may be withdrawn, in which case all subscriptions for the Offer Shares will be disregarded, any allotments made will be deemed not to have been made and any subscription payments made will be returned without interest or other compensation. Any dealings in the Offer Shares prior to Settlement are at the sole risk of the parties concerned. None of the Company, the Managers (as defined below), Euronext Amsterdam or ABN AMRO in its capacity as listing and paying agent (the "**Listing and Paying Agent**") accepts responsibility or liability towards any person as a result of the withdrawal of the Offering or the related annulment of any transaction in the Offer Shares.

Funds and accounts under management by BlackRock ("**Blackrock**") have committed to acquire at the Offer Price (and at any such price throughout the Offer Price Range set forth above) a number of Offer Shares equivalent to an amount of EUR 63.0 million, corresponding to 16.2 to 18.6 million Offer Shares throughout the Offer Price Range set forth above. In addition, Credit Suisse Asset Management (Switzerland) Ltd. ("**CSAM**", and together with Blackrock, the "**Cornerstone Investors**") has committed to acquire at the Offer Price (and at any such price throughout the Offer Price Range set forth above) 10 million Offer Shares, representing a commitment of EUR 34.0 million to EUR 39.0 million throughout the Offer Price Range set forth above. The Cornerstone Investors' commitments are subject to certain conditions as described in "*Plan of Distribution—Cornerstone Investments*". The Cornerstone Investors' Shares will not be subject to any formal lock-up arrangement.

INVESTING IN THE OFFER SHARES INVOLVES RISKS. SEE "*RISK FACTORS*" BEGINNING ON PAGE 20 OF THIS PROSPECTUS FOR A DESCRIPTION OF CERTAIN RISKS THAT SHOULD BE CAREFULLY CONSIDERED BEFORE INVESTING IN THE OFFER SHARES.

The Offer Shares will be delivered in book-entry form through the book-entry system of the Netherlands Central Institute for Giro Securities Transactions (*Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.*) trading as Euroclear Nederland ("**Euroclear Nederland**").

Citigroup Global Markets Limited and J.P. Morgan Securities plc are acting as joint global coordinators and joint bookrunners (in such and any other capacity, the "**Joint Global Coordinators**"), ABN AMRO Bank N.V., ING Bank N.V. and Coöperatieve Rabobank U.A. are acting as joint bookrunners for the Offering (together with the Joint Global Coordinators, the "**Joint Bookrunners**") and Arion Banki hf. and Landsbankinn hf. are acting as joint lead managers (the "**Joint Lead Managers**" and, together with the Joint Global Coordinators and the Joint Bookrunners, the "**Managers**").

The Offer Shares have not been, and will not be registered, under the US Securities Act or with any securities regulatory authority of any state of the United States and may not be offered or sold within the United States unless the Offer Shares are registered under the US Securities Act or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. There will be no public offer of the Offer Shares in the United States. Prospective purchasers are hereby notified that sellers of the Offer Shares may be relying on the exemption from the registration requirements of Section 5 of the US Securities Act provided by Rule 144A or Regulation S.

Neither the delivery of this document (the "**Prospectus**") nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to such date. In the event of any changes to the information in this Prospectus that may affect the valuation of the Offer Shares during the period from the date of announcement to the first day of trading, such changes will be announced in accordance with the provisions of Act No. 108/2007 on Securities Transactions, as amended (the "**Securities Transactions Act**").

This Prospectus has been approved by, and registered with, the Financial Supervisory Authority of Iceland (*Fjármálaeftirlitið*) (the "**FME**") in accordance with the provisions of the Securities Transactions Act, implementing the Directive 2003/71/EC of the European Parliament and the European Council, and amendments thereto (including those resulting from Directive 2010/73/EU) (the "**Prospectus Directive**"). Approval and registration by the FME does not imply that the FME guarantees that the factual information provided herein is correct or complete. The Company has requested the FME to notify its approval in accordance with Article 18 of the Prospectus Directive to the competent authorities in the Netherlands, the Netherlands Authority for the Financial Markets (the "**AFM**"), with a certificate of approval attesting that this Prospectus has been prepared in accordance with the Prospectus Directive.

Joint Global Coordinators

Citigroup **J.P. Morgan**

Joint Bookrunners

ABN AMRO **ING** **Rabobank**

Joint Lead Managers

Arion Bank **Landsbankinn**

This Prospectus is dated 28 May 2019

NOTICE TO INVESTORS

The distribution of this Prospectus and the offer, acceptance, delivery, transfer, exercise, purchase of or trade in the Offer Shares may, in certain jurisdictions, including, but not limited to, the United States, be restricted by law. Persons in possession of this Prospectus are required to inform themselves about, and to observe, such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction. This Prospectus may not be used for, or in connection with, and does not constitute an offer to sell, or an invitation to purchase, any of the Offer Shares in any jurisdiction in which such offer or invitation is not authorised or would be unlawful. Neither this Prospectus, nor any related materials, may be distributed or transmitted to, or published in, any jurisdiction except under circumstances that will result in compliance with any applicable laws or regulations.

None of the Company, the members of the board of directors of the Company (the "**Board of Directors**"), the Managers, the Listing and Paying Agent or any of their respective representatives is making any representation to any offeree or purchaser of the Offer Shares regarding the legality of an investment in the Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

All purchasers of the Offer Shares are deemed to acknowledge that (i) they have not relied on the Managers or any person affiliated with them in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision and (ii) they have relied only on the information contained in this Prospectus, and that no person has been authorised to give any information or to make any representation concerning the Company or the Offer Shares (other than as contained in this Prospectus) and that, if given or made, any such other information or representation has not been relied upon as having been authorised by the Company or any of the Managers.

No representation or warranty, express or implied, is made or given by or on behalf of the Managers or any of their affiliates or any of their respective directors, officers or employees or any other person, as to the accuracy, completeness or fairness of the information or opinions contained in this Prospectus, and nothing in this Prospectus shall be relied upon as a promise or representation by the Managers or any of their respective affiliates as to the past or future. None of the Managers accepts any responsibility whatsoever for the content of this Prospectus or for any other statements made or purported to be made by either itself or on its behalf in connection with Marel, the Offering or the Offer Shares. Accordingly, the Managers and each of their respective affiliates disclaim, to the fullest extent permitted by applicable law, all and any liability whether arising in tort, contract or otherwise, which they might otherwise have in respect of this Prospectus and/or any such statement.

The Managers and the Listing and Paying Agent are acting exclusively for Marel and no one else in connection with the Offering. They will not regard any other person (whether or not a recipient of this Prospectus) as their clients in relation to the Offering and will not be responsible to anyone other than Marel for providing the protections afforded to their clients or for giving advice in relation to the Offering and the listing or any transaction, matter or arrangement referred to herein.

In connection with the Offering, the Managers and any of their respective affiliates, acting as investors for their own accounts, may acquire the Offer Shares and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Offer Shares and other securities of Marel or related investments in connection with the Offering or otherwise.

Accordingly, references in this Prospectus to the Offer Shares being offered, acquired, placed or otherwise dealt in should be read as including any offer to, or acquisition, dealing or placing by, the Managers and any of their affiliates acting as investors for their own accounts. None of the Managers intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

EXCEPT AS OTHERWISE SET FORTH IN THIS PROSPECTUS, THE OFFERING DESCRIBED IN THIS PROSPECTUS IS NOT BEING MADE TO INVESTORS IN THE UNITED STATES, CANADA, AUSTRALIA OR JAPAN.

This Prospectus does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to acquire, the Offer Shares in any jurisdiction in which such an offer or solicitation is unlawful or would result in the Company becoming subject to public company reporting obligations outside Iceland or the Netherlands.

The distribution of this Prospectus, and the offer or sale of the Offer Shares, is restricted by law in certain jurisdictions. This Prospectus may only be used where it is legal to offer, solicit offers to purchase or sell the Offer Shares. Persons who obtain this Prospectus must inform themselves about and observe all such restrictions.

No action has been, or will be, taken to permit a public offer or sale of the Offer Shares or the possession or distribution of this Prospectus or any other material in relation to the Offering in any jurisdiction outside Iceland or the Netherlands where action may be required for such purpose. Accordingly, neither this Prospectus nor any advertisement or any other related material may be distributed or published in any jurisdiction, except in compliance with any applicable laws and regulations. See "*Plan of Distribution—Selling Restrictions*" and "*Transfer Restrictions*".

United States

The Offer Shares have not been, and will not be, registered under the US Securities Act or with any securities regulatory authority of any state of the United States and may not be offered or sold within the United States, unless the Offer Shares are registered under the US Securities Act or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. In the United States, the Offer Shares will be sold only to persons reasonably believed to be QIBs as defined in, and in reliance on, Rule 144A under the US Securities Act or pursuant to another available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable state securities laws. All offers and sales of the Offer Shares outside the United States will be made in compliance with Regulation S under the US Securities Act and in accordance with applicable law. See "*Plan of Distribution—Selling Restrictions*" and "*Transfer Restrictions*". The Offer Shares have not been recommended by any US federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

European Economic Area

This Prospectus and the Offering are only addressed to, and directed at, persons in member states of the European Economic Area (the "**EEA**"), other than Iceland, and the Netherlands, who are "**Qualified Investors**" within the meaning of Article 2(1)(e) of the Prospectus Directive. The Offer Shares are only available to, and any invitation, offer or agreement to purchase or otherwise acquire the Offer Shares will be engaged in only with, Qualified Investors. This Prospectus and its contents should not be acted or relied upon in any member state of the EEA by persons who are not Qualified Investors.

This Prospectus has been prepared on the basis that all offers of the Offer Shares, other than the offers contemplated in Iceland and the Netherlands, respectively, will be made pursuant to an exemption under the Prospectus Directive, as implemented in member states of the EEA, from the requirement to produce a prospectus for offers of the Offer Shares. Accordingly, any person making or intending to make any offer within the EEA of the Offer Shares that is the subject of the Offering contemplated in this Prospectus should only do so in circumstances in which no obligation arises for the Company or any of the Managers to produce a prospectus for such offer. None of the Company or the Managers has authorised, nor does the Company or any of the Managers authorise, the making of any offer of the Offer Shares through any financial intermediary, other than offers made by the Managers that constitute the final Offering of the Offer Shares contemplated in this Prospectus.

For the purposes of this provision, (a) the expression an "**offer to the public**" in relation to any Offer Shares in each member state of the EEA (each, a "**Member State**") means the communication in any form and by any means of sufficient information on the terms of the Offering and the Offer Shares so as to enable an investor to decide to purchase the Offer Shares, as the same may be varied in such Member State by any measure implementing the Prospectus Directive in such Member State, (b) the expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive) and includes any relevant implementing measure in each Member State and (c) the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

United Kingdom

In the United Kingdom, this Prospectus is being distributed only to, and directed at, Qualified Investors within the meaning of the Prospectus Directive (a) who have professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"), (b) who are high net worth entities, as described in Article 49(2)(a) to (d) of the Order or (c) other persons to whom it may lawfully be communicated (all such persons being referred to in (a), (b) and (c) are collectively

“**Relevant Persons**”). In the United Kingdom, any investment or investment activity to which this Prospectus relates is only available to, and will be engaged in only with, Relevant Persons. Any other persons who receive this Prospectus should not rely on or act upon it.

If any Offer Shares are offered to a financial intermediary as such term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will be deemed to have represented, acknowledged and agreed that the Offer Shares acquired by it in the Offering have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Offer Shares to the public other than their offer or resale in a Relevant Member State to a Qualified Investor within the meaning of the Prospectus Directive as so defined or in circumstances in which the prior consent of the Joint Global Coordinators has been obtained to each such proposed offer or resale. The Company, the Managers and their respective affiliates, and other persons will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

Canada

The Offer Shares may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Offer Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* (NI 33-105), the Managers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this Offering.

Information to Distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (“**MiFID 2**”); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID 2; and (c) local implementing measures (together, the “**MiFID 2 Product Governance Requirements**”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that such Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID 2; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID 2 (the “**Target Market Assessment**”). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offer. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Managers will only procure investors who meet the criteria of professional clients and eligible counterparties. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID 2; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares. Each distributor is responsible for undertaking its own target market assessment in respect of the Shares and determining appropriate distribution channels.

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SUMMARY

Prospectus summaries consist of information requirements presented in "items". The items are numbered in sections A-E (A.1-E.7).

The summary in this Prospectus includes all of the items required in a summary for the relevant type of security and issuer. However, because certain items are not required to be addressed, there may be gaps in the numbering of the items.

Even if an item is required to be included in the summary for the relevant type of security and issuer, it is possible that no relevant information can be provided regarding the item. In such case, the information is replaced by a brief description of the item together with the indication "not applicable".

Section A—Introductions and warnings		
A.1	*Introduction and warnings*	**This summary should be read as an introduction to the Prospectus.** **Any decision to invest in the Offer Shares (as defined in C.1) should be based on consideration of the Prospectus as a whole by the investor.** **Where a claim relating to the information in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states of European Economic Area, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.** **Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.**
A.2	*Consent to use the Prospectus*	Not applicable. Financial intermediaries are not entitled to use the prospectus for subsequent resale or final placement of the Offer Shares.

Section B—Issuer		
B.1	*Company name and trading name*	The company's name is Marel hf., with foreign trading name Marel hf.
B.2	*Registered office and type of company*	The Company is a public limited company established on 22 April 1983 under Act No. 32/1978, recast as Act No. 2/1995, respecting Public Limited Companies, as amended, with ID number 620483-0369 in the Register of Enterprises of the Republic of Iceland ("**Iceland**"). The Company was listed on the Icelandic Stock Exchange in 1992, which is currently referred to as Nasdaq Iceland. The registered office of the Company is located at Austurhraun 9, 210 Garðabær, Iceland. The Company is a leading global provider of advanced processing equipment, systems, software and services to the poultry, meat and fish industries.
B.3	*Main business operations*	Marel is a leading global provider of advanced processing equipment, systems, software and services to the poultry, meat and fish industries with over 6,000 full-time equivalent employees ("**FTEs**") and a presence in over 30 countries and six continents. Marel has organised itself across the following three operating segments: ***Marel Poultry*** is a leading global full-line provider of advanced processing equipment, systems, software and services to processors of broilers, turkeys and ducks and has one of the largest installed base worldwide. Marel Poultry believes that it offers the most complete solution range in the poultry industry,

		covering equipment, systems, software and services for primary processing (including, for example, live bird handling, stunning, killing, cleaning (including scalding, defeathering and washing), evisceration and chilling solutions), secondary processing (including, for example, cutup and deboning, skinning, filleting, weighing, grading, batching, portioning and inspection solutions) and further processing (including, for example, meat preparation, forming, pumping, marinating, coating, frying and baking solutions). ***Marel Meat*** is a leading global full-line provider of advanced processing equipment, systems, software and services to processors of pork, beef, veal and sheep. In FY16, Marel Meat expanded its presence into the primary processing segment through the acquisition of Meat Processing Systems ("**MPS**"), which enabled it to become a full-line provider. Its solutions cover primary processing (including, for example, stunning, bleeding, scalding/dehairing, evisceration, chilling and transportation solutions that prioritise animal wellbeing and hygiene), secondary processing (including, for example, cutting and deboning, skinning/derinding, inspection, weighing, grading, portioning, batching and labelling solutions and case ready food services) and further processing (including, for example, meat preparation, forming, pumping, marinating, coating, frying and baking, sausage production and injection solutions). ***Marel Fish*** is a global provider of advanced processing equipment, systems, software and services to the fish industry. It provides solutions for processing whitefish and salmon, both farmed and wild, on-board and on-shore. These include primary processing (including, for example, whole fish grading, cleaning (including washing and desliming), deheading and chilling solutions), secondary processing (including, for example, filleting, skinning, pinbone removal, portioning, weighing and grading, batching and inspection solutions) and further processing (including, for example, forming, pumping, marinating, preparing, coating, frying and baking solutions that enhance the taste and texture of fish). Marel Fish is close to being a full-line provider for salmon processors and is not yet a full-line provider for whitefish, with opportunities to expand its offerings in the primary processing sector. The above three operating segments, together with the Other segment which comprises non-core business areas (including the non-animal protein business, such as sales to the dairy, vegetable and pet food processing industries), comprise Marel's reporting segments.
B.4a	*Trends*	Marel currently estimates the total value of meat, poultry and fish protein consumption globally at approximately EUR 1.2 trillion at the consumer level. Based on management estimates, Marel forecasts the average annual market growth at the consumer level of the combined animal protein market until 2026 at approximately 3–4%. Marel expects this growth to be driven by growing underlying production volumes (which it expects to grow annually by 1.0% to 1.2%), ongoing urbanisation driving commercialisation of "backyard farming" and an increased focus on quality and branding of products (with a shift from volume to value). Marel estimates that the size of the total global market for animal protein processing equipment, systems, software and services is approximately EUR 12 billion currently, and Marel forecasts this market to grow on average by 4–6% annually until 2026, mainly driven by underlying production growth and increased need for automation and value-added solutions. ***Poultry*** Marel estimates that the current market for poultry processing equipment, systems, software, and services is approximately EUR 3.6 billion. According to the Food and Agriculture Organisation of the United Nations (the "**FAO**"), global production of ready to cook poultry is forecast to grow at a compounded annual growth rate ("**CAGR**") of 1.2% to reach 132 million tonnes in 2026, compared to 118 million tonnes in 2017. Marel believes that automation and

		smarter processing will remain key growth drivers for the poultry processing industry, which is increasingly focused on reliable traceability to ensure food safety. Additionally, as the processing lines become more sophisticated, Marel expects an increased demand for service level agreements ("**SLAs**") to provide efficient and reliable maintenance. ***Meat*** The global meat processing equipment, systems, software and services market is the largest market segment of the three segments served by Marel, which Marel estimates is currently valued at approximately EUR 6.6 billion. According to the FAO, global production of meat is forecast to reach 221 million tonnes (carcass weight equivalent) in 2026, implying a CAGR of 1.0% from 203 million tonnes in 2017. Marel believes that growth in the meat processing equipment, systems, software and services market will continue to be driven by increased focus on automating primary processing of beef in order to increase yield, quality and throughput. Higher hygiene requirements as well as increased demand for traceability, especially in export driven markets are also factors contributing to expected growth in meat processing solutions. ***Fish*** Marel estimates the market for fish processing equipment, systems, software and services to be approximately EUR 1.8 billion currently. According to the FAO, global production of fish is forecast to grow at a CAGR of 1.1% to reach 194 million tonnes in 2026, compared to 176 million tonnes in 2017. Marel believes that market growth in this segment is likely to continue to be driven by the expansion of the farmed whitefish segment and the overall rise in automation in fish processing around the world, as factories are expected to increase their level of automation as part of their efforts to reduce costs and compensate for a diminishing supply of labour. Marel also expects that changes in dietary trends will result in an increase in demand for seafood products. Marel further expects that highly automated fish processors will seek further automation through robotics and hands-free processing while an increase in entry-level automation is also expected.
B.5	*The Group*	Marel hf. is the parent company of the group, which consists of a number of subsidiaries. The terms **Marel** and the **Company** refer to Marel hf. and its consolidated subsidiaries, unless the context otherwise requires.

B.6 *Principal shareholders, etc.*

As at 24 May 2019 (being the latest practicable date prior to the publication of this Prospectus), Marel had approximately 2,500 shareholders, with Eyrir Invest hf. (the "**Principal Shareholder**" or "**Eyrir**") being Marel's largest shareholder holding 28.4% of Marel's Shares as of that date. The ten largest shareholders held 66.5% of the Shares, and Icelandic pension funds among Marel's 20 largest shareholders held 34.6% of Marel's Shares. The top 20 largest shareholders in Marel as of 24 May are shown in the table below.

Rank	Shareholder	Type	Actual		As adjusted for the Offering if the Over-Allotment Option is not exercised	As adjusted for the Offering if the Over-Allotment Option is exercised in full
			Number	%[1]	%[1]	%[1]
1	Eyrir[2]	Investment company	190,366,838	28.37%	24.99%	24.69%
2	Lífeyrissjóður verslunarmanna	Pension fund	66,454,042	9.90%	8.72%	8.62%
3	Gildi – lífeyrissjóður	Pension fund	38,393,561	5.72%	5.04%	4.98%
4	Smallcap World Fund Inc.	Asset management	30,060,697	4.48%	3.95%	3.90%
5	Lífeyrissjóður starfsmanna ríkisins A-deild	Pension fund	29,970,000	4.47%	3.93%	3.89%
6	JNE Partners	Investment company	24,100,000	3.59%	3.16%	3.13%
7	Birta lífeyrissjóður	Pension fund	23,818,813	3.55%	3.13%	3.09%
8	Teleios Global Opportunities	Asset management	17,303,109	2.58%	2.27%	2.24%
9	Landsbankinn – safnreikningur 1	Bank – custody account	13,372,189	1.99%	1.76%	1.73%
10	Festa – lífeyrissjóður	Pension fund	12,637,988	1.88%	1.66%	1.64%
11	Frjálsi lífeyrissjóðurinn	Pension fund	12,034,289	1.79%	1.58%	1.56%
12	Stapi lífeyrissjóður	Pension fund	11,985,961	1.79%	1.57%	1.55%
13	Lífeyrissjóður starfmanna ríkisins B-deild	Pension fund	9,967,050	1.49%	1.31%	1.29%
14	Stefnir – ÍS 15	Asset management	8,822,778	1.31%	1.16%	1.14%
15	Almenni lífeyrissjóðurinn	Pension fund	8,589,220	1.28%	1.13%	1.11%
16	Stefnir – ÍS 5	Asset management	8,051,507	1.20%	1.06%	1.04%
17	Brú – lífeyrissjóður starfsmanna sveitarfélaga	Pension fund	7,523,631	1.12%	0.99%	0.98%
18	Lífsverk lífeyrissjóður	Pension fund	5,721,695	0.85%	0.75%	0.74%
19	American Funds Insurance Series	Asset management	5,419,903	0.81%	0.71%	0.70%
20	Söfnunarsjóður lífeyrisréttinda	Pension fund	5,093,994	0.76%	0.67%	0.66%
	Top 20 total		**529,687,265**	**78.94%**	**69.52%**	**68.70%**
—	Blackrock	—	—	—	2.27%[5]	2.24%[5]
—	CSAM	—	—	—	1.31%[5]	1.30%[5]
—	New Shareholders[3]	—	—	—	8.35%[4]	9.43%[4]

Note:

(1) Percentages reflect rounding to the nearest hundredth of a percent.

(2) Árni Oddur Þórðarson, CEO of Marel, holds 17.9% of the entire share capital of Eyrir.

(3) New Shareholders excludes the Cornerstone Investors.

(4) Assumes that none of the Offer Shares are purchased by existing shareholders of Marel.

(5) Assumes that the Offer Price is set at the mid-point of the Offer Price Range.

The Company is not aware of any person, other than a member of the administrative or management bodies who, directly or indirectly, has an interest in the issuer's capital or voting rights which is notifiable under Icelandic law. The Company's principal shareholders do not have different voting rights. The Company is not, to its knowledge, directly or indirectly under the control or

		influence of any party or parties. The Company is not aware of any arrangements that at a subsequent date might result in a change of control of the Company.
B.7	*Selected consolidated financial information*	The selected consolidated financial information as of and for the years ended 31 December 2018, 2017 and 2016 has been derived from Marel's audited consolidated financial statements for the financial years ended 31 December 2018, 2017 and 2016 (the "**Annual Consolidated Financial Statements**"), which were audited by KPMG as set forth in their audit report and are available on Marel's website (https://marel.com/investors) and incorporated by reference herein. The audited selected consolidated financial information as of and for the years ended 31 December 2018, 2017 and 2016 have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("**IFRS**"), and additional requirements set forth in Icelandic Act No. 3/2006 on Annual Accounts, as amended (the "**Annual Accounts Act**"). The selected condensed consolidated interim financial information as of and for the three months ended 31 March 2019 has been derived from Marel's unaudited condensed consolidated interim financial statements for the three months ended 31 March 2019 (the "**Quarterly Consolidated Financial Statements**"). The Quarterly Consolidated Financial Statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("**IAS 34**") and have been reviewed by KPMG. In 1Q19, Marel adopted certain modifications to the presentation of its Consolidated Statement of Income to bring it in line with recommendations from the European Securities and Market Authority. This resulted in a reclassification of the line item "PPA related costs, including depreciation and amortization" across the line items "Selling and marketing expenses", "Research and development expenses" and "General and administrative expenses". The Consolidated Statement of Income for the three months ended 31 march 2018 included in the unaudited condensed consolidated interim financial statements for the three months ended 31 March 2019 has been restated to give effect to these line item reclassifications. The consolidated statements of income for the years ended 31 December 2018, 2017 and 2016 have been derived from the Annual Consolidated Financial Statements and have not been restated to give effect to these line item reclassifications.

Consolidated Statement of Income Information

(In EUR million)	Three Months ended 31 March 2019	Three Months ended 31 March 2018
Revenues	324.6	288.4
Cost of sales	(199.2)	(176.9)
Gross profit	**125.4**	**111.5**
Selling and marketing expenses	(39.0)	(34.2)
Research and development expenses	(21.4)	(18.1)
General and administrative expenses	(20.1)	(17.7)
Result from operations	**44.9**	**41.5**
Finance costs	(4.6)	(6.4)
Finance income	0.8	0.4
Net finance costs	(3.8)	(6.0)
Result before income tax	**41.1**	**35.5**
Income tax	(8.9)	(7.2)
Net result	**32.2**	**28.3**

(In EUR million)	Year ended 31 December 2018	2017	2016
Revenues	1,197.9	1,038.2	969.7
Cost of sales	(730.4)	(631.5)	(572.7)
Gross profit	**467.5**	**406.7**	**397.0**
Selling and marketing expenses	(133.7)	(120.5)	(128.5)
Research and development expenses	(73.7)	(57.8)	(63.1)
General and administrative expenses	(84.9)	(71.0)	(66.2)
Other operating income	–	–	0.2
Adjusted Result from operations[(1)]	**175.2**	**157.4**	**139.4**
PPA related costs	(14.3)	(17.1)	(24.6)
Result from operations	**160.9**	**140.3**	**114.8**
Finance costs	(17.2)	(21.2)	(26.0)
Finance income	2.3	0.9	0.6
Net finance costs	(14.9)	(20.3)	(25.4)
Result before income tax	**146.0**	**120.0**	**89.4**
Income tax	(23.5)	(23.1)	(13.6)
Net result	**122.5**	**96.9**	**75.8**

(1) Adjusted Result from operations has been adjusted for Purchase Price Allocation ("**PPA**") related costs, including depreciation and amortisation. PPA related costs are changes in the values allocated to certain acquired assets and liabilities and their estimated useful lives, which could affect the amount or timing of charges to the Consolidated Statement of Income.

Consolidated Statement of Financial Position Information

	As at 31 March		As at 31 December		
(In EUR million)	**2019**	**2018**	**2018**	**2017**	**2016**
ASSETS					
Property, plant and equipment	178.1	146.5	175.6	144.7	119.0
Right of use assets	35.3	31.1	33.3	–	–
Goodwill	642.1	643.0	641.3	643.9	635.2
Intangible assets	265.1	259.5	267.0	262.7	277.5
Other non-current assets	16.4	5.5	14.7	9.3	7.9
Total non-current assets	**1,137.0**	**1,085.6**	**1,131.9**	**1,060.6**	**1,039.6**
Inventories	159.1	129.4	149.9	124.4	122.2
Contract assets	37.9	35.4	44.0	48.2	37.0
Trade receivables	147.6	146.8	138.8	128.9	115.3
Cash and cash equivalents	50.1	19.1	56.3	31.9	45.5
Other current assets	53.3	49.4	45.0	46.6	32.8
Total current assets	**448.0**	**380.1**	**434.0**	**380.0**	**352.8**
TOTAL ASSETS	**1,585.0**	**1,465.7**	**1,565.9**	**1,440.6**	**1,392.4**
LIABILITIES					
Borrowings	461.8	381.5	429.3	370.5	425.0
Lease liabilities	27.7	24.1	27.1	0.2	–
Deferred income tax liabilities	57.0	54.1	57.3	61.3	63.5
Other non-current liabilities	12.5	13.6	13.6	14.9	12.3
Total non-current liabilities	**559.0**	**473.3**	**527.3**	**446.9**	**500.8**
Contract liabilities	214.5	240.3	212.1	209.6	150.8
Trade and other payables	230.5	192.6	217.0	195.9	168.9
Borrowings	24.8	24.3	24.8	26.2	24.1
Other current liabilities	32.3	29.6	23.8	20.1	22.2
Total current liabilities	**502.1**	**486.8**	**477.7**	**451.8**	**366.0**
TOTAL LIABILITIES	**1,061.1**	**960.1**	**1,005.0**	**898.7**	**866.8**
TOTAL EQUITY	**523.9**	**505.6**	**560.9**	**541.9**	**525.6**
TOTAL EQUITY AND LIABILITIES	**1,585.0**	**1,465.7**	**1,565.9**	**1,440.6**	**1,392.4**

		Consolidated Statement of Cash Flows Information

(In EUR million)	Three Months ended 31 March 2019	Three Months ended 31 March 2018	Year ended 31 December 2018	Year ended 31 December 2017	Year ended 31 December 2016
Net cash from operating activities	**52.3**	**44.2**	**166.8**	**195.6**	**137.1**
Net cash provided by / (used in) investing activities	**(10.8)**	**(11.2)**	**(84.5)**	**(77.7)**	**(408.1)**
Net cash provided by / (used in) financing activities	**(49.6)**	**(43.6)**	**(60.2)**	**(122.2)**	**220.4**
Net increase (decrease) in net cash	**(8.1)**	**(10.6)**	**22.1**	**(4.3)**	**(50.6)**
Exchange gain / (loss) on net cash	**1.9**	**(2.2)**	**2.3**	**(9.3)**	**3.1**
Net cash at end of the period	**50.1**	**19.1**	**56.3**	**31.9**	**45.5**

There has been no significant change in the financial position or results of operations of Marel since 31 March 2019, the date to which the last consolidated financial statements of Marel were prepared.

B.8	*Selected pro forma* accounts	Not applicable. The Prospectus contains no *pro forma* accounts.
B.9	*Earnings forecast*	Not applicable. The Prospectus contains no earnings forecast or calculation of anticipated earnings.
B.10	*Qualification of audit report*	Not applicable. There are no qualifications of audit reports.
B.11	*Insufficient working capital*	Not applicable. It is Marel's opinion that its working capital is sufficient for its present requirements for at least 12 months following the date of this Prospectus.

Section C—Securities		
C.1	*Securities offered*	Ordinary shares of the Company, each with a par value of ISK 1.00. Application has been made to list all Shares under the symbol "MAREL" on Euronext Amsterdam under ISIN code IS0000000388.
C.2	*Denomination*	The Shares are denominated in ISK. The Shares will be traded in ISK on Nasdaq Iceland and in EUR on Euronext Amsterdam.
C.3	*Number of shares in the issuer*	As of 31 March 2019, the authorised share capital of the Company was ISK 671,007,916 represented by 671,007,916 Shares, each with a par value of ISK 1.00. Marel had 671,007,916 Shares issued and 659,728,102 Shares outstanding with 11,279,814 Shares held by the Company. At a shareholders' meeting of the Company on 22 November 2018, the Board of Directors was authorised to establish a buy-back programme for up to 34,129,296 Shares.

		On 3 December 2018, the Board of Directors established a buy-back program, running from 4 December 2018 until 5 March 2019 for up to 17,305,940 Shares. Under this programme 16,167,269 Shares were repurchased by the Company. At the Annual General Meeting on 6 March 2019 the shareholders in the Company agreed to decrease the Company's then authorised share capital by ISK 11,578,005 par value to 671,007,916 Shares. The reduction was executed by way of cancelling 11,578,005 Shares. At the same meeting the Board of Directors was authorised to increase the share capital in the Company by up to ISK 100 million nominal value by issuing the New Shares, for the purpose of a public offer in connection with the dual listing of the Shares. Shareholders waived their pre-emptive rights to subscribe to these New Shares.
C.4	*Rights associated with the securities*	*Shares* The Annual General Meetings of shareholders are held within eight months from the end of each financial year. The supreme authority in the affairs of the Company is in the hands of legitimate shareholders' meetings. One Share carries one vote. Decisions at shareholders' meetings are generally taken by majority vote. No special rights are attached to the Shares. An increase in the share capital of the Company may be authorised at a meeting of shareholders. Shareholders have pre-emptive rights to an increase in the Company's share capital in proportion to their holdings of the Shares and within the time limits specified in the resolution to increase the share capital. However, a meeting of shareholders can, by a two-thirds majority vote, waive pre-emptive rights to increases of share capital, if there is no discrimination. Payment of dividends is proposed by the Board of Directors and must be approved by the shareholders at a general meeting (whether an Annual General Meeting or an extraordinary general meeting). Dividends must be paid no later than six months after the date of the general meeting at which such dividends were approved. Shareholders listed in the share register at the end of the record date are entitled to a dividend. However, the general meeting may decide that the dividends will be payable to the shareholders of record on a different date, provided that the alternative date is stipulated in the general meeting's resolution on dividend payment and is notified to the market via Nasdaq Iceland. The Company withholds Icelandic tax on dividends. Upon liquidation of the Company, shareholders would be entitled to receive proportionately any assets remaining after the payment of Marel's debt and taxes and the expenses of the liquidation.
C.5	*Restrictions on transferability*	The Shares are not subject to restrictions on transferability on Nasdaq Iceland or Euronext Amsterdam. The Company's articles of association do not contain any limitations on the ability to transfer the Shares, and shareholders may pledge the Shares unless otherwise prohibited by law. Pre-emptive rights to increases in the share capital are transferable according to the Icelandic Public Limited Companies Act. A person acquiring the Shares cannot exercise its rights as a shareholder until such person's name has been registered in the Company's share registry or such person has announced and proven the ownership of the Shares.
C.6	*Admission to trading*	The Shares are currently listed and admitted to trading under the symbol "MAREL" on Nasdaq Iceland. Application has been made to list and admit all of the Shares to trading under the symbol "MAREL" on Euronext Amsterdam.

C.7	*Dividend policy*	Marel intends to use excess capital to stimulate growth and value creation. Based on the Company's expected financial performance over the medium term, the Company aims to pay an annual dividend or buy back shares, before special distributions, in line with a payout ratio of approximately 20-40% of net profits.

Section D—Risks		
D.1	*Main risks associated with the issuer or the industry*	Any investment in the Offer Shares is associated with risks. Prior to any investment decision, it is important to carefully analyse the risk factors considered relevant to the future development of Marel and the Offer Shares. These risks include, among others, the following main industry- and business-related risks, any of which could have a material adverse effect on Marel's business, results of operations and financial condition: ● failure to continue developing and delivering innovative, technologically advanced solutions to customers; ● deterioration in Marel's long-term customer relationships; ● failure to meet quality requirements, maintain sufficient inventories of spare parts or otherwise promptly meet customer demands for service, maintenance or spare parts; ● damage to Marel's reputation or brand, whether caused by design failures, litigation, employee misconduct or error, operational failures, the outcome of regulatory or other investigations or actions, press speculation, negative publicity or any other factors; ● failure to continue identifying and implementing successful acquisitions; ● loss of skilled employees or an inability to attract, retain, and motivate skilled employees required for the operation and expansion of Marel's business; ● a protracted decline in investment levels by its customers, whether caused by adverse macroeconomic conditions or any other factor; ● competition resulting in new or better developed products being offered at more attractive prices, or in products that are more attractive than Marel's products for other reasons (such as a higher degree of functionality or improved ability to avoid production stoppages and downtime or a higher degree of quality control and value chain integration); ● labour cost inflation or work stoppages among its own employees or those of third party suppliers or contractors, whether due to unionisation, collective bargaining agreements or any other factor; ● capacity constraints and supply shortages resulting from ineffective supply chain management; and, ● malfunctioning or other failures of Innova and/or other embedded Marel software solutions. There are additional industry- and business-related risks, including legal and financial risks, and there may also be risks that Marel is currently unaware of.
D.3	*Main risks associated with the securities*	The main risks relating to the Offering and the Offer Shares include, among others: ● the market price of the Offer Shares may fluctuate and may decline below the Offer Price; ● an active trading market for the Offer Shares may not develop or be sustained;

		• substantial future sales or the perception of substantial future sales of shares could adversely affect the market price of the Offer Shares; • Marel's ability to declare a dividend in the future is subject to a variety of factors; • future offerings of debt or equity securities may adversely affect the market price of the Offer Shares; • if securities or industry analysts cease to publish research or publish inaccurate or unfavourable research about Marel's business, the trading volume and price of the Offer Shares could decline; • preferential right for U.S. and other non-Icelandic holders of the Offer Shares may not be available; • there is doubt as to the enforceability in Iceland of claims based on the United States federal securities laws; • investors in countries with currencies other than EUR and ISK face additional investment risk from currency exchange rate fluctuations in connection with their holding of Offer Shares; • the dual listing of the Shares may adversely affect the liquidity and value of the Offer Shares; • shareholders of Marel may be subject to Icelandic income tax on capital gains when transferring Shares from Nasdaq Iceland to Euronext Amsterdam and dividends distributed by Marel are generally subject to Icelandic dividend withholding tax; • the Offer Shares may trade below the Offer Price and investors could lose all or part of their investment; and • investors paying in ISK bear the risk of fluctuations between EUR and ISK.

Section E—Offering		
E.1	*Issue amount and issue expenses*	The gross proceeds from the Offering to be received by the Company will be approximately EUR 331.8 million assuming no exercise of the Over-Allotment Option or EUR 365.0 million if the Over-Allotment Option is exercised in full (in each case assuming the Offer Price is set at the mid-point of the Offer Price Range (as defined below)). The aggregate underwriting commissions, other fees and expenses (including regulatory filing and registration expenses) and amounts to be paid by the Company in connection with the Offering are expected to be up to approximately EUR 17.7 million assuming no exercise of the Over-Allotment Option or EUR 18.8 million if the Over-Allotment Option is exercised in full (in each case assuming the Offer Price is set at the mid-point of the Offer Price Range (as defined below)).
E.2a	*Reasons and use of the issue proceeds*	**Reasons for the Offer** The Offering and the listing of the Offer Shares on Euronext Amsterdam will expand the shareholder base and enable Marel to access the Dutch and other international capital markets. The Board of Directors considers the Offering and listing of the Offer Shares on Euronext Amsterdam to be a logical step for Marel. The listing is a quality mark and increases the awareness of Marel and its brand. In addition, the Offering will strengthen Marel's capital structure and provide a global currency for acquisitions in support of its growth strategy.

		Use of Proceeds Marel plans to use the proceeds of the Offering for general corporate purposes, to strengthen its capital structure and to fund potential acquisition opportunities in line with its growth strategy.
E.3	*Form and terms of the Offering*	**Offer Shares** The Offering applies to 90,909,091 newly issued Offer Shares in Marel, representing 13.5% of the Company's total issued and outstanding share capital as of the date of this Prospectus. The Company will determine the final Offer Price (as defined below) per Offer Share sold in the Offering in consultation with the Joint Global Coordinators. The Company's last reported sale price of its Shares on Nasdaq Iceland on 27 May 2019 was ISK 571 per Share, or EUR 4.11 based on the official exchange selling rate of EUR/ISK as published by the Central Bank of Iceland as of such date. All Offer Shares being sold to investors pursuant to the Offering will be sold at the Offer Price. The Offering is being made by way of: • a public offering in the Netherlands; • a public offering in Iceland in accordance with Article 43(1) of the Securities Transactions Act; and • private placements: (i) to certain institutional investors outside the United States in reliance on Regulation S and in accordance with locally applicable laws and regulations, and (ii) in the United States, only to QIBs in reliance on Rule 144A or pursuant to another available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. The Offering is made only in those jurisdictions where, and only to those persons to whom, offer and sales of the Offer Shares may be lawfully made. **Offer Period** Subject to acceleration or extension of the timetable for the Offering, the offer period in respect of the public offerings in Iceland and the Netherlands will start on 29 May 2019 at 7:00 GMT in Iceland (9:00 CEST in the Netherlands) and end on 5 June 2019 at 15:30 GMT in Iceland (17:30 CEST in the Netherlands) for retail investors and on 6 June 2019 at 11:00 GMT in Iceland (13:00 CEST in the Netherlands) for institutional investors (the "**Offer Period**"). No orders will be accepted after the Offer Period has finished (unless the Company specifically decides to postpone the Offering or to extend it and in such cases a supplement to this Prospectus or a new prospectus will be published, as applicable).

The timetable below lists certain expected key dates for the Offering:

Prospectus published, announcement of the Offer Price Range...	28 May 2019
Opening of the Offering to institutional investors	29 May 2019 (7:00 GMT / 9:00 CEST)
Opening of the Offering to Retail Investors	29 May 2019
Closing of the Offering to Icelandic Retail Investors	(15:30 GMT) 5 June 2019
Closing of the Offering to Dutch Retail Investors........................	(17:30 CEST) 5 June 2019 (11:00 GMT / 13:00 CEST)
Closing of the Offering for institutional investors........................	6 June 2019
Expected determination of the Offer Price...................................	6 June 2019
Announcement of the Offer Price	6 June 2019
Results of allocations under the Offer notified to investors	6 June 2019
Final date for payment by Icelandic Retail Investors..................	(21:00 GMT) 7 June 2019
Commencement of conditional trading in the Offer Shares on Euronext Amsterdam	7 June 2019
Payment for and delivery of the Offer Shares to investors (excluding Icelandic Retail Investors)..	11 June 2019
Payment of net proceeds to Company	11 June 2019
Delivery of Offer Shares to Icelandic Retail Investors................	12 June 2019
Admission to trading and commencement of unconditional trading in the Offer Shares on Euronext Amsterdam expected from	12 June 2019

The Company, together with the Joint Global Coordinators, reserves the right to accelerate or extend the Offer Period.

Over-Allotment Option

The Company has granted the Joint Global Coordinators, on behalf of the Managers, an option (the "**Over-Allotment Option**"), to purchase up to 9,090,909 additional Shares (the "**Over-Allotment Shares**") at the Offer Price, comprising up to 10.0% of the total number of Offer Shares sold in the Offering, to cover short positions resulting from any over-allotments or stabilisation transactions, if any, made in connection with the Offering. The Over-Allotment Option is exercisable in whole or in part by the Joint Global Coordinators (as defined below), on behalf of the Managers, for 30 calendar days after the First Trading Date.

For purposes of enabling the Managers to effect timely delivery of any Over-Allotment Shares, up to 9,090,909 Shares will be made available by the Principal Shareholder to Citigroup Global Markets Limited (the "**Stabilising Manager**"), on behalf of the Managers, through a share loan to be entered into on or around the date of the Pricing Agreement (as defined herein) (the "**Share Lending Agreement**").

Offer Price Range and number of Offer Shares

The price at which the Offer Shares will be sold (the "**Offer Price**") is expected to be between EUR 3.40 and EUR 3.90 per Offer Share (the "**Offer Price Range**") and will be determined through a book-building process. The Offer Price will be set in EUR and, for the public offer in Iceland, the purchase price will be converted into ISK based on the official exchange selling rate of EUR/ISK as published by the Central Bank of Iceland the date of allocation expected to be on 6 June 2019. The Offer Price Range is an indicative price range and the Offer Price can be set outside the Offer Price Range.

The Offer Price will be determined by the Company, in consultation with the Joint Global Coordinators, after the end of the Offer Period, which is subject to any acceleration or extension, on the basis of the book-building process and taking into account economic and market conditions, a qualitative and quantitative assessment of demand for the Offer Shares and other factors deemed appropriate. The Offer Price may be set within, above or below the Offer Price Range.

The Company, in consultation with the Joint Global Coordinators, reserves the right to change the Offer Price Range prior to allocation of the Offer Shares. Any increase of the top end of the Offer Price Range on the last day of the Offer Period or the determination of an Offer Price above the Offer Price Range will result in the Offer Period being extended by at least two business days. Any increase of the top end of the Offer Price Range on the day prior to the last day of the Offer Period will result in the Offer Period being extended by at least one business day. In these cases, if the Offer Period for retail investors has already closed, the Offer Period for retail investors will be re-opened. Any such change will be announced in a press release published through Nasdaq Iceland and posted on the Company's website. In the event that either (i) the Offer Price is set above the Offer Price Range; or (ii) the top end of the Offer Price Range is revised upwards, then investors who have already agreed to purchase Offer Shares may withdraw their subscriptions in their entirety following the publication of the press release announcing such change and before the end of the Offer Period, as extended.

Allocation

The allocation of the Offer Shares is expected to take place after termination of the Offer Period on or about 6 June 2019, subject to acceleration or extension of the timetable for the Offering. Allotment to investors who applied to subscribe for Offer Shares will be determined by the Company after consultation with the Joint Global Coordinators, and full discretion will be exercised as to whether or not and how to allot the Offer Shares (which means that the Company or the Joint Global Coordinators are not obliged to reveal how the reduction or rejection was decided and the counterparty will not be given the opportunity to object to the decision or its application). In the event that the Offering is over-subscribed, investors may receive fewer Offer Shares than they applied to subscribe for. The Company and the Joint Global Coordinators may, at their own discretion and without stating the grounds therefor, reject any subscriptions wholly or partly. Any monies received in respect of subscriptions which are not accepted in whole or in part will be returned to the investors without interest and at the investors' risk.

On the date of allocation, the Joint Global Coordinators, on behalf of the Underwriters, will notify institutional investors or the relevant financial intermediary of the number of Offer Shares allocated to them or their clients. The Joint-Lead Managers will notify investors participating in the public offering in Iceland of the number of Offer Shares allocated to them. ABN AMRO Bank N.V., acting as retail selling agents in connection with the public offering in the Netherlands (the "**Dutch Retail Coordinator**"), will notify the relevant financial intermediary of the number of Offer Shares allocated to their clients, the investors who participated in the public offering in the Netherlands.

Preferential Retail Allocation

There will be a preferential allocation of Offer Shares to retail investors in accordance with applicable law and regulations (the "**Preferential Retail Allocation**"). Each retail investor will be allocated the first 1,350 (or fewer) Offer Shares for which such investor applies. However, if the total number of Offer Shares subscribed for by Dutch retail investors and Icelandic retail investors under the Preferential Retail Allocation would exceed 10.0% of the total number of the Offer Shares in aggregate, assuming no exercise of the Over-Allotment Option, the preferential allocation to each retail investor may be reduced *pro rata* to the first 1,350 (or fewer) Offer Shares for which such investor applies. As a result, retail investors may not be allocated all of the first 1,350 (or fewer) Offer Shares for which they apply. The exact number of Offer Shares allocated to retail investors will be determined after the Offer Period has ended.

		Retail investors can only subscribe on a market order basis. This means that retail investors will be bound to purchase and pay for the Offer Shares indicated in their share application, to the extent allocated to them, at the Offer Price, even if the Offer Price is above the upper end of the Offer Price Range (if applicable, as amended). Retail investors are entitled to cancel or amend their application, at the financial intermediary where their original application was submitted, or, in the case of Iceland, via the electronic order submission system where their order was originally submitted, at any time prior to the end of the Offer Period (if applicable, as accelerated or extended). To be eligible for the Preferential Retail Allocation, retail investors must place their subscriptions prior to the expiry of the retail Offer Period. Financial intermediaries may, however, apply their own deadlines which may be set before the closing time of the Offer Period. **Payment** Payment will not be accepted by any other means than those stated in the payment instructions provided by the Dutch Retail Coordinator for the public offering in the Netherlands and by the Joint-Lead Managers for the public offering in Iceland (the "**Payment Instructions**"). Full payment must be made no later than on the date as stated in the Payment Instructions. Investors outside of Iceland must pay the Offer Price in immediately available funds in full in EUR on or before the Settlement Date on 11 June 2019 (or earlier as instructed by the Managers or the financial intermediaries with respect to the public offering in the Netherlands or in the case of an early closing of the Offer Period and consequent acceleration of pricing, allocation, commencement of trading and Settlement). Investors participating in the public offering in Iceland must pay the Offer Price in ISK on or before 7 June, using the official exchange selling rate of EUR/ISK as published by the Central Bank of Iceland, at the date of allocation, expected to be on 6 June 2019, in accordance with the Payment Instructions. If full payment is not made in due time according to the Payment Instructions, allotted Offer Shares may be withdrawn and sold to another party. The party who initially received allocation of Offer Shares in the Offering may be required to bear the loss, should the selling price in the event of such a transfer be less than the price in the Offering *inter alia* as a result of changes in exchange rates. After the due date set out in the Payment Instructions, including after the close of banks on such final due date, investors will be unable to pay the purchase price. The Company may, without warning or notification, invalidate allocations which remain unpaid at the end of such final due date and is then entitled to sell Offer Shares which have not been paid for to a third party at a price decided by the Company after consultation with the Joint Global Coordinators. However, if the Company is unable to sell the unpaid Offer Shares to another person at the same or higher price than they were allocated in the Offering, the Company reserves the right to demand that the investor to whom the Offer Shares were originally allocated pay the difference between the sale value of the Offer Shares without the investor being entitled to any compensation in the form of Offer Shares or other valuables. The Company reserves the right not to invalidate unpaid orders and to collect allocations which are not paid satisfactorily and in such case penalty interest from the final due date in addition to the Company's collection costs are added to the purchase price of the uncollected Offer Shares. If payment is not made at the correct time (i.e., on the final due date at the latest) and in the correct manner (i.e., in full compliance with the Payment Instructions) the debt may be collected, through Icelandic or Dutch courts if applicable, in accordance with the applicable principles of contract law. The Company is not aware that individual shareholders or members of the Board of Directors or Executive Team of the Company intend to purchase

		shares in the Offering or whether any investor intends to purchase more than 5% of the Offering, other than the Cornerstone Investors (as defined below). Taxes and expenses, if any, must be borne by the investor. Retail investors may be charged expenses by their financial intermediary. In Iceland, the minimum size of orders is restricted to Offer Shares with a purchase value equal to EUR 1,000. **Delivery of Offer Shares** The Offer Shares will be delivered through the book-entry system of Euroclear Nederland. If delivery of the Offer Shares does not take place on the Settlement Date as planned or at all, the Offering may be withdrawn, in which case all subscriptions for Offer Shares will be disregarded, any allotments made will be deemed not to have been made and any subscription payments made will be returned without interest or other compensation. **Admission of the Offer Shares to Trading** Pursuant to the above information, the first expected day of conditional trading of the Offer Shares (conditional on admission) on Euronext Amsterdam is 7 June 2019, and the first expected day of unconditional trading of the Offer Shares on the regulated market of Euronext Amsterdam is 12 June 2019, being also the expected date of admission. The above dates assume that the Company does not change the Offer Period, the processing of orders does not take a shorter or longer time than the Company expected and the Company's application to Euronext Amsterdam is responded to within the timeframe expected by the Company. **Cornerstone Investors** Funds and accounts under management by BlackRock ("**Blackrock**") have committed to acquire at the Offer Price (and at any such price throughout the Offer Price Range set forth above) a number of Offer Shares equivalent to an amount of EUR 63.0 million, corresponding to 16.2 million to 18.6 million Offer Shares throughout the Offer Price Range set forth above. In addition, Credit Suisse Asset Management (Switzerland) Ltd. ("**CSAM**", and together with Blackrock, the "**Cornerstone Investors**") has committed to acquire at the Offer Price (and at any such price throughout the Offer Price Range set forth above) 10 million Offer Shares, representing a commitment of EUR 34.0 million to EUR 39.0 million throughout the Offer Price Range set forth above. The Cornerstone Investors' commitments are subject to certain conditions.
E.4	*Interested parties of importance for the Offering*	Other than as disclosed in B.6 above, there are no other interests, including conflicting interests, that are material to the Offering.
E.5	*Seller of the securities and lock up agreement*	**Company Lock-up** In connection with the Offering, the Company has agreed that, for a period from the date of the Underwriting Agreement until 180 days from the Settlement Date, it will not, and will not announce any intention to, except as set forth below, without the prior consent of a majority of the Joint Bookrunners, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares, whether any such transaction described in clauses (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise. The foregoing shall not apply to: (i) the issue of New Shares in the Offering as described in this Prospectus; (ii) issue(s) of Shares or other securities pursuant to employee

		incentive plans that have been or will be approved by the board of directors and/ or the shareholders' meeting of the Company and described in this Prospectus; and (iii) issue(s) of Shares or other securities as acquisition consideration in accordance with the Company's strategy as described in this Prospectus, provided that the aggregate number of Shares issued in connection with all such acquisitions does not exceed ISK 100 million of nominal value. **Management Lock-Up** In connection with the Offering, certain members of management and the Board of Directors have agreed that, for a period from the date of the Underwriting Agreement until 180 days from the Settlement Date, they will not (and will not publicly announce any intention to): (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Shares of the Company or any securities convertible into or exercisable or exchangeable for Shares, that they own as of the date of the undertaking or acquire in the Offering; or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares, whether any such transaction described in clauses (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise, in each case, without the prior written consent of a majority of the Joint Bookrunners, such consent not to be unreasonably withheld or delayed. The foregoing shall not apply to: (i) the transfer of Shares to a (a) spouse, (b) child or (c) any legal entity over which the signatory of the lock-up has, alone or together with a related party, a controlling influence; *provided* that such individual or entity agrees in writing to be bound by the same lock-up undertaking; (ii) the transfer, sale, tender or other disposal of Shares to a *bona fide* third party pursuant to a tender offer for securities of the Company; *provided*, that all of the Shares subject to the lock-up undertaking that are not so transferred, sold, tendered or otherwise disposed of remain subject to the lock-up undertaking; and *provided*, further, that it shall be a condition of transfer, sale, tender or other disposition that if such tender offer is not completed, any Shares subject to the lock-up undertaking shall remain subject to the restrictions therein; (iii) the transfer, sale or other disposal of Shares pursuant to an offer by the Company to acquire its own shares, which is made on identical terms to all holders of shares; (iv) in the case of certain members of executive management, the exercise of stock options granted pursuant to the Company's stock option programs (as defined and described in this Prospectus); *provided* that the lock-up restrictions shall apply to any and all of the Shares issued upon such exercise; (v) in the case of certain members of executive management, the transfer or sale of the Offer Shares to satisfy any payments due or tax obligations arising as a result of the exercise of any stock options where such options are exercised to enable the signatory to satisfy the executive management requirements as described herein; and (vi) the disposal in accordance with any order made by a court of competent jurisdiction or required by law or regulation whether the relevant party's submission to such regulation is on a voluntary basis or not. **Principal Shareholder Lock-up** In connection with the Offering, Eyrir has agreed that, for a period from the date of the Underwriting Agreement until 180 days from the Settlement Date, they will not (and will not publicly announce any intention to): (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Shares of the Company or any securities convertible into or exercisable or exchangeable for Shares, that they own as of the date of the undertaking or acquire in the Offering; or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares, whether any such transaction described in clauses (i) or (ii) above is to be settled by delivery of

		Shares or such other securities, in cash or otherwise, in each case, without the prior written consent of a majority of the Joint Bookrunners, such consent not to be unreasonably withheld or delayed. The foregoing shall not apply to: (i) the transfer of Shares to a subsidiary of Eyrir; provided that such subsidiary agrees in writing to be bound by the same lock-up undertaking; (ii) the transfer, sale, tender or other disposal of Shares to a *bona fide* third party pursuant to a tender offer for securities of the Company; provided, that all of the Shares subject to the lock-up undertaking that are not so transferred, sold, tendered or otherwise disposed of remain subject to the lock-up undertaking; and provided, further, that it shall be a condition of transfer, sale, tender or other disposition that if such tender offer is not completed, any Shares subject to the lock-up undertaking shall remain subject to the restrictions therein; (iii) the transfer, sale or other disposal of Shares pursuant to an offer by the Company to acquire its own shares, which is made on identical terms to all holders of shares; (iv) lending of Shares in accordance with the Share Lending Agreement; (v) granting Security (as defined below) on any Shares or any interest therein or any rights relating thereto in favour of any lender, agent, trustee and/or other finance party under any of the Principal Shareholder Facilities, as defined below (upon which such Shares shall be considered Secured Shares, as defined below); (vi) offering, selling, contracting to sell, selling any option or contracting to purchase, purchasing any option or contracting to sell, granting any option, right or warrant to purchase, lending or otherwise transferring or disposing of (or publicly announcing such action), directly or indirectly all or any Secured Shares pursuant to or in connection with any enforcement (including, without limitation, to, or as directed by or with the written consent of the relevant lender (s), agent, trustee and/or other finance party(ies) and to, or as directed by or with the written consent of, a receiver, administrator or other similar official appointed in connection with enforcement of any Security) under the Principal Shareholder Facilities (including any Principal Shareholder Facilities that have been refinanced pursuant to (vii) below): (vii) secure or create Security over any of the Secured Shares pursuant to a refinancing of the Principal Shareholder Facilities, provided that such refinancing may only be entered into with the prior written consent of the Joint Global Coordinators, such consent not to be unreasonably withheld or delayed; and (viii) the disposal in accordance with any order made by a court of competent jurisdiction or required by law or regulation whether the relevant party's submission to such regulation is on a voluntary basis or not. For purposes of this lock-up: "Security" means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect; "Principal Shareholder Facilities" and "Secured Shares" are defined in the section "*Risk Factors—Risks Relating to the Offering and the Offer Shares—Substantial future sales or the perception of substantial future sales of shares could adversely impact the market price of the Offer Shares*". **Cornerstone Investors** The Cornerstone Investors will not be subject to a lock-up in respect of their allocations.
E.6	*Dilution effect*	90,909,091 new Shares will be issued pursuant to the Offering assuming no exercise of the Over-Allotment Option and 100,000,000 new shares will be issued if the Over-Allotment Option is exercised in full. The Offer Shares will represent 13.5% of the total issued and outstanding Shares immediately following admission assuming no exercise of the Over-allotment option and 15.0% of the total issued and outstanding Shares if the Over-Allotment Option is exercised in full. The Offering will result in immediate dilution of existing shareholders' pre-Offering holdings in the Company to the same extent (13.5% and 15.0%, respectively).

E.7	*Expenses borne by the investor*	Not applicable. There are no commissions, fees or expenses to be charged to investors by the Company in connection with the Offering.

RISK FACTORS

Investing in and holding the Offer Shares involves significant financial risk. The risks set out below may not be exhaustive and do not necessarily include all of the risks associated with an investment in Marel and the Offer Shares. Additional risks and uncertainties not currently known to Marel or which it currently deems immaterial may arise or become material in the future. You should consider carefully whether an investment in the Offer Shares is suitable for you in light of the information in this Prospectus and your personal circumstances. If you are in any doubt about any action you should take, you should consult a competent independent professional adviser who specialises in advising on the acquisition of listed securities.

This Prospectus also contains forward-looking statements that involve risks and uncertainties. Marel's actual results could differ materially from those anticipated in such forward-looking statements as a result of certain factors, including the risks it faces. Save as required by applicable law, Marel is not obliged to, and makes no commitment to, release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this Prospectus.

Risks Relating to Marel's Business and Industry

1. If Marel is unable to continue to develop and deliver innovative, technologically advanced solutions to its customers, Marel's business, results of operations and financial condition could be materially adversely affected.

Marel's customers are processors of animal protein for human consumption, which involves complex processes with significant health and safety risks. Growth in animal protein production and changes in consumer behaviour have required, and are expected to continue to require, processors to increase the scale and efficiency of their operations, which can be achieved by improvements in the yield, throughput and automation of processing equipment and systems. In addition, increasing regulatory and consumer demands around food safety and quality and animal wellbeing have induced, and are expected to continue to induce, food processors to ensure the traceability, safety and sustainability of their production.

To remain competitive, Marel must ensure that its equipment, systems, software and services continue to deliver added value to customers by improving the efficiency of their operations and compliance with health and safety requirements. Marel depends on proprietary innovation, including its Innova platform and other software solutions, to develop new solutions and improve the standardisation and modularisation of its equipment and systems to maintain or improve profit margins.

If Marel is unable to continue developing and delivering innovative, technologically advanced solutions to customers, it may struggle to maintain existing customer relationships or obtain new customers. Such failure may also diminish the volume or value of capacity-improving solutions available to market to existing customers. In addition, stagnating sales growth, whether to new or existing customers, would reduce the growth of Marel's installed base and, in turn, limit opportunities for its aftermarket business. If Marel is unable to deliver market leading animal protein processing solutions, or improve standardisation and modularisation across its product offerings, Marel may be unable to achieve pricing in line with historical levels, sustain or increase its profit margins, or may fail to grow or lose market share to competitors. For these reasons, a failure to innovate and develop and deliver innovative, technologically advanced solutions to its customers could have a material adverse effect on Marel's business, results of operations and financial condition.

2. Marel relies on its ability to successfully grow its installed base through long-term customer relationships.

Marel is dependent on its ability to successfully grow its installed base through long-term customer relationships. Marel's initial contact with customers, including the design, delivery and installation of processing equipment, systems and software at customers' facilities, establishes the basis for future business with those customers. Once a Marel solution is installed and operational at a customer's facility, that customer can become a valuable source of continuing demand for Marel's aftermarket business and additional equipment business. Continuing demand for such equipment, systems, software and services depends on Marel's ability to successfully deliver solutions based on customers' needs and execute the initial installation in a timely and professional manner that encourages the customer to continue transacting with Marel in the future. Any failure or perceived shortcoming in the quality of the equipment or installation process may materially adversely affect the potentially larger revenues facilitated by long-term customer loyalty and negatively impact Marel's ability to grow its installed base.

This risk is more pronounced with respect to greenfield and large projects. The initial installation of a greenfield or large project is frequently a large, complex project that entails a significant investment by the customer and may in certain instances involve a long lead time between when the order is received and the equipment becomes operational. Marel may face design and engineering challenges due to the features of the customer's operations or facilities or unforeseen obstacles to delivery and installation. In addition, any failure to deliver high quality products and service in line with the customer's needs and expectations throughout the product development and installation process may impair Marel's ability to secure revenues generated by maintenance, service (provided on an ad hoc basis or under SLAs) and spare parts ("**Aftermarket revenues**").

Moreover, if Marel fails for any reason to deliver a solution in line with the needs and expectations of its customers, Marel's costs may rise if it is required to re-design or otherwise bear the risk of unforeseen delays or costs. If Marel fails to recoup such costs, Marel's profit margins may deteriorate. In addition, if the quality of an installation is sub-par or not responsive to the customer's needs, Marel's reputation as a quality brand may suffer. Any of these failures could impair Marel's ability to grow its installed base, which could have a material adverse effect on Marel's business, results of operations and financial condition.

3. Marel earns a significant amount of Aftermarket revenues. If it is unable to maintain the size and reliability of this part of its business, Marel's business, results of operations and financial condition may be materially adversely affected.

In FY18, 35% of Marel's total revenues were attributable to its aftermarket business, covering service, maintenance and spare parts. Because its customers rely on high throughput requirements and deal with highly perishable goods, Marel's ability to deliver prompt and timely service is essential to its aftermarket business. Therefore, any failure to meet quality requirements, maintain sufficient inventories of spare parts or otherwise timely meet customer demands for service, maintenance or spare parts could have a material adverse effect on its business, results of operations and financial condition.

Marel seeks to enter into service level agreements ("**SLAs**") with its customers. If such SLAs are not in place with a customer, a customer can still purchase ad hoc repairs and equipment from Marel, but it is more difficult for Marel to forecast the quantum and frequency of such orders. SLAs are typically entered into for one-year periods subject to automatic renewal in line with the lifecycle of the relevant equipment or system. If Marel is unable to maintain or increase the length and quantity of its SLAs, Aftermarket revenues may become less reliable and may diminish, or it may become more difficult to manage its supply chain and production schedules, which may materially adversely affect Marel's results of operations.

Moreover, the number of specialised service or spare parts providers, with a business strategy built around servicing Marel's equipment at a cheaper rate than Marel, could increase. Any substantial increase in the number of competitors could erode Marel's aftermarket business or overall market share, which could have a material adverse effect on its business, results of operations and financial condition.

4. Marel's business relies on its reputation and brand. Any negative developments in its reputation and brand could have a material adverse effect on its business and prospects.

Marel's success and results depend, in part, on its reputation and the strength of its brand. Marel believes that it has cultivated a reputation for the quality of its technologically advanced processing equipment, systems, software and services and the responsiveness of its service teams and engineers. Moreover, Marel's customers rely on that quality to help them manage the considerable operational and health and safety risks inherent in animal protein processing.

Design and other failures in Marel's equipment, systems, software and services may expose customers to production delays and other operational failures. In addition, Marel's employees could make errors that result in poorly designed or improperly installed equipment, exposing its customers to the risk of malfunction and jeopardising Marel's reputation. Marel is exposed to the risk that litigation, employee misconduct, operational failures, the outcome of regulatory or other investigations or actions, press speculation and negative publicity, among other factors, could damage its reputation or brand. Marel's brand and reputation could also be harmed if it sells solutions that do not perform as expected or if customers' expectations are not satisfied.

Even when the true extent of Marel's culpability is low or nonexistent (for example, when customers fail to comply with Marel's maintenance guidelines), negative publicity can magnify the adverse repercussions of an incident and expose Marel to costs. Negative publicity could result, for example, from allegations that Marel's products were responsible for a disruption at a customer's processing facility or a contamination incident resulting in illness of end consumers or issues relating to animal wellbeing. While Marel's standard terms and conditions include strict limitations on product liability, typically capped at a percentage of the purchase price, in the event of an incident Marel may be forced to spend time and resources refuting allegations of negligence or manufacturing defects.

Any damage to Marel's brand or reputation, whether unfounded or otherwise, could cause existing customers or other third parties to terminate their business relationships with Marel. In addition, potential customers or other third parties may become reluctant to do business with Marel. The occurrence of any of these events could have a material adverse effect on Marel's business, results of operations and financial condition.

5. ***Marel intends to engage in acquisitions as part of its growth strategy. A failure to identify or complete future acquisitions or any difficulties relating to the integration of acquisitions could adversely affect its business and ability to execute its growth strategy.***

Acquisitions have been and continue to be key to Marel's revenue growth. Acquisitions help Marel to complete the comprehensiveness of its product offering and further grow its business by expanding into new markets. For example, the acquisition of Meat Processing Systems ("**MPS**") in FY16 enabled Marel to become a full-line provider to the meat industry. However, suitable acquisition targets are challenging to identify and involve uncertainties around the extent of operating synergies that can be realised.

To increase the likelihood of a successful acquisition once a target has been identified, Marel conducts due diligence to identify valuation issues and potential loss contingencies. Marel's due diligence reviews are subject to the completeness and accuracy of disclosures made by third parties. However, Marel may incur unanticipated costs or expenses following a completed acquisition, including post-closing asset impairment charges, expenses associated with eliminating duplicate facilities, litigation, and other liabilities.

The risks associated with Marel's past or future acquisitions also include the following:

- technological and product synergies, economies of scale and cost reductions may not occur as expected;
- Marel may acquire or assume unexpected liabilities or be subject to unexpected penalties or other enforcement actions;
- faulty assumptions may be made regarding the integration process;
- unforeseen difficulties may arise in integrating operations, processes and systems;
- higher than expected investments may be required to implement necessary compliance processes and related systems, including IT systems, accounting systems and internal controls over financial reporting
- Marel may fail to retain, motivate and integrate key management and other employees of the acquired business;
- delays or failure to obtain regulatory approvals or consents (including antitrust approvals) and any unforeseen expenses or conditions imposed as a result thereof;
- the business culture of the acquired business may not match well with Marel's culture;
- higher than expected costs may arise due to unforeseen changes in tax, trade, environmental, labour, safety, payroll or pension policies in any jurisdiction in which the acquired business conducts its operations; and
- Marel may experience problems in retaining customers and integrating customer bases.

Many of these factors will be outside of Marel's control and any one of them could result in increased costs, decreases in the amount of expected revenues and diversion of management's time and attention. They may also delay the realisation of the potential benefits of a given transaction.

Marel may undertake acquisitions financed in part through public offerings or private placements of debt or equity securities (including as consideration for such acquisitions), or other arrangements. Such acquisition financing could result in a decrease in Marel's earnings and adversely affect other Leverage measures. If Marel issues equity securities or equity-linked securities, the issued securities may have a dilutive effect on the interests of the holders of Marel's Shares.

Failure to continue identifying and implementing successful acquisitions, including successfully integrating acquired businesses, could have a material adverse effect on Marel's business, results of operations and financial condition.

6. ***Marel's success and future growth depends on its ability to attract and retain skilled personnel, and on its senior management.***

Competition for skilled employees among companies that rely heavily on engineering and technology and skilled sales and marketing personnel is intense, and the loss of skilled employees or an inability to attract, retain, and motivate skilled employees required for the operation and expansion of its business could hinder Marel's ability to conduct innovation activities and successfully develop new solutions, market and sell its existing solutions and meet customers' requirements, including for its aftermarket business, and execute its growth strategy. For example, in FY18, Marel hired 440 full-time equivalent employees ("**FTEs**") to support growth in its business.

In recent years, the marketplace for skilled engineering and technology and sales and marketing personnel has become more competitive, which means the cost of hiring, incentivising and retaining such personnel may increase. In particular, Marel faces intense competition for engineering and technological personnel in the Netherlands and the United States as its operations are based outside of major cities with higher concentrations of skilled human capital. It is also possible that negative opinion trends with respect to animal protein processing could negatively impact Marel's ability to hire qualified personnel.

Any failure to attract or retain a sufficient number of appropriately skilled personnel could place Marel at a significant competitive disadvantage, which could impair its ability to implement its strategic plan successfully and achieve its financial targets.

In addition, the execution of Marel's growth strategy depends on its senior executive officers and other key personnel who together have extensive experience in the industry and have made an important contribution to Marel's growth and success. The loss of any of these officers or key personnel could have a material adverse effect on Marel's business, results of operations and financial condition.

7. ***Adverse economic conditions and changes in commodity prices could negatively impact Marel's customers and, in turn, adversely affect Marel's business.***

Marel's business is affected by fluctuations in demand from its customers as a result of global and local economic conditions affecting the animal protein processing industry. In particular, during recessions and economic downturns, levels of investment by food processors in greenfield and large projects, standard equipment and modernisation tend to decline. A protracted decline in investment levels by its customers may reduce Marel's revenues generated by greenfield and large projects and sales of modernisation and standard equipment and related installations ("**Equipment revenues**") and negatively impact the growth of its installed base, thereby also impeding growth in Aftermarket revenue opportunities in the longer term.

Additionally, levels of investment from food processors are generally affected by fluctuations in the cost of their raw materials and other resources—including predominantly labour, livestock (the price of which is in turn sensitive to fluctuations in the prices of corn and soy) and energy—which may impair their profitability if they are unable to pass on cost increases to end consumers. In mature markets such as Europe and the United States, investment levels by food processors are typically higher when commodity prices and the costs of other inputs are low, positively impacting Marel's Equipment revenues. However, in the event of a sustained increase in commodities prices and labour costs, investment in equipment typically suffers as food processors look to conserve cash, which would negatively impact Marel's Equipment revenues. In such conditions, Marel has experienced a partial shift to Aftermarket revenues as food processors shift to maintaining their existing equipment and systems. However, there can be no assurance that such shift would fully offset the loss of Equipment revenues.

Accordingly, any reduction in Marel's customers' profitability due to higher prices for labour, livestock, energy or otherwise may result in lower levels of investment in the processing equipment that Marel provides. In the event of a prolonged period of lower levels of investment, Marel may face a loss of Equipment revenues which it may not be able to recover through increased Aftermarket revenues, which could have a material adverse effect on its business, results of operations and financial condition.

8. If Marel cannot compete effectively, its business could be adversely affected.

Across all of its operating segments, Marel operates in highly competitive markets. Marel competes across the primary, secondary and further animal protein processing sectors. Marel competes with numerous multinational, regional and local processing equipment providers of various sizes and cost structures.

The primary processing sector is relatively concentrated, with Marel competing with a small number of key global participants in each segment focused on serving animal protein processing. Within primary processing, Marel Poultry competes among others with Meyn Food Processing Technology B.V. ("**Meyn**"), Marel Meat competes among others with Frontmatec Group ApS ("**Frontmatec**") and Marel Fish competes among others with Baader GmbH & Co.KG ("**Baader**"). Competition within primary processing is strong, with product pricing being a key competitive factor.

The secondary and further processing segments are highly fragmented and Marel faces strong competition. However, only a limited number of competitors are international full-line providers across primary, secondary and further processing. There are also a number of regional and local food processing equipment suppliers, but only a limited number of competitors are covering a significant part of the value chain. In addition, Marel competes within secondary and further processing with large-scale industry-agnostic providers of industrial equipment, some of which may have substantially greater financial and other resources than Marel.

Existing or new competitors may develop their current products and technologies further or create alternative ones that are more attractively priced, offer higher quality or are more appealing for other reasons than Marel's products. If new or better developed products can be offered at more attractive prices, or if such products are more attractive than Marel's products for other reasons (such as a higher degree of functionality or improved ability to avoid production stoppages and downtime or a higher degree of quality control and value chain integration), demand for Marel's products could fall or Marel may be required to lower its prices, which could have a material adverse effect on Marel's business, results of operations and financial condition.

9. Marel is subject to labour cost inflation and potential work stoppages, labour disputes and other matters associated with its labour force, which may adversely impact its operations, cause it to incur incremental costs and/or damage its reputation.

Marel's most expensive input is its qualified labour force. As at 31 December 2018, Marel had over 6,000 FTEs, including over 650 sales FTEs and over 1,350 service FTEs globally, including more than 830 service engineers. The salaries, benefits and pensions of these employees represent a significant cost, such that any material increase in wages and benefits could significantly erode Marel's profit margins and results of operations if it is not accompanied by a corresponding increase in productivity or revenues through the passing on of such costs increases to Marel's customers. In addition, Marel's ability to maintain or increase its profitability is in part dependent on its ability to align its labour force with its production requirements. Whereas Marel seeks to build in flexibility through the use of overtime, double shifts and temporary workforce, it may fail to align its staffing with its production requirements, which would expose it to increased costs and negatively affect its profitability.

Some Marel employees in Europe are unionised, mainly manufacturing personnel in the Netherlands, Denmark and Iceland, and subject to collective bargaining agreements with varying terms, durations and expiration dates. These collective bargaining agreements are the product of negotiations between trade unions and Marel or associations acting on Marel's behalf. They govern wages, benefits and duties of employees, as well as the responsibilities of Marel to its employees and the rules for dispute resolution processes. Even with these agreements in place, there can be no assurance that any current or future issues with Marel's employees will be resolved or that Marel will be able to avoid strikes, work stoppages or other types of conflicts with labour unions or employees. In additions, Marel or associations acting on Marel's behalf may not be able to satisfactorily renegotiate collective bargaining agreements when they expire. If Marel fails to renegotiate its existing collective bargaining agreements, strikes, work stoppages or other types of conflicts could become more likely. A widespread strike or extended work stoppage in one of Marel's manufacturing facilities could jeopardise its ability to meet its product delivery or service obligations to its customers. Alternatively, a successful campaign by its unionised workforce could result in higher personnel costs or diminished productivity in Marel's manufacturing sites. Even an unsuccessful union campaign could divert management time and energy away from routine operational priorities. Any of these factors may adversely impact its operations, cause it to incur incremental costs and/or damage its reputation.

Marel may also be subject to general country strikes or work stoppages unrelated to Marel's business or collective bargaining agreements. For example, there is a risk of strikes by cleaning and transport workers who are contracted by Marel, which could result in operational delays or other adverse impacts on production. A work stoppage or other limitations on production at Marel's facilities for any reason could have an adverse effect on its business, results of operations and financial condition. In addition, many of Marel's customers and suppliers have unionised work forces. Strikes or work stoppages experienced by its customers or suppliers could have a material adverse effect on Marel's business, results of operations and financial condition.

10. ***Marel may face interruption of its supply chain, including the inability of third parties to deliver raw materials, parts, components and services on time or on commercially acceptable terms, and Marel may be subject to rising raw material prices.***

Marel's business depends in part on reliable and effective management of the supply chain through which Marel procures the inputs to its manufacturing processes, including outsourced manufacturing capacity and temporary labour. Capacity constraints and supply shortages resulting from ineffective supply chain management may lead to delays and additional cost. Marel relies on third parties to supply it with raw materials and spare parts, which to some extent reduces its control over manufacturing yields, quality assurance, product delivery schedules and costs. Marel also relies to some extent on outsourced manufacturing and, for certain ancillary support functions, temporary labour. In addition to labour and energy, Marel's main production inputs are production parts (such as electric drives, cabinets and belts), raw materials (primarily stainless steel) and spare parts purchased from third party suppliers. The third parties that supply Marel with production inputs also have other customers and may not have sufficient capacity to meet all of their customers' needs, including Marel's, during periods of excess demand. Although Marel works closely with suppliers to avoid supply-related problems, and collaborates with third parties to ensure availability of outsourced manufacturing capacity and temporary labour, there can be no assurance that Marel will not encounter supply problems in the future or that it will be able to replace a supplier that is not able to meet its needs.

Marel's customers' operations involve the processing of highly perishable foods with high throughput requirements and are therefore highly time sensitive. As a result, the strength of Marel's customer relationships depends on its ability to respond quickly to customers' needs. If Marel's suppliers become unreliable or its inventory becomes insufficient, the time sensitivity of its customers' needs may require Marel to absorb the higher costs of last-minute purchases of raw materials or component parts, or be liable for contractual penalties. Alternatively, if Marel's service were to become so delayed as to prolong the downtime of its customers' machines, customer relationships may suffer, which may adversely affect long-term revenues generated from such customers or otherwise affect its reputation, which may negatively impact its ability to do business with existing or new customers.

In addition, unanticipated increases in the prices of labour, energy, production parts, stainless steel or spare parts would increase Marel's costs, negatively impacting its business, results of operations and financial condition if it is unable to fully offset the effect of these increased costs through price increases, productivity improvements or cost reduction programs. If Marel's reputation, customer relationships or operating margins suffer as a result of unreliable, inadequate, excessively costly or delayed supplies, it could have a material adverse effect on Marel's business, results of operations and financial condition.

11. ***Marel's product offering includes equipment and systems supported by its proprietary Innova software platform and/or other integrated software solutions. Any malfunctioning or other failure of such software could result in disruption of customers' operations, which could have adverse effects on Marel's business.***

Marel's product offering includes equipment and systems supported by its proprietary Innova software platform and/or other integrated software solutions. The integrity, reliability and operational performance of this software are critical to the operation of such equipment and systems installed at customers' facilities. Because they concern live and recently killed livestock and raw animal protein, those customers' operations are highly time sensitive and often rely on the efficient and uninterrupted functioning of numerous complementary systems, with high throughput and stringent health and safety requirements. Marel's Innova software provides state-of-the-art device and process control, data analytics, monitoring and traceability, enabling users to manipulate and collect data on their processing equipment at the level of components, machines, systems and factories. This data and the accompanying analytics reports that Innova provides are designed to enable Marel's customers to manage the efficiency of their operations, minimise downtime, ensure full traceability of food product from livestock to packaged goods and in certain instances diagnose potential and actual equipment malfunctions.

Accordingly, any malfunctioning or other failure of Innova and/or other embedded Marel software solutions could result in operational downtime for Marel's customers, reduced efficiency of their equipment and systems, inaccurate monitoring and traceability or difficulties diagnosing the source of other malfunctions, which could expose its customers to losses and impair customer relationships. Furthermore, customers with software integrated equipment and systems may attempt to hold Marel liable for losses, or increased costs or other penalties that they may incur in the event of a software malfunction. While Marel excludes indirect and consequential damages in its standard contract terms, such claims could harm Marel's customer relations and tarnish its reputation, which could have a material adverse effect on Marel's business, results of operations and financial condition.

In addition, the proprietary Innova platform is integral to Marel's full-line product offering and provides Marel with a distinct competitive advantage. Any failure to continue to further develop and update Innova, including with respect to the user experience and system installations and upgrades, could have a material adverse effect on Marel's business, results of operations and financial condition.

12. ***If Marel is unable to adapt its production capacity to production needs in a timely and cost effective manner, its capacity management may suffer, which could have an adverse effect on its business.***

Efficient production capacity management across its global manufacturing platform is critical to Marel's profitability. If Marel is unable to rationalise its production capacity on time or to budget, or at all, Marel may be unable to meet customer demands on a timely or cost-effective basis or may experience prolonged periods of reduced operational efficiency, which would negatively affect its profitability. In addition, Marel is implementing a product co-location strategy designed to improve capacity utilisation by reducing lead times and lowering manufacturing and distribution costs. Under this strategy, all products produced by Marel will have a designated home, either a mother site or a co-location site, at one of Marel's manufacturing facilities in the Netherlands, the United States, Iceland, Denmark, the United Kingdom, Slovakia, China, Germany and Brazil The mother site is responsible for product life cycle management and how the product is manufactured whereas co-location sites are focused on scale manufacturing, producing large volumes in a cost-effective manner. Marel recently expanded its manufacturing facilities and production capacity in Slovakia to respond to expected production requirements in the future.

In the event that the implementation of this co-location strategy in the long term is unsuccessful or more costly than expected, there can be no assurance that Marel will be able to achieve the expected return on its investments in existing manufacturing plants. Moreover, even if the implementation of the co-location strategy is successful, unforeseeable fluctuations in demand, supply of manufacturing inputs and other factors largely beyond Marel's control may inhibit Marel's ability to rationalise its production capacity, which could have a material adverse effect on Marel's business, results of operations and financial condition.

13. ***The nature of Marel's business may expose it to warranty and other product liability claims, construction defects, project delay, property damage, personal injury and other damages.***

Marel generally provides product warranties against defects in materials, design and workmanship to its customers, with timing limitations in line with the nature of the equipment or system. Marel imposes a cap on any other product liabilities and excludes in its standard contract terms indirect and consequential damages. Many of Marel's products are used in processing facilities where a product failure, installation defect or other malfunctioning (including of Marel's Innova platform) could result in significant operational delay, property damage, personal injury or death of customers' employees or end consumers. In addition, because much of Marel's equipment and systems tends to have long lifecycles, claims can arise many years after their manufacture and sale. Product failures may also arise out of the quality of the raw materials Marel purchases from third-party suppliers. For these reasons, there is a risk that Marel may be named as a defendant in a product liability suit or other claims relating to its products or services. Product liability claims can be expensive to defend against and can divert the attention of management and other personnel for significant time periods, regardless of the ultimate outcome. An unsuccessful defence could result in costly damages, and there can be no assurance that Marel can successfully rely on its contractual protections.

In addition, even if Marel is successful in defending against a claim relating to its products and services, claims of this nature could negatively affect customer confidence in Marel and its products, or adversely affect its reputation. Marel may also face personal injury claims from injured parties. Whereas Marel has insurance coverage in place to cover such risks, there can be no assurance that such insurance coverage will be sufficient to cover any award of damages to such injured parties. Any such claims could have a material adverse effect on Marel's business, results of operations and financial condition.

14. An outbreak of animal borne diseases (H5N1 (avian flu), BSE (mad cow disease), or other virus strains affecting poultry, livestock or fish) or food borne illnesses could have a material adverse effect on Marel's business.

An outbreak or pandemic stemming from H5N1 (avian flu) or BSE (mad cow disease) or any other animal-related disease strains could reduce the availability of poultry, meat or fish that is processed for the restaurant, food service, wholesale or retail consumer industries, or result in negative consumer perception of animal protein. Even if Marel's customers are able to source their supply of unprocessed livestock from an alternative, uncontaminated population without material adverse price effects, an outbreak of disease may generate negative publicity that depresses demand for processed animal protein. Any limitation on the availability of raw materials or on the demand for processed animal protein could discourage or delay food processors from making capital investments in Marel equipment and services. Such a decrease in demand for Marel's products and services or a shift in demand towards less profitable solutions could have a material adverse effect on its business, results of operations and financial condition.

15. Fluctuations in currency exchange rates, particularly the U.S. dollar and ISK, could decrease Marel's revenues and/or increase its costs.

Marel conducts operations in many areas of the world, involving transactions denominated in a variety of currencies, but its reporting currency is the euro (EUR). Marel's cash flows are subject to currency exchange rate risk to the extent that its costs and sources of funding are denominated in currencies other than those in which it earns revenues. While Marel generally seeks natural hedges in its operations by aligning the currency of its revenues, operational costs and external debt financing as much as possible, it remains exposed in particular to the mismatch between revenues earned in EUR and U.S. dollars (USD) and costs incurred in Icelandic Krona (ISK). For example, whereas 8.2% of costs incurred in FY18 were in ISK, less than 1% of revenues for that period were earned in ISK. As a result, a strengthening of ISK against EUR (or other currencies in which Marel generates revenues) would negatively affect Marel's profit margin by amplifying the magnitude of its costs relative to its revenues.

Furthermore, because Marel reports its financial results in EUR but generated a significant share of its revenues in USD in FY18, and has more USD revenues than USD costs, a strengthening of EUR against USD (or other currencies in which Marel earns revenues) will negatively impact Marel's reported results of operations relative to prior or future reporting periods when EUR was or is weaker. Such currency exchange rate fluctuations could have a material adverse effect on Marel's business, results of operations and financial condition.

16. Marel's actual operating results may differ significantly from its financial targets.

Marel includes in this Prospectus certain financial targets. Marel's ability to achieve these targets depends on its ability to successfully execute its strategy and on the accuracy of a number of assumptions, including factors that are substantially or entirely beyond Marel's control and are subject to known and unknown risks, including the risks described in this section "*Risk Factors*", uncertainties and other factors that may result in Marel being unable to achieve these financial targets. In addition, unanticipated events may adversely affect the actual results that Marel achieves in future periods whether or not its assumptions otherwise prove to be correct.

In particular, Marel's ability to successfully implement its strategy and achieve its financial targets and objectives may be impacted by factors such as general economic and business conditions and developments with respect to other developments in its industry and business, which are outside of its control. If one or more of the assumptions that Marel has made with respect to these factors in setting its financial targets are inaccurate, or if one or more of the risks described in this section were to occur, Marel may be unable to achieve one or more of its financial targets. Such a failure could have a material adverse effect on Marel's business, results of operations and financial condition.

17. Marel is exposed to counterparty credit risk such that any significant deterioration in its customers' ability to pay, or in the payment terms it can charge customers going forward, could negatively impact Marel's business.

Marel contracts with a large number of parties in its business, including customer and suppliers. Marel is therefore exposed to the risk of default by, or the insolvency of, such counterparties, which may result in significant liability for Marel. As at 31 March 2019, Marel carried EUR 150.7 million in trade receivables on its balance sheet. Marel's exposure to counterparty credit risk is enhanced with respect to greenfield and large projects due to the longer term nature of such projects, particularly if general economic conditions deteriorate, relative to standard equipment and its aftermarket business, where this risk is less pronounced.

Marel seeks to mitigate the counterparty credit risk in part through customer payment terms that typically require customers to fund a significant part of the purchase price upfront in cash or provide coverage through a letter of credit at the time of confirmation of the orders. These favourable payment terms also positively impact Marel's working capital cycle as it can use the cash portion received upfront to fund its production requirements. However, there can be no assurance that Marel will continue to be able to obtain favourable payment terms from its customers, the deterioration of which would expose it to increased counterparty credit risk and greater working capital requirements in the longer term, which may require it to increase its borrowings, which may not be available on commercially acceptable terms or at all. A failure to obtain similarly favourable payment terms in the future could have a material adverse effect on Marel's business, results of operations and financial condition.

18. Marel's results of operations could deteriorate if its manufacturing operations or distribution centres were substantially disrupted for an extended period of time, including due to equipment failure, industrial accidents, natural disasters or other incidents.

Marel operates a global manufacturing platform which enables it to respond to production requirements from its global customer base. As at 31 March 2019, Marel had a total of 13 manufacturing sites for equipment and spare parts across the globe, including locations in Iceland, the United Kingdom, the United States, Slovakia, China, Brazil, the Netherlands, Denmark, Germany and France. In addition to manufacturing, these sites also warehouse inventory and handle delivery logistics for finished equipment and systems. Five of these sites, located in the Netherlands, Denmark and the United States, serve a dual function as combined manufacturing and distribution centres for spare parts, strategically positioned across northern Europe and the United States to support Marel's extensive service network and installed base in these and adjacent regions. These distribution centres source spare parts from third-party suppliers, as well from Marel's manufacturing centres, and store them to sell to customers both directly and through regional sales offices.

An interruption in production or service capabilities at any of Marel's facilities for any reason could result in Marel's inability to develop, manufacture or distribute its products. For example, spare parts manufactured and warehoused at Marel's facility in the Netherlands may be needed to service and maintain a customer's poultry processing facility in the United States, Latin America or another distant location. In the event of a stoppage in production at any of Marel's facilities, even if only temporary, or if Marel experiences delays as a result of events that are beyond its control, delivery times to its customers could be severely affected. Natural disasters, pandemic illness, equipment failures, power outages or other unexpected events could result in physical damage to and complete or partial closure of one or more of Marel's manufacturing facilities or distribution centres, temporary or long-term disruption in the supply of component products from local or international suppliers, disruption in the transport of Marel's products from manufacturing sites to distribution centres and/or delay in the delivery of products to customers. Any significant delay in deliveries to Marel's customers could adversely affect Marel's customer relationships.

Marel may also experience plant shutdowns or periods of diminished productivity as a result of equipment failure or catastrophic loss, which could cause its results of operations to deteriorate. Equipment failure, accidents and natural disasters are, by their nature, difficult to foresee, impossible to prevent entirely and costly to insure against. Marel currently insures against business interruption risks with an insurance policy underwritten by an independent insurance company ranging from 18 to 24 months. However, there can be no assurance that such insurance arrangements will provide cover for all of the costs that may arise in the event of a substantial disruption. Accordingly, any substantial disruption could have a material adverse effect on Marel's business, results of operations and financial condition.

19. ***Marel's manufacturing, distribution and service and maintenance activities are subject to health and safety risks.***

Marel's manufacturing, distribution and service and maintenance activities involve the use of industrial machinery to produce, assemble the parts of, and maintain and service its processing equipment and systems. Employees interacting with such machinery may be injured, or incur long-term medical costs as a result of other aspects of the work environment, which injury or costs could result in legal liability or increased personnel costs for Marel. Such liabilities, if severe enough, could increase Marel's costs or tarnish its reputation, either of which could have a material adverse effect on its business, results of operations and financial condition.

20. ***Disruptions in the political, regulatory, and social conditions of the countries in which Marel and its customers conduct business may have an adverse impact on Marel's global business.***

Marel's global operations cover manufacturing in the Netherlands, the United States, Iceland, Denmark, the United Kingdom, Brazil and other locations and sales of equipment, systems, software and services around the world, including in countries with political and economic instability. Some countries have greater political and economic volatility and greater vulnerability to infrastructure and labour disruptions than others. Operating and seeking to expand business in a number of different regions and countries exposes Marel to a number of risks, including but not limited to:

- multiple and potentially conflicting laws, regulations and policies that are subject to change;
- burdens and costs of complying with foreign laws, treaties, and technical standards (such as export licenses and product certifications, such as the EU's "CE" mark) and changes in those regulations;
- imposition of currency restrictions, restrictions on repatriation of earnings, capital controls (including in Iceland) or other restraints;
- nationalisation, expropriation, or seizure of assets;
- foreign ownership restrictions;
- transportation delays and interruptions;
- national and international conflict;
- war or terrorist acts;
- monitoring of local management and employees;
- disruptions and delays due to the United Kingdom's proposed exit from the European Union; and
- political and economic instability or civil unrest that may severely disrupt economic activity in affected countries.

Marel is exposed to these events directly, because of its own manufacturing and distribution facilities around the world, but also indirectly through its customers' exposure to such risks. When Marel's customers are exposed to political or regulatory uncertainty or social instability, they may be inclined to reduce or limit investment in their processing facilities until greater certainty about their future operating environment can be achieved. Reduced or limited investment by its customers negatively affects Marel's Equipment revenues. Thus, the direct and indirect repercussions of the occurrence of one or more of these events could have a material adverse effect on Marel's business, results of operations and financial condition.

21. ***Marel's international activities increase the compliance risks associated with economic and trade sanctions, anti-corruption and anti-money laundering laws, antitrust laws and other regulations imposed by the United States, the European Union and other jurisdictions.***

Marel operates in over 30 countries around the world and serves customers across six continents, which increases its compliance risks, including, but not limited to, the following areas:

- *Trade Restrictions* – Government policies on international trade and investment such as import quotas, capital controls or tariffs, whether adopted by individual governments or addressed by regional trade blocs, can affect the demand for Marel's products and services, impact the competitive position of its products, prevent it from being able to sell or increase the cost of selling products in certain countries or raise the cost of some of its inputs such as stainless steel. The implementation of more restrictive trade policies, such as more detailed inspections, higher tariffs or new barriers to entry, in countries where Marel sells large quantities of products and services could negatively impact its business, results of operations and financial condition. For example, a government's adoption of "buy national" policies or retaliation by another government against such policies could have a negative impact on Marel's results of operations, both directly and indirectly if its customers are affected. Marel's business activities are also subject to economic and trade sanctions regulations maintained by the U.S. Treasury Department's Office of Foreign Assets Control and regulatory authorities in other countries in which Marel operates or makes sales. If Marel fails to comply with these laws and regulations, Marel and certain of its employees could be subject to civil or criminal penalties and reputational harm. Obtaining the necessary authorisations, including any required license, for a particular transaction may be time-consuming, is not guaranteed, and may result in the delay or loss of sales opportunities. Furthermore, U.S. export control laws and economic sanctions laws in the U.S. and other countries prohibit certain transactions with U.S. embargoed or sanctioned countries, governments, persons and entities. Although Marel takes precautions to prevent transactions with sanction targets, the possibility exists that Marel could inadvertently provide its products or services to persons prohibited by sanctions. This could result in negative consequences to Marel, including government investigations, penalties, difficulty obtaining external financing or reputational harm.

- *Anti-Corruption and Anti-Money Laundering Laws* – Because Marel has subsidiaries incorporated in the United States and serves customers there, it is potentially subject to the U.S. Foreign Anti-Corrupt Practices Act of 1977, which prohibits it from making corrupt payments to foreign officials to obtain or retain business anywhere in the world. In addition, Marel must ensure compliance with U.S. anti-money laundering laws and a number of other anti-corruption laws and conventions in force in and among other jurisdictions, including the OECD's Anti-Bribery Convention, the UN Convention against Corruption, the Organization of American States Inter-American Convention against Corruption, and the Council of Europe's Criminal and Civil Law Conventions on Corruption, among others. Any failure or apparent failure to comply with these or other laws or conventions could expose Marel to criminal or civil investigation, penalties or other enforcement measures that would be costly and generate adverse publicity.

- *Antitrust Laws* – The European Commission, Europe's national competition authorities, the U.S. Department of Justice and other competition regulators in the jurisdictions where Marel operates may have the power to block Marel from engaging in certain strategic acquisitions. Marel may also be subject to investigations, fines and approvals by those regulators and authorities which could delay or increase the costs of executing its growth strategy.

Any alleged or actual violations of these laws and/or other regulations may subject Marel to government scrutiny, investigation and civil and criminal penalties, and may limit Marel's ability to import supplies from or export its products to certain markets, to conduct business with certain suppliers, agents or customer and to pursue strategic acquisitions. Moreover, Marel relies to a limited extent on sales agents, particularly in countries where Marel has less established operations and customer networks, which increases compliance risk and compliance costs associated with vetting these agents to verify compliance with applicable laws and regulations. In addition, Marel is subject to laws regarding privacy, data protection, cybercrime, confidentiality and disclosure requirements, recordkeeping and financial reporting, price controls and exchange controls which may cause it to incur significant compliance costs. The nature, scope or effect of future regulatory requirements to which Marel's operations might be subject or the manner in which existing laws might be administered or interpreted is unforeseeable and could have a material adverse effect on Marel's business, results of operations and financial condition.

22. ***Changes in food consumption patterns due to dietary, health or convenience trends may adversely affect Marel's business and prospects.***

The consumption of animal protein is subject to dietary, health or convenience trends. Accordingly, food processors may have difficulty accurately forecasting their needed manufacturing capacity and the related investment in equipment. For example, in parts of the western world, a popular commitment to animal wellbeing combined with consumption trends towards vegetarianism and veganism may lead to reduced demand for animal protein. If these political or dietary preferences gain widespread acceptance among consumer populations, demand for animal protein by the end consumers of Marel's customers may suffer a long-term decline. Relatedly, the rise of manufactured meat and meat substitutes may in the long term divert some consumer demand away from processed animal protein, if these products can be successfully commercialised. In the event that a widespread consumer demand shift away from animal protein were to outweigh the growth of active animal protein consumers worldwide, demand for Marel's systems and services may weaken or there may be a less rapid increase in demand for Marel's processing systems and services than historical consumption patterns currently suggest. Such a demand shift away from protein products could have a material adverse effect on Marel's business, results of operations and financial condition.

23. ***Marel has a significant amount of goodwill and could suffer losses due to asset impairment charges.***

As at 31 March 2019, Marel carried EUR 642.1 million of goodwill on its balance sheet relating to historical acquisitions, including the acquisitions of Scanvaegt (2006), Stork (2008), MPS (2016), Sulmaq (2017) and MAJA (2018), representing 40.5% of Marel's total assets as of that date. Goodwill is recognised as an intangible asset and is subject to an impairment test which must be performed at least annually or if particular circumstances or changes in circumstances occur that indicate an impairment under IFRS. Impairment indicators include significant underperformance relative to historical or projected future operating results and negative industry or economic trends. If such events were to occur, the carrying amount of Marel's goodwill may no longer be recoverable and it may be required to record an impairment charge. A significant impairment of intangible assets could have a material adverse effect on Marel's business, results of operations and financial condition.

24. ***Movements in interest rates may increase Marel's financing costs.***

Of Marel's EUR 467.2 million of long-term debt outstanding as at 31 March 2019, 94.0% or EUR 439.4 million consisted of floating rate obligations, including EUR 116 million in floating rate Schuldschein Promissory Notes and EUR 322.7 million outstanding under Marel's Senior Credit Facilities. These floating rate obligations expose Marel to interest rate risk should the applicable interest rate fluctuate and increase Marel's interest expense. To hedge this interest rate risk, Marel has entered into interest rate swaps in line with its hedging policy to ensure that 50-70% of its long-term debt obligations are either fixed or hedged. As at 31 March 2019, 35.7% or EUR 157.1 million of such obligations remained unhedged. Accordingly, increases in interest rates may increase Marel's interest expense relating to its unhedged debt obligations and reduce its net profits, which could have a material adverse effect on its business, results of operations and financial condition.

25. ***If Marel is unable to develop, preserve, and protect its intellectual property assets, or if Marel infringes on the intellectual property rights of third parties, Marel's business may be negatively affected.***

Marel strives to protect and enhance its proprietary intellectual property rights through patent, copyright, trademark, and trade secret laws, as well as through technological safeguards and operating policies and procedures designed and implemented by its intellectual property team. As at 31 March 2019, Marel owned over 320 patent families with approximately 2,500 patent registrations in different countries relating to key technologies associated with industry-specific product clusters. To the extent it is not able to protect this intellectual property from infringement, Marel's business could be negatively impacted. Marel regularly opposes patent applications made by other companies in various jurisdictions, and its own patent applications are regularly opposed by other companies. In spite of its efforts, Marel may be unable to prevent third parties from using its technology without its authorisation, or from independently developing technology that is similar to Marel's equipment, systems, software and services, particularly in those countries where the laws do not protect proprietary rights as fully as in others. There is also a risk that third parties, including Marel's current competitors, will claim that Marel's products infringe on their intellectual property rights. These third parties may bring infringement claims against Marel or its customers, which may invalidate Marel's intellectual property rights or force Marel to discontinue the offering of certain products, any of which may adversely affect Marel's reputation, results of operations and customer relationships, even if such claims turn out to be without merit. Any failure to protect its intellectual property or adequately defend itself against allegations of infringement could have a material adverse effect on Marel's business, results of operations and financial condition.

26. Marel is subject to risks associated with failures in information systems and cyber-security.

The operation of many of Marel's business processes depends on the uninterrupted availability of its information technology ("**IT**") systems and, to maintain competitiveness, Marel is increasingly reliant on automation, centralised operation and new technologies to manage and monitor its complex production activities. As a consequence, any localised or widespread system failure, whether deliberate (such as an outage resulting from a cyber-attack) or unintentional (such as network, hardware or software failure), could have adverse effects at various levels. Threats to its control systems are not limited by geography as Marel's digital infrastructure is inter-connected and accessible globally. Marel also uses third party suppliers of digital infrastructure, such as Amazon Web Services, Oracle and Salesforce. This exposes Marel to the risk of system failures in, or attacks on, such third party infrastructure, which may negatively impact or interrupt Marel's business.

Although Marel has security barriers, policies and risk management processes in place that are designed to protect its information systems and digital infrastructure against a range of security threats, there can be no assurance that such attacks will not occur, which would have an adverse impact on its operations.

Any failure to protect its information systems and digital infrastructure from any of the foregoing or other IT risks could affect the confidentiality, integrity or functionality of such systems, including those critical to Marel's operations. In addition, Marel could face regulatory action, legal liability, damage to its reputation, a significant reduction in revenue or increase in costs, a shutdown of its operations, any of which could have a material adverse effect on its business, results of operations and financial condition.

27. Marel is subject to applicable regulations in the jurisdictions in which it operates and changes to the regulatory environments, or any failure to comply with applicable laws, regulations and codes of practice, may negatively affect its business.

The goods that Marel produces and the services it provides are subject to regulation and, in certain instances, supervision by various regulatory bodies, in particular in relation to industrial, health, safety and environmental standards. Existing laws and regulations, as well as potential future changes in such legal frameworks or the interpretation or enforcement of such, influence how Marel operates its business. Marel must comply with, and is affected by, these various regulations, which may reduce its operational flexibility and negatively affect its business. Marel's failure to comply with these regulations, in particular those relating to the environment and health and safety, could result in the imposition of penalties and reputational damage, which could have a material adverse effect on Marel's business, results of operations and financial condition.

28. Marel's financial results may be affected by various legal and regulatory proceedings.

Marel is subject to litigation and regulatory proceedings in the normal course of business. Marel could experience additional claims in the future, some of which could be material. The outcomes of litigation and similar disputes are often difficult to predict reliably and may result in decisions or settlements more adverse to Marel than expected. Various factors and developments could lead Marel to make changes in estimates of liabilities and related insurance receivables, where applicable, or make additional estimates, including new or modified estimates as a result of a judicial ruling or judgment, a settlement, regulatory developments or changes in applicable law.

These types of claims and proceedings may expose the Company to monetary damages, direct or indirect costs, direct or indirect financial loss, civil and criminal penalties, or harm to its reputation, all of which could have an adverse effect on Marel's business. Claims against the Company, regardless of merit, could subject it to costly litigation or proceedings and divert management's attention from their regular responsibilities. Adverse regulatory actions against the Company or adverse judgments in litigation to which the Company is a party may lead to it being forced to suspend certain business activities or pay damages, or make it subject to enforcement orders. If any of the foregoing occurs, it could have a material adverse effect on Marel's business, results of operations and financial condition.

29. Marel is subject to certain tax risks, including unfavourable tax law changes and tax authority rulings, which may adversely affect its tax expense and net profits.

Marel's global operations expose it to a wide range of tax laws and authorities. Moreover, the tax laws applicable to Marel's business activities are subject to interpretation. The taxing authorities in the jurisdictions in which Marel operates may challenge Marel's tax positions, which could increase Marel's effective tax rate and harm its financial position. In addition, Marel's future income taxes could be higher than expected if earnings are lower than anticipated in jurisdictions that have lower statutory tax rates and higher than anticipated in jurisdictions that have higher statutory tax rates, or by changes in tax laws, regulations, or accounting principles. Consequently, Marel's future results of operations could be adversely affected by changes in the effective tax rate as a result of a change in the mix of earnings in countries with differing statutory tax rates, changes in Marel's overall profitability, changes in tax laws or treaties or in their application or interpretation, changes in statutory tax rates, changes in generally accepted accounting principles, changes in the valuation of deferred tax assets ("**DTAs**") and liabilities, the results of audits and examinations of previously filed tax returns and continuing assessments of Marel's tax exposures. As at 31 March 2019, Marel had recognised a DTA of EUR 12.5 million. There can be no assurance that Marel will be permitted to fully utilise its DTAs by the relevant local tax authority. Marel is also subject to the continuous examination of its income tax returns by tax authorities around the world. Marel regularly assesses the likelihood of an adverse outcome resulting from these examinations. If Marel's effective tax rates were to increase for any reason, or if the ultimate determination of Marel's tax liability exceeds amounts previously accrued, it could have a material adverse effect on Marel's business, results of operations and financial condition.

30. The covenants contained in Marel's financing arrangements may limit its financial and operating flexibility.

The agreements governing Marel's borrowing under its Senior Credit Facilities and the Promissory Notes require it to comply with restrictive financial covenants that are customary for borrowers comparable to Marel, including Leverage and interest cover covenants in the Senior Credit Facilities and a leverage-based margin step-up mechanism under the Promissory Notes. Failure to comply with those covenants may lead to Marel defaulting under its Senior Credit Facilities and the Promissory Notes, restrict the availability of credit to Marel and result in the acceleration of Marel's obligations to repay its long-term debt, which may require raising additional capital or borrowings. There can be no assurance of the availability of such additional capital or borrowings at the relevant time or, if available, whether it would be on acceptable terms. This could have a material adverse impact on Marel's business, results of operations and financial condition.

31. Marel may sustain substantial losses not covered by, or exceeding the coverage limits of, its insurance policies, and its insurance premiums may increase.

Marel's group-wide insurance policies include insurance to cover risks associated with its business, including general liability, freight insurance, business continuity and directors' and officers' liability insurance. Marel uses insurance brokers to maintain coverage across jurisdictions. Marel believes that the types of amounts of insurance coverage that it maintains are consistent with customary industry standards in the jurisdictions where it operates. Marel's insurance policies are, however, subject to exclusions and limitations of liability. Marel may, therefore, have limited or no coverage relating to certain risks. Marel also does not maintain separate funds or otherwise set aside reserves to cover losses or third-party claims from uninsured events. Should an uninsured loss or a loss in excess of its insurance limits occur or be likely to occur, Marel may have to incur material costs to cover such loss or have make material reserves in its statement of financial position.

Following multiple claims or after one major claim, its insurance premiums may be increased or the terms and conditions of its insurance coverage may worsen. This may also occur following a general change in the insurance markets. There can be no assurance that Marel will continue to be able to obtain sufficient insurance for the risks incurred in connection with its business operations on terms and under conditions it believes are economically justifiable. If Marel sustains damages for which it has insufficient or no insurance coverage, this could have a material adverse effect on Marel's business, results of operations and financial condition.

32. ***The requirements of being a dual-listed company may strain Marel's resources and divert management's attention.***

As a dual-listed company listed on Nasdaq Iceland and Euronext Amsterdam, Marel will become subject to reporting requirements and certain other applicable requirements under Dutch law, including, but not limited to, the Market Abuse Regulation and the Dutch Financial Supervision Act, in addition to its ongoing legal requirements under Icelandic law. Marel expects that the requirements of these rules and regulations may increase its legal, accounting and financial compliance costs, make some activities more difficult, time consuming and costly, and in certain instances place additional strain on resources. In addition, the applicable legal requirements or the interpretation of such requirements by regulators and courts may differ or conflict between Iceland and the Netherlands, which could expose Marel to additional costs, sanctions and/or fines. Any of these factors could have a material adverse effect on Marel's business, results of operations and financial condition.

Risks Relating to the Offering and the Offer Shares

1. ***The market price of the Offer Shares may fluctuate and may decline below the Offer Price.***

The Offer Shares may be subject to market price volatility and the market price of the Offer Shares may decline in response to developments that are unrelated to Marel's operating performance or beyond Marel's control, including, but not limited to, those referred to in these "*Risk Factors*" as well as period-to-period variations in operating results or changes in financial targets by Marel, industry participants or financial analysts. The market price of the Offer Shares could also be affected by other developments unrelated to Marel's operating performance or beyond Marel's control, such as the operating and share price performance of other companies that investors may consider comparable to Marel, speculation about Marel in the press or the investment community, strategic actions by competitors, including acquisitions and/or restructurings, changes in market and political conditions and regulatory changes in any number of countries, irrespective of whether Marel derives significant revenue therefrom.

The market price of the Offer Shares may also be impacted by market expectations for Marel's financial performance and changes in the estimates of Marel's results of operations by securities analysts, regardless of Marel's actual results of operations and financial condition. Investors may not be able to sell their Offer Shares at or above the Offer Price.

2. ***An active trading market for the Offer Shares may not develop or be sustained.***

Prior to the Offering, there has been no public trading market for the Offer Shares. The Offer Price will be determined by Marel after consultation with the Joint Global Coordinators and may not be indicative of the market price for the Offer Shares following admission. Whereas there is currently a market for the Shares on Nasdaq Iceland, there is no assurance that an active market for the Offer Shares will develop or will be sustained following the completion of the Offering.

If an active and liquid trading market for the Offer Shares does not develop or is not sustained, this may result in lower trading prices and increased volatility, which could adversely affect the value of an investment in the Offer Shares, may cause the Offer Shares to trade at a discount to the Offer Price and may make it difficult for investors to sell any Offer Shares held by them at or above the price paid for such Offer Shares or at all.

3. ***Substantial future sales or the perception of substantial future sales of shares could adversely impact the market price of the Offer Shares.***

Sales of substantial amounts of the Offer Shares, or the perception that such sales were imminent, may adversely affect the prevailing trading price of the Offer Shares. In addition, such sales could make it more difficult for Marel to raise capital through the issuance of equity securities in the future.

In addition, as of 24 May 2019, the Principal Shareholder holds 28.4% of the issued and outstanding Shares. Immediately following the completion of the Offering, the Principal Shareholder is expected to own approximately 25.0% of the Offer Shares (assuming no exercise of the Over-Allotment Option). The Principal Shareholder has provided the majority of the Shares held by it as security (the "**Secured Shares**") under certain financing arrangements (including margin loans) with certain financial institutions, including affiliates of Citigroup Global Markets Limited, Arion Banki hf. and Landsbankinn hf. (the "**Principal Shareholder Facilities**"). Following the closing of the Offering, the security granted by the Principal Shareholder in favour of the lenders under the Principal Shareholder Facilities will represent the majority of the Ordinary Shares held by the Principal Shareholder at the closing of the Offering. Any enforcement of this security by the lenders under the Principal Shareholder Facilities following Admission could have a significant impact on the Company's ordinary shareholding structure. The enforcement of security, in whole or in part, by the lenders under the Principal Shareholder Facilities would reduce the Principal Shareholder's shareholding in the Company's share capital. Any such disposal, or the perception that such disposal may occur, may depress the market price of the Shares and could impair Marel's ability to raise capital through the sale of additional equity securities.

4. ***Marel's ability to declare a dividend in the future is subject to a variety of factors.***

The declaration and payment of future dividends will be determined by the Board of Directors and shareholders. Marel's ability to pay dividends in the future depends on numerous factors, including, among other things, its business, financial condition, results of operations, distributable reserves, cash flows and prospects and other factors that members of the Board of Directors deem significant from time to time. While Marel has adopted a dividend policy which reflects Marel's expectations on underlying earnings and growth of the business, there can be no assurance that Marel will pay dividends in the future.

5. ***Future offerings of debt or equity securities by Marel may adversely affect the market price of the Offer Shares.***

Marel may in the future, subject to the lock-up arrangements in the Underwriting Agreement, attempt to increase its capital resources by offering new Shares, series of preference shares, other equity-linked securities, debt securities and obtain borrowings from lenders, including for the purpose of funding acquisitions or as consideration for acquisitions. Upon liquidation, holders of any such preference shares and debt securities, and lenders with respect to other borrowings, would receive a distribution of Marel's available assets prior to the holders of the Offer Shares. Additional equity offerings may dilute the economic and voting rights of Marel's existing shareholders or reduce the market price of the Offer Shares, or both. Preference shares, if issued, could have a preference with respect to dividend payments that could limit Marel's ability to pay dividends to the holders of the Offer Shares. The holders of the Offer Shares bear the risk of any future offerings reducing the market price of the Offer Shares, limiting dividend payments in respect of the Offer Shares by Marel and diluting their shareholdings in Marel.

6. ***If securities or industry analysts cease to publish research or publish inaccurate or unfavourable research about Marel's business, the trading volume and price of the Offer Shares could decline.***

The trading market for Marel's Offer Shares depends in part on the research and reports that securities or industry analysts publish about it or its business. In addition, if one or more of the analysts covering Marel downgrade the Offer Shares or publishes inaccurate or unfavourable research about Marel's business or industry, Marel's Offer Share price could decline. If one or more of these analysts cease coverage of Marel or fails to publish reports on Marel regularly, demand for Marel's Offer Shares could decrease, which could cause its price and trading volume to decline.

7. ***Preferential rights for U.S. and other non-Icelandic holders of the Offer Shares may not be available.***

Should there be increases in Marel's share capital, existing holders of the Offer Shares are generally entitled to preferential rights to subscribe for new shares, unless shareholders waive such rights by a resolution at a general meeting of shareholders. Shareholders in the United States are customarily excluded from exercising any such preferential right they may have, unless the rights and the Offer Shares are registered under the U.S. Securities Act or an exemption from the registration requirements thereunder is available. Marel is unlikely to file any such registration statement and it cannot assure prospective investors that any exemption from the registration requirements would be available to enable U.S. or other non-Icelandic holders of the Offer Shares to exercise such preferential rights or, if available, that Marel would utilise any such exemption.

8. ***There is doubt as to the enforceability in Iceland of claims based on the United States federal securities laws.***

Marel is a public limited company established under the laws of Iceland. Other than Olafur Steinn Gudmundsson, all of the members of the Board of Directors reside outside the United States. In addition, a substantial portion of Marel's assets and the assets of the members of the Board of Directors are located outside the United States. It may not be possible, therefore, for investors to effect service of process within the United States upon Marel or all of the members of the Board of Directors or to enforce in U.S. courts judgements against them obtained in those courts based upon the civil liability provisions of the United States federal securities laws. Furthermore, as the United States and Iceland do not currently have a treaty providing for reciprocal recognition and enforcement of judgements, other than arbitration awards according to the 1958 New York Convention, in civil and commercial matters, a claim based on United States federal securities laws or a judgement rendered by a court in the United States will not be automatically recognised and enforced by the Icelandic courts.

9. ***Investors in countries with currencies other than EUR and ISK face additional investment risk from currency exchange rate fluctuations in connection with their holding of Offer Shares.***

The Offer Shares will be quoted only in EUR and ISK and any future payments of dividends, if any, on the Offer Shares will be denominated in EUR for shares registered with Euroclear Amsterdam, and ISK for shares registered with Nasdaq Iceland. The USD or other currency equivalent of any dividends paid on the Offer Shares or any distributions made would be adversely affected by the depreciation of EUR or ISK against USD or such other currencies. In particular, as the currency of a small open economy, ISK has historically fluctuated more than reserve currencies like USD. Accordingly, any investment in the Offer Shares by a shareholder whose main currency is not EUR or ISK will be exposed to exchange rate risk; therefore, any depreciation of EUR or ISK relative to such shareholder's main currency will reduce the value of its equity investment and the value of any dividends it may receive from Marel.

10. ***The dual listing of the Shares may adversely affect the liquidity and value of the Offer Shares.***

Following the completion of the Offering, the Shares will be listed and admitted to trading on Nasdaq Iceland and Euronext Amsterdam. The dual listing may adversely affect liquidity and trading prices for the Offer Shares on one or both of the exchanges as a result of circumstances that may be beyond Marel's control. For example, the dual listing may increase share price volatility as trading will be split between the two markets, resulting in less liquidity on both exchanges. In addition, trading of the Offer Shares in these markets will take place in different currencies (EUR on Euronext Amsterdam and ISK on Nasdaq Iceland). Different liquidity levels, trading volumes, trading currencies, market conditions and regulatory conditions (including the imposition of capital controls) on the two exchanges may result in different prevailing prices and any decrease in the price of the Offer Shares on one exchange could cause a decrease in the trading price of the Shares on the other exchange. Investors could seek to sell or buy the Offer Shares to take advantage of any price differences between the markets through a practice referred to as arbitrage. Any arbitrage activity could create unexpected volatility in both the prices and the volumes of the Shares available for trading on either exchange. In addition, investors may not be able to sell or buy the Offer Shares on one exchange in case of a technological malfunction or other failure, which may increase the risk of arbitrage activities.

11. ***The shareholders of Marel may be subject to Icelandic income tax on capital gains when transferring Shares from Nasdaq Iceland to Euronext Amsterdam and dividends distributed by Marel are generally subject to Icelandic dividend withholding tax.***

Following the completion of the Offering, the Shares will be listed and admitted to trading on Nasdaq Iceland and Euronext Amsterdam. Shareholders may transfer their Shares from Nasdaq Iceland to Euronext Amsterdam and from Euronext Amsterdam to Nasdaq Iceland. Under Icelandic income tax, it is not clear whether such transfer is considered a deemed sale of those Shares which could result in Icelandic income tax becoming due. Marel submitted an advance ruling request with the Icelandic tax authorities in early April to confirm that the transfer of shares between Nasdaq Iceland and Euronext Amsterdam is not a taxable event for Icelandic income tax purposes. In addition, as described in "*Certain Tax Considerations in Iceland*", dividends distributed by Marel are generally subject to Icelandic dividend withholding tax at a rate of 22% for domestic shareholders and non-resident individuals and 20% for non-resident limited companies, although an exemption may apply under domestic law and these rates may be reduced under certain applicable tax treaties. From an Icelandic tax perspective, it is unclear whether a shareholder holding its Shares through Euronext Amsterdam could be considered the shareholder for Icelandic tax purposes since the Shares in Marel are being held by Euroclear Nederland in its capacity of central securities depository and clearing organisation. In its ruling request, Marel has included a request to the Icelandic tax authorities to confirm that (i) shareholders holding Shares though Euronext Amsterdam can still be considered the owners of those Shares for Icelandic tax purposes and (ii) Marel can apply the 20% dividend withholding tax rate in relation to Shares that are being held through Euronext Amsterdam unless the relevant Shareholder demonstrates that it is entitled to a reduced rate. As of the date of this Prospectus, the Icelandic tax authorities had not yet issued a formal response to the ruling request, and there can be no assurance that the Icelandic tax authorities will grant the requested ruling.

12. The Offer Shares may trade below the Offer Price and investors could lose all or part of their investment.

The Offer Price may not be indicative for the market price of the Offer Shares after the Offering has been completed. The market price of the Offer Shares could also fluctuate substantially due to various factors, some of which would be specific to Marel and its operations and some of which could be related to the industry in which Marel operates and equity markets generally. As a result of these and other factors, the Offer Shares may trade at prices significantly below the Offer Price. Marel cannot assure that the market price of the Offer Shares will not decline and the Offer Shares may trade at prices significantly below the Offer Price, regardless of Marel's actual operating performance. As a result, investors may not be able to re-sell their Offer Shares at or above the Offer Price, or at all.

13. Investors paying in ISK bear the risk of fluctuations between EUR and ISK.

Investors must pay the Offer Price in immediately available funds in full in EUR on or before the Settlement Date (or earlier in the case of an early closing of the Offer Period and consequent acceleration of pricing, allocation, commencement of trading and Settlement), in accordance with the payment instructions provided by ABN AMRO Bank N.V. acting as retail selling agents in connection with the public offering in the Netherlands (the "**Dutch Retail Coordinator**") for the public offering in the Netherlands and by the Joint-Lead Managers for the public offering in Iceland (the "**Payment Instructions**"). However, investors participating in the public offering in Iceland must pay the Offer Price in ISK. Investors participating in the public offering in Iceland and paying the Offer Price in ISK bear the risk of any fluctuations between ISK and EUR from the time they place their subscription to 6 June when subscriptions will be converted to ISK at the official exchange selling rate of EUR/ISK as published by the Central Bank of Iceland at the date of allocation, expected to be on 6 June 2019, in accordance with the Payment Instructions. Accordingly, an increase in the value of EUR against ISK during this interval would result in a higher price per Offer Share than anticipated at the time of subscription

14. The undertakings to purchase Offer Shares made by the Cornerstone Investors are subject to certain conditions, and the Cornerstone Investors are not subject to any formal lock-up arrangement

Blackrock has committed to acquire at the Offer Price (and at any such price throughout the Offer Price Range) a number of Offer Shares equivalent to an amount of EUR 63.0 million, corresponding to 16.2 million to 18.6 million Offer Shares throughout the Offer Price Range. In addition, CSAM has committed to acquire at the Offer Price (and at any such price throughout the Offer Price Range) 10 million Offer Shares, representing a commitment of EUR 34.0 million to EUR 39.0 million throughout the Offer Price Range. The Cornerstone Investors' undertakings are conditional on, among other things, commencement of unconditional trading of the Offer Shares occurring no later than 1 July 2019 and a maximum Offer Price of EUR 3.90 per Offer Share. If such conditions are not satisfied, the Cornerstone Investors will not be required to acquire any Offer Shares. In addition, the Cornerstone Investors' undertakings have not been secured through a bank guarantee, blocked funds, pledge of collateral or similar arrangement. Accordingly, there is a risk that payment of the purchase price and settlement of the Offer Shares for the Cornerstone Investors may not occur in connection with the closing of the Offering as anticipated, which could have an adverse effect on the completion of the Offering. In addition, the Cornerstone Investors' Shares will not be subject to any formal lock-up arrangement, implying that it is possible that the Cornerstone Investors may divest part or all of their shareholdings at any time. Any sales of substantial amount of the Shares could cause the market price of the Shares to decline.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

General

The content of this Prospectus is not to be considered or interpreted as legal, financial or tax advice. It is not intended to provide the basis for any credit or other evaluation and should not be considered as a recommendation by any of Marel, the members of the Board of Directors, any of the Managers or any of their respective affiliates or representatives that any recipient of this Prospectus should purchase any Offer Shares. The Managers are party to various agreements pertaining to the Offering and have entered or may enter into financing arrangements with Marel, but this should not be considered as a recommendation by them to invest in the Offer Shares. Each prospective investor should consult his own stockbroker, bank manager, lawyer, auditor or other financial, legal or tax advisors before making any investment decision with respect to the Offer Shares to, among other things, consider such investment decision in light of his or her personal circumstances and to determine whether or not such prospective investor is eligible to purchase the Offer Shares.

Potential investors should rely only on the information contained in this Prospectus and any prospectus supplements announced in accordance with the provisions of the Securities Transactions Act. Marel does not undertake to update or supplement this Prospectus, unless required pursuant to the provisions of the Securities Transactions Act or any other applicable law, and therefore potential investors should not assume that the information in this Prospectus is accurate as of any date other than the date of this Prospectus. No person is or has been authorised to give any information or to make any representation in connection with the Offering, other than as contained in this Prospectus and, if given or made, any such other information or representation must not be relied upon as having been authorised by Marel, the members of the Board of Directors, any of the Managers or any of their respective representatives. The delivery of this Prospectus at any time after the date hereof will not, under any circumstances, create any implication that there has been no change in the affairs of Marel since the date hereof or that the information contained herein is correct as of any time subsequent to such date.

The Offer Price Range is indicative only and the Offer Price may be set within, above or below the Offer Price Range. The Offer Price and the number of the Offer Shares to be included in the Offering will be determined upon the finalisation of the book-building period (expected to occur on or about 6 June 2019) and will be announced through the publication of a pricing statement announcement. In the event that the Offer Price is set above or below the Offer Price Range, the Company will publish a supplement to this Prospectus in accordance with the provisions of the Securities Transactions Act.

Supplements

If a significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus that is capable of affecting the assessment of the Offer Shares arises or is noted between the date of this Prospectus being approved by the FME and the end of the Offer Period or, if the Offer Price is determined above or below the Offer Price Range, then a prospectus supplement must be announced in accordance with the provisions of the Securities Transactions Act. Such a supplement will be subject to approval by the FME.

Investors who have already agreed to purchase the Offer Shares before the supplement is published shall have the right, exercisable within two business days following the publication of a supplement, to withdraw their acceptances.

Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable, whether expressly, by implication or otherwise, be deemed to modify or supersede statements contained in this Prospectus. Any statement so modified or superseded shall, except as so modified or superseded, no longer constitute a part of this Prospectus. For the avoidance of doubt, references in this paragraph to any supplement being published by the Company do not include the pricing statement announcement.

Stabilisation

IN CONNECTION WITH THE OFFERING, THE JOINT GLOBAL COORDINATORS, ON BEHALF OF THE MANAGERS, MAY ENGAGE IN TRANSACTIONS THAT STABILISE, MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE SHARES FOR UP TO 30 DAYS FROM THE FIRST TRADING DATE. SUCH STABILISATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT PRIOR NOTICE. IN NO EVENT WILL MEASURES BE TAKEN TO STABILISE THE MARKET PRICE OF THE SHARES ABOVE THE OFFERING PRICE. IF UNDERTAKEN, THE

STABILISING MANAGER OR ITS AGENTS MAY END ANY OF THESE ACTIVITIES AT ANY TIME AND THEY MUST BE BROUGHT TO AN END AT THE END OF THE 30-DAY PERIOD MENTIONED ABOVE. EXCEPT AS REQUIRED BY LAW OR REGULATION, NEITHER THE STABILISING MANAGER NOR ANY OF ITS AGENTS INTENDS TO DISCLOSE THE EXTENT OF ANY OVER-ALLOTMENTS MADE AND/OR STABILISATION TRANSACTIONS CONDUCTED IN RELATION TO THE OFFERING. NO LATER THAN BY THE END OF THE SEVENTH TRADING DAY AFTER STABILISATION TRANSACTIONS HAVE BEEN UNDERTAKEN, THE MANAGERS SHALL DISCLOSE THAT STABILISATION TRANSACTIONS HAVE BEEN UNDERTAKEN IN ACCORDANCE WITH ARTICLE 5(4) OF THE MARKET ABUSE REGULATION 596/2014. WITHIN ONE WEEK OF THE END OF THE STABILISATION PERIOD, THE STABILISING MANAGER WILL MAKE PUBLIC WHETHER OR NOT STABILISATION WAS UNDERTAKEN, THE DATE AT WHICH STABILISATION STARTED, THE DATE AT WHICH STABILISATION LAST OCCURRED AND THE PRICE RANGE WITHIN WHICH STABILISATION WAS CARRIED OUT FOR EACH OF THE DAYS DURING WHICH STABILISATION TRANSACTIONS WERE CARRIED OUT. SEE "PLAN OF DISTRIBUTION".

Presentation of Financial Information

Financial Statements

The selected consolidated financial information as of and for the years ended 31 December 2018, 2017 and 2016 has been derived from Marel's audited consolidated financial statements for the financial years ended 31 December 2018, 2017 and 2016 (the "**Annual Consolidated Financial Statements**"), which were audited by KPMG as set forth in their audit report and are available on Marel's website (https://marel.com/investors) and incorporated by reference herein. The audited selected consolidated financial information as of and for the years ended December 2018, 2017 and 2016 have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("**IFRS**"), and additional requirements set forth in Icelandic Act No. 3/2006 on Annual Accounts, as amended (the "**Annual Accounts Act**").

The selected condensed consolidated interim financial information as of and for the three months ended 31 March 2019 has been derived from Marel's unaudited condensed consolidated interim financial statements for the three months ended 31 March 2019 (the "**Quarterly Consolidated Financial Statements**"). The Quarterly Consolidated Financial Statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("**IAS 34**"), have been reviewed by KPMG and, together with the review report prepared by KPMG in connection therewith, are included in "*Quarterly Consolidated Financial Statements*" beginning on page F-1 of this Prospectus.

In 1Q19, Marel adopted certain modifications to the presentation of its Consolidated Statement of Income to bring it in line with recommendations from the European Securities and Market Authority. This resulted in a reclassification of the line item "PPA related costs, including depreciation and amortization" across the line items "Selling and marketing expenses", "Research and development expenses" and "General and administrative expenses". The Consolidated Statement of Income for the three months ended 31 march 2018 included in the unaudited condensed consolidated interim financial statements for the three months ended 31 March 2019 has been restated to give effect to these line item reclassifications. The consolidated statements of income for the years ended 31 December 2018, 2017 and 2016 have been derived from the Annual Consolidated Financial Statements and have not been restated to give effect to these line item reclassifications.

Certain financial information as of and for the years ended 31 December 2015 and 2014 included in this Prospectus have been derived from Marel's audited consolidated financial statements for the financial years ended 31 December 2015 and 2014 and prepared in accordance with IFRS and the Annual Accounts Act and are available on the Company's website (https://marel.com/investors). In addition, certain selected quarterly financial information over the period from 1 January 2014 through 31 December 2018 has been derived from Marel's unaudited condensed consolidated interim financial statements for the corresponding financial periods, were prepared in accordance with IAS 34 but have not been reviewed or audited by KPMG.

In this Prospectus, references to a particular "**Fiscal Year**" or "**FY**" refer to the year ended on 31 December of that year, and references to a particular "**Quarter**" or "**1Q**" refer to the three months ended on 31 March of that year.

The financial information included in this Prospectus was not prepared in accordance with generally accepted accounting principles in the United States ("**US GAAP**"). In certain respects, IFRS differs from US GAAP. Investors should seek their own advice regarding the differences between IFRS and US GAAP. In making an investment decision, prospective investors must rely on their own examination of the information regarding Marel, the terms of the Offering and the financial and other information in this Prospectus.

Operating Segment Reporting

Segment information is presented in respect of Marel's operating segments based on Marel's management and internal reporting structure.

The Company has the following reporting segments: (1) Marel Poultry; (2) Marel Meat; (3) Marel Fish; and (4) Other, which comprises non-core business areas (including the non-animal protein business, such as sales to the dairy, vegetable and pet food processing industries).

Non-IFRS Financial Measures and APMs

This Prospectus contains certain non-IFRS financial measures, which are not recognised measures of liquidity or financial performance under IFRS, and which Marel considers to be alternative performance measures ("**APMs**"). These APMs are prepared in addition to the figures that are prepared in accordance with IFRS. Marel uses APMs to monitor the underlying performance of Marel's business, operations and financial condition and to provide additional information to investors and enhance their understanding of Marel's results. The APMs should be viewed as complementary to, and not a substitute for, the figures determined according to IFRS. Such measures include EBIT, EBIT Margin, Adjusted Result from Operations, Adjusted EBIT, Adjusted EBIT margin, EBITDA, Free Cash Flow, Return on Total Equity, Organic Growth, Net Debt, Leverage, Current Ratio and Quick Ratio.

These non-IFRS financial measures may not be indicative of Marel's historical results, nor are such measures meant to be predictive of Marel's future results. Marel has presented these non-IFRS measures in this Prospectus because Marel considers them to be important supplemental measures of Marel's performance and liquidity, because these and similar measures are seen to be used widely in the food and animal protein processing industries as a means of evaluating a company's operating performance and liquidity. However, not all companies calculate non-IFRS financial measures in the same manner or on a consistent basis. As a result, these measures may not be comparable to measures used by other companies under the same or similar names. Accordingly, undue reliance should not be placed on the non-IFRS financial measures contained in this Prospectus and they should not be considered as a substitute for operating profit, profit for the year, cash flow from operating, investing or financing activities, expenses or financial measures computed in accordance with IFRS.

Each of the non-IFRS financial measures presented as APMs is defined below:

- *EBIT* corresponds to result from operations.
- *EBIT Margin* corresponds to result from operations as a percentage of revenue.
- *Adjusted Result from Operations* and *Adjusted EBIT* correspond to earnings before interest and tax adjusted for (i) in FY16-FY18, Purchase Price Allocation ("**PPA**") related costs, defined as changes in the values allocated to certain acquired assets and liabilities and their estimated useful lives, which could affect the amount or timing of charges to the Consolidated Statement of Income, including depreciation and amortisation, and (ii) in FY14-FY15 adjusted for refocusing costs relating to the "Simpler, Smarter, Faster" restructuring programme, as described under "*Business Description—Global Manufacturing, Sales and Service Network—Manufacturing Sites and Distribution Platform*".
- *Adjusted EBIT margin* corresponds to Adjusted EBIT as a percentage of revenues for the period.
- *EBITDA* corresponds to earnings before interest, tax, depreciation and amortisation.
- *Free Cash Flow* corresponds to cash generated from operating activities less tax and investments (excluding investments in companies).
- *Return on Total Equity* corresponds to net result for the period divided by the average of total equity for the period (calculated as the average of the opening and closing balances for the period).
- *Organic Growth* corresponds to revenue growth adjusted to exclude revenue provided by newly acquired companies for the first twelve months after Marel has gained control.

- *Net Debt* corresponds to the sum of current and non-current borrowings including lease liabilities minus cash and cash equivalents.
- *Leverage* corresponds to Net Debt divided by last-twelve-month ("**LTM**") EBITDA.
- *Current Ratio* corresponds to current assets divided by current liabilities.
- *Quick Ratio* corresponds to current assets minus inventories, divided by current liabilities.

For definitions of the non-IFRS measures, along with quantitative reconciliations to the most directly comparable amounts reported in accordance with IFRS, see "*Selected Consolidated Financial, Operating and Other Information—Other Non-IFRS Metrics*".

Order Book and Orders Received

Marel presents in this Prospectus certain information with respect to its order book and orders received:

- *Orders received* represents the total nominal amount of customer orders for equipment, software, service and spare parts registered by Marel during the relevant period.
- *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.

Order book data is derived from management estimates, is not part of Marel's consolidated financial information or financial accounting records and has not been audited or otherwise reviewed by independent auditors, consultants or experts. Marel's use or computation of this term may not be comparable to the use or computation of similarly titled measures reported by other companies in the animal protein processing equipment industry. This term should not be considered in isolation or as an alternative measure of performance. Marel cannot assure that these assumptions will be correct and undue reliance should not be placed on such information. See also "*—Forward Looking Statements*" for a discussion of the risks related to forward-looking statements.

Enforcement of Civil Liabilities

The ability of shareholders in certain countries other than Iceland, in particular in the United States, to bring an action against the Company may be limited by relevant law. The Company is a public limited company established under Act No. 32/1978, recast as Act No. 2/1995, respecting Public Limited Companies, as amended (the "**Public Limited Companies Act**"), with ID number 620483-0369 in the Register of Enterprises of Iceland and has its registered office in Garðabær, Iceland.

The Lugano Convention on jurisdiction and the recognition and enforcement of judgements in civil and commercial matters (the "**Lugano Convention**") is in force between the European Union and Iceland. The Lugano Convention and protocols 1, 2 and 3 are incorporated into Icelandic law with Act No. 7/2011. Subject to the conditions set forth in the Lugano Convention, it forms the basis on which international jurisdiction of the courts is determined, facilitates recognition of foreign judgements and sets out an expeditious procedure for securing the enforcement of judgements in Iceland.

Iceland, Denmark, Finland, Norway and Sweden have been parties to a convention on the recognition and enforcement of judgements since 1932 and to a convention on the recognition and enforcement of judgements in civil matters since 1977 (the "**Nordic Judgements Conventions**"). The Lugano Convention supersedes the Nordic Judgements Convention, subject to certain exceptions set forth in the Lugano Convention.

Except for Ólafur S Guðmundsson, none of the members of the Board of Directors are citizens or residents of the United States. All or a substantial portion of the assets of these persons are located outside the United States. The assets of Marel are predominantly located outside the United States. As a result, it may be impossible or difficult for investors to effect service of process within the United States upon such persons or Marel or to enforce in US courts a judgement obtained in courts of other jurisdictions against them or Marel or to enforce against them or Marel judgements of U.S. courts predicated upon the civil liability provisions of U.S. federal or state securities laws or otherwise.

The United States and Iceland do not currently have a treaty providing for reciprocal recognition and enforcement of judgements, other than arbitration awards according to the 1958 New York Convention, in civil and commercial matters. Accordingly, a judgement rendered by a court in the United States will not be automatically recognised and enforced by the Icelandic courts. It is a general principle of Icelandic law that foreign judgements do not have legal effect in Iceland unless such effect is provided for in legislation. Because Icelandic law does not provide that judgements rendered by a court in the United State will have specific legal effects in Iceland, such judgements will have limited relevance to the resolution of claims in Icelandic courts. Judgements rendered by a court in the United States can provide guidance on the interpretation of US law to the extent that it governs the subject of the dispute and have probative value as to disputed facts, if the jurisdiction of the US court has been based on grounds which are internationally acceptable, the defendant has been given a reasonable opportunity to defend the claims made and proper legal procedures have been observed and except to the extent that the foreign judgement contravenes Icelandic public policy.

Rounding

Certain figures in this Prospectus, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances (a) the sum or percentage change of such numbers may not conform exactly to the total figure given and (b) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row.

Market Data

This Prospectus contains certain information relating to the food and animal protein processing industries in which Marel operates as well as certain economic and industry data and forecasts used, and statements regarding Marel's market position. This information is based on Marel's analysis of data that has been extracted or derived from third party reports, market research, government and other publicly available information and independent industry publications, as the case may be, including the United States Department of Agriculture (the "**USDA**"), the Food and Agriculture Organisation of the United Nations (the "**FAO**"), Brookings, the Groundfish Forum and Ragnar Tveterås. See "*Market Overview*".

While Marel believes the third party information included herein to be reliable, Marel has not independently verified such third party information, and none of Marel or the Managers makes any representation or warranty as to the accuracy or completeness of such information as set forth in this Prospectus. Marel confirms that any third party information has been accurately reproduced and, as far as Marel is aware and able to ascertain from information available from those publications, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, the accuracy of such third party information is subject to availability and reliability of the data supporting such information and neither the information nor the underlying data has been independently verified. Additionally, the industry publications and other reports referred to above generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed and, in some instances, these reports and publications state expressly that they do not assume liability for such information. Marel cannot therefore make any assurances regarding the accuracy and completeness of such information as it has not independently verified such information.

This Prospectus also contains estimates of market data and information derived therefrom that cannot be gathered from publications by market research institutions or any other independent sources. Such information is prepared by Marel based on third-party sources and Marel's own internal estimates. In many cases there is no publicly available information on such market data, for example from industry associations, public authorities or other organisations and institutions. Marel believes that its estimates of market data and information derived therefrom are helpful in order to give investors a better understanding of the industry in which Marel operates as well as its position within the industry. Although Marel believes that its internal market observations are reliable, such estimates are not reviewed or verified by any external sources.

No Incorporation of Website Information

Neither the contents of Marel's website, nor any other website, form a part of, nor are to be considered incorporated into, this Prospectus.

Forward-Looking Statements

This Prospectus contains forward-looking statements that reflect Marel's intentions, beliefs or current expectations and projections about its future business, results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which it operates. Forward-looking statements involve all matters that are not historical facts. Marel has tried to identify forward-looking statements by using words such as "may", "will", "would", "could", "should", "expects", "intends", "estimates", "anticipates", "recurring", "projects", "believes", "could", "hopes", "seeks", "plans", "aims", "objective", "potential", "goal", "strategy", "target", "continue" and similar expressions or negatives thereof or other variations thereof or comparable terminology or by discussions of strategy that involve risks and uncertainties. Forward-looking statements appear in a number of places in this Prospectus, including, without limitation, in the sections entitled "*Risk Factors*", "*Market Overview*", "*Operating and Financial Review*" and "*Dividends and Dividend Policy*", and include, among other things, statements related to:

- Marel's strategy, outlook and growth prospects;
- Marel's operational and financial targets and dividend policy;
- the revenue expected to be generated by Marel's order book;
- Marel's plans for business acquisitions and plans for integrating existing and future business acquisitions;
- Marel's plans, objectives and timing for future services and customer offerings;
- Marel's expectations as to future growth in demand for its products and services;
- the expected growth and other developments of the food processing industry and in particular with respect to meat, poultry and fish;
- Marel's planned investments and future operational expansion;
- Marel's liquidity, capital resources and capital expenditure;
- general economic trends and trends in the food processing solutions industry; and
- the competitive environment in which Marel operates.

Forward-looking statements are based on Marel's beliefs, assumptions and expectations regarding future events and trends that affect Marel's future performance, taking into account all information currently available to Marel, and are not guarantees of future performance. These beliefs, assumptions and expectations can change as a result of possible events or factors, not all of which are known to Marel or are within its control. If a change occurs, Marel's business, results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies or opportunities may vary materially from those expressed in, or suggested by, these forward-looking statements. In addition, forward-looking estimates and forecasts reproduced in this Prospectus from third party reports could prove to be inaccurate. A number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement as a result of risks and uncertainties facing Marel. Such risks, uncertainties and other important factors include, but are not limited to, those listed in the section of this Prospectus titled "*Risk Factors*".

The following include some but not all of the factors that could cause actual results or events to differ materially from the anticipated results or events:

- failure to continue developing and delivering innovative, technologically advanced solutions to customers;
- deterioration in Marel's long-term customer relationships;
- failure to meet quality requirements, maintain sufficient inventories of spare parts or otherwise timely meet customer demands for service, maintenance or spare parts;
- damage to Marel's reputation or brand, whether caused by design failures, litigation, employee misconduct or error, operational failures, the outcome of regulatory or other investigations or actions, press speculation, negative publicity or any other factors;
- failure to defend against or settle any legal claims against Marel brought by customers, employees, suppliers or any other party;
- failure to continue identifying and implementing successful acquisitions;
- loss of skilled employees or an inability to attract, retain, and motivate skilled employees required for the operation and expansion of Marel's business;

- a protracted decline in investment levels by its customers, whether caused by adverse macroeconomic conditions, trade restrictions or any other factor;
- competition resulting in new or better developed products being offered at more attractive prices, or in products that are more attractive than Marel's products for other reasons (such as a higher degree of functionality or improved ability to avoid production stoppages and downtime or a higher degree of quality control and value chain integration);
- labour cost inflation or work stoppages among its own employees or those of third party suppliers or contractors, whether due to unionisation, collective bargaining agreements or any other factor;
- capacity constraints and supply shortages resulting from ineffective supply chain management;
- malfunctioning or other failures of Innova and/or other embedded Marel software solutions;
- an outbreak or pandemic stemming from H5N1 (avian flu) or BSE (mad cow disease) or any other animal-related disease strains or food borne illnesses;
- adverse currency exchange rate fluctuations;
- default by, or the insolvency of, Marel's customers or suppliers; and
- interruption in production or service capabilities at any of Marel's facilities for any reason.

Should one or more of these risks or uncertainties materialise or should any of the assumptions underlying the above or other factors prove to be incorrect, Marel's future business, results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies or opportunities could differ materially from those described herein as currently anticipated, believed, estimated or expected.

Investors or potential investors should not place undue reliance on the forward-looking statements in this Prospectus. Marel urges investors to read the sections of this Prospectus titled "*Risk Factors*", "*Market Overview*" and "*Operating and Financial Review*" for a more complete discussion of the factors that could affect Marel's future performance and the markets in which it operates. In light of the possible changes to Marel's beliefs, assumptions and expectations, the forward-looking events described in this Prospectus may not occur. Additional risks currently not known to Marel or that Marel has not considered material as of the date of this Prospectus could also cause the forward-looking events discussed in this Prospectus not to occur. Forward-looking statements involve inherent risks and uncertainties and speak only as of the date they are made. Marel undertakes no duty to and will not necessarily update any of the forward-looking statements in light of new information or future events, except to the extent required by applicable law.

REASONS FOR THE OFFER AND USE OF PROCEEDS

Background and Reasons

The Offering and the listing of the Offer Shares on Euronext Amsterdam will expand Marel's shareholder base and enable Marel to access the Dutch and other international capital markets. The Board of Directors considers the Offering and listing of the Offer Shares on Euronext Amsterdam to be a logical step for Marel. The listing is a quality mark and increases the awareness of Marel and its brand. In addition, the Offering will strengthen Marel's capital structure and provide a global currency for acquisitions in support of its growth strategy.

Use of Proceeds

Marel plans to use the proceeds of the Offering for general corporate purposes, to strengthen its capital structure and to fund potential acquisition opportunities in line with Marel's growth strategy.

The gross proceeds from the Offering to be received by the Company will be approximately EUR 331.8 million assuming no exercise of the Over-Allotment Option or EUR 365.0 million if the Over-Allotment Option is exercised in full (in each case assuming that the Offer Price is set at the mid-point of the Offer Price Range).

The Company's last reported sale price of its Shares on Nasdaq Iceland on 27 May 2019 was ISK 571 per Share, or EUR 4.11 based on the official exchange selling rate of EUR/ISK as published by the Central Bank of Iceland as of such date.

The aggregate underwriting commissions, other fees and expenses (including regulatory filing and registration expenses) and amounts to be paid by the Company in connection with the Offering are expected to be up to approximately EUR 17.7 million assuming no exercise of the Over-Allotment Option or EUR 18.8 million if the Over-Allotment Option is exercised in full (in each case assuming that the Offer Price is set at the mid-point of the Offer Price Range).

Responsibility Statements

Marel and the Board of Directors are responsible for the content of this Prospectus. Marel and the Board of Directors hereby declare that, having taken all reasonable care to ensure that such is the case, the information in this Prospectus is, to the best of Marel's and the Board of Directors' knowledge, in accordance with the facts and contains no omission likely to affect its import.

Reykjavík, 28 May 2019

For and on behalf of Marel

/s/ Árni Oddur Þórðarson

Árni Oddur Þórðarson, CEO of Marel

For and on behalf of the Board of Directors

/s/ Ásthildur Otharsdóttir

Ásthildur Margrét Otharsdóttir, Chairman of the Board of Directors

Independent Auditors

The financial statements of Marel for the years ended 31 December 2018, 2017 and 2016, incorporated by reference in this Prospectus, have been audited by KPMG ehf., independent auditors, with identification number 590975-0449, Borgartún 27, Reykjavik, Iceland, as stated in their report appearing therein.

The Quarterly Consolidated Financial Statements have been prepared in accordance with IAS 34, have been reviewed by KPMG and, together with the review report prepared by KPMG in connection therewith, are included in "*Quarterly Consolidated Financial Statements*" beginning on page F-1 of this Prospectus. With respect to the Quarterly Consolidated Financial Statements, KPMG has reported that they applied limited procedures in accordance with professional standards for a review of such information. However, their separate report states that they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

OFFER STATISTICS

Offer Price Range (per Share)[1]	EUR 3.40 to EUR 3.90
Number of the Shares issued	671,007,916
Number of the Shares outstanding[2]	659,881,102
Number of the New Shares to be sold in the Offering[3]	90,909,091
Percentage of the issued share capital expected to be sold in the Offering[3]	13.5%
Maximum number of the Over-Allotment Shares	9,090,909
Estimated gross proceeds of the Offering[4]	EUR 331.8 million
Estimated net proceeds of the Offering[4][5]	EUR 314.1 million
Expected market capitalisation of Marel at the Offer Price[6]	EUR 2,781.0 million

(1) The Offer Price may be set within, above or below the Offer Price Range. To the fullest extent permitted by law, applications received under the Offer are irrevocable and are based on the amount the applicant wishes to invest and not the number of the Shares or the Offer Price. The Offer Price will be set in EUR and will be translated to ISK based on the official exchange selling rate of EUR/ISK as published by the Central Bank of Iceland on the date allocation occurs. It is expected that the pricing statement announcement containing the Offer Price and the number of the Shares which are the subject of the Offer will be published on or about 6 June 2019.

(2) Shares outstanding exclude 11,126,814 Shares held by the Company.

(3) Assumes that the Over-Allotment Option is not exercised.

(4) Assumes that the Offer Price is set at the mid-point of the Offer Price Range and that the Over-Allotment Option is not exercised.

(5) After deduction of commissions and expenses and VAT payable by the Company of EUR 17.7 million.

(6) Calculated based on the number of Shares outstanding and assumes that the Offer Price is set at the mid-point of the Offer Price Range and that the Over-Allotment Option is not exercised.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Subject to acceleration or extension of the timetable for, or withdrawal of, the Offering, the timetable below lists certain expected key dates for the Offering. The Company, together with the Joint Global Coordinators, reserve the right to accelerate or extend the offer period. See "*Terms and Conditions of the Offering*".

Prospectus published, announcement of the Offer Price Range	28 May 2019
Opening of the Offering to institutional investors	(7:00 GMT / 9:00 CEST) 29 May 2019
Opening of the Offering to Retail Investors	(7:00 GMT / 9:00 CEST) 29 May 2019
Closing of the Offering to Icelandic Retail Investors	(15:30 GMT) 5 June 2019
Closing of the Offering to Dutch Retail Investors	(17:30 CEST) 5 June 2019
Closing of the Offering for institutional investors	(11:00 GMT / 13:00 CEST) 6 June 2019
Expected determination of the Offer Price	6 June 2019
Announcement of the Offer Price	6 June 2019
Results of allocations under the Offer notified to investors	6 June 2019
Final date for payment by Icelandic Retail Investors	(21:00 GMT) 7 June 2019
Commencement of conditional trading in the Offer Shares on Euronext Amsterdam	7 June 2019
Payment for and delivery of the Offer Shares to investors (excluding Icelandic Retail Investors)	11 June 2019
Payment of net proceeds to Company	11 June 2019
Delivery of Offer Shares to Icelandic Retail Investors	12 June 2019
Admission to trading and commencement of unconditional trading in the Offer Shares on Euronext Amsterdam expected from	12 June 2019

Conditional trading represents trading on an "as if and when issued/delivered" basis and is conditional on the occurrence of admission to trading of the Offer Shares. In this respect, it should be noted that, if admission of the Offer Shares to trading on Euronext Amsterdam does not occur for any reason, all conditional trading on the respective market will be of no effect and any such dealings will be at the sole risk of the parties concerned. Temporary documents of title will not be issued.

MARKET OVERVIEW

The following section contains forecasts, statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to Marel's business. Marel operates in industries and market segments for which it is difficult to obtain precise industry and market information. Unless otherwise indicated, such information included herein is based on Marel's own analysis of multiple third party sources, including information obtained from clients, independent industry publication and, government and other publically available information and reports.

While Marel believes the third party information included herein to be reliable, Marel has not independently verified such third party information, and none of Marel or the Managers makes any representation or warranty as to the accuracy or completeness of such information as set forth in the following section.

In many cases there is no publicly available information on the market data included herein. In such cases, Marel believes that its internal estimates of market data and information derived therefrom are helpful in order to give investors a better understanding of the industry in which Marel operates as well as its position within the industry. Although Marel believes that its internal market observations are reliable, such estimates are not reviewed or verified by any external sources. See "Presentation of Financial and Other Information—Market Data", "Presentation of Financial and Other Information—Forward-looking Statements" and "Risk Factors".

Market Themes

Marel operates in the market for advanced animal protein processing equipment, systems, software and services. Its customers are primarily global food processing companies who supply meat, poultry and fish based products to consumers, retailers and food service companies. This market is supported by positive secular growth trends driving consumption, including a growing and ageing population, increased urbanisation and a rising middle class.

The global population is expected to grow at an approximate compounded annual growth rate ("**CAGR**") of 0.7% between 2015 and 2050, to reach approximately 10 billion in 2050, with the growth mainly driven by population growth in Asia and Africa, driving increased demand for food[2]. Marel believes that rapid urbanisation is accelerating the dietary transition into commercially processed animal-based foods. In 2050, it is estimated that more than two-thirds of the global population will be living in urban areas, implying a net addition of 2.4 billion people at an approximate CAGR of 1.3% between 2015 and 2050.[3] This urbanisation is expected to increase demand for commercially processed food. In addition, by 2030, the global middle class is estimated to grow by approximately 2 billion people at an implied CAGR of 3.9% between 2015 and 2030.[4] Given that increased protein consumption typically correlates to higher income on an individual level, Marel expects this to lead to an increase in animal protein consumption globally.

Given the demand dynamics described above, there are a number of supply challenges which animal protein processing companies are seeking to address:

- *Sustainability and animal wellbeing* – Driven in part by end consumer preferences as well as regulatory requirements, sustainability in manufacturing is a key part of the value proposition of automated processing systems which allow more efficient use of resources. A lack of arable land and water scarcity are key factors when considering sustainability, both of which have, among other things, been impacted by climate change and over-farming.
- *Waste reduction* – Although the majority of food waste is generated at the level of the end consumer, waste is also a key challenge in the manufacturing process. In particular, animal protein processing results in a high degree of waste in manual processing systems. Automation facilitates a greater degree of accuracy and control which in turn helps to reduce waste and improve production yields.
- *Product quality and affordability* – Meat, poultry and fish based proteins are generally available at more expensive price points compared to other protein alternatives or carbohydrates and fats. A growing global population and middle class across many geographies will likely remain price

[2] FAO, The Future of Food and Agriculture 2017.

[3] FAO, The Future of Food and Agriculture 2017. Urban/rural estimates, and hence projected urbanisation trends, are not based on a uniform definition of urban versus rural populations. Instead, individual countries report their data based on national definitions and no effort has been made to make these estimates comparable across countries or regions.

[4] Brookings, The Unprecedented Expansion of the Global Middle Class 2017; Middle class defined as households with per capita incomes between $11 and $110 per person per day in 2011 purchasing power parity terms.

conscious and thus affordability is expected to remain a key challenge in fulfilling demand. High throughput, low levels of downtime, and a lower total cost of ownership are key for food processors to meet these challenges.

- *Food safety and traceability* – Given historical outbreaks stemming from H5N1 (avian flu) or BSE (mad cow disease), meat, poultry and fish that are processed for consumption are subject to a high degree of scrutiny and food producers are frequently held liable for failures in food controls. Traceability, meaning the ability to trace the food during the manufacturing process, is important from a food safety perspective, but consumers are also seeking to better understand the provenance of products in their purchase decisions, driving increased demand for full traceability throughout the processing value chain.

- *Scarcity of skilled labour* – Increased automation in historically labour intensive manufacturing processes is a key tool to maintain competitiveness in a rising labour cost environment. The food processing industry has historically been labour intensive, and due to the nature of the food processing process, has faced challenges to attract skilled labour. In addition, the challenge to attract skilled personnel makes increasing automation more important and, in certain instances, critical.

Market Description

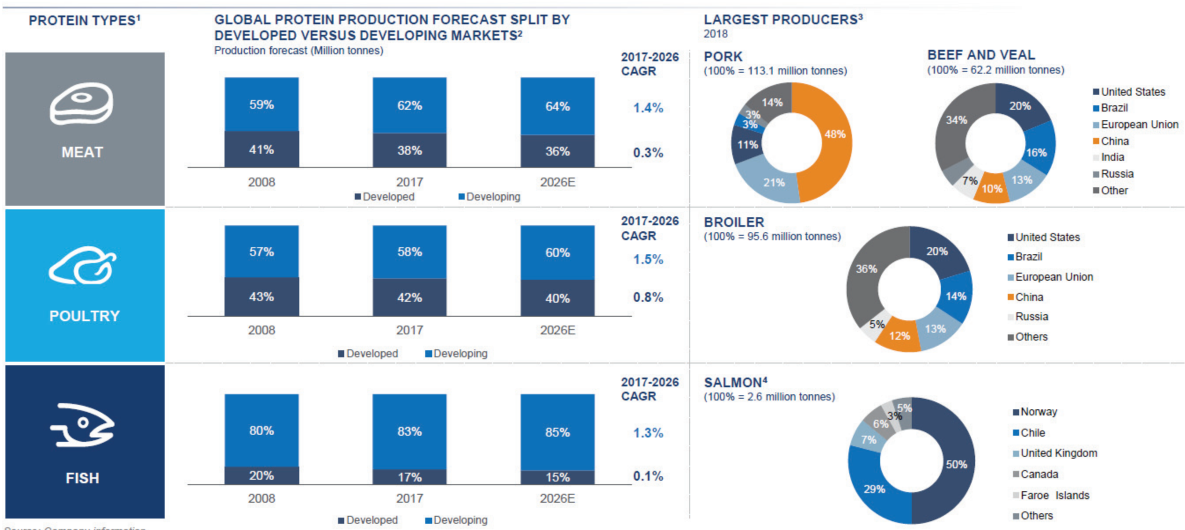
Marel operates in the advanced animal protein processing equipment, systems, software and services market which is driven by the underlying production growth across protein types and geographies. Measured in metric tonnes of annual production, the OECD FAO Agricultural Database forecasts the production of meat, poultry and fish to grow at a CAGR of 0.99%, 1.21%, and 1.08%, respectively, between 2017 and 2026.[5]

The majority of meat, poultry and fish production growth is expected to come from developing markets, according to the OECD. The split between developing and developed markets varies by protein type. In 2017, 62% of red meat (defined here as including beef, veal, pork and sheep), 58% of poultry and 83% of fish was produced in developing markets. The highest growing segment is that for poultry in developing markets, where the OECD forecasts the market (measured in metric tonnes) to grow at a CAGR of 1.5% between 2017 and 2026.

According to estimates from the FAO and the USDA in 2018, the three countries or regions with the largest production of specific protein products were as follows:

- *Pork*: China (48%), Brazil (21%) and the European Union (11%);
- *Beef and veal*: United States (20%), Brazil (16%) and the European Union (13%);
- *Broilers*: United States (20%), Brazil (14%) and the European Union (13%); and
- *Salmon*: Norway (50%), Chile (29%) and the United Kingdom (7%).

The chart below illustrates this and other market information for the periods indicated.



Source: Company information.

Note: ¹Sample species for meat include pork, beef, veal, and sheep; sample species for poultry include broiler, turkey, and duck; sample species for fish include salmon, wild whitefish, and farmed whitefish. ²OECD FAO Agricultural Database, USDA. Meat includes beef and veal, pig-meat and sheep-meat. ³FAO, USDA, Groundfish Forum. ⁴Total salmon.

[5] OECD FAO Agricultural Database, USDA; Meat includes beef and veal, pork and sheep. Meat measured in carcass weight equivalent and poultry measured in ready-to-cook. Data extracted from database 19/03/2019.

Marel currently estimates the total value of meat, poultry and fish protein consumption globally at approximately EUR 1.2 trillion at consumer value. According to Marel estimates, meat accounts for approximately EUR 600 billion, poultry for approximately EUR 400 billion, and fish for approximately EUR 200 billion. Based on management estimates, Marel forecasts the average annual market growth at consumer value of the combined animal protein market until 2026 at approximately 3-4%. Marel expects this growth to be driven by growing underlying production volumes (which it expects to grow annually by 1.0 to 1.2%), ongoing urbanisation driving commercialisation of "backyard farming" and an increased focus on quality and branding of products (with a shift from volume to value).

The key drivers for animal protein production growth at consumer value are expected to be:

- Increasing consumer focus on food safety and quality;
- Higher demand for convenient and nutritious meals;
- Hotel, restaurant and catering outgrowing retail spending; and
- A greater tendency towards branding, implying a shift from volume to value.

Animal protein processors utilise manual and automated systems to manufacture protein based products out of livestock. Marel estimates that the size of the total global market for animal protein processing equipment, systems, software and services is approximately EUR 12 billion currently. Of this estimated approximately EUR 12 billion, Marel estimates meat to account for approximately EUR 6.6 billion, poultry approximately EUR 3.6 billion and fish approximately EUR 1.8 billion.

Marel forecasts the market for animal protein processing equipment, systems, software and service to grow on average by 4-6% annually until 2026, mainly driven by underlying production growth and increased need for automation and value added solutions.

Across protein types, the typical areas where food processing systems are utilised are in:

- Primary processing, including live animal handling, stunning and killing, scalding, de-hairing, evisceration and chilling;
- Secondary processing, including cutting and deboning, weighing, grading, batching, portioning, skinning, derinding and inspection; and
- Further processing, including forming, pumping, marinating, preparing, coating, heating, frying and smoking.

Key trends impacting the advanced animal protein processing equipment, systems, software and services market include automation, food safety and sustainability and digitalisation. The level of process automation in animal protein processing is expected to rise. In developing markets, Marel believes that there are growth opportunities for greenfield projects and modernisation. In the developed markets, despite the existing high level of automation and stable maintenance revenue from the large installed base, Marel expects potential to further improve the level of automation to maximise plant efficiency, uptime, yield and throughput. Food safety and sustainability are other important trends transforming the market. The concept of food safety and traceability is becoming increasingly important to all stakeholders involved in the food industry while sustainability is becoming a societal focus along with rising social awareness, lower water usage and lower utility cost. Additionally, utilisation of data analytics and software control are digitalising the food processing solution markets as data is expected to improve operations through better understanding of the processes and business.

Poultry

Marel estimates that the current market for poultry processing equipment, systems, software, and services is approximately EUR 3.6 billion.

According to the FAO, global production of ready to cook poultry is forecast to grow at a CAGR of 1.2% to reach 132 million tonnes in 2026, compared to 118 million tonnes in 2017. The sample species in poultry are broiler, turkey and duck, with broilers accounting for the vast majority.

Marel believes that automation and smarter processing will remain key growth drivers for the poultry processing industry. As the industry's focus on automation increases, poultry processors are expected to assess and invest in more advanced systems. In addition, food companies around the world are increasingly trying to minimise any loss or damage to their brand value as a result of product recalls and therefore emphasising the importance of reliable traceability to ensure food safety. As the processing lines become more sophisticated, Marel expects an increased demand for SLAs to provide efficient and reliable maintenance. Increased awareness for animal wellbeing is also a factor that Marel believes is likely to continue to have a material impact on the industry in the future.

Meat

The global meat processing equipment, systems, software and services market is the largest market segment of the three segments served by Marel, which Marel estimates is currently valued at approximately EUR 6.6 billion. According to the FAO, global production of meat is forecast to reach 221 million tonnes (carcass weight equivalent) in 2026, implying a CAGR of 1.0% from 203 million tonnes in 2017. The sample species in meat are beef, veal, pork and sheep.

Marel believes that growth in the meat processing equipment, systems, software and services market will continue to be driven by increased focus on automating primary processing of beef in the value chain in order to increase yield, quality and throughput. Feed conversion makes pork the fastest growing type across the different sample meat species. Higher hygiene requirements as well as increased demand for traceability, especially in export driven markets are also factors contributing to growth in meat processing solutions.

Fish

Marel estimates the market for fish processing equipment, systems, software and services to be approximately EUR 1.8 billion currently. According to the FAO, global production of fish is forecast to grow at a CAGR of 1.1% to reach 194 million tonnes in 2026, compared to 176 million tonnes in 2017.

Marel believes that market growth in this segment is likely to continue to be driven by the expansion of the aquaculture segment (including farmed whitefish and farmed salmon) and the overall rise in automation in fish processing around the world, as factories are expected to increase their level of automation as part of their efforts to reduce costs and compensate for a diminishing supply of labour. The fish processing industry is generally less advanced than meat and poultry, which have been large scale industrialised for long periods. In addition, the salmon industry is more advanced than the whitefish industry. Farmed fish is the fastest growing animal protein segment and Marel believes that there are significant opportunities for automation within this segment. Marel also expects that changes in dietary trends will result in an increase in demand for seafood products. Highly automated fish processors are expected to seek further automation through robotics and hands-free processing while an increase in entry-level automation is also expected.

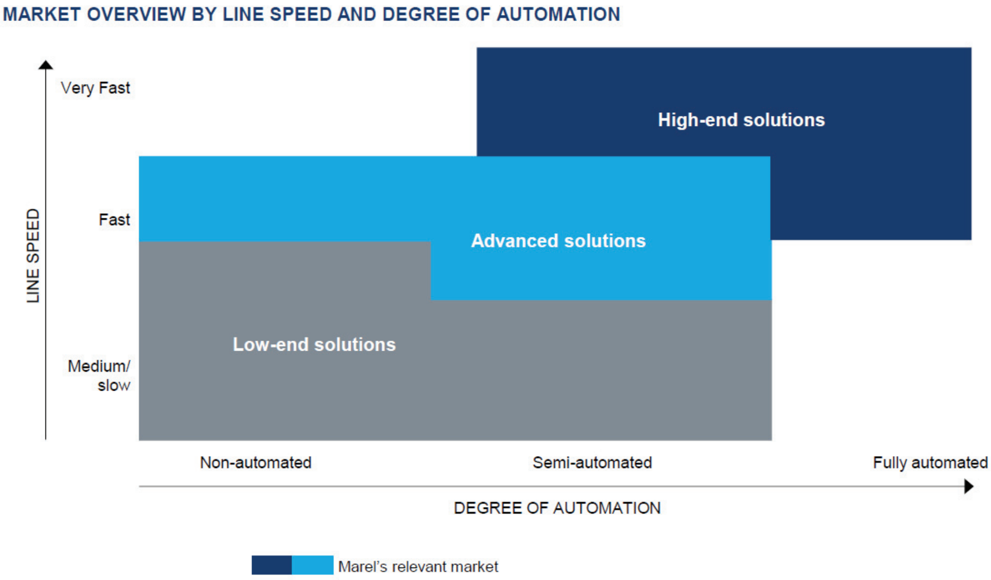
Geographical Trends

Market dynamics affecting animal protein processing solutions vary across Europe, North America and the rest of the world. In developed markets such as Europe and North America, Marel expects positive trends in new equipment, steady trends in additional investments, and highly positive trends in services. In developing countries (including the rest of the world outside Western Europe and North America), growth in demand for new equipment and systems is expected to be positive, while demand for replacements is expected to remain steady and demand for services is expected to grow. Marel's growing installed base is expected to drive higher service revenues.

Market Segmentation and Structure

Marel analyses the market for advanced animal protein processing equipment based on line speed and the overall degree of automation, both of which are key determining factors for animal protein producers' investment decisions regarding new equipment and systems. Viewed in the context of these two key characteristics, Marel identifies three broad equipment categories: high-end, advanced and low-end solutions. High-end solutions are characterised by fast line speeds enabled by partial or complete automation; advanced solutions have fast line speeds with either partial or no automation; and low-end solutions are characterised by slow/medium line speeds and either partial or no automation.

The chart below depicts an overview of the market broken down by line speed and degree of automation.



The high-end and advanced solutions categories represent higher value due to the high level of technology embedded within the equipment. The low-end solution category is typically based on customised designs and is dominated by smaller local players. In addition, the types of processors vary depending on the market, where developed markets are to a higher extent dominated by commercialised processing compared to developing markets, which in turn are more fragmented.

Within the advanced animal protein processing equipment, systems, software and service market, the competitive scope and focus of market participants depend on which stage of the value chain they are serving and the type of animal protein being processed. Solution providers supplying processors within the first step of the value chain, primary processing, are mostly industry specific and tend to focus on a specific type of animal protein. This is due to the highly specialised, application-specific nature of the output and how the main focus of processors is to maximise process flow. In the next steps of the value chain, secondary and further processing, market participants are to a higher extent industry agnostic and may operate across protein types and within adjacent industries. Market participants providing solutions are therefore generally firms which also manufacture machinery and capital goods products, with meat, poultry or fish processing machinery generally being just one category of their overall product portfolio.

Based on the specific market characteristic described above, the animal protein equipment, systems, software and services market is fragmented, both in terms of protein types and in processing steps. However, in recent years there has been a wave of consolidation. For example, Marel has made acquisitions that have contributed to this consolidated trend. Acquisitions allow market incumbents to increase their production capacity and close application gaps, gain access to new technologies, expand their product offerings and distribution networks, enter new markets and reinforce their presence in their existing markets.

Historically a fragmented market, the animal protein processing equipment, systems, software and services market is undergoing both horizontal and vertical consolidation across end markets and processing stages. Each of the three animal protein processing sectors is currently at a different stage of consolidation, thus presenting varying degrees of opportunities. According to Marel's market assessment, poultry is relatively a more consolidated industry, but still has tactical opportunities for further consolidation. Marel believes that there is consolidation within primary meat processing but the secondary meat processing market still remains fragmented. The fish processing market is developing toward full-line solutions. Secondary and further processing are much more fragmented than primary processing, representing a potential for further consolidation.

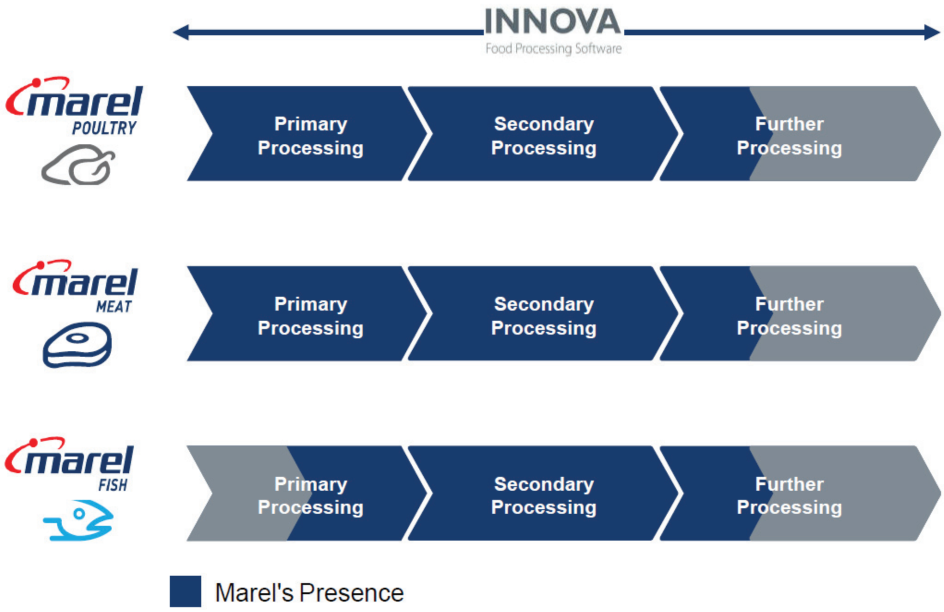
BUSINESS DESCRIPTION

Overview

Marel is a leading global provider of advanced processing equipment, systems, software and services to the poultry, meat and fish industries, with a presence in over 30 countries and six continents and over 6,000 employees. Marel designs, manufactures, sells and services technologically advanced processing solutions ranging from standard equipment to full-line processing systems, with sophisticated software capabilities and services.

Since its incorporation in 1983, Marel has expanded its focus from the Icelandic fish processing sector to become a leading global provider serving processors of animal protein. Through a combination of organic growth and strategic acquisitions, Marel has delivered a strong track record of revenue growth, with an average annual growth rate of 22% during the period from 1992 to 2018. In FY18, revenues reached EUR 1.2 billion, a stark contrast to its revenues of EUR 6 million at the time of listing on the Icelandic stock exchange in 1992.

Marel markets its solutions to multinational, regional and local processors of poultry, meat and fish covering equipment, systems, software and services for primary processing (such as live animal handling, stunning, killing, cleaning and chilling), secondary processing (such as cut-up and deboning, filleting and trimming) and further processing (such as forming, marinating, coating and frying). Together, these cover processes across the animal protein processing value chain, from farm gate until dispatch. The main distribution channels to consumers are retail, food service and restaurants. The table below shows Marel's current presence, including further application opportunities to expand the solutions offering.



Marel organises its business across the following three operating segments:

- *Marel Poultry* – Marel Poultry is a leading global full-line provider of advanced processing equipment, systems, software and services to processors of broilers, turkeys and ducks and has one of the largest installed base worldwide. Marel Poultry believes that it offers the most complete solution range in the poultry industry, covering equipment, systems, software and services for primary processing, secondary processing and further processing. In 1Q19 and FY18, Marel Poultry contributed EUR 174.0 million and EUR 638.2 million in revenues, respectively, or 53.6% and 53.3% of Marel's total revenues for the respective period.
- *Marel Meat* – Marel Meat is a leading global full-line provider of advanced processing equipment, systems, software and services to processors of pork, beef, veal and sheep. In FY16, Marel Meat expanded its presence into the primary processing segment through the acquisition of MPS, which enabled it to become a full-line provider. Its solutions cover equipment, systems, software and services for primary processing, secondary processing and further processing. In 1Q19 and FY18, Marel Meat contributed EUR 100.8 million and EUR 387.0 million in revenues, respectively, or 31.1% and 32.3% of Marel's total revenues for the respective period.

- *Marel Fish* – Marel Fish is a global provider of advanced processing equipment, systems, software and services to the fish industry. It provides solutions for processing whitefish and salmon, both farmed and wild, on-board and on-shore. These include primary processing, secondary processing and further processing solutions, while ensuring that production conforms to quality and food safety standards. Marel Fish is not yet a full-line provider, with opportunities to expand its offerings further in the primary processing sector. In 1Q19 and FY18, Marel Fish contributed EUR 40.6 million and EUR 159.1 million in revenues, or 12.5% and 13.3% of Marel's total revenues for the respective period.

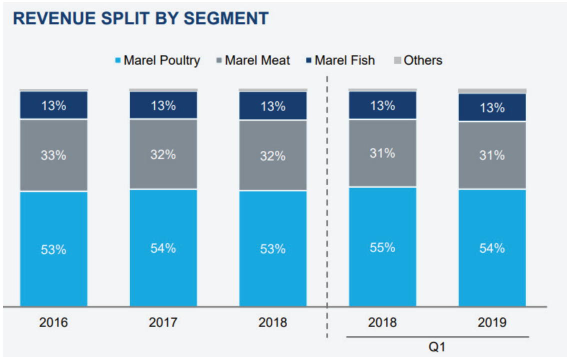
Marel places a strong emphasis on innovation with the aim of addressing customer needs and creating value for its customers through the development of solutions that generate improved yield and throughput as well as ensuring quality, safety and sustainability of production and animal wellbeing. Marel believes that its diversified business model allows it to leverage synergies and efficiencies across its operating segments through transfer of technologies and increased scale. This includes supporting software applications such as Marel's centralised operating platform, Innova, which can be installed alongside Marel equipment and systems at customers' facilities. Innova provides state-of-the-art device and process control, data analytics, monitoring and traceability, enabling users to collect and analyse data on their process and solutions.

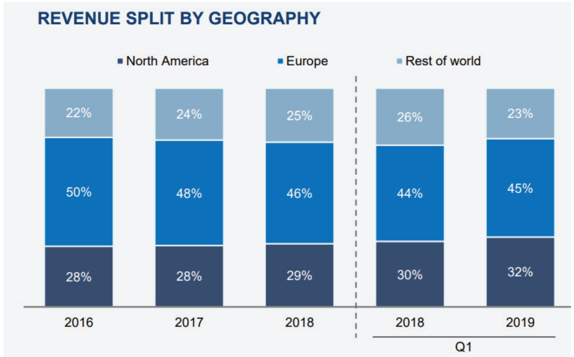
In FY18, Marel invested 6.2% of its revenues in Research and development expenses ("**Innovation**"). Marel strongly believes that the ability to develop innovative solutions strengthens its position toward customers and establishes Marel as a leading global provider of advanced animal protein processing equipment, systems, software and services. Marel has a strong track record of innovation with over 320 patent families with approximately 2,500 patent registrations securing its technological leadership position, having introduced over 50 new products to the market in the past three years. As at 31 December 2018, Marel had more than 850 FTEs dedicated to innovation globally, with four product focused innovation centres in Iceland, Denmark, the Netherlands and the United States. With more than 2,000 Innova installations worldwide, Marel releases software updates regularly to keep pace with technological progress. This enables customers to improve their operations by enhancing systems integration, device and process control and real-time monitoring and traceability of throughput and yield. The ability to offer innovative solutions that respond directly to its customers' operational needs and objectives is important to grow organically faster than expected market growth in the period 2017-2026.

Marel's vision is a world where quality food is produced sustainably and affordably. Marel believes it is well placed to help transform the way animal protein is processed in partnership with its customers to address the expected growing demand for animal protein, automated processing and increased consumer demands around food safety, quality and animal wellbeing.

Marel's revenues are well balanced geographically, consisting of a diversified mix of (i) Equipment revenues (comprising revenues from greenfield and large projects, standard equipment and modernisation equipment) and (ii) Aftermarket revenues (comprising maintenance, service and spare parts), which accounted for 65% and 35% of Marel's revenues in FY18, respectively. The standard equipment and modular portfolio are the building blocks for greenfields and large projects and in some cases the entry point for new customers. The installed base is large and growing, driving customers' demand for maintenance, service and spare parts.

The chart below shows revenue information for the periods indicated:





On a consolidated basis, Marel's revenues and net profit were EUR 324.6 million and EUR 32.2 million for 1Q19 and EUR 1,197.9 million and EUR 122.5 million for FY18, respectively. Marel's EBIT margin was 13.8% for 1Q19 and 13.4% for FY18, while Marel's Adjusted EBIT margin was 14.6% for 1Q19 and 14.6% for FY18. Marel's Free Cash Flow amounted to EUR 44.0 million in 1Q19 and EUR 120.6 million in FY18. Marel's earnings per share ("**EPS**") amounted to 4.85 euro cents in 1Q19 and 17.95 euro cents in FY18. As at 31 March 2019, Marel had an order book of EUR 474.7 million, representing 38.5% of Marel's last-twelve-month ("**LTM**") revenues.

Competitive Strengths

Marel believes it benefits from the following key competitive strengths:

Attractive end-markets, supported by secular growth trends

Marel focuses on the meat, poultry and fish markets, which Marel currently estimates to have a value of approximately EUR 1,200 billion at the consumer level. Marel expects the global animal protein market at the consumer level to grow at 3-4% annually on average until 2026 as a result of a growing global population, intensifying urbanisation and rising middle class. By 2050, the Food and Agriculture Organisation of the United Nations (the "**FAO**") estimates a global population of approximately 10 billion, with correspondingly higher demand for food, especially from Asia and Africa. Over this same period, the FAO estimates that 2.4 billion people will move into urban areas, which is expected to increase demand for commercially processed food.[6] By 2030, it is estimated that up to 2 billion additional people will be part of the middle class, which is expected to drive increased protein consumption as it typically correlates with higher income.[7]

Marel's customers serve this growing demand for animal protein by processing poultry, meat and fish for human consumption using Marel's equipment, systems, software and services. Marel currently estimates the size of the global market for animal protein processing equipment, systems, software and services to be approximately EUR 12 billion, of which the poultry, meat and fish processing markets represent approximately EUR 3.6, 6.6 and 1.8 billion, respectively. Marel expects the animal protein processing industry to grow by 4-6% annually on average from 2017 until 2026 mainly driven by underlying production growth and increased need for automation, throughput, yield and digitalisation. Marel targets revenue growth that exceeds the expected market growth rate by prioritising Innovation investments, increased market penetration and strategic acquisitions.

In addition, increased consumer and regulatory focus on sustainability, food safety and traceability, nutrition, health and wellness and animal wellbeing are expected to be supporting growth drivers. With its global presence, industry expertise and market-leading technology, Marel believes it is well-positioned to grow faster than the market organically.

Leading global full-line solutions provider with market-leading technology driven by commitment to customers and innovation

As a pure-play provider of advanced equipment, systems, software and services serving the poultry, meat and fish industries, Marel offers a one-stop shop for customers with seamless integration and increased

6 FAO, *The Future of Food and Agriculture – Trends and Challenges* (2017), online at http://www.fao.org/3/a-i6583e.pdf.

7 Brookings, *The Unprecedented Expansion of the Global Middle Class* (2017), online at https://www.brookings.edu/wp-content/uploads/2017/02/global_20170228_global-middle-class.pdf.

efficiency across primary, secondary and further processing. Marel's full-line offering provides a strong competitive advantage as it is able to leverage resources, expertise and technology across industries.

Marel offers a variety of solutions ranging from standalone equipment and individual systems to full production lines with integrated software. Marel's products are standardised and modularised and thus require less engineering work and are easier to manufacture and service than bespoke equipment and systems. Marel's equipment and systems are controlled and integrated with Innova, Marel's unique, overarching software platform, which offers customers traceability and monitoring capabilities that ensure product quality and safety and operational optimisation. With over 2,000 installations world-wide, Innova ranges from simple device control modules to processing solutions, including real-time monitoring of KPIs such as yield, throughput, quality, capacity and labour efficiency that enable customers to make more informed operational decisions.

Marel is strategically focused on maintaining technological leadership within the industry to secure its competitive advantage and support organic growth. Marel invested EUR 73.7 million in Innovation in FY18, in line with its target to invest approximately 6% of annual revenues in Innovation. As at 31 December 2018, Marel had over 850 FTEs located in nine countries dedicated to innovation. Working in partnership with key customers, Marel has introduced over 50 new products to the market in the past three years, and actively works to grow and protect its intellectual property, including a portfolio of 320 patent families with approximately 2,500 patent registrations that secures its technological leadership position.

Large and diversified global customer base, with long-term customer relationships driving balanced revenue growth

Marel has a large, diversified global customer base, which includes some of the world's leading poultry, meat and fish processors, and ranges from large international leaders to local processors in over 140 countries world-wide. In FY18, Marel's top 10 customers by revenues accounted for less than 20% of revenues with the single largest customer accounting for less than 5%. Marel also benefits from a high customer retention rate, and its list of top customers has remained fairly consistent in the past.

Marel's long-term customer relationships lead to a resilient business model and a balanced revenue profile. A typical ten-year revenue profile from a long-term customer comprises an initial greenfield or large project investment followed by additional investments in capacity expansion or further processing capabilities, and maintenance, service and spare parts, each accounting for approximately one-third of the revenue profile.

Marel's installed base grows as the business grows, due to equipment installed in new sites and due to additional equipment installed in existing sites. In FY18, orders from existing customers for new sites, together with orders from new customers, amounted to approximately 25% of orders received for equipment, indicating healthy growth in Marel's installed base. In addition, Marel's installed base generates Aftermarket revenues from maintenance, service and spare parts, which accounted for 35% of Marel's total revenues in FY18. Service is critical throughout the lifecycle of Marel's equipment and systems to optimise performance and minimise downtime costs for customers.

Marel expects that it will benefit from further revenue opportunities as its installed base continues to grow. Revenue growth is likely to be generated from existing sites through additional equipment sales and recurring service and spare parts revenues, which Marel believes will result in strong customer loyalty and recurring business.

Global sales and service network supporting well-established manufacturing platform with scale benefits

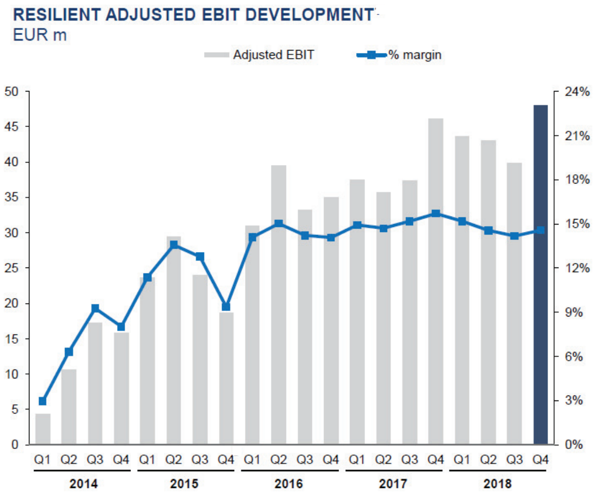
Marel has established a strong sales and service presence in over 30 countries across six continents, supplemented by additional agent networks in countries with less presence, supported by a global manufacturing platform. Marel believes that this expansive network ensures proximity and support for its customers located in over 140 countries. In addition to its innovation specialists, Marel employs a global sales workforce of over 650 FTEs and a global service workforce of over 1,350 FTEs, including more than 830 service engineers.

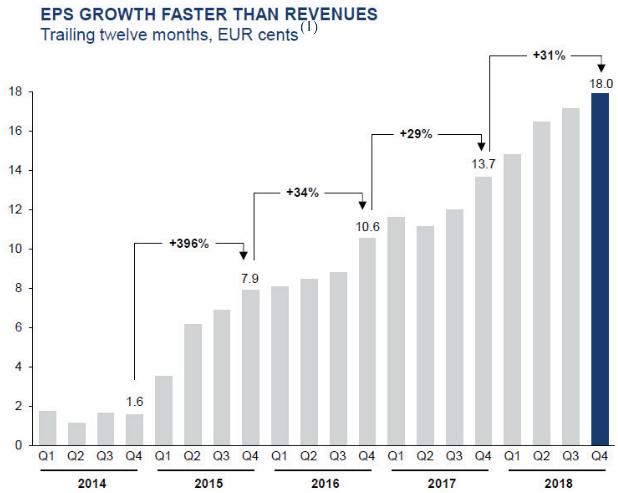
Marel operates 13 manufacturing sites. Marel aims to strategically optimise manufacturing and assembly through the implementation of a co-location strategy so the company can achieve optimised efficiency in production and logistics. Marel's scale enables high levels of investment in product and software development, which in turn enable Marel to further strengthen its competitive position through product improvement and innovations.

Experienced management team with a track record of strong financial results and shareholder returns

Marel is led by an experienced management team with extensive experience within the broad food processing sector and a proven track record of delivering strong results and executing large projects and strategic acquisitions. As at 31 March 2019, the members of the Marel management team averaged over 17 years of industry-related experience and have been key to the Company's recent success.

Marel has delivered a CAGR of 22% in terms of revenue growth since its listing on Nasdaq Iceland in 1992 through to 2018 through a combination of organic revenue growth and successfully integrated acquisitions. In addition, the Marel management team has delivered strong operational improvement. The "Simpler, Smarter, Faster" restructuring programme implemented in FY14-15 delivered significant Adjusted EBIT margin improvements (adjusted for the refocusing costs associated with the restructuring programme) from 6.8% in FY14 to 11.8% in FY15 and from 11.8% in FY15 to 14.4% in FY16 (corresponding to EBIT margin improvements from 4.1% in FY14 to 10.0% in FY15 and from 10.0% in FY15 to 11.8% in FY16). This contributed to EPS growing faster than revenues in the last five financial years and delivering value for its shareholders, as shown below.





Note:

(1) EPS is presented below on a cumulative twelve-month basis for the years ended 31 December 2014-2018.

In FY17 and FY18, Marel's Adjusted EBIT margin was 15.2% and 14.6%, respectively (corresponding to EBIT margins of 13.5% and 13.4%, respectively). In FY18, revenues were a record EUR 1.2 billion, an increase of 15.4% from the previous year, of which 12.5% was attributable to Organic Growth. The Board of Directors proposed a dividend of 5.57 euro cents per share for FY18, corresponding to 30% of profits for the year and in line with Marel's dividend policy to distribute 20-40% of net profits through dividends or share buybacks.

Marel also generated strong Free Cash Flow, defined as cash generated from operating activities less tax and investments, which amounted to EUR 44.0 million in 1Q19 and EUR 120.6 million in FY18, supporting a Leverage ratio of 2.0x in FY18. Marel benefits from negative working capital as its customers typically fund a significant part of their orders upfront, which positively impacts Marel's cash requirements and its ability to continue to invest in the business.

Strategy

Marel targets 12% average annual revenue growth in the period 2017-2026, with organic annual revenue growth targeted in excess of the expected 4-6% market growth rate, facilitated by Innovation investments and increased market penetration, and targeted inorganic annual revenue growth of 5-7% through acquisitions. Marel's strategy revolves around the following key pillars:

Accelerate full-line offering through continuous product development

Marel takes a customer-centric approach to ensure that its equipment, systems, software and services meet the needs of its customers. By focusing on further improving modularisation and standardisation of its equipment and systems, Marel aims to increase efficiency and synergies available across industries. Standardised full-line offerings simplify service provision and enable optimal performance and reduced downtime for customers. Marel Poultry is the most advanced industry within Marel with a full-line offering on a standardised and modular basis and Marel is targeting revenue growth through continuous product development. Marel Meat is now a full-line provider following the acquisitions of MPS, Sulmaq and MAJA and Marel's targeting improving standardisation and modularisation, as well as up-selling and cross-selling to meet customers' continuing need for greater automation, to drive margin expansion in the medium term. Marel Fish has further application opportunities, particularly within primary processing, and Marel Fish is targeting to become a full-line provider. Marel Fish has in recent years taken important steps to improve standardisation and modularisation and strengthen project execution which has positively impacted margins in FY17 and FY18, and Marel is targeting further enhancements to standardisation and modularisation to support margin expansion in the medium term.

In the poultry, meat and fish industries, Marel intends to strengthen its product offering and address application opportunities through continuous product development, strategic acquisitions and partnerships.

Capitalise on strong innovation investment to drive growth and market penetration

Innovation is one of Marel's top priorities. Marel targets investment of approximately 6% of its annual revenues in Innovation to facilitate further product development and improvements. In FY18, Marel launched over 15 new products, expanding its product offering and solidifying its position as a market leader.

Marel intends to continue to work in collaboration with its customers, business partners and leading educational institutions in combining equipment with process knowledge, service and data analytics for smart processing and predictive service, minimising downtime in its customers' production process and better support for customers. For example, Marel has been developing a network of technology partners who work collaboratively to improve the latest machine control and vision system technologies. In addition, Marel has been working with leading universities and research institutes, which has created additional intellectual property for Marel.

Expand installed base and long-term client relationships

Marel intends to focus on further expanding its installed base and long-term customer relationships to benefit from additional revenue opportunities from expansion and modernisation projects as well as recurring service and spare parts. Marel aims to be a reliable maintenance partner, offering proactive and responsive customer support throughout the product life-cycle.

In support of its strategy, Marel aims to continue to improve its global service and maintenance network to have universal reach and to provide best-in-class service in proximity to its customers. Marel plans to continue investing in the people, facilities and technologies comprising its service and maintenance network to sustain current business and support future growth.

Achieve further growth through strategic acquisitions based on a clear M&A strategy

Marel's history is characterised by strategic acquisitions which have gradually expanded Marel's addressable market. The acquisition of Scanvaegt in 2006 strengthened Marel's position in secondary processing. In 2008, Marel completed the acquisition of Stork Food System to establish a strong foothold in the poultry market as Stork Food Systems had a very strong position in primary processing and some presence in further processing as well. Moreover, the acquisition of MPS in 2016 expanded Marel's primary processing offerings, enabling Marel Meat to become a full-line provider. The acquisition of Sulmaq in 2017 improved Marel's foothold in the rapidly growing meat market in South and Central America, and the MAJA acquisition enabled Marel to strengthen its technological leadership, market position and scale, particularly in skinning and portioning.

Marel intends to focus on completing the integration of recent and future strategic acquisitions to realise the benefits of cross-selling, internal benchmarking and synergies. Its "One Marel" approach emphasises integrating acquired companies under the Marel brand to deliver on the strategy of being a full line supplier with standard building blocks and a seamless flow through processing lines.

Marel intends to make strategic acquisitions where opportunities arise for addressing application opportunities, enhancing its product offering and value proposition to customers and leveraging its installed base to cross-sell and increase Aftermarket revenues. Marel intends to continue to assess further opportunities for strategic acquisitions focusing on quality companies based on a clear set of objectives and criteria, including strengthening its product portfolio and full-line offering, reinforcing its market presence and furthering market penetration by building customer relationships and creating value by aligning vision, strategy and culture.

Financial Targets

Marel has identified the following financial targets:

- *Revenue growth*: Marel targets 12% average annual revenue growth in the period 2017-2026, through market penetration and innovation, complemented by strategic partnerships and acquisitions. Marel expects 4-6% average annual market growth and aims to grow organically faster than the market, driven by innovation and increasing market penetration. Marel targets solid operational performance and strong cash flow to support 5-7% revenue growth on average through strategic acquisitions.
- *Earnings per share*: Marel expects its EPS to grow faster than revenues, resulting in profitable growth.
- *Leverage*: Marel targets a leverage ratio (calculated as Net Debt divided by LTM EBITDA) of between 2.0 to 3.0.

Marel's ability to achieve these financial targets is subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond its control. These financial targets have been developed based upon assumptions with respect to future business decisions and conditions that are subject to change. As a result, actual results may vary from the financial targets set forth above, and those variations may be material. Many of these business, economic and competitive uncertainties and contingencies are described in "*Risk Factors*" and "*Presentation of Financial and Other Information—Forward-Looking Statements*". Marel does not undertake to publish updates as to its progress towards achieving any of the above targets or to reflect the occurrence of unanticipated events or circumstances.

History

Marel originated as a research project at the University of Iceland in 1977 with the aim of improving yield and efficiency in the fish processing industry and was incorporated in 1983. The Company listed on Nasdaq Iceland in 1992. Since listing, Marel has continued to gradually expand its focus market to become a leading global provider of advanced processing equipment, systems, software and services to the poultry, meat and fish industries from farm gate to dispatch. Through a combination of organic growth and strategic acquisitions, Marel transformed from a company with 45 employees and EUR 6 million in revenues at the time of its listing to the largest company on Nasdaq Iceland with a market capitalisation of ISK 340 billion (EUR 2.5 billion) as at 31 March 2019. As of that date, Marel had approximately 2,500 shareholders who were predominantly based in Iceland.

Throughout its history, Marel has made a number of strategic acquisitions to expand its business, close application gaps in its value chain and complement its existing product portfolio, enabling it to become a leading global provider of advanced equipment, systems, software and services to the poultry, meat and fish industries.

Marel's key strategic acquisitions include:

- *Carnitech (1997)*: In April 1997, Marel acquired Carnitech, a Danish company with a strong market position in the fish processing equipment industry, for EUR 9 million. The Carnitech acquisition was a key strategic acquisition for Marel Fish, enabling it to further expand its market presence and become a leading provider of advanced processing equipment, systems and services to the fish industry.
- *Scanvaegt* (*2006*): In August 2006, Marel acquired Scanvaegt International ("**Scanvaegt**"), a Danish provider of food processing equipment, systems and services, for a price equivalent to EUR 109.2 million. This acquisition significantly increased Marel's service presence in Southern Europe and South America and strengthened its market position in the secondary processing sector.
- *Stork* (*2008*): In May 2008, Marel acquired Stork Food Systems ("**Stork**"), a leading provider of food processing solutions for the poultry, meat and dairy processing industries based in the Netherlands for EUR 415 million. The acquisition of Stork expanded Marel's presence into the primary processing sector of the poultry industry as well as the further processing sector of the poultry, meat and fish industries, thereby enabling Marel to become a leading global provider of advanced solutions. The Stork acquisition represented a major milestone in Marel's history, enabling it to more than double its revenues at the time.

- *MPS* (*2016*): Meat Processing Systems ("**MPS**") is a leading provider of primary processing, waste water treatment and food logistics solutions for the pork and beef industries based in the Netherlands, which Marel acquired for a purchase price of EUR 382 million in 2016. The MPS acquisition enabled Marel Meat to further close application gaps in the primary processing sector and become a full-line provider to the meat industry.
- *Sulmaq* (*2017*): Sulmaq ("**Sulmaq**") is a Brazil-based provider of complete slaughtering and deboning solutions for hog, cattle and sheep processors. This acquisition, for which Marel paid a purchase price equivalent to EUR 26.0 million, allowed Marel to gain further foothold in the rapidly growing markets of South and Central America and to get access to the talent pool in those markets, and to further enhance Marel's full-line offering in the meat processing industry.
- *MAJA* (*2018*): MAJA ("**MAJA**") is a Germany-based innovative manufacturer of food processing equipment, systems and services, specialising in skinning and portioning with a focus on the meat market as well as ice machines for the preservation of fresh food. Marel believes this acquisition will support Marel's future growth by strengthening Marel Meat's secondary processing offering and expanding its market presence. Marel paid a purchase price of EUR 35 million. The acquisition is expected to have a positive effect on EPS in FY19.

Business

Product Categories

Marel is a leading global provider of advanced processing equipment, systems, software and services to the poultry, meat and fish industries. Across its three operating segments, Marel's product offering spans the entire animal protein processing value chain, covering solutions for primary, secondary and further processing, from farm gate until dispatch.

- *Primary processing*: Within the primary processing sector, Marel offers equipment, systems, software and services for live animal handling, stunning, killing, scalding/dehairing, cleaning (including defeathering, washing and desliming), evisceration, chilling, transportation and other steps necessary to prepare raw animal protein for secondary processing;
- *Secondary processing*: Within the secondary processing sector, Marel offers equipment, systems, software and services for cutup and deboning, filleting, batching, weighing and grading, skinning/derinding, portioning, and inspection equipment (which uses the latest x-ray technology), labelling, case ready food services and other solutions to prepare raw animal protein for further processing.
- *Further processing*: Within the further processing sector, Marel offers equipment, systems, software and services for meat preparation, forming, pumping, marinating, preparing, coating, frying, sausage production, injection, baking and other steps necessary to prepare for distribution.

Marel aims to be a full-line provider across all three animal protein segments. Marel Poultry and Marel Meat are full-line providers, covering primary, secondary and further processing, with further opportunities to strengthen the product portfolio and expand their processing solutions within further processing. Marel Fish is a provider of secondary and further processing solutions, with opportunities to further expand its offerings, especially in primary processing solutions with the aim of becoming a full-line provider.

Customer cycle

Marel's business model relies on its building long-term customer relationships which allow it to benefit from additional revenue opportunities as such relationships mature. Once a piece of Marel equipment or system is operational at a customer's facility, Marel has opportunities to up-sell or cross-sell further equipment or systems and to offer services as the customer seeks to increase its capacity and efficiency or otherwise expand its operations into other stages of the animal protein processing value chain. In addition, Marel benefits from aftermarket business opportunities as its customers look to service and maintain their Marel equipment and systems.

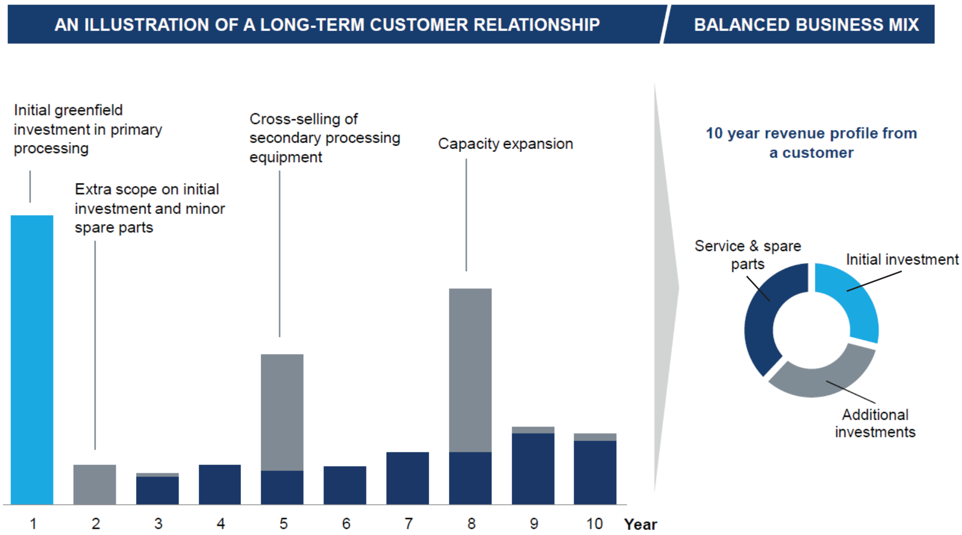
A typical Marel customer cycle comprises the following phases:

- *Initial Investment* – A typical Marel customer relationship begins with an initial investment in a greenfield or large project or piece of standard equipment, frequently within the primary processing sector. Within this phase, there may be opportunities for up-selling and cross-selling of additional equipment, systems, software and services.

- *Expansion/Additional Investment* – Following the initial investment phase, Marel has opportunities to sell additional equipment, systems, software and services as the customer seeks to increase capacity and efficiency. In addition, customers frequently expand into secondary and/or further processing within 3-5 years from the initial investment phase, creating further cross-selling opportunities for Marel's secondary or further processing solutions.

- *Aftermarket* – Marel's advanced equipment and systems are subject to maintenance and service requirements to keep them in a safe and usable condition and to limit the risk of operational failure and downtime. This covers both proactive maintenance under service level agreements ("**SLAs**") as well as maintenance in response to ad hoc service requests, and provides Marel with Aftermarket revenues throughout the duration of the customer relationship. See "*Operating and Financial Review—Key Factors Affecting Marel's Results of Operations and Financial Condition—Size of Installed Base and Industry Mix*".

The following chart sets out an illustration of a revenue cycle over a long-term Marel customer relationship.



Operating Segments

Marel Poultry

Marel Poultry is a full-line provider of advanced processing equipment, systems, software and services to processors of broilers, turkeys and ducks and has one of the largest installed base worldwide. Marel Poultry believes that it offers the most complete solution range in the poultry industry, covering the entire poultry processing value chain and serving a broad range of multinational, regional and local processors. In 1Q19 and FY18, Marel Poultry contributed EUR 174.0 million and EUR 638.2 million in revenues, respectively, or 53.6% and 53.3% of Marel's total revenues for the respective period. EBIT and EBIT margin for the segment were EUR 30.6 million and 17.6% for 1Q19 and EUR 117.2 million and 18.4% for FY18, respectively.

Solutions

Marel Poultry's solutions range from standalone equipment to full-line processing systems and services with capacities from 500 birds per hour ("**bph**") to up to 15,000 bph, which is the highest processing line capacity in the market. It offers advanced technologies that can be modularised for a wide range of processing plant types and to accommodate regional and cultural requirements. Marel Poultry offers a modular approach under which nearly all modules of the production process can be applied on an individualised basis according to each customer's preferences and needs and can then be further scaled up in speed and/or performance without needing to replace all modules. This modular approach is critical to Marel Poultry's profitability. See "*Operating and Financial Review—Key Factors Affecting Marel's Results of Operations and Financial Condition—Industry Mix*".

Marel Poultry's solutions cover the following sectors:

- *Primary Processing* – Marel Poultry provides a range of equipment, systems, software and services for primary processing, including, for example, live bird handling, stunning, killing, cleaning (including scalding, defeathering and washing), evisceration and chilling solutions.
- *Secondary Processing* – Marel Poultry provides a range of equipment, systems, software and services for secondary processing, including, for example, cutup and deboning, skinning, filleting, weighing, grading, batching, portioning and inspection solutions.
- *Further Processing* – Marel Poultry provides a range of equipment, systems, software and services for further processing, including, for example, meat preparation, forming, pumping, marinating, coating, frying and baking solutions.

Recent product innovations include Atlas (a market-leading live bird handling system), breast and thigh deboning equipment, Q-Wing (an automated wing harvester), an improved version of RoboBatcher (featuring specialised grippers for filets, drumsticks and whole wings) and Helix Drum technology that makes portioning more reliable.

Aftermarket Offering

Marel Poultry provides aftermarket maintenance, service and spare parts for its installed base, which is one of the largest worldwide. Marel Poultry provides continuous proactive service and maintenance under SLAs as well as service in response to ad hoc service orders. This service includes retrofitting, refurbishment, calibration and consulting services such as process auditing and training programmes for operators and maintenance staff. Marel Poultry's focus on customer service helps it to maintain strong customer relationships and to gather information about its customers' requirements and strategies to foster continuing product development. As innovative new solutions are developed by Marel's innovation team, Marel Poultry's engineers often collaborate with customers to introduce automated and robotised systems into their facilities to improve efficiency.

Strategic Objectives

There are a number of technological, economic and social trends that represent significant opportunities for Marel Poultry's future growth. The general scarcity of skilled labour and upward pressure on wages, combined with a push from retailers to reduce costs, drives food processors' demand for increased yield and throughput. Marel Poultry can serve this demand by increasing the level of automation and digitalisation in the equipment, systems and software it provides. In addition, as Marel Poultry's customers' processing lines become longer and more sophisticated, demand for SLAs is expected to increase, positively impacting Marel Poultry's Aftermarket revenues. At the same time, as new standards of animal wellbeing gain widespread acceptance among end consumers, there is greater demand for further technological advances in processing equipment and systems that can achieve these standards.

To capture these growth opportunities, Marel Poultry's strategic objectives are to:

- continue to increase its strong world-wide presence;
- introduce new technologies that increase automation and digitalisation and prioritise animal wellbeing;
- promote upselling of secondary and further processing equipment to primary processing customers; and
- focus on rolling out innovative products and reducing execution risk.

Marel Meat

Marel Meat is a leading global provider of advanced processing equipment, systems, software and services to processors of pork, beef, veal and sheep. In FY16, Marel Meat expanded its presence into the primary processing segment through the acquisition of MPS, which has enabled it to become a full-line provider. In 1Q19 and FY18, Marel Meat contributed EUR 100.8 million and EUR 387.0 million in revenues, respectively, or 31.1% and 32.3% of Marel's total revenues for the respective period. Adjusted EBIT and Adjusted EBIT margin for the segment were EUR 12.7 million and 12.6% for 1Q19 and EUR 43.8 million and 11.3% for FY18, respectively, corresponding to EBIT and EBIT margin of EUR 10.1 million and 10.0% for 1Q19 and EUR 29.5 million and 7.6% for FY18, respectively.

Solutions

As a full-line provider, Marel Meat's solutions include standalone equipment to full-line processing systems and services. For processors who specialise in high volume processing of a specific species or animal part, Marel Meat offers precision-tuned equipment and systems that enable processors to increase throughput and yield. For processors specialising in a diversity of species and animal parts, Marel Meat offers flexible, agile solutions that enable processors to overcome abnormalities and other variations in their raw material. The acquisition of MPS in FY16 enabled Marel to expand its range of solutions and the operational integration of MPS has been progressing well. Marel Meat also works with customers throughout the value chain to scale up and optimise their operations.

Marel Meat's solutions cover the following sectors:

- *Primary Processing* – Marel Meat provides a range of equipment, systems, software and services for primary processing, including, for example, stunning, bleeding, scalding/dehairing, evisceration, chilling and transportation that prioritise animal wellbeing and hygiene.
- *Secondary Processing* – Marel Meat provides a range of equipment, systems, software and services for secondary processing, including, for example, cutting and deboning, skinning/derinding, inspection, weighing, grading, portioning, batching and labelling solutions and case ready food services.
- *Further Processing* – Marel Meat provides a range of equipment, systems, software and services for further processing, including, for example, further meat preparation, forming, pumping, marinating, coating, frying and baking, sausage production and injection solutions.

Recent product innovations developed in partnership with Marel Meat's customers include the M-Line Robot (providing higher yield when splitting raw protein), the SensorX Accuro and SensorX Magna inspection systems, the DeboFlex leg handling system (for cutting and deboning pork fore-ends and legs), the Frank-a-Matic linker (improving consistency in weight and length of cellulose and collagen cased products) and the V-Cut 160 and V-Cut 200 for precision volumetric portioning.

<u>Aftermarket Offering</u>

Marel Meat provides its customers with aftermarket service, maintenance and spare parts to support their ongoing needs and requirements. Marel Meat provides continuous proactive service under SLAs as well as service in response to ad hoc service orders. This service includes retrofitting, refurbishment, calibration and technological and consultancy advice to improve the performance of Marel's equipment and systems. Marel Meat's customer service focus also helps Marel Meat maintain strong customer relationships and provides it with ongoing access to information about its customers' requirements and strategies to foster continuing product development. Marel Meat's customer service focus also helps Marel Meat maintain strong customer relationships and provides it with ongoing access to information about its customers' requirements and strategies to foster continuing product development.

<u>Strategic Objectives</u>

Operational challenges faced by processors of meat represent growth opportunities for Marel Meat. The general scarcity of skilled labour and upward pressure on wages, combined with a push from retailers to reduce costs, drives food processors' demand for increased yield and throughput. Marel Meat can serve this demand by increasing the level of automation and digitalisation in the equipment, systems and software it provides. Another cost driver is the relative feed conversion rate of cattle and pigs. Pork processing is a faster growing industry than beef processing due to more favorable feed conversion rates of pork compared to beef. Meat processors also demand value-adding equipment that facilitates efficient, flexible responses to abnormalities and other variation in the livestock and raw protein that they process. Especially in export driven markets and those with stricter food safety regulations, this demand is coupled with a need for monitoring and traceability to ensure the highest standards of hygiene and safety.

To capture these growth opportunities, Marel Meat's strategic objectives are to:

- shift from volume to value, focusing on developing flexible and cost efficient solutions to meet the rapidly changing demands of Marel's customers;
- introduce new technologies to increase standardisation and modularisation;
- promote upselling of secondary and further processing equipment to primary processing customers; and
- improve profitability by increasing standardisation and modularisation and efficiency of innovation, procurement, manufacturing and distribution processes.

Marel Fish

Marel Fish is a global provider of advanced equipment, systems, software and services to the fish industry. It provides solutions for processing whitefish and salmon, both farmed and wild, on-board and on-shore, resulting in a balanced mix of revenues from both species. In 1Q19 and FY18, Marel Fish contributed EUR 40.6 million and EUR 159.1 million in revenues, or 12.5% and 13.3% of Marel's total revenues for the respective period. EBIT and EBIT margin for the segment were EUR 3.0 million and 7.4% for 1Q19 and EUR 12.6 million and 7.9% for FY18, respectively.

Solutions

Marel Fish provides a strong portfolio of standard equipment, systems and software reflecting over 40 years' experience in the fish processing business. These products are aimed at reducing processing time and increasing automation and food safety for customers of all sizes. Marel Fish is close to being a full-line provider for salmon processors and is not yet a full-line provider for whitefish, with opportunities to expand its offerings in the primary processing sector.

Marel Fish's solutions cover the following sectors:

- *Primary Processing* – Marel Fish provides a range of equipment, systems, software and services for primary processing, including, for example, whole fish grading, cleaning (including washing and desliming), deheading and chilling.
- *Secondary Processing* – Marel Fish provides a range of equipment, systems, software and services for secondary processing, including, for example, filleting, skinning, pinbone removal, portioning, weighing and grading, batching and inspection solutions.
- *Further Processing* – Marel Fish provides a range of equipment, systems, software and services for further processing, including, for example, forming, pumping, marinating, preparing, coating, frying and baking solutions that enhance the taste and texture of fish.

Recent product innovations include the FlexiTrim and FlexiCut machines for bone removal and portioning and the Checkbin Grader (which is designed for highly accurate net weight grading and packing). The FlexiCut can now also be installed on board fishing vessels, enabling fishing companies to reduce the number of employees on board or increase the level of product specialisation achieved by the vessel.

Aftermarket Offering

Marel Fish provides aftermarket service, maintenance and spare parts supporting its installed base. Marel Fish works in partnership with fish processors to help them predict and address equipment issues before they result in operational downtime. Marel Fish provides continuous proactive service under SLAs as well as service in response to ad hoc service orders. This service includes a customer support centre providing remote telephonic support to customers, inspection visits by certified engineers, calibration, preventative maintenance and process consulting. Marel Fish's customer service focus also helps Marel Fish maintain strong customer relationships and provides it with ongoing access to information about its customers' requirements and strategies to foster continuing product development.

Strategic Objectives

Variation in processing methods and prices across fish species impacts the growth opportunities available to Marel Fish. Currently, salmon processing is highly automated relative to the processing of farmed whitefish species such as tilapia and carp. Moreover, the high price of salmon makes salmon processors more willing to invest in advanced solutions to preserve the quality of filets while increasing yield and throughput. Similarly, processors of wild whitefish demand agile equipment and systems that optimise yield and value. Whereas in the past Marel Fish sold a significant amount of custom-made solutions, its focus going forward is targeted on standardised solutions. Marel expects that processors of farmed whitefish will transition to more automated processing systems as the cost of labour continues to rise, and Marel already has applications that can be applied to that sub-segment.

To capture these growth opportunities, Marel Fish's strategic objectives are to:

- accelerate its transition to being a full-line provider by seizing opportunities to expand primary processing offerings;
- enable fish processors to generate value through better utilisation of raw material, maximisation of throughput and better quality and process control;
- continue taking an active role in realising the vision of data-driven food safety in the fish industry; and
- maintain technology leadership through continuous innovation and the incorporation of robotics, analytics and software.

Supporting solutions

In addition to the above-mentioned sector-specific solutions and aftermarket offerings, Marel offers a wide range of solutions across sectors to ensure optimal factory-wide integration and operations. These include the following.

Innova processing software and other software solutions

Innova is Marel's advanced, overarching food production software platform which can be installed alongside Marel equipment and systems at the customer's option to control, monitor and improve their operations. Innova provides state-of-the-art device and process control, data analytics, monitoring and improved traceability, enabling users to collect and analyse data on their processing equipment at the level of components, machines, systems and factories. It collects and collates data, allowing customers to improve performance and enhance productivity while providing traceability from reception to dispatch. Integrated with hardware to enable controlling, monitoring and operating multiple devices as a single system, Innova ranges from simple device control modules to total processing solutions, which include real-time monitoring of KPIs such as yield, throughput, quality, capacity and labour efficiency.

Using Innova, customers are able to identify inefficiencies and thereby make more informed operational decisions, which can improve throughput, quality and yield. Innova also enables customers to meet changing industry and regulatory demands for animal wellbeing, traceability and quality by providing a direct traceability line between the slaughtered animal and the end customer. Customers who install Innova report reduced processing times and increased regulatory compliance rates as a result. Innova is designed to optimise production using Marel's advanced equipment and systems but can also be integrated into and increase the efficiency of third-party equipment. Certain Innova production control modules can also be sold on a standalone basis, independent from equipment. As at 31 March 2019, Marel had over 2,000 Innova installations worldwide with 4 out of top 5 poultry producers, 3 out of top 5 meat producers, 8 out of top 10 whitefish producers and all top 10 salmon producers in the world in 2017 (according to salmonbusiness.com) having already installed Innova.

In addition to the Innova platform, Marel provides a wide range of embedded software applications in its equipment and systems that may or may not be integrated with Innova, depending on customers' needs. Embedded software improves device functionality (through image recognition or portioning optimisation, for example), creating value for food processors.

Water treatment solutions

Marel offers primary, secondary and tertiary treatments for food processing wastewater, which include solutions for discharge to sewer, discharge to surface, re-use/recycle and sludge treatment, which businesses were acquired by Marel as part of the MPS acquisition in 2016. Marel's extensive range of equipment includes, mechanical, physical and physical-chemical pre-treatment and biological systems designed to meet environmental demands and regulatory requirements.

Customers

Marel's customer base includes the world's leading food processors, and ranges from multinational companies to regional and local processors of animal protein. These customers have different business focuses, such as retail, food service, bulk and specialised secondary processing, which often require Marel to provide operational flexibility to meet a variety of customer needs.

The customer base is well balanced geographically, covering over 140 countries across six continents, and drives a balanced revenue mix, with no single customer accounting for more than 5% of annual revenues in FY18.

Marel Poultry's customers include Atria, Baiada, Cedrob, CostCo, Foster Farms, Sanderson Farms, Wiesenhof and others. Among Marel Meat's customers are Bigard, SuKarne, Danish Crown, Foyle, Smithfield, Kepak, Shanghui and others. Marel Fish's customers include Visir, Morrisons, Trident Seafoods, SalMar, Icelandic Group, Norway Seafoods, Esselunda and others.

Competition

All of Marel's operating segments serve highly competitive markets. Marel believes that it is able to compete through its diversified business model which allows it to leverage synergies and efficiencies across its operating segments through the transfer of technologies and solutions. Whereas Marel is a leading global provider of advanced processing equipment, systems, software and services covering the entire animal protein processing value chain, it competes with numerous multinational, regional and local processing equipment providers of various sizes and cost structures.

The primary processing sector is relatively concentrated, with Marel competing with a small number of key global participants in each segment focused on serving animal protein processing. Within primary processing, Marel Poultry competes among others with Meyn Food Processing Technology B.V. ("**Meyn**"), Marel Meat competes among others with Frontmatec Group ApS ("**Frontmatec**") and Marel Fish competes among others with Baader GmbH & Co.KG ("**Baader**").

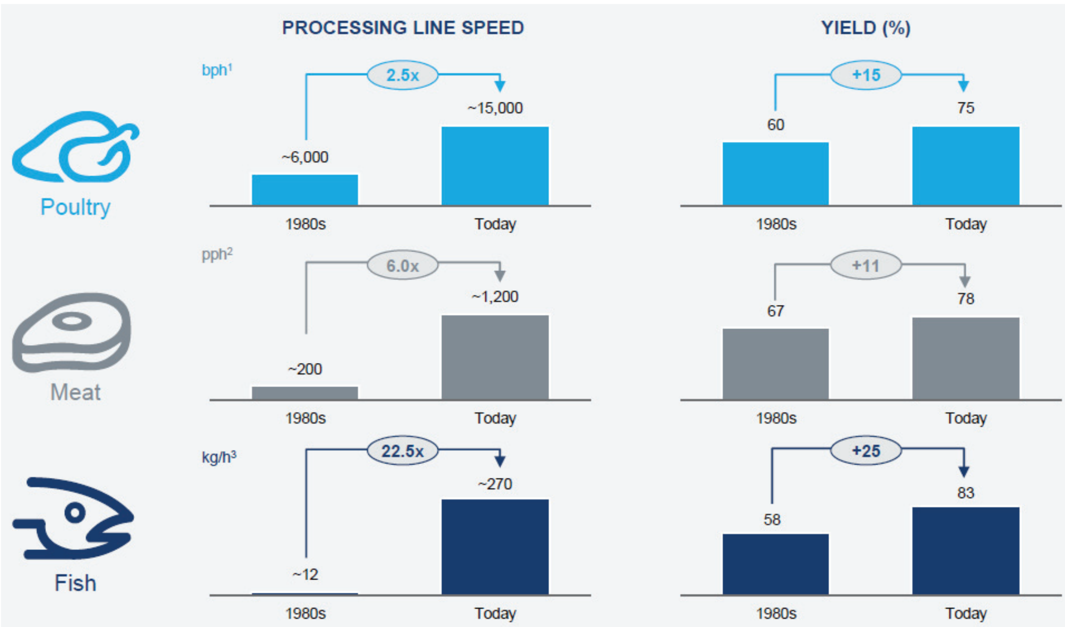
The secondary and further processing segments are highly fragmented and Marel faces strong competition. However, only a limited number of competitors are international full-line providers across primary, secondary and further processing. There are also a number of regional and local food processing equipment suppliers, but only a limited number of competitors are covering a significant part of the value chain. In addition, Marel competes within secondary and further processing with large-scale industry-agnostic providers of industrial equipment.

Innovation

Marel places a strong emphasis on innovation with the aim of improving value for its customers through the development of solutions generating improved yield and throughput through automation, process control and standardisation, as well as ensuring the quality, safety and sustainability of production. Innovation is also essential to meet ever stricter standards of traceability and animal wellbeing. Marel strongly believes that the ability to develop innovative solutions provides a competitive advantage and entrenches Marel as a leading global provider of advanced animal protein processing equipment, systems, software and services. In FY18, Marel invested 6.2% of its revenues in Innovation (5.6% in 2017, 6.5% in 2016). Marel has established a strong track record of innovation with a total of 320 patent families with approximately 2,500 patent registrations in its portfolio. Marel launched 15 new products in 2018 alone and over 50 new products in the past three years.

As at 31 December 2018, Marel had over 850 FTEs dedicated to innovation globally, with four dedicated innovation facilities located, respectively, in Iceland, Denmark, the Netherlands and the United States.

With its commitment to innovation, Marel has improved yield and level of automation and increased food safety and traceability while reducing waste. For example, Marel's processing line speed for poultry, meat and fish has increased significantly, as shown below.



Note:
(1) Birds per hour.
(2) Pigs per hour.
(3) Kilograms per hour.

In addition, innovation helps sustain and improve product life-cycles. Extending product life-cycles increases the installed base, which in turn generates greater Aftermarket revenues from maintenance, service and spare parts.

In support of its innovation strategy, Marel aims to continue to invest approximately 6% of its annual revenues in Innovation. This commitment is facilitated by Marel's strong cash flows.

Marel's research and development strategy is centred around three areas of prioritised focus for innovation:

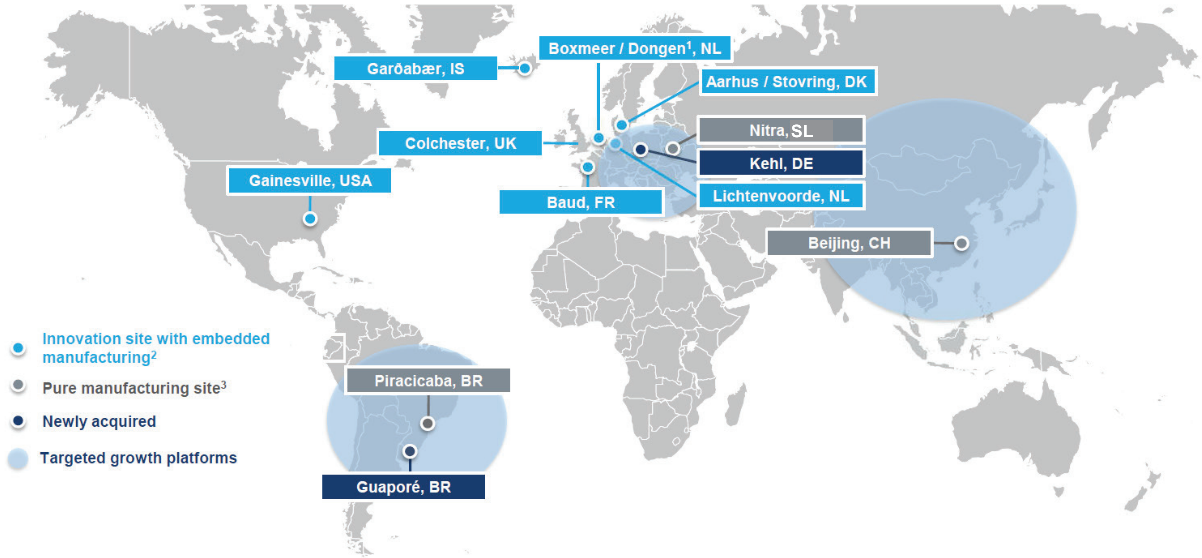
- *New product development* – Creating new products for new and existing markets, with the objective of capturing growth opportunities and increasing Marel's market share.
- *Sustaining the business* – Creating line extensions and product upgrades to sustain and improve the product life cycle while increasing standardisation and modularisation to maximise product benefits and capture synergies between industries.
- *Technical platforms* – Creating common core technologies for Marel systems and equipment and continuing investment in the Innova processing software platform. See "—*Supporting Solutions—Innova processing software and other software solutions*".

Global Manufacturing, Sales and Service Network

Marel operates a global manufacturing, sales and service network spanning more than 30 countries around the world.

Manufacturing Sites and Distribution Platform

Marel operates a global manufacturing platform which enables it to respond to production requirements from its global customer base. The following map depicts Marel's global presence:



Company information. Note: 1 Counted as one manufacturing site. 2 Mother site location. 3 Co-location

As at 31 March 2019, Marel had a total of 13 manufacturing sites for equipment and spare parts across the globe, including locations in Iceland, the United Kingdom, the United States, Slovakia, China, Brazil, the Netherlands, Denmark, Germany and France. In addition to manufacturing, these sites also warehouse inventory and handle delivery logistics for finished equipment and systems. Over 2,000 highly skilled employees work in these manufacturing sites, manufacturing and assembling both component parts and finished equipment. Component parts manufactured by Marel may be combined with components sourced from third-party suppliers to create a finished piece of equipment, or they may serve as spare parts to be installed in customers' facilities by service and maintenance engineers. Marel has inventory control guidelines for all sites in place, specifying how inventory counts are executed and how inventory risk is managed.

In addition, four of these sites in the Netherlands, Denmark and the United States serve a dual function as combined manufacturing and distribution centres for spare parts, strategically positioned across northern Europe and the United States to support Marel's extensive service network and installed base in these and adjacent regions. These distribution centres source spare parts from third-party suppliers, as well from Marel's manufacturing centres, and store them to sell to customers both directly and through regional sales offices.

Marel's manufacturing facilities are essential to its innovation, which is focused on both standardisation and developing new technologies to improve the efficiency and quality of finished equipment. Engineers on the factory floor collaborate with Marel's innovation teams to develop prototypes and optimise and create better solutions more efficiently.

In 2014, Marel launched the "Simpler, Smarter, Faster" refocusing programme with the aim of increasing profitability by simplifying and streamlining operations. As part of this two-year programme, non-core business units were sold or discontinued and the number of Marel's manufacturing sites was reduced from 19 in 2014 to nine at the end of 2015. Some of the changes were executed in order to support the rationalisation of Marel's production portfolio, while other manufacturing functions were transferred to existing facilities as part of a consolidation of Marel's manufacturing platform into a few multi-industry sites. By refocusing the product portfolio, optimising the manufacturing footprint and investing in the business, Marel successfully increased revenues by approximately 25% in two years while reducing FTEs.

In addition, in FY18 Marel started to implement a "mother site plus co-location" strategy under which all products produced by Marel have a designated home, or mother site. The mother site is responsible for product life cycle management and how the product is manufactured. Co-location sites are focused on scale manufacturing, producing large volumes in a cost-effective manner, resulting in improved lead-times, reduced assembly hours, reduced risks associated with demand peaks and disruptions and lower costs. The aim is to enhance the scalability and cost efficiency of Marel's manufacturing platform to support growth and increase operational flexibility.

The success of this strategy depends partly on the standardisation of manufacturing processes across facilities, which enables global scalability of improvements and innovations. Based on projected demand for animal protein and existing opportunities to standardise and scale up production, Marel anticipates that the co-location will facilitate future growth primarily at its manufacturing sites in Brazil, Slovakia and China over the medium-term.

The following table provides additional information about Marel's manufacturing facilities and distribution centres:

Location	Function	Percentage of manufacturing space owned by Marel[1]
Boxmeer/Dongen, The Netherlands	Manufacturing and Distribution	62%
Lichtenvoorde, The Netherlands	Manufacturing and Distribution	82%
Aarhus, Denmark	Manufacturing and Distribution	100%
Gainesville, United States	Manufacturing and Distribution	63%
Gardabear, Iceland	Manufacturing	100%
Stovring, Denmark	Manufacturing	68%
Colchester, United Kingdom	Manufacturing	0%
Nitra, Slovakia	Manufacturing	91%
Bejing, China	Manufacturing	100%
Piracicaba, Brazil	Manufacturing	0%
Guaporé, Brazil	Manufacturing	100%
Baud, France	Manufacturing	100%
Kehl, Germany	Manufacturing	100%

Note:
(1) The percentage of manufacturing space not owned by Marel is leased by Marel.

Marel partners with third-party logistics providers to coordinate shipping and delivery of Marel's equipment and systems to its customers. It relies on a wide range of logistics providers and has no particular concentration risk.

Sales and Service

Marel has an extensive sales and service network with a presence in over 30 countries and six continents. Within this global network, Marel employed over 650 sales FTEs and 1,350 service FTEs as at 31 December 2018. Marel's sales and service network is designed to enable Marel to stay close to its customers and provide high quality, consistent and continuous service. Furthermore, by working in close collaboration with Marel's service and maintenance engineers, the sales and marketing team can take on an advisory role, helping customers expand their operations up the value chain. By increasing the focus on SLAs, the sales and service teams can increase the renewal rates of such contracts. For example, Marel achieved a renewal rate of over 85% on European and North American service contracts in FY18, largely in line with renewal rates during the prior two financial years.

<u>Sales Network</u>

In addition to monitoring and responding to the needs of its existing customers, Marel's sales team actively targets new customers. Each year Marel participates in over 40 trade exhibitions around the globe where the latest innovative systems and technologies for the fish, meat, poultry and further processing industries are presented. In addition, Marel hosts its own trade shows in Progress Point in Copenhagen, holding ShowHows annually for the meat and fish industries and biannually for the poultry industry. Marel also operates three demonstration facilities in Boxmeer, the Netherlands, Lenexa, Kansas, and Des Moines, Iowa. These facilities offer a hands-on environment where customers can see how Marel innovations can improve their food production, develop employee expertise and bring positive operational outcomes.

Marel also uses its website and social media (including the Marel YouTube channel, LinkdIn and Twitter) to market its offerings. In FY18 over 1,200 business leads were generated by the website and over 85,000 brochures were downloaded, largely in line with FY17. In addition to social media Marel is planning to launch webinars and other virtual on-demand events to educate customers about its equipment, systems, software and services.

To increase its customer reach, Marel's sales and service network is supplemented by over 100 associated agents and distributors who act independently from Marel and typically earn a commission based on sales. While the vast majority of sales are made by Marel, agent relationships help Marel expand its installed base and establish its presence in underserved markets. Marel is currently in the process of strengthening its sales and service network on a regional level to strengthen its connection with customers.

<u>Service and Maintenance Network</u>

Marel's service and maintenance teams provide both preventative service under SLAs and ad hoc service to customers. Service and maintenance teams serve customers locally, providing on-site technical expertise backed by Marel's global wealth of competence in animal protein processing solutions. In FY18, Marel serviced 5,500 customer accounts by conducting 15,000 visits in more than 100 countries, compared to 5,360 customer accounts serviced in FY17.

Marel's service engineers use ServiceMax, a global field service management platform that enables them to coordinate schedules and projects and deliver regular service reports. Since this platform was launched in 2016, response times have shortened, on-time performance has improved and productivity in the field has shown steady improvement. In April 2018 Marel launched a survey tool to solicit customer feedback, based on the Net Promoter Score method. This survey is now a standard part of Marel's post-service processes, enabling Marel to improve service delivery in direct response to customer feedback. Additionally, Marel is currently developing a predictive maintenance service offering better serve customers by addressing potential issues before they result in operational downtime.

Suppliers

Marel has a wide range of suppliers across geographies. In FY18, Marel's ten largest suppliers by spend accounted for approximately 14% of Marel's total supplier spend. Its main suppliers provide raw materials (primarily stainless steel) and spare parts to support its manufacturing operations and aftermarket offerings, particularly the manufacture, sale and installation of spare parts.

Marel's procurement department is responsible for managing Marel's supply chains and relationships with its broad base of suppliers. The procurement department is composed of several category teams that each focus on a particular category of supplies, such as certain kinds of spare parts, stainless steel and other raw materials. Each category team is responsible for defining a procurement strategy for its category in line with the Group procurement strategy, balancing total sourcing cost against quality and incorporating technology as available to rationalise purchasing and shipping costs. Suppliers are selected, vetted and approved in a controlled process in close collaboration with Marel's quality assurance team. Once a supplier has been contracted, its performance is closely monitored using KPIs such as lead time, on-time delivery and time to remedy defective shipments. Working with suppliers to improve performance is a continuous process, and targets are realigned annually. The procurement department is also actively involved from the start of new product development, partnering with Marel's innovation teams and third-party technology providers to create buying strategies and risk mitigation plans on a component-by-component basis.

In FY18, Marel focused on standardising and streamlining its supplier relationships. By aligning processes across innovation, manufacturing and procurement, Marel has sought to standardise the format of its relationships with its suppliers and the components and materials they provide. Marel also took steps to reduce the total number of suppliers, shifting to an emphasis on deeper partnerships with key suppliers while maintaining a diversified supply base for each component and material. These recent efforts are expected to result in fewer, larger orders of supplies, with a corresponding reduction in transaction costs.

Employees and Pensions

Marel employs more than 6,000 FTEs globally, averaging 4,599, 4,912 and 5,794 FTEs in FY16, FY17 and FY18, respectively. To deal with seasonal fluctuations in order processing and other variations in project loads, Marel employs a number of temporary workers. In FY18, the ratio of full-time temporary workers to Marel's total workforce for the period was 8.8%.

The following table shows by geography the number of Marel's average FTEs for FY18.

Geography	Average FTEs
The Netherlands	1,874
The U.S	711
Iceland	697
Denmark	602
Brazil	599
Other countries	1,311
Group total	**5,794**

In FY18, Marel employed over 2,000 manufacturing FTEs, 1,350 service and maintenance FTEs, over 850 FTEs dedicated to innovation and 650 sales FTEs.

In the periods under review, the steady growth in the average number of FTEs per year, combined with temporary workers and outsourcing when necessary, has enabled Marel to improve its operations and customer relations while managing its staff costs. For further discussion, see "*Operating and Financial Review—Key Factors Affecting Marel's Results of Operations and Financial Condition—Labour Costs*".

Some Marel employees in Europe are unionised, mainly manufacturing personnel. For example, Marel employees in the Netherlands, Denmark and Iceland participate in a multi-employer union plan, which is determined in accordance with the collective bargaining agreements effective for the industry in which Marel operates. Marel has not experienced any major strikes during FY16-1Q19.

As a result of Marel's talent search and acquisition efforts, Marel's FTE base increased by approximately 440 employees in FY18, with approximately 1,000 new hires in total. Once it has made a hire, Marel focuses on retaining talented employees. Active learning and career development programmes groom candidates for leadership positions, and Marel's remuneration policy is designed to attract, motivate and retain exceptional employees. In FY18, Marel's employee turnover rate fell to 11.8%, compared to 12.2% and 13.7% in FY17 and FY16, respectively.

Marel maintains various pension plans covering the majority of its employees. Marel's pension costs for FY18 were EUR 25.0 million, which included defined contribution plans as well as a pension plan based on multi-employer union plan.

Marel is committed to respecting the right of all employees to freedom of association and collective bargaining without discrimination, as established in the International Conventions adopted by the International Labour Organisation, Freedom of Association and Protection of the Right to Organise Convention (C. 87), and the Right to Organise and Collective Bargaining Convention (C.98). Marel ensures that all of it employees and those of its business partners directly associated with Marel's services, products and operations can exercise these rights.

Health, Safety and Environment

Providing a healthy and safe working environment for all employees, contractors and visitors working in its facilities is a top priority for Marel. Marel's manufacturing and distribution facilities and service and maintenance personnel use industrial machinery to produce, assemble the parts of and maintain and service its processing systems. Employees interacting with such machinery face a risk of injury, and may incur long-term medical costs as a result of other aspects of the work environment, which injury or costs could result in legal liability or increased personnel costs for Marel. To address these risks, Marel has implemented a global health, safety and environment ("**HSE**") policy. Local management of all Marel entities is responsible for ensuring that local processes and procedures are in compliance with Marel's HSE policy and local occupational safety laws and regulations in the jurisdictions where Marel operates. In addition, Marel has a dedicated global HSE team, which monitors compliance with its HSE policy facilitates improvements.

In the periods under review, Marel's employees have had zero accidents with fatalities or severe injuries. Over the same time period, both the total number of accidents and the number of serious accidents resulting in absence from work have declined. Marel aims to maintain these positive trends into the future to ensure the health, wellbeing and productivity of its workforce.

Intellectual Property

Marel seeks to protect and enhance its proprietary intellectual property rights through patent, copyright, trademark, and trade secret laws, as well as through technological safeguards and operating policies and procedures designed and implemented by its intellectual property team. As at 31 March 2019, Marel owned over 320 patent families with approximately 2,500 patent registrations in different countries relating to key technologies associated with industry-specific product clusters. Marel has agreements in place with its innovation personnel and its university partners to ensure that Marel owns the rights to the results of those collaborations. Marel aims to file at least one patent for every product that it brings to market, to further entrench its technological edge over competitors.

Marel also relies upon unpatented proprietary expertise, continuing technological process innovations and other trade secrets to develop and maintain its competitive position. Marel also owns a number of domain names for itself and its subsidiaries.

As at 31 March 2019, Marel had in excess of 200 trademark registrations worldwide. These trademarks primarily relate to Marel's brand name and logo as well as certain other trademarks on Marel's products and services. Among Marel's key trademarks are the Marel brand name, Stork Poultry Processing, Townsend Further Processing, MAJA, Sulmaq, FleXicut, SensorX and RevoPortioner.

Information Technology

Marel uses a suite of applications to manage reporting requirements, client relationships, and business analytics. In addition, Marel operates integrated information technology systems across its global network. Marel believes that an appropriate information technology structure across its network is important to support its future growth.

In order to further integrate processes across Marel's locations and operating segments, Marel centralises data in cloud-based applications as much as possible and utilises an outsourced data centre when necessary. Other critical operations such as backup and restore are also outsourced to reliable third party suppliers.

Marel is implementing a company-wide operating system that integrates Marel's own application platforms with those of industry-leading IT service providers to support transactions, manage customer relationships and sale analytics, automate financial reporting, safeguard employee data and coordinate communication and innovation within the company. Key IT service providers used by Marel include: Amazon Web Services (for cloud computing, database storage and analytics); Oracle (for global financial consolidation and reporting and global collaboration in innovation); Salesforce (for customer relationship management); ServiceMax (for global service management processes); Workday HRM (for global HR processes and employee data); SAP (for global supply chain management, processing financial transactions and financial reporting) and Microsoft's suite of applications for cloud-based collaboration, business intelligence, management and security.

Insurance

Marel has obtained liability (including product and professional liability), directors' and officers' liability, property damage and business interruption, marine mounting and other insurance coverage to the extent it believes it is prudent in order to operate its business, including, where required, stand-alone local policies relating to employee and automobile insurance matters. Marel believes the types and amounts of insurance coverage it maintains are consistent with industry standards and are sufficient to meet its needs in light of potential current and future operations and future litigation and claims asserted against it. Marel regularly reviews its insurance programme together with its insurance broker. Marel cannot guarantee, however, that it will not incur losses beyond the limits or outside the coverage of its insurance policies. In addition, longer interruptions of business in one or more of its plants can, even if insured, result in loss of sales, profits, customers and market share.

Litigation

At any given time, Marel may be a party to litigation or be subject to non-litigated claims arising out of the normal operations of its business. Neither Marel nor any of its subsidiaries are, or during the 12 months preceding the date of this Prospectus have been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Marel is aware) that may have, or have had in the recent past, significant effects on Marel's business financial condition or results of operations.

SELECTED CONSOLIDATED FINANCIAL, OPERATING AND OTHER INFORMATION

The selected consolidated financial information as of and for the years ended 31 December 2018, 2017 and 2016 has been derived from Marel's audited consolidated financial statements for the financial years ended 31 December 2018, 2017 and 2016 (the "**Annual Consolidated Financial Statements**"), which were audited by KPMG as set forth in their audit report and are available on Marel's website (https://marel.com/investors) and incorporated by reference herein. The audited selected consolidated financial information as of and for the years ended December 2018, 2017 and 2016 have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("**IFRS**"), and additional requirements set forth in Icelandic Act No. 3/2006 on Annual Accounts, as amended (the "**Annual Accounts Act**").

The selected condensed consolidated interim financial information as of and for the three months ended 31 March 2019 has been derived from Marel's Quarterly Consolidated Financial Statements. The Quarterly Consolidated Financial Statements have been prepared in accordance with IAS 34, have been reviewed by KPMG and, together with the review report prepared by KPMG in connection therewith, are included in "*Quarterly Consolidated Financial Statements*" beginning on page F-1 of this Prospectus.

Certain financial information as of and for the years ended 31 December 2015 and 2014 included in this Prospectus has been derived from Marel's audited consolidated financial statements for the financial years ended 31 December 2015 and 2014, was prepared in accordance with IFRS and the Annual Accounts Act and is available on the Company's website (https://marel.com/investors). In addition, certain selected quarterly financial information over the period from 1 January 2014 through 31 December 2018 has been derived from Marel's unaudited condensed consolidated interim financial statements for the corresponding financial periods, were prepared in accordance with IAS 34 but have not been reviewed or audited by KPMG.

The selected consolidated financial information set forth below should be read in conjunction with, and is qualified by reference to, "*Operating and Financial Review*" and "*Consolidated Financial Statements*". The results of operations for any period are not necessarily indicative of the results to be expected for any future period.

In 1Q19, Marel adopted certain modifications to the presentation of its Consolidated Statement of Income which are discussed in detail in "*Presentation of Financial and Other Information—Presentation of Financial Information*".

Consolidated Statement of Income Information

	Three Months ended 31 March	
(In EUR million)	**2019**	**2018**
Revenues	324.6	288.4
Cost of sales	(199.2)	(176.9)
Gross profit	**125.4**	**111.5**
Selling and marketing expenses	(39.0)	(34.2)
Research and development expenses	(21.4)	(18.1)
General and administrative expenses	(20.1)	(17.7)
Result from operations	**44.9**	**41.5**
Finance costs	(4.6)	(6.4)
Finance income	0.8	0.4
Net finance costs	(3.8)	(6.0)
Result before income tax	**41.1**	**35.5**
Income tax	(8.9)	(7.2)
Net result	**32.2**	**28.3**

(In EUR million)	Year ended 31 December 2018	2017	2016
Revenues	1,197.9	1,038.2	969.7
Cost of sales	(730.4)	(631.5)	(572.7)
Gross profit	**467.5**	**406.7**	**397.0**
Selling and marketing expenses	(133.7)	(120.5)	(128.5)
Research and development expenses	(73.7)	(57.8)	(63.1)
General and administrative expenses	(84.9)	(71.0)	(66.2)
Other operating income	—	—	0.2
Adjusted Result from operations[1]	**175.2**	**157.4**	**139.4**
PPA related costs	(14.3)	(17.1)	(24.6)
Result from operations	**160.9**	**140.3**	**114.8**
Finance costs	(17.2)	(21.2)	(26.0)
Finance income	2.3	0.9	0.6
Net finance costs	(14.9)	(20.3)	(25.4)
Result before income tax	**146.0**	**120.0**	**89.4**
Income tax	(23.5)	(23.1)	(13.6)
Net result	**122.5**	**96.9**	**75.8**

Note:

(1) Adjusted for PPA related costs, including depreciation and amortisation. PPA related costs are changes in the values allocated to certain acquired assets and liabilities and their estimated useful lives, which could affect the amount or timing of charges to the Consolidated Statement of Income

Consolidated Statement of Financial Position Information

(In EUR million)	As at 31 March 2019	As at 31 March 2018	As at 31 December 2018	As at 31 December 2017	As at 31 December 2016
ASSETS					
Property, plant and equipment	178.1	146.5	175.6	144.7	119.0
Right of use assets	35.3	31.1	33.3	—	—
Goodwill	642.1	643.0	641.3	643.9	635.2
Intangible assets	265.1	259.5	267.0	262.7	277.5
Other non-current assets	16.4	5.5	14.7	9.3	7.9
Total non-current assets	**1,137.0**	**1,085.6**	**1,131.9**	**1,060.6**	**1,039.6**
Inventories	159.1	129.4	149.9	124.4	122.2
Contract assets	37.9	35.4	44.0	48.2	37.0
Trade receivables	147.6	146.8	138.8	128.9	115.3
Cash and cash equivalents	50.1	19.1	56.3	31.9	45.5
Other current assets	53.3	49.4	45.0	46.6	32.8
Total current assets	**448.0**	**380.1**	**434.0**	**380.0**	**352.8**
TOTAL ASSETS	**1,585.0**	**1,465.7**	**1,565.9**	**1,440.6**	**1,392.4**
LIABILITIES					
Borrowings	461.8	381.5	429.3	370.5	425.0
Lease liabilities	27.7	24.1	27.1	0.2	—
Deferred income tax liabilities	57.0	54.1	57.3	61.3	63.5
Other non-current liabilities	12.5	13.6	13.6	14.9	12.3
Total non-current liabilities	**559.0**	**473.3**	**527.3**	**446.9**	**500.8**
Contract liabilities	214.5	240.3	212.1	209.6	150.8
Trade and other payables	230.5	192.6	217.0	195.9	168.9
Borrowings	24.8	24.3	24.8	26.2	24.1
Other current liabilities	32.3	29.6	23.8	20.1	22.2
Total current liabilities	**502.1**	**486.8**	**477.7**	**451.8**	**366.0**
TOTAL LIABILITIES	**1,061.1**	**960.1**	**1,005.0**	**898.7**	**866.8**
TOTAL EQUITY	**523.9**	**505.6**	**560.9**	**541.9**	**525.6**
TOTAL EQUITY AND LIABILITIES	**1,585.0**	**1,465.7**	**1,565.9**	**1,440.6**	**1,392.4**

Consolidated Statement of Cash Flows Information

(In EUR million)	Three Months ended 31 March 2019	Three Months ended 31 March 2018	Year ended 31 December 2018	Year ended 31 December 2017	Year ended 31 December 2016
Net cash from operating activities	**52.3**	**44.2**	**166.8**	**195.6**	**137.1**
Net cash provided by / (used in) investing activities	**(10.8)**	**(11.2)**	**(84.5)**	**(77.7)**	**(408.1)**
Net cash provided by / (used in) financing activities	**(49.6)**	**(43.6)**	**(60.2)**	**(122.2)**	**220.4**
Net increase (decrease) in net cash	**(8.1)**	**(10.6)**	**22.1**	**(4.3)**	**(50.6)**
Exchange gain / (loss) on net cash	**1.9**	**(2.2)**	**2.3**	**(9.3)**	**3.1**
Net cash at end of the period	**50.1**	**19.1**	**56.3**	**31.9**	**45.5**

Non-IFRS Financial Information and APMs

The table below presents certain non-IFRS financial measures, which are not liquidity or performance measures under IFRS, and which Marel considers to be APMs. These APMs are prepared in addition to the figures that are prepared in accordance with IFRS and are not audited. Marel uses APMs to provide additional information to investors and to enhance their understanding of our results. The APMs should be viewed as complementary to, rather than a substitute for, the figures determined according to IFRS. Moreover, these metrics may be defined or calculated differently by other companies, and, as a result, they may not be comparable to similar metrics calculated by Marel's peers. See "*Presentation of Financial and other Information—Non-IFRS Financial Measures and APMs*" for more information.

	As at or for the Three Months ended 31 March		As at or for the Year ended 31 December		
(In EUR million unless otherwise indicated)	**2019**	**2018**	**2018**	**2017**	**2016**
Adjusted EBIT[1]	47.5	43.8	175.2	157.4	139.4
Adjusted EBIT margin (%)[2]	14.6	15.2	14.6	15.2	14.4
EBITDA[1]	59.1	55.3	215.5	192.0	175.4
Free Cash Flow[4]	44.0	34.9	120.6	152.5	131.2
Return on Total Equity (%)[5]	5.9	5.4	22.2	18.2	15.6
Net Debt[6]	472.3	418.2	431.6	365.0	403.6
Leverage (*x*)[7]	2.2	2.0	2.0	1.9	2.3
Current Ratio[8]	0.9	0.8	0.9	0.8	1.0
Quick Ratio[9]	0.6	0.5	0.6	0.6	0.6

Note: For additional information and definitions of these measures, see "*Presentation of Financial and other Information—Non-IFRS Financial Measures and APMs*".

(1) The table below sets forth a reconciliation of Net result (Profit) to Result from operations (EBIT), Adjusted Result from operations (Adjusted EBIT) and EBITDA for the periods indicated.

	Three Months ended 31 March		Year ended 31 December		
(In EUR million)	**2019**	**2018**	**2018**	**2017**	**2016**
Net result (Profit)	**32.2**	**28.3**	**122.5**	**96.9**	**75.8**
Income tax	(8.9)	(7.2)	(23.5)	(23.1)	(13.6)
Result before income tax	**41.1**	**35.5**	**146.0**	**120.0**	**89.4**
Net finance costs	(3.8)	(6.0)	(14.9)	(20.3)	(25.4)
Result from operations (EBIT)	**44.9**	**41.5**	**160.9**	**140.3**	**114.8**
Marel Poultry	30.6	29.3	117.2	109.5	85.3
Marel Meat	10.1	8.4	29.5	21.4	23.2
Marel Fish	3.0	3.3	12.6	5.6	3.9
Other	1.2	0.5	1.6	3.8	2.4
PPA related costs	(2.6)	(2.3)	(14.3)	(17.1)	(24.6)
Marel Poultry	—	—	—	—	—
Marel Meat	(2.6)	(2.3)	(14.3)	(17.1)	(24.6)
Marel Fish	—	—	—	—	—
Other	—	—	—	—	—
Adjusted Result from operations (Adjusted EBIT)	**47.5**	**43.8**	**175.2**	**157.4**	**139.4**
Marel Poultry	30.6	29.3	117.2	109.5	85.3
Marel Meat	12.7	10.7	43.8	38.5	47.8
Marel Fish	3.0	3.3	12.6	5.6	3.9
Other	1.2	0.5	1.6	3.8	2.4
Depreciation and amortisation	14.2	13.8	54.6	51.6	60.7
EBITDA	**59.1**	**55.3**	**215.5**	**191.9**	**175.5**

(2) Adjusted EBIT margin is calculated as Adjusted EBIT divided by revenues, as shown in the table below.

(In EUR million unless otherwise indicated)	**Three Months ended 31 March**		**Year ended 31 December**		
	2019	**2018**	**2018**	**2017**	**2016**
Adjusted Result from operations (Adjusted EBIT)	**47.5**	**43.8**	**175.2**	**157.4**	**139.4**
Marel Poultry	30.6	29.3	117.2	109.5	85.3
Marel Meat	12.7	10.7	43.8	38.5	47.8
Marel Fish	3.0	3.3	12.6	5.6	3.9
Other	1.2	0.5	1.6	3.8	2.4
Divided by:					
Revenue	324.6	288.4	1,197.9	1,038.2	969.7
Marel Poultry	174.0	157.4	638.2	560.2	514.2
Marel Meat	100.8	88.8	387.0	334.4	320.4
Marel Fish	40.6	38.5	159.1	132.3	127.1
Other	9.2	3.7	13.6	11.3	8.0
Adjusted EBIT margin (*%*)	**14.6%**	**15.2%**	**14.6%**	**15.2%**	**14.4%**
Marel Poultry	17.6%	18.6%	18.4%	19.5%	16.6%
Marel Meat	12.6%	12.0%	11.3%	11.5%	14.9%
Marel Fish	7.4%	8.6%	7.9%	4.2%	3.1%
Other	13.0%	13.5%	11.8%	33.6%	30.0%

(4) Free Cash Flow is calculated as cash generated from operating activities plus proceeds from sales of property, plant and equipment less tax, purchases of property, plant and equipment and investments in intangibles, as shown in the table below.

(In EUR million)	**Three Months ended 31 March**		**Year ended 31 December**		
	2019	**2018**	**2018**	**2017**	**2016**
Cash generated from operating activities	**59.6**	**55.6**	**205.8**	**236.2**	**179.0**
Proceeds from sale of property, plant and equipment	0.4	0.4	3.0	0.4	4.6
Tax	(4.8)	(9.5)	(31.2)	(26.2)	(8.1)
Purchase of property, plant and equipment	(5.2)	(5.4)	(34.0)	(34.0)	(21.1)
Investments in intangibles	(6.0)	(6.2)	(23.0)	(23.9)	(23.2)
Free Cash Flow	**44.0**	**34.9**	**120.6**	**152.5**	**131.2**

(5) Return on Total Equity is calculated as Net result for the period divided by average of total equity (calculated as beginning balance plus ending balance, divided by 2), as shown in the table below.

(In EUR million unless otherwise indicated)	**As at or for the Three Months ended 31 March**		**As at or for the Year ended 31 December**		
	2019	**2018**	**2018**	**2017**	**2016**
Net result	**32.2**	**28.3**	**122.5**	**96.9**	**75.8**
Divided by:					
Total equity beginning balance	560.9	541.9	541.9	525.6	446.7
Total equity ending balance	523.9	505.2	560.9	541.9	525.6
Total equity beginning balance + Total equity ending balance divided by 2	542.4	523.6	551.4	533.8	486.2
Return on Total Equity ***(%)***	**5.9%**	**5.4%**	**22.2%**	**18.2%**	**15.6%**

(6) Net Debt is calculated as current borrowings and lease liabilities plus non-current borrowings and lease liabilities minus cash and cash equivalents, as shown in the table below.

	As at or for the Three Months ended 31 March		As at or for the Year ended 31 December		
(In EUR million)	**2019**	**2018**	**2018**	**2017**	**2016**
Current borrowings	24.8	24.3	24.8	26.2	24.1
Current lease liabilities	8.1	7.4	6.7	—	—
Non-current borrowings	461.8	381.5	429.3	370.5	425.0
Non-current lease liabilities	27.7	24.1	27.1	0.2	—
Total borrowings and lease liabilities	**522.4**	**437.3**	**487.9**	**396.9**	**449.1**
Cash and cash equivalents	(50.1)	(19.1)	(56.3)	(31.9)	(45.5)
Net Debt	**472.3**	**418.2**	**431.6**	**365.0**	**403.6**

(7) Leverage is calculated as Net Debt divided by LTM EBITDA, as shown in the table below.

	As at or for the Three Months ended 31 March		As at or for the Year ended 31 December		
(In EUR million unless otherwise indicated)	**2019**	**2018**	**2018**	**2017**	**2016**
Net Debt	**472.3**	**418.2**	**431.6**	**365.0**	**403.6**
Divided by:					
EBITDA (LTM)	219.3[(a)]	207.8[(b)]	215.5	191.9	175.5
Leverage *(x)*	**2.2**	**2.0**	**2.0**	**1.9**	**2.3**

(a) Reflects EBITDA of EUR 59.1 million for the three months ended 31 March 2019 and EUR 160.2 million for the nine months ended 31 December 2018.

(b) Reflects EBITDA of EUR 55.3 million for the three months ended 31 March 2018 and EUR 152.5 million for the nine months ended 31 December 2017 (EBITDA for the nine months ended 31 December 2017 includes EUR 6.5 million as assumed impact of IFRS 16).

(8) Current Ratio is calculated as Current Assets divided by Current Liabilities, as shown in the table below.

	As at or for the Three Months ended 31 March		As at or for the Year ended 31 December		
(In EUR million unless otherwise indicated)	**2019**	**2018**	**2018**	**2017**	**2016**
Current assets	448.0	380.1	434.0	380.0	352.8
Divided by:					
Current liabilities	502.1	486.8	477.7	451.8	366.0
Current Ratio *(x)*	**0.9**	**0.8**	**0.9**	**0.8**	**1.0**

(9) Quick Ratio is calculated as Current Assets minus Inventories, divided by Current Liabilities, as shown in the table below.

	As at or for the Three Months ended 31 March		As at or for the Year ended 31 December		
(In EUR million unless otherwise indicated)	**2019**	**2018**	**2018**	**2017**	**2016**
Current assets	**448.0**	**380.1**	**434.0**	**380.0**	**352.8**
Less:					
Inventories	159.1	129.4	149.9	124.4	122.2
Divided by:					
Current liabilities	502.1	486.8	477.7	451.8	366.0
Quick Ratio *(x)*	**0.6**	**0.5**	**0.6**	**0.6**	**0.6**

Key Performance Indicators

The table below sets out certain key performance indicators for the periods indicated.

(In EUR million unless otherwise indicated)	As at or for the Year ended 31 December				
	2018	**2017**	**2016**	**2015**	**2014**
Revenues	1,197.9	1,038.2	969.7	818.6	712.6
Adjusted EBIT(1)(2)	175.2	157.4	139.4	96.6	48.8
Adjusted EBIT margin *(%)*(1)(2)	14.6	15.2	14.4	11.8	6.8
Free Cash Flow(3)	120.6	152.5	131.2	82.9	75.5
Leverage *(x)*(4)	2.0	1.9	2.3	1.1	2.1
Orders received	1,184	1,144	1,006	825	755
Order book	476	472	350	181	175

Note: For additional information and definitions of these measures, see "*Presentation of Financial and other Information—Non-IFRS Financial Measures and APMs*" and "*Presentation of Financial and other Information—Order Book and Orders Received*".

(1) EBIT adjusted for (i) PPA related costs, including depreciation and amortisation in FY16-FY18 and (ii) refocusing costs in FY14-FY15 relating to the "Simpler, Smarter, Faster" restructuring programme.

(2) The table below sets forth a reconciliation of Result from operations (EBIT) to Adjusted Result from operations (Adjusted EBIT) and Adjusted EBIT margin reflecting the refocusing costs incurred in FY14-FY15 relating to the "Simpler, Smarter, Faster" restructuring programme.

(In EUR million unless otherwise indicated)	Year ended 31 December	
	2015	**2014**
Result from operations (EBIT)	**81.6**	**29.2**
Refocusing costs	15.0	19.6
Adjusted Result from operations (Adjusted EBIT)	**96.6**	**48.8**
Divided by:		
Revenues	818.6	712.5
Adjusted EBIT margin (%)	**11.8%**	**6.8%**

(3) The table below sets forth a calculation of Free Cash Flow for the periods indicated.

(In EUR million)	Year ended 31 December	
	2015	**2014**
Cash generated from operating activities	**119.7**	**102.2**
Proceeds from sale of property, plant and equipment	4.4	1.6
Tax	(12.3)	(4.0)
Purchase of property, plant and equipment	(8.7)	(4.9)
Investments in intangibles	(20.3)	(19.4)
Free Cash Flow	**82.9**	**75.5**

(4) The table below sets forth a calculation of Leverage for the periods indicated.

(In EUR million unless otherwise indicated)	Year ended 31 December 2015	Year ended 31 December 2014
Net Debt	142.7	174.3
Divided by:		
Adjusted EBITDA (LTM)[(*)]	132.4	83.7
Leverage *(x)*	**1.1**	**2.1**

Note:

(*) EBITDA adjusted for refocusing costs incurred in FY14-FY15 relating to the "Simpler, Smarter, Faster" restructuring programme.

Certain Quarterly Information

The tables below sets forth a reconciliation of Result from operations (EBIT) to Adjusted Result from operations (Adjusted EBIT) and Adjusted EBIT margin for the periods indicated.

	2018			
(In EUR million unless otherwise indicated)	**Three Months ended 31 December**	**Three Months ended 31 September**	**Three Months ended 30 June**	**Three Months ended 31 March**
Result from operations (EBIT)	**40.9**	**37.6**	**40.9**	**41.5**
PPA related costs	7.3	2.4	2.3	2.3
Adjusted Result from operations (Adjusted EBIT)	**48.2**	**40.0**	**43.2**	**43.8**
Divided by:				
Revenues	330.8	282.0	296.7	288.4
Adjusted EBIT margin (%)	**14.6%**	**14.2%**	**14.6%**	**15.2%**

	2017			
(In EUR million unless otherwise indicated)	**Three Months ended 31 December**	**Three Months ended 31 September**	**Three Months ended 30 June**	**Three Months ended 31 March**
Result from operations (EBIT)	**43.9**	**35.3**	**29.6**	**31.5**
PPA related costs	2.4	2.2	6.3	6.2
Adjusted Result from operations (Adjusted EBIT)	**46.3**	**37.5**	**35.9**	**37.7**
Divided by:				
Revenues	294.7	247.0	244.0	252.5
Adjusted EBIT margin (%)	**15.7%**	**15.2%**	**14.7%**	**14.9%**

(In EUR million unless otherwise indicated)	2016 Three Months ended 31 December	Three Months ended 31 September	Three Months ended 30 June	Three Months ended 31 March
Result from operations (EBIT)	**28.4**	**26.7**	**33.2**	**26.6**
PPA related costs	6.7	6.7	6.6	4.5
Adjusted Result from operations (Adjusted EBIT)	**35.1**	**33.4**	**39.8**	**31.1**
Divided by: Revenues	250.0	234.8	264.2	220.6
Adjusted EBIT margin (%)	**14.0%**	**14.2%**	**15.1%**	**14.1%**

(In EUR million unless otherwise indicated)	2015 Three Months ended 31 December	Three Months ended 31 September	Three Months ended 30 June	Three Months ended 31 March
Result from operations (EBIT)	**14.6**	**22.2**	**28.6**	**16.2**
Refocusing costs	4.3	2	1.1	7.6
Adjusted Result from operations (Adjusted EBIT)	**18.9**	**24.2**	**29.7**	**23.8**
Divided by: Revenues	201.9	189.1	218.3	209.3
Adjusted EBIT margin (%)	**9.4%**	**12.8%**	**13.6%**	**11.4%**

(In EUR million unless otherwise indicated)	2014 Three Months ended 31 December	Three Months ended 31 September	Three Months ended 30 June	Three Months ended 31 March
Result from operations (EBIT)	**8.5**	**16.1**	**3.6**	**1.0**
Refocusing costs	7.6	1.3	7.2	3.5
Adjusted Result from operations (Adjusted EBIT)	**16.1**	**17.4**	**10.8**	**4.5**
Divided by: Revenues	200	187.9	169.8	154.8
Adjusted EBIT margin (%)	**8.1%**	**9.3%**	**6.4%**	**2.9%**

OPERATING AND FINANCIAL REVIEW

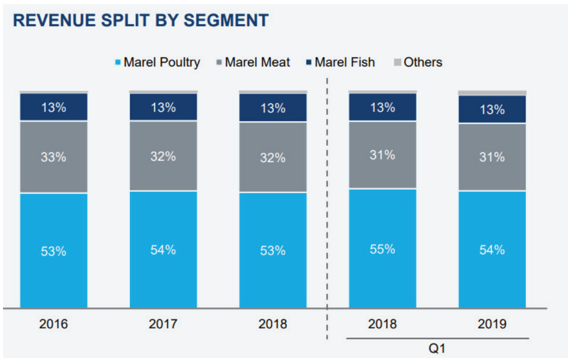
The following discussion of the financial condition and results of operations of Marel should be read in conjunction with the Annual Consolidated Financial Statements, together with the notes thereto, incorporated by reference into the Prospectus and available on Marel's website (https://marel.com/investors) and with the information relating to the business of Marel included elsewhere in this Prospectus.

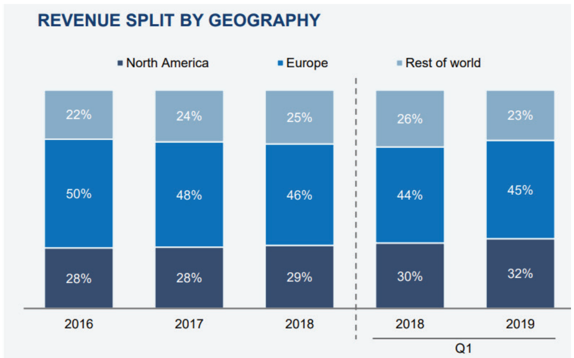
The following discussion includes forward-looking statements that reflect the current view of Marel's management and involve risks and uncertainties. The actual results of Marel could differ materially from those contained in any forward-looking statements as a result of factors discussed below and elsewhere in this Prospectus, particularly in "Risk Factors" and "Presentation of Financial and other Information—Forward-Looking Statements". Prospective investors should read this Prospectus in its entirety and not just rely upon summarised information set forth in this Operating and Financial Review.

Overview

Marel is a leading global provider of advanced processing equipment, systems, software and services to the poultry, meat and fish industries, with a presence in over 30 countries and six continents and over 6,000 FTEs. Marel designs, manufactures and services technologically advanced processing solutions ranging from standard equipment to full-line processing systems, supported by sophisticated software capabilities and services.

The chart below shows revenue information for the periods indicated:





On a consolidated basis, Marel's revenues and net profit were EUR 324.6 million and EUR 32.2 million for 1Q19 and EUR 1,197.9 million and EUR 122.5 million for FY18, respectively. Marel's EBIT margin was 13.8% for 1Q19 and 13.4% for FY18, while Marel's Adjusted EBIT margin was 14.6% for 1Q19 and 14.6% for FY18. Marel's Free Cash Flow amounted to EUR 44.0 million in 1Q19 and EUR 120.6 million in FY18. Marel's EPS amounted to 4.85 euro cents in 1Q19 and 17.95 euro cents in FY18. As at 31 March 2019, Marel had an order book of EUR 474.7 million, representing 38.5% of Marel's LTM revenues.

Key Factors Affecting Marel's Results of Operations and Financial Condition

Marel's results of operations and financial condition are affected by a number of factors, some of which are beyond its control. This section sets forth certain key factors which have affected Marel's results of operations and financial condition during the periods under review and could affect Marel in the future, including the following:

- Positive trends in global consumer demand for animal protein;
- Industry mix;
- Size of installed base and business mix;
- Labour costs;
- Operational efficiency, capacity management and utilisation;
- Impact of innovation investments;
- Impact of acquisitions;
- Fluctuations in foreign currency exchange rates;

- Macroeconomic conditions and political developments; and
- Order book and timing of revenue recognition.

Positive trends in Global Consumer Demand for Animal Protein

Demand for Marel's equipment, systems, software and services is impacted by trends in underlying global consumer demand for animal protein, which in turn drives levels of investment by Marel's customer base. Processors of animal protein have historically responded to sustained increases in demand for, and prices of, animal protein, together with consumer concerns around food safety and traceability, by investing in capacity expansion, efficiency improvements and modernisation. Such investments positively impact Marel's volumes and value of equipment sales.

During the periods under review, Marel's Equipment revenues, which comprise revenues from greenfield and large projects and sales of standard equipment and modernisations, have been positively impacted by underlying growth in animal protein demand as a result of population growth and urbanisation, which in turn drive animal protein production growth and, in developing markets, a shift from backyard farming to large-scale commercial livestock farming. In developing markets, these developments have predominantly driven investments in greenfield projects and capacity expansions whereas in developed markets these developments have driven capacity and efficiency investments by food processors as they seek to increase the levels of automation in their production facilities to increase yield and throughput.

In addition, Marel's Equipment revenues are affected by other secular trends in the global market for animal protein, as consumers and regulators are increasingly focused on food safety and sustainability, traceability, animal wellbeing and health and wellness. These developments have contributed to a robust and growing demand from food processors for technologically advanced equipment and solutions that enable them to improve monitoring and compliance with increasingly stringent health and safety standards and to reduce the risk of legal and reputational liability from a food contamination incident. Combined with Marel's market-leading product offerings, these developments have contributed to the growth in Marel's Equipment revenues during the periods under review. For example, during the FY16-FY18 period, Marel introduced the SensorX Accuro and SensorX Magma product lines, which enable animal protein processors to improve the traceability of their production.

Industry Mix

Marel has three operating segments—Marel Poultry, Marel Meat and Marel Fish—corresponding to the three animal protein industries that it services.

The following table sets forth certain operating segment information for the periods indicated:

	Three months ended 31 March		Year ended 31 December		
(In EUR million unless indicated otherwise)	**2019**	**2018**	**2018**	**2017**	**2016**
Marel Poultry					
Revenues	174.0	157.4	638.2	560.2	514.2
Share of Total Consolidated Revenues (%)	53.6%	54.6%	53.3%	54.0%	53.0%
EBIT	30.6	29.3	117.2	109.5	85.3
EBIT margin (%)	**17.6%**	**18.6%**	**18.4%**	**19.5%**	**16.6%**
Marel Meat					
Revenues	100.8	88.8	387.0	334.4	320.4
Share of Total Consolidated Revenues (%)	31.1%	30.8%	32.3%	32.2%	33.0%
Adjusted EBIT(1)	12.7	10.7	43.8	38.5	47.8
Adjusted EBIT margin (%)(1)	**12.6%**	**12.0%**	**11.3%**	**11.5%**	**14.9%**
Marel Fish					
Revenues	40.6	38.5	159.1	132.3	127.1
Share of Total Consolidated Revenues (%)	12.5%	13.3%	13.3%	12.7%	13.1%
EBIT	3.0	3.3	12.6	5.6	3.9
EBIT margin (%)	**7.4%**	**8.6%**	**7.9%**	**4.2%**	**3.1%**

(1) Adjusted EBIT is EBIT adjusted for PPA related costs, including depreciation and amortisation. PPA related costs are changes in the values allocated to certain acquired assets and liabilities and their estimated useful lives, which could affect the amount or timing of charges to the Consolidated Statement of Income.

The revenue contribution from each of Marel's operating segments remained largely constant during the periods under review. Marel Poultry and Marel Fish had stronger organic revenue growth than Marel Meat, which was impacted by the revenue contribution of certain acquisitions as described under "*—Impact of Acquisitions*".

Marel believes that the structural drivers underlying growth in the poultry, meat and fish industries are broadly similar. Moreover, Marel believes that there are limited structural differences in the potential profitability level of the different operating segments. Increasing levels of standardisation and modularisation, cross- and up-selling through the processing steps as well as breadth of product offering are examples of steps that can be taken to improve profitability.

The higher profit margins earned by Marel Poultry are in part attributable to greater levels of standardisation and modularisation, relative to Marel Meat and Marel Fish. Part of this discrepancy across segments is due to the anatomical features of the livestock; broilers are more similarly sized and shaped than are pigs, cows, sheep and fish. Less anatomical variation allows for more standardised and modular processing equipment, which lowers the execution risk for greenfield and large projects and simplifies equipment upgrades and maintenance, all of which positively impact costs and operating margins. To improve profitability in Marel Meat and Marel Fish, Marel has invested during the periods under review in improving levels of standardisation and modularisation within Marel Meat and Marel Fish. Such Innovation investments resulted in higher Innovation costs, which negatively impacted margins during the periods under review within Marel Meat and Marel Fish relative to Marel Poultry. See "*—Impact of Innovation Investments*". Marel expects that continued investments in standardisation and modularisation improvements will have a positive impact on margin growth within these operating segments in the medium term.

The higher profit margins realised by Marel Poultry are also due to the breadth of its product offering, covering an advanced full-line product offering across the primary, secondary and further processing sectors. While Marel Meat has significantly improved its solutions offering during the periods under review with the acquisitions of MPS and Sulmaq which enabled it to become a full-line provider, its next steps are focused on further operational integration of these acquisitions and vertical integration across its product offering, which Marel believes will improve operating margins in the medium term. Further investments in primary processing opportunities are expected to help expand Marel Fish's solutions offering and thereby positively impacting its operating margins in the medium term.

Size of Installed Base and Business Mix

Marel's results of operations are affected by changes in its business mix. Marel generates (i) Equipment revenues from greenfield and large projects, standard equipment and modernisation; and (ii) Aftermarket revenues from service, maintenance and spare parts.

Changes in the business mix during the periods under review were driven by (i) the size and growth of Marel's installed base, (ii) initiatives to grow the proportion of Aftermarket revenues, including through service network expansion and Marel's ability to secure SLAs with customers, (iii) volumes and sizes of equipment and service orders as well as (iv) secular growth trends and macroeconomic conditions, as described under "*—Trends in Global Consumer Demand for Animal Protein*" and "*—Macroeconomic Conditions and Political Developments*".

The following table shows Marel's equipment and Aftermarket revenues for the periods indicated:

	Three months ended 31 March				**Year ended 31 December**					
	2019		**2018**		**2018**		**2017**		**2016**	
	(EUR Million)	**(% of Total)**	**(EUR Million)**	**(% of Total)**	**(EUR Million)**	**(% of Total)**	**(EUR Million)**	**(% of Total)**	**(EUR Million)**	**(% of Total)**
Equipment revenues	211.2	65%	183.7	64%	781.7	65%	654.4	63%	613.7	63%
Aftermarket revenues	113.4	35%	104.7	36%	416.2	35%	383.8	37%	356.0	37%
Total revenues	**324.6**	—	**288.4**	—	**1,197.9**	—	**1,038.2**	—	**969.7**	—

Marel's revenues are affected by the size of its installed base, which directly impacts the volume of service, maintenance and spare parts and thus Aftermarket revenues. In addition, existing customers can become an important source of additional Equipment revenues through up-selling or cross-selling of equipment and systems over the customer cycle. Marel's results of operations are therefore impacted by its ability to grow its installed base with new and existing customers.

As the most advanced operating segment, Marel Poultry has the largest installed base, which Marel expects will continue to drive revenue opportunities in the medium term. The size of the installed base of Marel Meat has been positively impacted by acquisitions during the periods under review, which Marel believes will positively impact revenues in the medium term. The size of the Marel Fish installed base is smaller relative to Marel Poultry and Marel Meat, but has been growing in recent years.

During the periods under review, Marel sought to increase its proportion of Aftermarket revenues to strengthen its revenue profile. Marel has sought to improve its service offering through improvements in its service network and increase presence closer to its customers. In addition, during the periods under review Marel has increased the number of SLAs it enters into with customers to ensure greater reliability and predictability of its Aftermarket revenues. Marel aims to continue to increase the proportion of Aftermarket revenues derived from SLAs by increasing its emphasis on these contracts. Marel expects Aftermarket revenues to grow in line with the growing installed base in the medium term, in part as a result of Aftermarket revenue opportunities from newly acquired businesses.

Marel's revenue mix during a reporting period is also impacted by the overall volumes and sizes of equipment and service orders, in particular greenfield and large projects which tend to involve larger orders delivered over a period of time and therefore have higher associated revenues than standalone equipment and service orders. A significant increase or decrease in orders for greenfield and large projects during a reporting period may therefore have a revenue impact on subsequent reporting periods due to the timing off revenue recognition as described under "*—Order Book and Timing of Revenue Recognition*". In the periods under review, Marel secured large greenfield projects from new and existing customers in South Korea, Mexico, Russia, Vietnam, the U.S. and Namibia across its business segments. For example, Marel Poultry closed an exceptionally large order from Costco in the United States in FY17, which had a significant impact on Equipment revenues during FY17 and FY18.

Marel's results of operations are also impacted by varying profitability across its equipment and aftermarket businesses. Operating margins within Marel's aftermarket business (particularly spare parts) are positively impacted by standardisation and modularisation due to lower engineering costs. In addition, within the equipment business, modernisation and standard equipment tend to generate higher margins than greenfield and large projects due to greater standardisation and lower engineering costs. Accordingly, the proportion of revenues generated by aftermarket services and modernisation and standard equipment during a reporting period have, to a certain degree, a significant impact on Marel's profitability for that period. Conversely, greenfield and large projects tend to generate lower margins due to higher design and engineering costs, and the proportion of revenues attributable to greenfield and large projects for a particular reporting period impacts Marel's profitability during that period. However, greenfield and large projects frequently lead to significant additional revenue streams in the long term as customers with an installed base of Marel equipment and systems normally purchase equipment modernisations, maintenance, service and spare parts from Marel.

Labour Costs

Labour costs represent the largest portion of Marel's operating expenses. Labour cost inflation has affected Marel's results of operations for the periods under review, and is expected to affect Marel's results of operations in future periods. As at 31 March 2019, Marel employed more than 6,000 FTEs. These employees generally fall into one of four main categories: cost of sales (reflecting manufacturing and service personnel), sales and marketing, research and development and general and administrative ("**G&A**"), which includes Group management and other senior executives. In addition, Marel relies to varying degrees on in-house and outsourced contractors, which enables Marel to manage its fixed cost base relative to production requirements.

The following table shows the development of Marel's staff costs (including post-retirement costs) for the periods indicated within its main cost line items:

	Year ended 31 December					
	2018		2017		2016	
	(EUR million)	(% of revenues)	(EUR million)	(% of revenues)	(EUR million)	(% of revenues)
Staff costs recognised under:						
Cost of Sales	181.8	15.2%	164.0	15.8%	153.1	15.8%
Selling and marketing expenses	103.9	8.7%	93.5	9.0%	87.6	9.0%
Research and development expenses	71.8	6.0%	59.6	5.7%	52.3	5.4%
General and administrative expenses	53.8	4.5%	46.8	4.5%	46.5	4.8%
Total	**411.3**	**34.3%**	**363.9**	**35.1%**	**339.5**	**35.0%**

During the periods under review, increasing demand for highly qualified technology and engineering personnel led to an increase in labour costs, while in general the staff costs as a percentage of revenue decreased during the periods under review. Competition for skilled and non-skilled employees among companies that rely heavily on engineering, technology, and manufacturing is intense, and Marel faces competition in particular for technological personnel in the Netherlands and the United States, as its operations there are based outside of major cities with higher concentrations of human capital. This impacted in particular the cost of engineers, which are accounted for within Cost of Sales, as well as costs related to Marel's innovation engineering staff, which are accounted for in research and development expense.

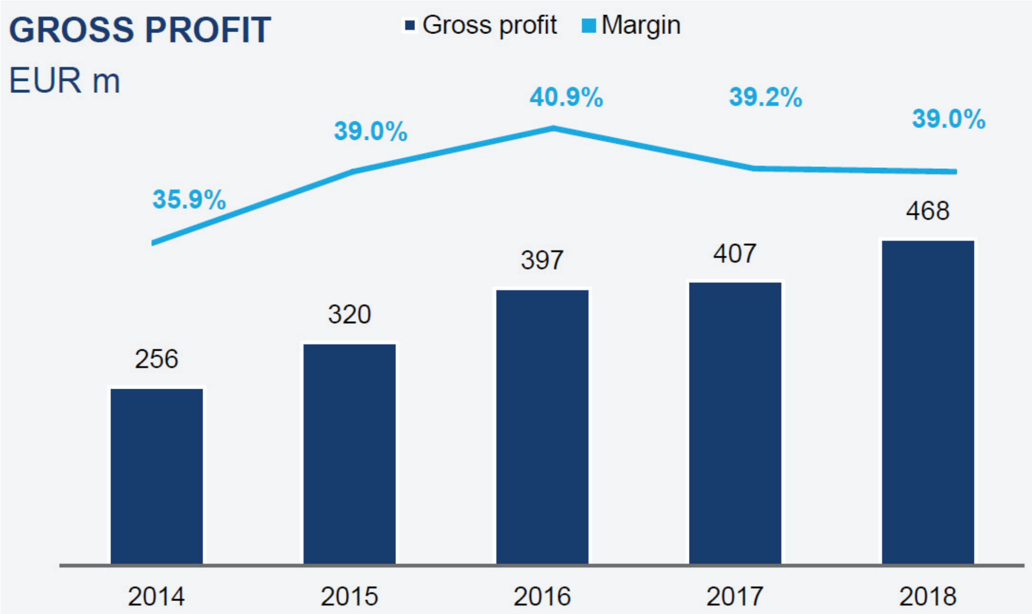
Marel's selling and marketing staff costs also increased during the periods under review, mainly as a result of an increase in sales volumes and commissions and the number of employees in line with the growth of the Company and higher labour costs. However, relative to revenue growth during the periods under review, selling and marketing costs decreased. Marel expects selling and marketing costs as a percentage of revenue to remain at similar levels in the medium term. Staff costs within G&A expenses increased during the periods under review due primarily to optimisation programmes, acquisition and other consultancy costs and IT investments, but declined relative to revenue growth.

Operational Efficiency, Capacity Management and Utilisation

Marel's ability to manage its production capacity and operating efficiency influences its cost structure and profitability. The utilisation level of Marel's manufacturing facilities in particular affects its operating results due to certain fixed costs that are incurred irrespective of whether utilisation levels are high or low. While capacity can be increased or decreased in response to expected changes in demand to avoid over- or underutilisation of manufacturing facilities including by leveraging Marel's global manufacturing platform, the timing of such adjustments can be challenging.

Marel relies in part on its order book to manage its near term production requirements and manage its cost base. In addition, Marel seeks to increase the number of SLAs with customers to ensure greater predictability of service orders, which aids manufacturing capacity management. SLAs are typically entered into for one-year periods subject to automatic renewal in line with the lifecycle of the relevant equipment or system. In contrast to the revenue and costs associated with work under SLAs, the level of ad hoc service orders and new equipment orders may at times be difficult to forecast, which may expose Marel to higher costs if it is unable to ensure operational flexibility and increase or decrease capacity. In addition, Marel seeks to manage its capacity through the use of overtime, double shifts, outsourcing and flexible workers.

During FY13-FY14, Marel faced a global slowdown which resulted in overcapacity in its manufacturing platform. In response, Marel conducted a strategic shift, which positively impacted its capacity utilisation and fixed costs during the periods under review. The strategic shift sought to optimise Marel's manufacturing process and reduced the number of manufacturing facilities from 19 to nine, improving Marel's manufacturing footprint and fixed costs. The refocusing of its manufacturing platform enabled Marel to improve its production management requirements to address increased production requirements during FY17-FY18 supported by improved utilisation of manufacturing facilities and in-house contractors and outsourcing, which positively impacted operating margins during the periods. The following chart shows gross profit margin development for the periods indicated.



In addition, Marel has started implementing a co-location production strategy, under which manufacturing loads are being allocated more cost-effectively, which is expected to allow for better production management of manufacturing load fluctuations and to strategically position Marel in countries around the world where the company can achieve optimised efficiency in production and logistics and support future growth by granting access to global talent in proximity to customers' processing facilities. In 2018, Marel also began to modernise its operations in the Netherlands and continued expanding its operations in Slovakia to support future sales growth. Marel intends to use this capacity to manage its production requirements, which could be further improved as needed through the use of overtime, double shifts and outsourcing.

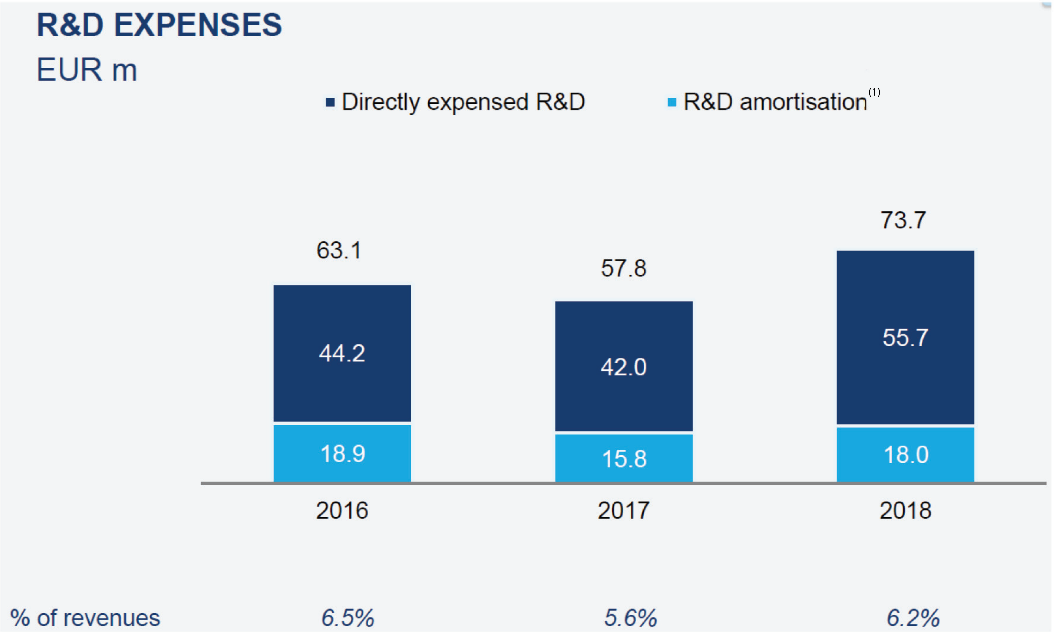
Impact of Innovation Investments

Marel's approach to innovation is aligned with its business model, which relies on the development of innovative solutions to entrench Marel as a provider of high quality animal protein processing equipment, systems, software and services. Marel's innovation initiatives are predominantly focused on improvements in efficiency and automation and the development of its Innova software platform, which enable it to launch new solutions to new and existing customers. Innovation investments are therefore a key driver of equipment sales and modernisations, which in turn drive revenue from Marel's equipment business. In addition, Marel focuses its Innovation investments on improving standardisation and modularisation in its product offering, which is critical to improve operating margins, particularly in the Marel Meat and Marel Fish operating segments.

As a percentage of revenues, R&D expenses were 6.2%, 5.6% and 6.5% in FY18, FY17 and FY16, respectively, in line with Marel's Innovation investment targets. Marel targets Innovation investments to continuing representing approximately 6% of annual revenues.

Depending on the nature of a project, Marel's R&D expenses are either expensed directly in the income statement as they are incurred, or recorded as capitalised costs on the balance sheet and amortised through the income statement over the relevant project life. R&D expenses are recognized as an expense as incurred. Costs incurred on development projects relating to the design and testing of new or improved products are recognized as intangible assets when it is probable that the project will generate future economic benefits, considering its commercial and technological feasibility, costs can be measured reliably and Marel intends to and has sufficient resources to complete development and to use or sell the asset. In FY18, capitalisation as a percentage of total R&D expenses was lower than in previous years due to greater investments in Innova, which are mostly not capitalised.

The following chart shows Marel's Innovation investments for the periods indicated:



Note:
(1) Includes development impairments.

During the periods under review, the majority of Marel's R&D expenses has been incurred for staffing costs in its four specialised R&D facilities in Iceland, the Netherlands, Denmark and the United States. Marel's headcount dedicated to innovation was over 850 FTEs as at 31 December 2018.

Impact of Acquisitions

Acquisitions have been and continue to be key to Marel's revenue growth strategy. Acquisitions help Marel complete its range of product offerings and further grow the business by expanding into new markets. During the periods under review, Marel made three acquisitions. See "*Business Description—History.*"

These acquisitions have had a significant impact on Marel's results of operations during the periods under review. The acquisition of MPS contributed inorganic revenues of EUR 166.3 million and EUR 11.3 million for FY16 and FY17, respectively. Similarly, the Sulmaq acquisition contributed revenues of EUR 9.1 million and EUR 21.0 million of inorganic revenue growth for FY17 and FY18, respectively. In addition, the acquisition of MAJA in August of 2018 contributed revenues of EUR 9.7 million of inorganic revenue growth for FY18, despite contributing only to the third and fourth quarters of FY18.

Marel's acquisitions may affect its results of operations and the period-to-period comparability of its financial statements. Marel accounts for acquisitions where it gains full control of an entity using the acquisition method, and the results of the acquired businesses are consolidated in Marel's results from the date upon which Marel assumes control of the acquired entity.

Acquisitions also result in a considerable amount of goodwill be carried on Marel's balance sheet. As at 31 March 2019, Marel carried EUR 642.1 million of goodwill on its balance sheet relating to historical acquisitions including Stork, Scanvaegt, MPS, Sulmaq and MAJA, representing 40.5% of Marel's total assets as of that date. Goodwill is recognised as an intangible asset and is subject to an impairment test which must be performed at least annually, or if particular circumstances or changes in circumstances occur that indicate an impairment under IFRS. To date there have been no impairments of Marel's goodwill.

Additionally, Marel's results of operations were impacted by PPA adjustments, which reflect fair value adjustments to certain acquisition-related tangible and intangible assets. These costs, recorded within Marel Meat, amounted to EUR 24.6 million, EUR 17.1 million and EUR 14.3 million in FY16, FY17 and FY18, respectively, and impact Marel's results of operations. Its results of operations in FY16, FY 17 and FY18 were EUR 114.8 million, EUR 140.3 million and EUR 160.9 million, respectively, whereas adjusted for such PPA costs Marel's adjusted results of operations were EUR 139.4 million, EUR 157.4 million and EUR 175.2 million for those same periods. PPA costs in 1Q19 were EUR 2.6 million compared to EUR 2.3 million in 1Q18. PPA costs are expected to remain at similar levels in the short to medium-term unless significant new acquisitions are made. For further information on PPA adjustments, see "*Operating and Financial Review—Critical Accounting Estimates and Assumptions—Purchase Price Allocation*".

Fluctuations in Foreign Currency Exchange Rates

Marel conducts global operations, involving transactions denominated in a variety of currencies, but its reporting currency is the Euro ("**EUR**"). Accordingly, fluctuations in currency exchange rates can impact its results of operations. These impacts can take the form of transaction effects, which result from a currency mismatch between revenues and costs, or translation effects, which result from converting assets, liabilities and cash flows denominated in foreign currencies into EUR for reporting purposes.

While Marel generally seeks natural hedges in its operations by aligning as much as possible the currency of its revenues, operational costs and, with respect to operations in EUR and USD, its debt funding, it is exposed in particular to the mismatch between revenues earned in EUR and USD and costs incurred in Icelandic Krona ("**ISK**"). Whereas 8.2% of costs incurred in FY18 were in ISK, less than 1% of revenues for that period were earned in ISK. This means that a strengthening of ISK against EUR (or other currencies in which Marel generates revenue), or a strengthening of EUR against USD, reduces Marel's profit margin by amplifying the magnitude of its costs relative to its revenues. Conversely, a weakening of ISK against EUR, or a weakening of EUR against USD, tends to have a beneficial impact on Marel's margins.

The results and financial position of Marel's subsidiaries are reported in the relevant local currencies and then translated into EUR at the applicable exchange rates for inclusion in Marel's consolidated financial statements, which are stated in EUR. As a result, Marel's results of operations and financial position are impacted by the value of EUR relative to such other currencies.

Marel may then be exposed to fluctuations in foreign currency exchange rates to the extent non-EUR and non-USD revenue and/or operating expenses increase. In particular, because Marel reports its financial results in EUR but generated a significant share of its revenues in USD in FY18, a strengthening of EUR against USD (or other currencies in which Marel earns revenues) will negatively impact Marel's revenues. Conversely, a weakening of EUR against USD will positively impact Marel's revenues. For a further discussion including a sensitivity analysis of currency movements on Marel's income statement, see Note 24(a) to the Annual Consolidated Financial Statements for FY18.

Macroeconomic Conditions and Political Developments

Marel's results of operations are also influenced, to some degree, by macroeconomic conditions and political developments that affect international trade and investment.

Marel's business is affected by fluctuations in demand from its customers as a result of global and local economic conditions affecting the animal protein processing industry. In particular, during recessions and economic downturns, levels of investment by animal protein processors in greenfield and large projects, standard equipment and equipment modernisation tend to decline. Accordingly, a protracted decline in investment levels by its customers reduces Marel's Equipment revenues and negatively impacts the growth of its installed base, thereby also impeding growth in Aftermarket revenue opportunities. Reductions or delays in investments during periods of economic decline, however, are typically offset in part by increased Aftermarket revenues as customers decide to service their existing production lines as opposed to investing in new solutions. Conversely, during periods of strong economic growth, Marel typically experiences strong growth in equipment demand as animal protein processors, which may be new or existing customers, have capital investment capacity.

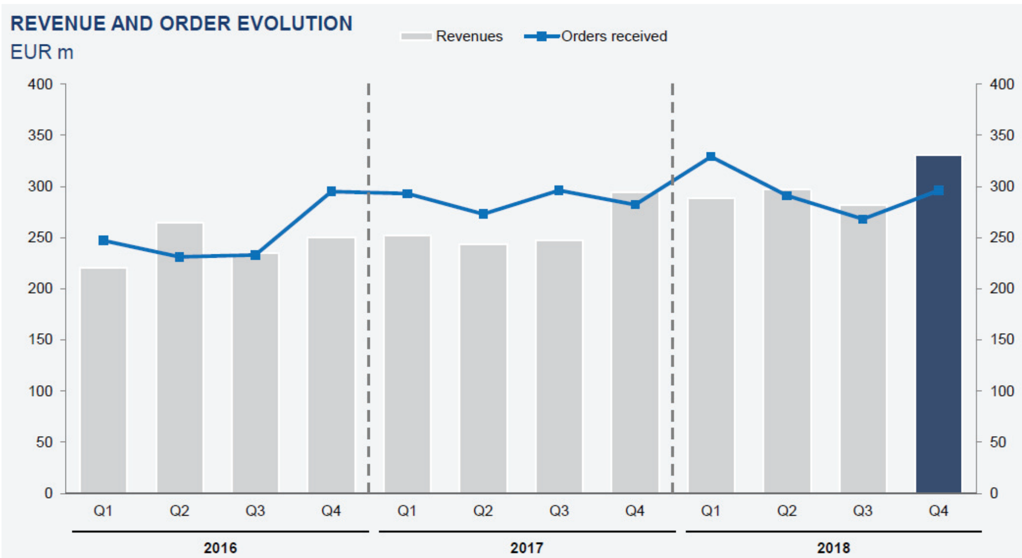
Additionally, levels of investment from animal protein processors are generally affected by fluctuations in the cost of their inputs—including predominantly labour, livestock (the price of which is in turn sensitive to fluctuations in the prices of corn and soy) and energy—which may impair their profitability if they are unable to pass on costs increases to consumers. In mature markets such as Europe and the United States, investment levels by animal protein processors are typically higher when commodity prices and the costs of other inputs are low, positively impacting Marel's Equipment revenues. Conversely, increases in the cost of these inputs have in the past to some extent driven increased investment in automation and efficiency by food processors in the shorter term aiming to maintain their profitability. This has positively impacted demand for and revenues from equipment upgrades and, in some cases, accelerating investment in greenfield and large projects to replace existing production facilities. However, in the event of a sustained increase in commodities prices and labour costs, investment in equipment would typically suffer as animal protein processors look to conserve cash, which would negatively impact Marel's revenues. In such conditions, Marel has been able to mitigate these impacts to some extent by a shift to Aftermarket revenues.

During the periods under review, macroeconomic conditions were generally favourable for Marel's customers. Commodity prices, such as corn and oil prices, were low while interest rates remained low. As a result, Marel's customers enjoyed increased liquidity and capital expenditure spending capacity, which had a positive impact on Marel's results of operations.

In addition, government policies on international trade and investment such as import quotas, capital controls or tariffs, whether adopted by individual governments or addressed by regional trade blocs, can also reduce the demand for Marel's products and services or adversely impact Marel's competitive position. The implementation of more restrictive trade policies, such as more detailed inspections, higher tariffs or new barriers to entry, in countries where Marel sells large quantities of products and services could negatively impact its business in the longer term. For instance, in FY18, Marel Poultry faced a temporary slowdown in primary processing demand and rising inventories of its customers in the U.S. as a result of trade tensions between the U.S. and China. These political developments can also lead to a macroeconomic downturn discussed above and adversely affect Marel's results of operations. Political instability may also impact Marel. For example, in FY18, Marel's operations in Brazil were halted for 9 days during a nationwide strike, which had a negative impact on revenues. However, political tensions could also lead to more business opportunities for Marel, as governments reduce their reliance on imports and increase domestic production.

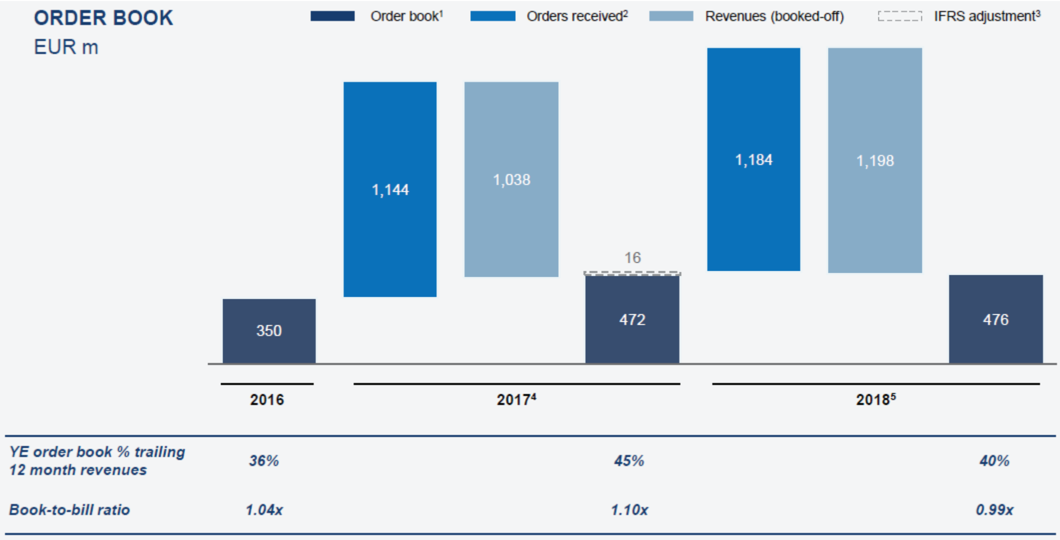
Order Book and Timing of Revenue Recognition

Marel's order book provides an indicator of its revenue generation in subsequent periods. Marel recognises its Equipment revenues attributable to greenfield and large projects and Aftermarket revenues under the percentage of completion method. The revenue attributable to modernisation and standard equipment is recognised when or as the customer obtains control of the goods. Revenues from greenfield and large projects are typically recognised over a longer period of time (up to 12 months and sometimes longer depending on factory workload) than revenues from sales of modernisation and standard equipment and Aftermarket revenues (with typical revenue recognition cycles from six weeks to six months) due to longer lead times. The chart below depicts Marel's revenues and orders received for the periods indicated.



On average, Marel Meat's projects tend to have longer lead times than those of Marel Poultry, while Marel Fish's projects have shorter lead times than those of Marel Poultry. On a consolidated basis, Marel's order book for 1Q19 represented 38.5% of LTM revenues. A strong order book improves working capital management as Marel requires customers to fund a significant part of the purchase price upfront in cash or provide coverage through a letter of credit at the time of confirmation of its orders.

The chart below sets out the size of Marel's order book, the book-to-bill ratio (which is calculated by dividing the value of orders received during the period by the value of revenues billed during the period) and other related information for the periods indicated.



(1) For a definition and further discussion, see "*Presentation of Financial and Other Information—Presentation of Financial Information—Order Book and Orders Received*".
(2) Orders received represents the total nominal amount, during the relevant period, of customer orders for equipment, software, service and spare parts registered by Marel during the relevant period.
(3) One-time effect related to the adoption of IFRS 15.
(4) Order book includes acquired order book of Sulmaq of EUR 17 million.
(5) Order book includes acquired order book of MAJA of EUR 2 million.

The strong growth in Marel's order book in FY17 was driven primarily by large orders for greenfield projects in the United States (for Marel Poultry), Norway (for Marel Fish) and Australia and Russia (for Marel Meat), as well as the acquisition of Sulmaq. As at 31 December 2017 and 31 December 2018, greenfield and large projects with long lead times constituted the vast majority of Marel's order book, with book-to-bill ratios of 1.10 and 0.99 for FY17 and FY18, respectively. In order to deliver advanced products in a timely manner without over-utilising Marel's manufacturing capacity, production was ramped up in the last quarter of 2017 and 2018, and more focus has been placed on sales and operational planning internally, supporting double-digit revenue growth in FY18. As at 31 March 2019, the order book was stable at EUR 474.7 million, compared to EUR 476.0 million at 31 December 2018. This amounted to 38.5% of LTM revenues for 1Q19. The order book indicates a strong outlook for 2019 as well, with demand expected to decline slightly to more normalised levels in the face of increasing macroeconomic uncertainty. See "—*Macroeconomic Conditions and Political Developments*".

Description of Key Statement of Profit or Loss Items

Revenues

Marel's revenues are comprised of sales of processing equipment, systems, software and services to animal protein processing companies across its business segments and geographies, net of value-added tax, rebates and discounts. The revenues consist principally of: (i) Equipment revenues, meaning revenues from greenfield and large projects, modernisation and standard equipment and related installation revenues; and (ii) Aftermarket revenues, meaning from maintenance, service (provided on an ad hoc basis or under SLAs) and spare parts. Revenues from sales of modernisation and standard equipment and spare parts are recognised upon delivery of the equipment to the customer in accordance with IFRS 15. Revenues from greenfield and large projects, maintenance and service are recognised under the percentage of completion method under which revenues are recognised based on the services performed and direct expenses incurred to date as a percentage of the projected total services to be performed and projected total expenses to be incurred.

Cost of Sales

Cost of sales encompasses all manufacturing costs (including raw materials such as stainless steel and energy, employee benefits relating to direct and indirect manufacturing, maintenance, rent and depreciation of manufacturing buildings and equipment, freight duties and service support fees) related to goods and services captured in net sales.

Selling and Marketing Expenses

Selling and marketing expenses encompass expenses related to the selling and marketing of Marel's equipment and services, which mainly includes wages and commissions for sales personnel and travel expenses, as well as expenses relating to marketing materials, exhibitions and Marel's product demonstration centres.

Research and Development Expenses

Research and development expenses represent expenses in gaining new scientific or technical knowledge and understanding and applying Marel's research findings or other knowledge to a plan or (re-)design for the production of new or improved materials, devices, products, processes, systems or services before the commencement of commercial production or use. Research and development expenses mainly include employee benefits relating to research and development personnel and materials used.

General and Administrative Expenses

General and administrative expenses represent costs incurred in relation to the implementation of Marel's strategies and general management of its business, including business support activities of staff departments that are not directly related to the other functional areas of Marel's business, which mainly consists of general management, finance, HR, IT, consultancy costs, costs associated with improvement projects and strategy and acquisition initiatives.

Net finance costs

Net finance costs predominantly reflect finance costs comprised of interest expenses on Marel's borrowings and finance leases, gains or losses relating to ineffective hedging, changes in derivative instruments and foreign exchange transaction, net of finance income or gains.

Results of Operations

Comparison of Results of Operations for 1Q19 and 1Q18

The following table sets forth Marel's results of operations for 1Q19 and 1Q18:

	Three Months ended 31 March	
In EUR million	**2019**	**2018**
Revenues	324.6	288.4
Cost of sales	(199.2)	(176.9)
Gross profit	**125.4**	**111.5**
Selling and marketing expenses	(39.0)	(34.2)
Research and development expenses	(21.4)	(18.1)
General and administrative expenses	(20.1)	(17.7)
Result from operations	**44.9**	**41.5**
Finance costs	(4.6)	(6.4)
Finance income	0.8	0.4
Net finance costs	(3.8)	(6.0)
Result before income tax	**41.1**	**35.5**
Income tax	(8.9)	(7.2)
Net result	**32.2**	**28.3**

Revenues

The following table sets forth Marel's revenues for the three months ended 1Q19 and 1Q18 for each of its reporting segments:

(*In EUR million*)	Three Months ended 31 March 2019	Three Months ended 31 March 2018
Marel Poultry	174.0	157.4
Marel Meat	100.8	88.8
Marel Fish	40.6	38.5
Other[(1)]	9.2	3.7
Total	**324.6**	**288.4**

(1) Other includes revenues from non-core business areas (including the non-animal protein business, such as sales to the dairy, vegetable and pet food processing industries).

Marel Poultry

Revenues from the Marel Poultry segment increased by 10.5% to EUR 174.0 million in 1Q19, compared to EUR 157.4 million in 1Q18, mainly as a result of high assembly volumes in key locations, particularly in the United States, as well as strong Aftermarket revenues.

Marel Meat

In 1Q19, revenues from the Marel Meat segment increased by 13.5% to EUR 100.8 million, compared to EUR 88.8 million in 1Q18. This was largely attributable to inorganic growth from the MAJA acquisition as well as strong revenue from emerging markets, particularly Asia and Oceania.

Marel Fish

The Marel Fish segment revenues increased by 5.5% to EUR 40.6 million in 1Q19, compared to EUR 38.5 million in 1Q18, largely due to strong growth in Aftermarket revenues.

Cost of Sales

Cost of sales increased by 12.6% to EUR 199.2 million in 1Q19, compared to EUR 176.9 million in 1Q18, principally as a result of increased sales volume. Cost of sales for 1Q19 represented 61.4% of revenues for the period, compared to 61.3% in 1Q18.

Selling and Marketing Expenses

Selling and marketing expenses increased by 14.0% to EUR 39.0 million in 1Q19, compared to EUR 34.2 million in 1Q18, primarily due to increased business activity and the inclusion of MAJA in the 1Q19 results. Selling and marketing expenses for 1Q19 represented 12.0% of revenues for the period, compared to 11.9% in 1Q18.

Research and Development Expenses

In 1Q19, Marel's research and development expenses increased by 18.2% to EUR 21.4 million, compared to EUR 18.1 million in 1Q18, mainly as a result of higher personnel costs in connection with increased innovation activity. Research and development expenses for 1Q19 represented 6.6% of revenues for the period, compared to 6.3% in 1Q18.

General and Administrative Expenses

Marel's general and administrative expenses increased by 13.6% to EUR 20.1 million in 1Q19, compared to EUR 17.7 million in 1Q18, largely due to ongoing improvement projects, increased business and potential acquisitions explored. General and administrative expenses for 1Q19 represented 6.2% of revenues for the period, compared to 6.1% in 1Q18.

Result from Operations

In 1Q19, Marel's Result from operations increased by 8.2% to EUR 44.9 million, compared to EUR 41.5 million in 1Q18. This was mostly attributable to the developments described above.

Net finance costs

Net finance costs decreased by 36.7% to EUR 3.8 million in 1Q19, compared to EUR 6.0 million in 1Q18, mainly as a result of more favourable currency exchange rates.

Income tax

Income tax increased by 23.6% to EUR 8.9 million in 1Q19, compared to EUR 7.2 million in 1Q18, mainly as a result of higher pre-tax profits.

Comparison of Results of Operations for FY18 and FY17

The following table sets forth Marel's results of operations for FY18 and FY17:

	Year ended 31 December	
(In EUR million)	**2018**	**2017**
Revenues	1,197.9	1,038.2
Cost of sales	(730.4)	(631.5)
Gross profit	**467.5**	**406.7**
Selling and marketing expenses	(133.7)	(120.5)
Research and development expenses	(73.7)	(57.8)
General and administrative expenses	(84.9)	(71.0)
Adjusted Result from operations[(1)]	**175.2**	**157.4**
PPA related costs	(14.3)	(17.1)
Result from operations	**160.9**	**140.3**
Finance costs	(17.2)	(21.2)
Finance income	2.3	0.9
Net finance costs	(14.9)	(20.3)
Result before income tax	**146.0**	**120.0**
Income tax	(23.5)	(23.1)
Net result	**122.5**	**96.9**

(1) Adjusted for PPA related costs, including depreciation and amortisation. PPA related costs are changes in the values allocated to certain acquired assets and liabilities and their estimated useful lives, which could affect the amount or timing of charges to the Consolidated Statement of Income.

Revenues

Marel's revenues increased by 15.4% to EUR 1,197.9 million in FY18, compared to EUR 1,038.2 million in FY17, of which 12.5% reflected Organic Growth. The remaining 2.9% revenue growth in the year was attributable to the acquisition of MAJA in 2018 and the full-year effect of the Sulmaq acquisition, completed in 2017, which Marel accounts for in the Marel Meat segment. Marel Poultry continued to be the biggest revenue driver and accounted for 53% of Marel's total revenues in FY18, followed by Marel Meat (32%) and Marel Fish (13%).

The following table sets forth Marel's revenues by reporting segment for the periods indicated:

(*In EUR million*)	Year ended 31 December 2018	Year ended 31 December 2017	Change (%)
Marel Poultry	638.2	560.2	13.9
Marel Meat	387.0	334.4	15.7
Marel Fish	159.1	132.3	20.3
Other(1)	13.6	11.3	20.4
Total	**1,197.9**	**1,038.2**	**15.4**

(1) Other includes revenues from non-core business areas (including the non-animal protein business, such as sales to the dairy, vegetable and pet food processing industries).

Marel Poultry

In FY18, revenues in the Marel Poultry segment increased by 13.9% to EUR 638.2 million, compared to EUR 560.2 million in FY17, mainly due to the impact of a number of large greenfield projects, as well as higher volumes driven by increased capacity requirements for poultry processing in Europe and the United States, stronger demand for automation in China due to rising labour costs and an increase in Aftermarket revenues in line with growth of the installed base.

Marel Meat

Revenues in the Marel Meat segment increased by 15.7% to EUR 387.0 million in FY18, compared to EUR 334.4 million in the prior year, primarily reflecting the impact of large greenfield projects and the four months of revenues related to Sulmaq in FY17. Revenue growth during the period also reflects the MAJA acquisition (which closed in the third quarter of 2018), which contributed EUR 9.7 million to Marel Meat revenues in FY18.

Marel Fish

Revenues in the Marel Fish segment increased by 20.3% to EUR 159.1 million in FY18, compared to EUR 132.3 million in the prior year, as a result of good order intake in the second half of FY17 and first half of FY18 following release of innovative products to the market and continuous growth in spare parts sales and service orders under SLAs.

Cost of Sales

Cost of sales increased by 15.7% to EUR 730.4 million in FY18, compared to EUR 631.5 million in FY17, largely in line with the increase in revenues over the period. Gross profit margins remained largely constant year-over-year.

Selling and Marketing Expenses

Selling and marketing expenses increased by 11.0% to EUR 133.7 million in FY18, compared to EUR 120.5 million in FY17, mostly due to expansion of Marel's sales and marketing staff during FY18 in line with the growth of the business. Selling and marketing expenses for FY18 represented 11.2% of revenues for the period, compared to 11.6% in FY17.

Research and Development Expenses

In FY18, research and development expenses increased by 27.5% to EUR 73.7 million, compared to EUR 57.8 million in FY17, due to efforts on standardisation and innovation in Marel Fish and Marel Meat and higher investment in Innova. Research and development expenses for FY18 represented 6.2% of revenues for the period, compared to 5.6% in FY17. For further discussion, see "*Market Overview*".

General and Administrative Expenses

Marel's general and administrative expenses increased by 19.6% to EUR 84.9 million in FY18, compared to EUR 71.0 million in FY17, primarily as a result of an increase in employee benefit costs due to an increase in the number of Marel employees as a result of recent acquisitions, non-recurring advisory costs relating to changes in the organisational structure to strengthen the global sales and service platform, costs relating to the MAJA acquisition and other acquisitions explored but not undertaken, costs relating to the review of possible listing alternatives, as well as investments in IT infrastructure. General and administrative expenses for FY18 represented 7.1% of revenues for the period, compared to 6.8% in FY17.

Result from Operations and Adjusted Result from Operations

Marel's Adjusted Result from operations amounted to EUR 175.2 million in FY18, an increase of 11.3% compared to EUR 157.4 million in the prior year period, as a result of the developments described above. This adjustment only reflects the impact of certain PPA related costs (including depreciation and amortisation of (in)tangibles) and does not include adjustments for non-recurring costs.

In FY18, Result from operations increased by 14.7% to EUR 160.9 million, compared to EUR 140.3 million in FY17, as a result of the developments described above in addition to lower PPA related costs.

Net finance costs

Net finance costs decreased by 26.6% to EUR 14.9 million in FY18, compared to EUR 20.3 million in FY17, mostly owing to lower interest rate expense on borrowings as a result of the extension and restatement of the Senior Credit Facilities in May 2017 as described under "*—Liquidity and Capital Resources—Borrowings*", lower foreign exchange losses due to a positive development in Marel's main currency exposure and an increase in interest income arising from higher interest rates on USD cash balances, partly offset by an increase of EUR 0.9 million in net finance costs as a result of the implementation of IFRS 16, which resulted in certain leases being added to the balance sheet.

Income tax

Income tax increased by 1.7% to EUR 23.5 million in FY18, compared to EUR 23.1 million in FY17, mainly as a result of the strong Results before income tax, partly offset by a EUR 7.6 million impact due to changes in corporate tax rates in the Netherlands.

Comparison of Results of Operations for FY17 and FY16

The following table sets forth Marel's results of operations for FY17 and FY16:

	Year ended 31 December	
(*In EUR million*)	**2017**	**2016**
Revenues	1,038.2	969.7
Cost of sales	(631.5)	(572.7)
Gross profit	**406.7**	**397.0**
Selling and marketing expenses	(120.5)	(128.5)
Research and development expenses	(57.8)	(63.1)
General and administrative expenses	(71.0)	(66.2)
Other operating income	—	0.2
Adjusted Result from operations[(1)]	**157.4**	**139.4**
PPA related costs	(17.1)	(24.6)
Result from operations	**140.3**	**114.8**
Finance costs	(21.2)	(26.0)
Finance income	0.9	0.6
Net finance costs	(20.3)	(25.4)
Result before income tax	**120.0**	**89.4**
Income tax	(23.1)	(13.6)
Net result	**96.9**	**75.8**

(1) Adjusted for PPA related costs, including depreciation and amortisation. PPA related costs are changes in the values allocated to certain acquired assets and liabilities and their estimated useful lives, which could affect the amount or timing of charges to the Consolidated Statement of Income.

Revenues

Marel's revenues increased by 7.1% to EUR 1,038.2 million in FY17, compared to EUR 969.7 million in FY16. The FY17 revenue growth in part reflects the impact of EUR 9.1 million attributable to the Sulmaq acquisition accounted for in Marel Meat, or 13.3% of revenue growth over the period. Marel Poultry was the biggest driver of revenues, contributing 54% of revenues in FY17 (compared to 53% in the prior year). Marel Meat contributed 32% of revenues in FY17 (compared to 33% in FY16), whereas Marel Fish accounted for 13% of revenues in both years.

The following table sets forth Marel's revenues for FY17 and FY16 for each of its reporting segments:

	Year ended 31 December		
(In EUR million)	**2017**	**2016**	**Change (%)**
Marel Poultry	560.2	514.2	8.9
Marel Meat	334.4	320.4	4.4
Marel Fish	132.3	127.1	4.1
Other(1)	11.3	8.0	41.3
Total	**1,038.2**	**969.7**	**7.1**

(1) Other includes revenues from non-core business areas (including the non-animal protein business, such as sales to the dairy, vegetable and pet food processing industries).

Marel Poultry

Revenues in the Marel Poultry segment increased by 8.9% to EUR 560.2 million in FY17, compared to EUR 514.2 million in the prior year, mainly as a result of strong market conditions and a balanced product mix.

Marel Meat

In the Marel Meat segment, revenues increased by 4.4% to EUR 334.4 million in FY17, compared to EUR 320.4 million in FY16, largely driven by high volumes of maintenance, service and spare parts sales, the impact of four months of revenues attributable to the Sulmaq acquisition and the impact of large greenfield orders in Spain, France, Mexico and Korea.

Marel Fish

In FY17, revenues in the Marel Fish segment increased by 4.1% to EUR 132.3 million, compared to EUR 127.1 million in FY16, reflecting a significant greenfield project in Russia and certain large orders in Europe and the U.S. and strong spare parts sales.

Cost of Sales

Cost of Sales increased by 10.3% to EUR 631.5 million in FY17, compared to EUR 572.7 million in FY16, mostly as a result of product mix effects due to the impact of large greenfield projects with higher engineering costs. In addition, the increase in Cost of Sales was driven by a reclassification of certain costs from Selling and Marketing expenses to Cost of Sales in FY17 compared to FY16, due to a change in Marel's organisational structure. Cost of Sales for FY17 represented 60.8% of revenues for the period, compared to 59.1% in FY16.

Selling and Marketing Expenses

Selling and marketing expenses decreased by 6.2% to EUR 120.5 million in FY17, compared to EUR 128.5 million in FY16, primarily due to a reclassification of costs from Selling and Marketing expenses to Cost of Sales, as well as a decrease in trade receivables impaired to net-realisable value, offset by an increase in employee benefit expenses that are classified as selling and marketing expenses. Selling and marketing expenses for FY17 represented 11.6% of revenues for the period, compared to 13.3% in FY16.

Research and Development Expenses

In FY17, research and development expenses decreased by 8.4% to EUR 57.8 million, compared to EUR 63.1 million in FY16. This decrease is largely due to an impairment charge in FY16 of

EUR 5.5 million. Research and development expenses for FY17 represented 5.6% of revenues for the period, compared to 6.5% in FY16.

General and Administrative Expenses

General and administrative expenses increased by 7.3% to EUR 71.0 million in FY17, compared to EUR 66.2 million in FY16, which was mostly attributable to the growth of the Company and the impact of the MPS acquisition. General and administrative expenses for each of FY17 and FY16 represented 6.8% of revenues for the period.

Result from Operations and Adjusted Result from Operations

Adjusted Result from operations amounted to EUR 157.4 million in FY17, compared to EUR 139.4 million in FY16. This adjustment reflects the impact of certain PPA related costs (including depreciation and amortisation of (in)tangibles), which amounted to EUR 17.1 million in FY17 and EUR 24.6 million in FY16. The decrease in PPA related costs reflected the levelling off of the fair value uplift of order backlog by mid-FY17.

In FY17, Marel's Result from operations increased by 22.2% to EUR 140.3 million, compared to EUR 114.8 million in FY16, as a result of developments described above in addition to lower PPA related costs.

Net finance costs

Net finance costs decreased by 20.1% to EUR 20.3 million in FY17, compared to EUR 25.4 million in FY16. This decrease was largely reflective of a decrease in Marel's outstanding borrowings as a result of strong operational cash flow and a decrease in interest on borrowings as a result of the extension and restatement of the Senior Credit Facilities in FY17. See "—*Liquidity and Capital Resources—Borrowings*".

Income tax

Income tax increased by 69.9% to EUR 23.1 million in FY17, compared to EUR 13.6 million in FY16, mainly as a result of higher taxes as a result of absorbed tax losses consumed and strong operational results.

Liquidity and Capital Resources

Marel's liquidity requirements arise primarily from the need to fund net working capital requirements and operating expenses as well as for maintenance and growth capital expenditures, acquisitions in line with Marel's strategy, and to meet ongoing debt service requirements.

Marel believes that it generates strong cash flows, and its principal sources of liquidity are existing cash and cash equivalents, net cash from operating activities and, to the extent necessary, external debt funding. Marel's principal external funding arrangements are described under "—*Liquidity and Capital Resources—Borrowings*" below.

Cash Flows

The table below sets forth Marel's cash flows for the periods indicated.

	Three Months ended 31 March		**Year ended 31 December**		
(*In EUR million*)	**2019**	**2018**	**2018**	**2017**	**2016**
Net cash from operating activities	52.3	44.2	166.8	195.6	137.1
Net cash provided by / (used in) investing activities	(10.8)	(11.2)	(84.5)	(77.7)	(408.1)
Net cash provided by / (used in) financing activities	(49.6)	(43.6)	(60.2)	(122.2)	220.4
Net increase (decrease) in net cash	**(8.1)**	**(10.6)**	**22.1**	**(4.3)**	**(50.6)**
Exchange (loss) / gain on net cash	1.9	(2.2)	2.3	(9.3)	3.1
Net cash at beginning of the period	56.3	31.9	31.9	45.5	93.0
Net cash at end of the period	**50.1**	**19.1**	**56.3**	**31.9**	**45.5**

Net cash from operating activities

The primary source of Marel's cash flows is funds generated by its operating activities. Marel's net cash from operating activities primarily comprised Marel's Result from operations for the year, adjusted for depreciation and amortisation, together with working capital movements, changes in provisions, tax paid and interest and finance income and costs.

Net cash from operating activities in 1Q19 increased by EUR 8.1 million to EUR 52.3 million, compared to EUR 44.2 million in 1Q18, reflecting strong operational results and lower income tax paid.

Net cash from operating activities in FY18 decreased by EUR 28.8 million to EUR 166.8 million, compared to EUR 195.6 million in the prior year, primarily as a result of a lower book-to-bill ratio and fluctuations in the timing of orders received and down payments for large projects, and increased inventories compared to FY17.

Net cash from operating activities for FY17 increased by EUR 58.5 million to EUR 195.6 million, compared to EUR 137.1 million in FY16, primarily due to strong positive working capital developments as a result of a strong order intake and a decrease in interest and finance costs compared to FY16 when an upfront cost for the MPS acquisition was incurred. This increase in net cash from operating activities was partially offset by an increase in taxes paid compared to FY16.

Net cash from (used in) investing activities

Marel's net cash flow from investing activities consisted of cash used for the purchase or cash received for the sale of property, plant and equipment, investments in research & development activities, and acquisitions.

Net cash used in investing activities in 1Q19 decreased by EUR 0.4 million to EUR 10.8 million, compared to EUR 11.2 million in 1Q18.

Net cash used in investing activities for FY18 increased by EUR 6.8 million to EUR 84.5 million, compared to EUR 77.7 million in FY17, mainly reflecting the impact of the MAJA acquisition.

Net cash used in investing activities for FY17 decreased by EUR 330.4 million to EUR 77.7 million, compared to EUR 408.1 million in FY16. This decrease was primarily due to the high levels of net cash used in investing activities for FY16 including a EUR 295.1 million cash payment in connection with the acquisition of MPS in FY16.

Net cash from (used in) financing activities

Marel's net cash from financing activities reflected sales and purchase of treasury shares and dividends paid as well as refinancing of long-term borrowings as described under "—*Borrowings*" below.

Net cash used in financing activities in 1Q19 increased by EUR 6.0 million to EUR 49.6 million, compared to EUR 43.6 million in 1Q18, mainly as a result of higher dividend payments and share buybacks.

Net cash used in financing activities for FY18 decreased by EUR 62.0 million to EUR 60.2 million, compared to EUR 122.2 million in FY17, largely due to higher dividends paid, which amounted to EUR 28.9 million, compared to EUR 15.3 million in the prior year, and open market repurchases of Marel shares in the amount of EUR 71.7 million, compared to EUR 63.4 million in the prior year. In addition, the issuance of the Promissory Notes also contributed to a decrease in net cash used in financing activities in FY18. See "—*Borrowings*" below.

Net cash used in financing activities for FY17 was EUR 122.2 million, compared to net cash provided by financing activities of EUR 220.4 million in FY16. This change was primarily due to an increase in open market share repurchases, which amounted to EUR 63.4 million, compared to EUR 8.0 million in the prior year, and higher levels of drawings under the Revolving Credit Facility (as defined below) in FY16 following the MPS acquisition.

Working Capital

The following table shows developments in Marel's net working capital for the periods indicated.

(In EUR million unless otherwise indicated)	Three months ended 31 March		Year ended 31 December		
	2019	**2018**	**2018**	**2017**	**2016**
Inventories	159.1	129.4	149.9	124.4	122.2
Trade receivables	147.6	146.8	138.8	128.9	115.3
Other receivables	53.3	49.4	45.0	46.6	32.7
Trade payables	(230.5)	(192.6)	(217.0)	(195.9)	(168.9)
Net contract liabilities(1)	(176.6)	(204.9)	(168.1)	(161.4)	(113.8)
Net working capital	**(47.1)**	**(71.9)**	**(51.4)**	**(57.4)**	**(12.5)**
% of LTM revenues	(3.8%)(2)	(6.7%)(3)	(4.3%)	(5.5%)	(1.3%)

Note:

(1) Net contract liabilities includes both contract liabilities and contract assets.

(2) Reflects revenues of EUR 324.6 million for the three months ended 31 March 2019 and EUR 909.5 million for the nine months ended 31 December 2018.

(3) Reflects revenues of EUR 288.4 million for the three months ended 31 March 2018 and EUR 785.7 million for the nine months ended 31 December 2017.

During the periods under review, Marel consistently achieved negative net working capital due to its business model, with down payments received from customers for equipment orders. Whereas Inventories, Trade and Other receivables and Trade payables increased largely in line with revenues during the periods under review, changes in Marel's net working capital in FY17 and FY18 were driven by increases in Contract liabilities as a result of the order book growing faster than revenues in FY17 and FY18. Net working capital increased slightly between 1Q19 and 1Q18, largely due to higher inventories and higher trade receivables, but mostly offset by increased trade payables and contract liabilities. Marel seeks to shorten lead times by increasing the volume of fast-moving parts when necessary leading to higher inventory levels.

It is Marel's opinion that its working capital is sufficient for its present requirements for at least 12 months following the date of this Prospectus.

Capital Expenditures

The following table sets forth Marel's capital expenditures (excluding acquisition costs) for the periods indicated.

(In EUR million unless otherwise indicated)	Three months ended 31 March		Year ended 31 December		
	2019	**2018**	**2018**	**2017**	**2016**
R&D Capex(1)	4.4	3.9	16.3	15.5	15.7
IT Capex(2)	1.6	2.3	6.7	8.4	7.5
Property, plant and equipment Capex (3)	5.2	5.4	34.0	34.0	21.0
Total Capex (excluding acquisition costs)	**11.2**	**11.6**	**57.0**	**57.9**	**44.2**
% of revenues *(%)*	3.5%	4.0%	4.8%	5.6%	4.6%
Acquisition cost net of cash acquired	—	—	**30.5**	**20.2**	**368.4**

Note:

(1) R&D Capex is defined as capitalised expenditures on research and development projects with probable future economic benefit that are technically feasible to complete and result in additions to technology and development costs in the financial statements.

(2) IT Capex is recorded under "other intangibles".

(3) Property, plant and equipment Capex does not include investments in Right of use assets of EUR 4.4 million, EUR 0.2 million and EUR 9.5 million for 1Q19, 1Q18 and FY18, respectively.

Marel's total capital expenditure was EUR 57.0 million in FY18, compared to EUR 57.9 million in 2017 and EUR 44.2 million in FY16. The increase in FY17 from FY16 reflects investments in Marel's internal IT systems as well as the expansion of manufacturing facilities in Slovakia and the modernisation of facilities in the Netherlands, Denmark, Iceland and the United States during the period. Such investment continued in FY18 but decreased to 4.8% as a percentage of revenue compared to 5.6% in prior year. In FY16 the capital expenditure as a percentage of revenue was 4.6%. Total capital expenditure in 1Q19 was EUR 11.2 million, compared to EUR 11.6 million in 1Q18. The decrease reflects lower IT capex as well as slightly lower Property, plant and equipment capex.

Borrowings

Overview

The following table sets forth Marel's total indebtedness as at 31 March 2019:

	As at 31 March 2019
(*In EUR million*)	
Borrowings	461.8
Lease liabilities	27.7
Non-current	**489.5**
Borrowings excluding bank overdrafts	24.8
Lease liabilities	8.1
Current	**32.9**
Borrowings	486.6
Lease liabilities	35.8
Total borrowings	**522.4**

Below is a summary of Marel's material financing arrangements as at 31 March 2019.

Schuldschein Promissory Notes

On 7 December 2018, Marel issued Schuldschein promissory notes in an aggregate amount of EUR 140 million to a syndicate of commercial banks across continental Europe and Asia (the "**Promissory Notes**"). Marel Holding B.V. issued the following series of Promissory Notes:

- EUR 8.5 million at 1.83% fixed interest for 7 years;
- EUR 15.5 million at 1.366% fixed interest for 5 years;
- EUR 106 million with floating rate and 1.1% margin for 5 years; and
- EUR 10 million with floating rate and 1.3% margin for 7 years.

In each case, the floating rate tranches include a 0% floor on the six-month Euribor.

Marel and certain subsidiaries of Marel guarantee all amounts under the Promissory Notes. The Promissory Notes are unsecured.

The Promissory Notes include customary covenants, including reporting obligations and a margin step-up mechanism if certain Leverage thresholds are exceeded. The Promissory Notes include customary early termination rights including, but not limited to, non-payment by the borrower or the guarantors, cross-default, insolvency, initiation of insolvency proceedings, cessation of business and invalidity of a guarantee.

Senior Credit Facilities

On 21 November 2015, Marel Holding B.V. entered into a EUR 640 million equivalent senior facilities agreement (as subsequently amended and restated, most recently on 5 May 2017, the "**Senior Credit Facilities**") with, among others, Marel and certain subsidiaries of Marel as guarantors and seven international banks for which ING Bank N.V., Coöperatieve Rabobank U.A. and ABN AMRO Bank N.V. acted as bookrunning mandated lead arrangers. The Senior Credit Facilities include the following:

- a EUR 323 million revolving credit facility (the "**Revolving Credit Facility**");
- a EUR 243 million term loan; and
- a USD 75 million term loan.

In each case, the initial interest terms were set at 185 basis points over EURIBOR/LIBOR (the "**Base Rates**") and vary in line with Marel's Leverage ratio (calculated as Net Debt divided by EBITDA) at the end of each quarter thereafter. The Senior Credit Facilities are subject to a 0% floor on the Base Rates on relevant currencies. The Senior Credit Facilities also include customary interest cover covenants. Each of the Senior Credit facilities may be utilised following the delivery of an irrevocable utilisation request, subject to specified utilisation amounts. The final maturity is in May 2022.

Marel and certain subsidiaries of Marel guarantee all amounts due to the lenders and other finance parties under the Senior Credit Facilities agreement. The Senior Credit Facilities are unsecured.

The Senior Credit Facilities contain restrictive covenants, relating to interest cover and Leverage in line with market practice.

The Senior Credit Facilities reflect Loan Market Association documentation, including with respect to customary events of default, including, but not limited to, breach of financial covenants referred to above, misrepresentation, non-payment by the borrower, cross default, insolvency, initiation of insolvency proceedings, unlawfulness and invalidity, change of ownership, repudiation of agreements, cessation of business, litigation and material adverse change, and limitations on upstream dividend payments in the event that Marel's Leverage would exceed its targeted Leverage ratio. See "*Business Description—Financial Targets*".

As at 31 March 2019, Marel has EUR 104.5 million of borrowings outstanding under the Revolving Credit Facility as well as EUR 51.4 million issued guarantees, reflecting a utilisation of EUR 155.9 million of the EUR 323.0 million available under the Revolving Credit Facility.

Certain Other Contractual Commitments

The table below shows the breakdown by maturity of all financial liabilities for the periods indicated.

	Three Months ended 31 March 2019		
(*In EUR million*)	**Less than 1 year**	**Between 1 and 5 years**	**Over 5 years**
Borrowings	24.8	441.5	20.3
Finance lease liabilities	8.1	22.8	4.9
Total borrowings	**32.9**	**464.3**	**25.2**

Off-Balance Sheet Arrangements and Contingent Liabilities

Marel does not currently engage in any off-balance sheet financing arrangements. For a discussion of Marel's guarantee and pension commitments, see Notes 22 and 23 to the Annual Consolidated Financial Statements for FY18.

Derivative Financial Instruments

Marel uses interest rate swaps to hedge its net exposure to movements in interest rates on its floating rate long-term borrowings described under "*—Liquidity and Capital Resources—Borrowings*" above to receive floating interest and to pay fixed interest. The fair value of these interest rate swaps is calculated using a credit-risk adjusted discount rate and therefore incorporates a debit or credit valuation adjustment as required. As at 31 March 2019, the notional principal amount of outstanding interest rate swaps was EUR 282.4 million. For a further discussion, see Note 24 to Marel's unaudited condensed consolidated interim financial statements for 1Q19.

Qualitative and Quantitative Disclosures about Market Risk

Marel's operations expose it to a variety of financial risks that include the effects of changes in price, foreign exchange risk, interest rate risk, credit risk and liquidity risk. Marel's overall risk management programme seeks to minimise potential adverse effects as noted below. For a further discussion, please see Note 24 to the Annual Consolidated Financial Statements for FY18.

Foreign Exchange Risk

Marel operates internationally and is exposed to currency risk arising from mainly the USD and ISK, primarily with respect to the EUR, as the EUR is Marel's reporting currency. Marel generally seeks natural hedges in its operations by matching revenues and operational costs as much as possible, with its main exposure being to revenues earned in USD and costs incurred in ISK (8.2% of costs incurred in FY18 were in ISK whereas less than 1% of revenues for that period were earned in ISK). Marel monitors foreign exchange risk arising from commercial transactions, recognised assets and liabilities (transaction risk) that are determined in a currency other than the entity's functional currency. Currency exposure arising from net assets of Marel's major foreign operations (translation risk) is predominantly managed through funding denominated in the main operational currencies to create natural hedging in the balance sheet. If necessary, Marel seeks to hedge its financial exposure in accordance with its general policy within set limits. During the periods presented in this Prospectus all exposures were within set limits under Marel's general policy and Marel did not have any foreign exchange derivatives in place. For further discussion, see "*—Key Factors Affecting Marel's Results of Operations and Financial Condition—Fluctuations in Foreign Currency Exchange Rates*".

Interest Rate Risk

Marel's income and operating cash flows are impacted by changes in market interest rates. The interest rates of a majority of Marel's financial leases, where it is lessee, are fixed at their inception. These leases expose the company to fair-value interest rate risk. Marel reports separately an embedded 0% floor in its long-term EUR denominated borrowings. The valuation of this embedded derivative depends on market interest rates and is reported in the income statement.

Marel's cash-flow interest rate risk arises from long-term borrowings. Borrowings at variable rates expose the company to cash-flow interest rate risk, while borrowings at fixed rates expose it to fair-value interest rate risk. Marel manages its cash-flow interest rate risk by using floating-to-fixed interest rate swaps. See "*—Derivative Financial Instruments*". Such interest rate swaps have the economic effect of converting floating-rate financing to fixed rates. Marel obtains long-term financing at floating rates and swaps a portion of this to fixed rates. The risk involved, measured as the potential increase in interest paid during the coming year based on a defined movement in interest rates, is monitored and evaluated regularly. To ensure the certainty of future interest cash flows and compliance with debt covenants, Marel maintains a hedging policy under which it hedges 50-70% of its exposure to interest rate risks associated with its core debt with an interest rate swap with a maximum maturity of five years.

Credit Risk

Marel is exposed to credit risk from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The following table sets forth Marel's maximum exposure to credit risk for the periods indicated:

	Three Months ended 31 March		**Year ended 31 December**		
(*In EUR million*)	**2019**	**2018**	**2018**	**2017**	**2016**
Trade receivables (current and non-current)	150.7	150.6	142.0	132.9	115.5
Other receivables and prepayments	53.3	49.4	45.0	46.6	32.7
Cash and cash equivalents	50.1	19.1	56.3	31.9	45.5
Total	**254.1**	**219.1**	**243.3**	**211.4**	**193.7**

Marel has no significant concentrations of credit risk. Marel seeks to minimise credit risk by closely monitoring credit granted to customers and by obtaining security to cover potential losses. Marel has policies in place to ensure that sales of products and services are made to customers with an acceptable credit history and that products are not delivered until payments are secured.

Marel does its banking with a diversified set of financial institutions around the world. Marel has policies in place to limit the amount of credit exposure to any one financial institution.

Liquidity Risk

Due to the dynamic nature of the underlying businesses, Marel aims to maintain flexibility in funding by maintaining availability under its Senior Credit Facilities. Marel has EUR 323.0 million of Revolving Credit Facilities, which can be used both as a revolver and to issue guarantees for down payments. As at 31 March 2019, Marel has EUR 104.5 million of borrowings outstanding under the Revolving Credit Facility as well as EUR 51.4 million issued guarantees, reflecting a utilisation of EUR 155.9 million of the EUR 323.0 million available under the Revolving Credit Facility, leaving a headroom of EUR 167.1 million. The Senior Credit Facilities are subject to interest cover and Leverage covenants. As at 31 March 2019, there is sufficient headroom.

Cash flow forecasts are done at the local levels and monitored by Group Treasury. Group liquidity reports are viewed by management on a regular basis. Marel has a cross border notional cash pool with the aim of making better use of its cash position and to further decrease the amount of idle cash.

Critical Accounting Estimates and Assumptions

Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In preparing its financial statements, Marel makes judgments and estimates that affect the application of Marel's accounting policies and the reported amounts of assets, liabilities, income and expenses. Marel further makes estimates and assumptions concerning the future. The actual results will, by definition, seldom be exactly equal to the related accounting estimates used.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Purchase Price Allocation

Acquisitions by Marel as part of business combinations, which will be accounted for by the acquisition method, will result in recognition of goodwill and other intangible assets. The amounts assigned to the acquired assets and liabilities are based on assumptions and estimates about their fair values. In making these estimates, management consulted independent, qualified appraisers, if appropriate. A change in assumptions and estimates could change the values allocated to certain assets and their estimated useful lives, which could affect the amount or timing of charges to the Consolidated Statement of Income, such as amortisation of intangible assets. See Note 3(a) to the Annual Consolidated Financial Statements for FY18.

Estimated impairment

Marel annually tests whether the financial and non-financial assets, including goodwill, were impaired in accordance with the accounting policy stated in Notes 2.10 and 2.12 of the Annual Consolidated Financial Statements for FY18. The recoverable amounts of cash generating units ("**CGUs**") have been determined based on value in use calculation. These calculations require the use of estimates as discussed in Note 15 to the Annual Consolidated Financial Statements for FY18. Marel has not recorded any impairment on goodwill during the periods under review.

Income taxes and deferred income taxes

Marel is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

Marel recognises provisions for anticipated tax audit issues based on estimates of whether additional taxes will be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax laws and prior experience. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact income tax in the period in which such determination is made.

Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. Marel uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date.

Capitalised development cost

The recoverability of the capitalised development cost is under constant review and is subject to the annual impairment tests, to verify if expected future economic benefits justify the values captured in the intangible fixed assets. Marel uses discounted cash flow analysis for this purpose.

Revenue recognition

Marel uses the percentage of completion method in accounting for its revenues for complete solutions or systems and service and SLAs. The percentage-of-completion method places considerable importance on accurate estimates of the extent of progress towards completion and may involve estimates on the scope of deliveries and services required for fulfilling the contractually defined obligations. These estimates include total estimated costs, total estimated revenues, contract risks, including technical, political and regulatory risks, and other judgments. Under the percentage-of-completion method, changes in estimates may lead to an increase or decrease of revenues. In addition, Marel needs to assess whether the contract is expected to continue or to be terminated. In determining whether the continuation or termination of a contract is expected to be the most likely scenario, all relevant facts and circumstances relating to the contract are considered on an individual basis.

Leases

Marel has applied its judgment in presenting related information on leases in a manner that it considers to be the most relevant to an understanding of its financial performance and financial position. Estimates have been made on the estimated (remaining) useful lives of right of use assets and the remaining lease terms.

For additional information on the significant accounting policies of Marel, see Note 2 to the Annual Consolidated Financial Statements for FY18.

Impact of recent changes in IFRS

As of 1 January 2018 Marel adopted the following new IFRS standards: *IFRS 9 Financial Instruments*; *IFRS 15 Revenues from contract with customers*; furthermore Marel has early applied *IFRS 16 Leases* from 1 January 2018.

The impact of implementing the new standards was reflected in the opening balance sheet on 1 January 2018. The implementation of IFRS 9 resulted in an increase in retained earnings of EUR 4.1 million that will be amortized as a finance cost for the duration of the syndicated finance facility. The implementation of IFRS 15 resulted in a decrease in retained earnings of EUR 8.9 million. IFRS 16 had no impact on retained earnings, though assets and liabilities increased by EUR 33.2 million to capitalize the right to use assets and corresponding liabilities.

For further details of the changes relating to these new IFRS standards, see note 2.1 to the Annual Consolidated Financial Statements for FY18.

CAPITALISATION AND INDEBTEDNESS

The table below sets forth the capitalisation and indebtedness of the Company as of 31 March 2019. The information has been extracted from the unaudited condensed consolidated interim financial information or from the accounting records as of and for the three months ended 31 March 2019 and should be read in conjunction with "*Operating and Financial Review*" and "*Selected Consolidated Financial, Operating and Other Information*" as well as the Annual Consolidated Financial Statements incorporated by reference into this Prospectus and the Quarterly Consolidated Financial Statements included in "*Quarterly Consolidated Financial Statements*".

Capitalisation

	As at 31 March 2019	**As adjusted for the Offering(1)**
	(In EUR million)	
Total Current Debt	**32.9**	**32.9**
Guaranteed	—	—
Secured	—	—
Unguaranteed/Unsecured	32.9	32.9
Total Non-Current Debt	**489.5**	**489.5**
Guaranteed	—	—
Secured	—	—
Unguaranteed/Unsecured	489.5	489.5
Total Equity	**523.9**	**523.9**
Non-controlling interests	0.2	0.2
Shareholder Equity	**523.7**	**523.7**
Share capital	6.0	6.9
Share premium reserve	124.7	470.5
Other reserves	(5.7)	(5.7)
Retained earnings	398.7	398.1
Total Capitalisation	**1,046.3**	**1,392.5**

Indebtedness

	As at 31 March 2019	As adjusted for the Offering[(1)]
	(In EUR million)	
Liquidity	**50.1**	**396.3**
Cash and cash equivalents	50.1	396.3
Current financial receivables	**147.6**	**147.6**
Current financial debt	**(32.9)**	**(32.9)**
Current bank debt	(24.8)	(24.8)
Other current financial debt	(8.1)	(8.1)
Net current financial indebtedness	**164.8**	**164.8**
Non-current financial indebtedness	**(489.5)**	**(489.5)**
Non-current borrowings	(461.8)	(461.8)
Other non-current borrowings	(27.7)	(27.7)
Net financial indebtedness	**(324.7)**	**21.5**

Note:
(1) Assumes exercise of the Over-Allotment Option in full and that the Offer Price is set at the mid-point of the Offer Price Range.

DIVIDENDS AND DIVIDEND POLICY

Dividend History

For FY18, Marel paid a dividend of 5.57 euro cents per share. This corresponded to total dividend payments of EUR 36.7 million, or 30% of net profits for the year.

For FY17, Marel made total dividend payments of 30% of net profits, which amounted to EUR 28.7 million in dividend payments at 4.19 euro cents per share.

For FY16, Marel paid a dividend of 2.14 euro cents per share, making total dividend payments of EUR 15.3 million, or 20% of net profits.

In addition, in the FY16-18 period Marel repurchased Shares under various buy-back programmes. Marel also withholds Icelandic tax on dividends. See "*Shares and Share Capital*".

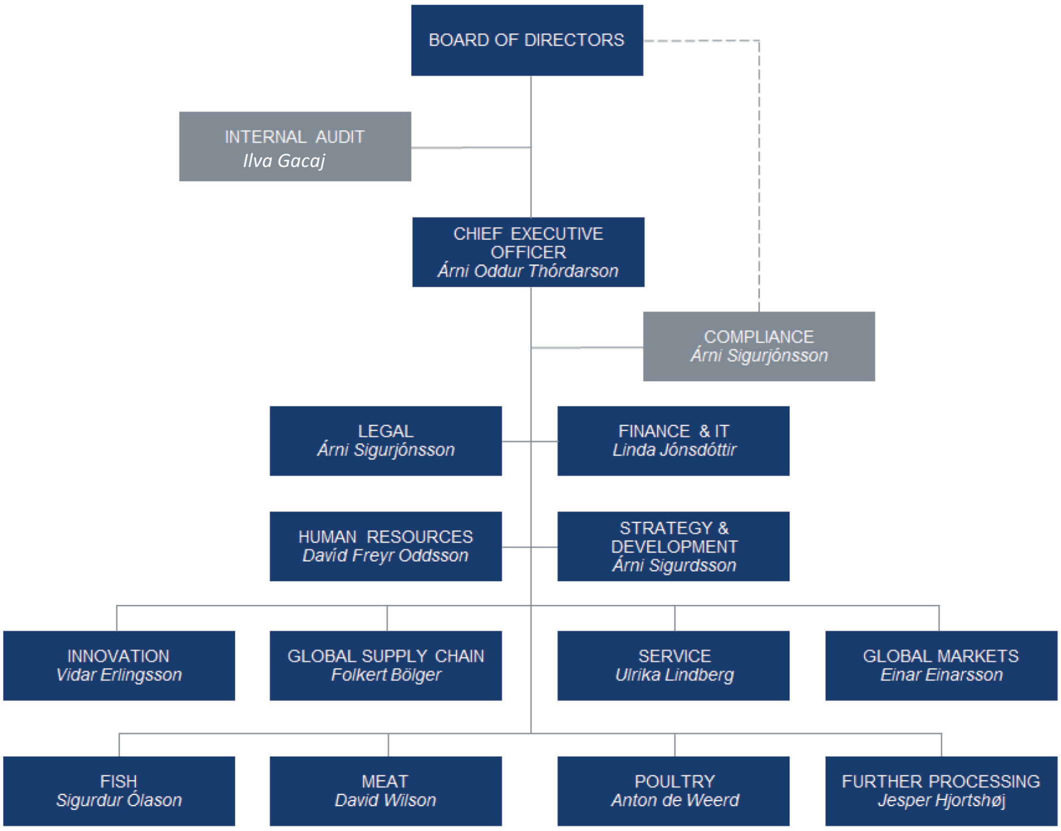
Dividend Policy

Based on the Company's expected financial performance over the medium term, the Company aims to pay an annual dividend or buyback shares, before special distributions, in line with a payout ratio of approximately 20-40% of net profits. It intends to use excess capital to stimulate growth and value creation.

Marel's intentions in relation to dividends are subject to numerous assumptions, risks and uncertainties, many of which are beyond Marel's control. See "*Presentation of Financial and Other Information—Forward-looking Statements*".

BOARD OF DIRECTORS, EXECUTIVE TEAM, AUDITOR AND CORPORATE GOVERNANCE

The chart below illustrates Marel's principal operating functions, including the Board of Directors and the Executive Team, each of which is described in greater detail below.



Board of Directors

Overview

Under Marel's articles of association, the Board of Directors must consist of 5 to 7 members elected by the shareholders at the Annual General Meeting for a one year term. Their eligibility is determined by law. The Board of Directors currently consists of seven members, elected at the last Annual General Meeting held on 6 March 2019.

The articles of association of Marel provide, in accordance with law, that the ratio of each gender shall be no less than 40% in elections to the Board of Directors. If this ratio is not achieved in an election, the individual candidate or candidates of the gender that has the higher ratio following the election shall stand aside for the candidate of the lower gender ratio. The number of votes cast will decide which candidate or candidates become directors instead of those standing aside due to gender imbalance. If there are not enough candidates of that gender to achieve the required ratio, the acting Board of Directors must call a new shareholders' meeting where a satisfactory gender balance must be ensured.

The Board of Directors has approved rules of procedure for the Board of Directors, dated 28 October 2015, (the "**Rules of Procedure**"), which were established with reference to Article 70(5) of the Public Limited Companies Act. In addition, Marel complies with the fifth edition of the Icelandic Guidelines on Corporate Governance issued by the Iceland Chamber of Commerce, SA Business Iceland and Nasdaq Iceland (the "**Corporate Governance Guidelines**").

Independence Requirements

Pursuant to the Corporate Governance Guidelines, the majority of members of the Board of Directors shall be independent of Marel and its day-to-day managers. Furthermore, at least two members of the Board of Directors shall be independent of Marel's significant shareholders, which are shareholders controlling at least 10% of the total share capital or weight of votes in a company, alone or in cooperation with associated parties. Under the Corporate Governance Guidelines, the Board of Directors itself evaluates whether members of the Board of Directors are independent of Marel and its significant shareholders. Information on the independence of the proposed members of the Board of Directors is made available to shareholders before each Annual General Meeting. The Corporate Governance Guidelines provide that a member of the Board of Directors would not be considered independent of Marel if:

1. Such individual is or has been an employee of Marel, or a company closely related to Marel, during the three years prior to the commencement of membership on the Board of Directors;
2. Such individual receives or has received substantial payments from Marel, a company closely related to Marel or its day-to-day managers, apart from a director's fee, e.g., as a consultant or contractor, during the three years prior to commencement of membership on the Board of Directors, whereby any payments are examined and assessed from the perspective of whether they are a considerable amount for both Marel and the individual member of the Board of Directors, e.g., a payment represents a large portion of the gross income;
3. Such individual is in, or has been the past year in, significant business with Marel or closely related companies, e.g., as a customer, supplier or partner, or he/she has other significant business interests in Marel, whether personally or through another company;
4. Such individual is one of the day-to-day managers of another company in which one of the members of the Board of Directors is a day-to-day manager of Marel;
5. Such individual is, or has been, in the past three years prior to taking a seat on the Board of Directors, a partner of the external auditor, or closely related company, or an employee who has taken part in the external audit of Marel; or
6. Such individual has close family ties with any of Marel's day-to-day managers or any other persons mentioned above, and that person is in direct or indirect business with Marel to such an extent that he/she could not be considered independent.

The Corporate Governance Guidelines further provide that a member of the Board of Directors is not considered independent of significant shareholders of Marel if:

1. Such individual has direct or indirect control of Marel or is a member of the board of directors or an employee of a company that has control of Marel; and
2. Such individual owns a significant share in Marel or is a member of the board of directors or an employee of a company which owns a significant share in Marel.

The Corporate Governance Guidelines further state that the foregoing factors that can cause a member of the Board of Directors to be considered not independent are not exhaustive and it remains in the hands of the Board of Directors to evaluate if any interest of specific members of the Board of Directors, large shareholders and Marel itself can collide, both in fact and in appearance. As of the date of this Prospectus, the Board of Directors is of the opinion that seven members of the Board of Directors should be considered independent of Marel and its day-to-day managers and five members independent of Marel's significant shareholders (see further *"Members of the Board of Directors"* below).

Members of the Board of Directors

The table below sets forth the members of the Board of Directors, their year of birth, the year of their initial election to the Board of Directors, their position and whether or not they are considered to be independent under the Corporate Governance Guidelines of Marel and its day-to-day management as well as of Marel's significant shareholders. Further information on the members of the Board of Directors is subsequently provided.

Name	Position	Year of birth	Director since	Business Address	Independent	Holdings in Marel
Ásthildur Margrét Otharsdóttir....	Chairman	1968	2010	Austurhraun 9, 210 Garðabær	Y	32,000 Shares
Arnar Þór Másson........................	Director	1971	2001	Austurhraun 9, 210 Garðabær	Y	None
Ton van der Laan	Director	1953	2019	Austurhraun 9, 210 Garðabær	Y	None
Margrét Jónsdóttir [*]..................	Director	1954	2006	Austurhraun 9, 210 Garðabær	N[1]	195,113 Shares
Ann Elizabeth Savage	Director	1957	2013	Austurhraun 9, 210 Garðabær	Y	None
Ólafur Steinn Guðmundsson	Director	1969	2014	Austurhraun 9, 210 Garðabær	N[2]	1,705,427 Shares
Ástvaldur Jóhannsson..................	Director	1961	2014	Austurhraun 9, 210 Garðabær	Y	None

(1) Margrét Jónsdóttir does not consider herself independent of significant shareholders of Marel as she is the Managing Director of Operations of Eyrir, which as of the date of this Prospectus holds 28.37% of the total issued share capital of Marel.

(2) Ólafur Steinn Guðmundsson does not consider himself independent of significant shareholders of Marel as he is currently a member of the board of directors of Eyrir, which as of the date of this Prospectus holds 28.37% of the total issued share capital of Marel.

Ásthildur Margrét Otharsdóttir, Chairman of the Board

Ásthildur Margrét Otharsdóttir is an independent consultant and a director of several companies with extensive experience of business management. Otharsdóttir served as the Director of Treasury and Corporate Development at Össur hf. and as a Senior Account Manager at Kaupthing Bank (now Arion Bank), as well as a consultant at Accenture in Copenhagen. She is the Chairman of the Board of the investment fund Frumtak Ventures and a member of the board of directors of Icelandair Group and Promote Iceland. Otharsdóttir is on the Board of Governors of the University of Iceland and Board of the Nordic Arbitration Centre at the Icelandic Chamber of Commerce.

Education: MBA, Rotterdam School of Management, the Netherlands. Cand. Oecon., University of Iceland

Arnar Þór Másson, Vice-Chairman of the Board

Arnar Þór Másson is currently the Alternate Director at the European Bank for Reconstruction and Development in London and serves as Chairman of Marel's Audit Committee. He has extensive experience in re-organization, strategy and project management. Másson served as Director General of the Department of Administrative Development in the Prime Minister's Office in Iceland and Deputy Director General of the Financial Management Department at the Ministry of Finance. From 2000-2008 Másson held an adjunct lecturer position at the Department of Political Science of the University of Iceland.

Education: MSc, Comparative Politics, London School of Economics and Political Science. BA, Political Science, University of Iceland

Ton van der Laan

Ton van der Laan is a Dutch national and resides in the Netherlands. He has extensive experience from several executive roles in the food industry. He is a non-executive Board Member of Vion Foods, Royal de Heus, Dümmen Orange and the Rainforest Alliance.

Van der Laan is the former CEO of Nidera Capital in the Netherlands and Argentina, a company active in financing and distribution of grains and oilseeds, EVP Animal Proteins at Cargill in the USA, the leading global food company, and CEO of Provimi in the Netherlands, the global leader in the animal feed industry. Prior to that, he held several executive roles at Unilever, the global consumer food company, over a period of 22 years. There he was located in the Netherlands, UK, Czech Republic and Slovakia. He also served as Managing Director of Philips Domestic Appliances and Personal Care.

Education: MS, Mechanical Engineering, Twente University

Margrét Jónsdóttir

Margrét Jónsdóttir is Managing Director of Operations for Eyrir. Previously, she was Director of Finance at Edda Publishing, Director of Finance at Kreditkort/ MasterCard and Manager of Accounts at FBA Investment Bank. Prior to that, Jónsdóttir spent a decade as the Director of Finance at the Industrial Loan Fund (the FBA Investment Bank's predecessor).

Education: MS, Accounting and Auditing, University of Iceland. Cand. Oecon., Business Administration, University of Iceland

Ann Elizabeth Savage

Ann Savage previously served as Technical Director of Bakkavor Group. Her main responsibilities included food safety, health and safety management, manufacturing excellence and environmental management. She was also a member of the management board. Savage has held a variety of roles in technical and R&D departments within the retail and food industry over her 35-year career. She worked for the Cooperative Wholesale Society (CWS), Northern Foods from 1990 till 1999 and at Geest/Bakkavor for over 16 years. Savage is also a member of the Board of Governors for Boston College and a food safety consultant.

Education: Studied at the Open University. Post Graduate Diploma in Management Studies, Nottingham University

Ólafur Steinn Guðmundsson

Dr Ólafur S. Gudmundsson is the Head of Discovery Pharmaceutics and Analytical Science at Bristol-Myers Squibb, a global biopharma company. He has previously held various senior-level management positions within R&D in the pharmaceutical industry, both for Bristol-Myers Squibb and Genentech Inc. Gudmundsson is also associated with the Pharmaceutical Chemistry department at Purdue University.

Education: PhD, Pharmaceutical Chemistry, University of Kansas. Cand. pharm., Pharmacy, University of Iceland

Ástvaldur Jóhannsson

Ástvaldur Jóhannsson is Business Development Director at Controlant. His previous international business experience includes senior management positions at Össur hf. and that of Executive Director leading the International Division of Valitor hf. Jóhannsson served as a member of the Executive Team of the IT company Nyherji hf., as Sales and Marketing Director at Penninn, and as a System Analyst Expert in the IT sector focusing on process design and development.

Education: MBA, University of Iceland. BS, Management Information Systems, Heriot-Watt University

Duties and Responsibilities of the Board of Directors

The Board of Directors is the highest authority in the affairs of Marel between meetings of the shareholders, and one of its main duties is to supervise Marel's activities. Accordingly, the Board of Directors is responsible for Marel's affairs and for ensuring that its organisation and activities are at all times in correct and good order. The Board of Directors makes decisions on all unusual or major matters, which fall outside the day-to-day operations. The Board of Directors is also responsible for ensuring that the preparation of financial accounts and statements and the handling of Marel's funds is sufficiently supervised.

The Board of Directors' tasks include, among others:

- appointing the CEO and deciding the terms of his/her employment and supervising his/her work;
- defining decision making authorities and division of responsibilities between the Board of Directors, the CEO and the Executive Team;
- promoting the development and long-term performance of the Company, as well as supervising its operations;
- together with the CEO, establishing goals for the Company in accordance with the Company's objectives and formulating the policy and strategy required to achieve such goals;
- ensuring adequate surveillance of accounting and disposal of the Company's financial assets and, at least once a year, confirming the Company's operating plan budget; and
- ensuring that the Company's operations comply with existing laws and regulations.

The Board of Directors is required to annually assess the structure, process, performance and culture of the Board of Directors and its committees as well as to identify areas of focus for the upcoming year. The Board of Directors evaluates the work and results of the CEO according to previously established criteria, including whether the CEO has prepared and carried out a business strategy which is consistent with the established goals for the Company. At least once a year the Chairman and the CEO discuss the results of this assessment of the CEO's work and the proposed actions to be taken, if any. The Chairman is in charge of the evaluation process and may seek external assistance or advice as he/she deems appropriate.

The Board of Directors meets at least seven times a year. In the year ended 31 December 2018, the Board of Directors met on 14 occasions. Before December each year the Board of Directors shall have in place a schedule of regular board meetings for the upcoming year.

Committees of the Board of Directors

The Board of Directors is responsible for the appointment and activities of sub-committees, which operate under its authority. Under the Rules of Procedure, the Board of Directors is obligated to establish an audit committee and a remuneration committee. The Board of Directors may establish other sub-committees if considered appropriate and feasible, to deal with specific tasks, taking into account the size and composition of the Board of Directors and the Company's activities. The composition, role, duties, authority etc. of each sub-committee are stipulated in separate rules approved by the Board of Directors. Furthermore, the Board of Directors may, in exceptional circumstances, assign certain tasks to one or more members for study or preparation for discussion at a meeting of the Board of Directors. The sub-committees have to ensure that the Board of Directors regularly receive accurate information on the main projects of the relevant committee and must at least annually submit a report on their projects to the Board of Directors.

The Board of Directors currently has two sub-committees: an audit committee (the "**Audit Committee**") and a remuneration committee (the "**Remuneration Committee**"). During the year 2019, the Board of Directors intends to establish a nomination committee (the "**Nomination Committee**").

The table below sets forth the membership on each of the sub-committees of the Board of Directors as of the date of this Prospectus.

Audit Committee – members as of the date of this Prospectus
Arnar Þór Másson (Chair)
Ástvaldur Jóhannsson
Margrét Jónsdóttir
Ton van der Laan

Remuneration Committee – members as of the date of this Prospectus
Ásthildur Margrét Otharsdóttir (Chair)
Ann Elizabeth Savage
Arnar Þór Másson
Ólafur S. Gudmundsson

Audit Committee

The Audit Committee's key roles are to review:

1. Financial statements and financial reports of the Company;
2. Management of the Company's risk and internal controls;
3. Compliance with legal and regulatory requirements;
4. External Auditor's qualifications, independence and performance; and
5. Performance of the Company's internal audit function.

The Board of Directors is responsible for the appointment and activities of the Audit Committee and it operates under the authority of the Board of Directors. The Audit Committee shall be composed of three or four members, unless the Board of Directors decides otherwise, but must always consist of at least 3 members. Members of the Audit Committee are required to be independent of the Company's auditor and the majority of members of the Audit Committee are also required to be independent of the Company and its management. Also, at least one member who is independent of both the Company and its management must also be independent of shareholders that hold 10% or more of the total share capital of the Company. The CEO and other day-to-day managers of the Company may not be members of the Board. As of the date of this Prospectus, the Audit Committee consists of four members; Arnar Þór Másson (chair), Ástvaldur Jóhannsson, Ton van der Laan and Margrét Jónsdóttir. All members are independent of Marel and its auditors, while Arnar Þór Másson, Ástvaldur Jóhannsson and Ton van der Laan are also independent of any shareholders that hold 10% or more of the total share capital of the Company. All members of the Board of Directors have the right to attend meetings of the Audit Committee, unless otherwise decided by the committee's chairman in individual cases. The Audit Committee met on seven occasions during the year ended 31 December 2018.

To fulfil its roles the Audit Committee shall:

1. Review, and challenge where necessary, the actions and judgments of management, as well as all working processes, in relation to the preparations of the Company's financial statements, interim reports and other formal financial information, before submission to and approval by the Board.
2. Review the Company's procedures for detecting fraud and review effectiveness and integrity of the systems for internal financial control, financial reporting and overall risk management and responses to risk.
3. Review the internal audit programme and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company. Monitor and assess the role and effectiveness of the internal audit function in the overall context of the Company's risk management system and appoint or dismiss the head of internal audit.
4. Review the external auditor's proposed audit scope and approach. Review with the external auditors, the finding of their work and review the audit reports before consideration by the Board giving particular consideration to matters that relate to non-standard issues. Review the performance of the external auditors, and recommend to the board on the appointment or discharge of the auditors.
5. Review the effectiveness of the system for monitoring compliance with laws and regulations. Review the findings of any examinations by regulatory agencies and obtain regular updates from management and company legal counsel regarding compliance matters.
6. Regularly report to the Board of Directors about Audit Committee activities and issues that arise in the Audit committee meetings. Report annually to the shareholders, describing the committee's composition, responsibilities and assessment on its work.
7. Require, if needed, the CEO, the CFO, the Internal Auditor, the External Auditor and Compliance Officer to provide the Audit Committee with any documents and information related to specific tasks of the Audit Committee. The form, quality and detail of the information shall be decided by the Audit Committee each time.

The Board is responsible for the appointment and activities of the Audit Committee and it operates under the Board's authority. The Audit Committee does not reduce the responsibilities of the Board or relieve it of any liability. Decision-making powers remain with the entire Board. The Audit Committee may require reasonable assistance from external advisors when performing its tasks and duties and it can institute and oversee special investigations as needed.

The Board of Directors has approved rules of procedure for the Audit Committee, dated 16 December 2015, which were established with reference to Article 108 (a)-(d) of the Icelandic Act No. 3/2006 on Annual Accounts, the Nasdaq Iceland Rules and the Corporate Governance Guidelines.

Remuneration Committee

The Remuneration Committee is to assist the Board of Directors in ensuring that compensation arrangements support the strategic aims of the Company and enable the recruitment, motivation and retention of senior executives while also complying with legal and regulatory requirements. The Remuneration Committee assists the Board of Directors in ensuring that the performance of the members of the Executive Team and the Board of Directors is formally evaluated annually and that succession planning is conducted within the Company. The Company's remuneration policy is examined and approved annually at the Annual General Meeting.

The Board of Directors is responsible for the appointment and activities of the Remuneration Committee and it operates under the authority of the Board of Directors. The Remuneration Committee is composed of three members of the Board of Directors, unless the Board of Directors decides otherwise. A majority of members of the Remuneration Committee must be independent of the Company. The Board of Directors appoints its members and Chairman. As of the date of this Prospectus, the Remuneration Committee consists of 4 members; Ásthildur Margrét Otharsdóttir (chair), Arnar Þór Másson, Ann Elizabeth Savage and Ólafur S. Gudmundsson. The Remuneration Committee met on three occasions during the year ended 31 December 2018.

The Board of Directors has approved rules of procedure for the Remuneration Committee, dated 28 October 2015, which were established with reference to the Nasdaq Iceland Rules and the Corporate Governance Guidelines.

Nomination Committee

The Company currently does not have a Nomination Committee. However, during the year 2019 the Board of Directors intends to establish, in addition to the Audit Committee and Remuneration Committee, a Nomination Committee.

The Nomination Committee is to be comprised of three members elected by the Board of Directors, thereof the majority shall be independent of the Company and of shareholders that hold 10% or more of the total share capital of the Company. The main objective of the Nomination Committee would be to assist the Company's shareholders in a structured and transparent way with ensuring that the Board of Directors and its committees consist of directors with the appropriate balance of skills, experience, diversity, independence and knowledge, enabling effective carrying out of duties and responsibilities. The Nomination Committee would give full consideration to succession planning for the Board of Directors, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board of Directors in the future. The committee is to propose to the Board of Directors a set of rules of procedures, specifying its roles and responsibilities, which is to be made available on the Company's website.

Executive Team

Pursuant to the Corporate Governance Guidelines and Act No 2/1995 respecting Public Limited Companies, the CEO is responsible for the day-to-day management and operations of Marel and is required, in this connection, to follow the policies and instructions established by the Board of Directors. The Corporate Governance Guidelines require the CEO to conduct his work at all times with integrity and take into account the interests of Marel. The CEO must ensure that the Board of Directors is regularly provided with accurate information and data on Marel's finances, development and operation to enable the Board of Directors to perform its duties. Such information and data should be available to the Board of Directors in advance of the meetings of the Board of Directors as well as between such meetings. Moreover, such information and data must be available when needed and be as up-to-date and accurate as possible. The Corporate Governance Guidelines also require the CEO to submit any other projects undertaken by him, which are unrelated to Marel, to the Board of Directors for its consideration. The CEO is entitled to make decisions on unusual or major arrangements if it is impossible to await the decision of the Board of Directors without considerable inconvenience for Marel's operations. In such instances, the CEO must present the issue at the next meeting of the Board of Directors. As part of the CEO's responsibility for the day-to-day management and operations of Marel, the CEO is *inter alia* responsible for:

- ensuring that the Board of Directors and auditors have all necessary information on the operations of Marel which they may request and are entitled to receive by law;
- ensuring that Marel's accounts are prepared in accordance with law and standard practice;
- ensuring that Marel's assets are handled in a secure manner; and
- hiring employees.

Members of the Executive Team

The table below sets forth the members of the Executive Team, their year of birth and the year in which they were appointed to their current positions on the Executive Team, as well as their holdings in Marel as at the date of this Prospectus.

Name	Position	Year of birth	Appointed	Years at Marel	Business Address	Holdings in Marel
Árni Oddur Þórðarson	CEO	1969	2013	14	Austurhraun 9, 210 Garðabær	131,869 Shares(1)
Folkert Bölger	Executive VP Global Supply Chain	1965	2017	3	Handelstraat 3, 5831 AV Boxmeer, The Netherlands	17,862 Shares
Einar Einarsson	Executive VP of Global Markets	1967	2018	16	Kirstinehøj 56B, 2770 Kastrup, Denmark	524,272 Shares
Viðar Erlingsson	Executive VP of Innovation	1975	2014	19	Austurhraun 9, 210 Garðabær	89,000 Shares
Jesper Hjortshøj	MD (EVP) of Marel Further Processing	1968	2017	13	Handelstraat 3, 5831 AV Boxmeer, The Netherlands	None
Ulrika Lindberg	Executive VP of Service	1968	2018	1	Kirstinehøj 56B, 2770 Kastrup, Denmark	None
Linda Jónsdóttir	CFO	1978	2014	9	Austurhraun 9, 210 Garðabær	182,500 Shares
Davíð Freyr Oddsson	Executive VP of Human Resources	1974	2013	8	Austurhraun 9, 210 Garðabær	135,000 Shares
Sigurður Ólason	MD (EVP) of Marel Fish	1973	2014	12	Austurhraun 9, 210 Garðabær	None
Árni Sigurðsson	Executive VP of Strategy and Corporate Developement	1983	2014	5	Austurhraun 9, 210 Garðabær	100,000 Shares
Anton de Weerd(2)	MD (EVP) of Marel Poultry	1958	2007	38	Handelstraat 3, 5831 AV Boxmeer, The Netherlands	180,000 Shares
David Wilson	MD (EVP) of Marel Meat	1971	2012	21	Albert Schweitzerstraat 33, 7131 PG Lichtenvoorde, The Netherlands	87,367 Shares

Note:

(1) Árni Oddur Þórðarson also holds 17.9% of the entire share capital of Eyrir, Marel's largest shareholder (Eyrir holds 28.37% of total shares in Marel).

(2) On 15 May 2019, the Company announced that Anton De Weerd will be stepping down as EVP Marel Poultry as of 1 September 2019, with Roger Claessens (who has 18 years of experience at Marel) assuming this position as from that date.

Árni Oddur Þórðarson

Árni Oddur Þórðarson took up his current position as Marel's CEO in November 2013 after having served as Chairman of Marel's Board of Directors from 2005. He co-founded Eyrir in the year of 2000 and was the company's CEO until 2013. Þórðarson has extensive international global business experience and has served as non-executive director of various companies, including Fokker Technologies and Stork Technical Services.

Education: MBA, IMD, Switzerland. Cand. Oecon., Business Administration, University of Iceland

Folkert Bölger

Folkert Bölger has extensive global managerial experience in supply, procurement and operational positions, having served in his current role as Executive VP of Global Supply Chain since 2017. Before joining Marel, he was Vice-President of Operations and Procurement at Bang & Olufsen in Denmark. Bölger held various management positions at Philips and Siemens-VDO in Asia, Central Europe and Western Europe.

Education: MSc, Mechanical Engineering, Delft University of Technology. CPIM, American Production and Inventory Control Society (APICS)

Einar Einarsson

Einar Einarsson has over 15 years of experience in managing Marel's sales and service operations in North America. Prior to his appointment as President of Marel Inc. in the US in 2003, he held several positions in Marel as a Sales Engineer, Area Sales Manager, and Product Manager. Einarsson was Managing Director of Alpan Ltd., Iceland, a manufacturer of high quality cast aluminum cookware, from 1998-2002.

Education: BSc, Mechanical Engineering, University of Iceland. Diplom-Ingenieur, Mechanical Engineering, University of Karlsruhe

Vidar Erlingsson

Vidar Erlingsson took up his current post in 2014. He has been with the Marel innovation team since 2000 and has held various positions within the company. In 2010, he became leader of Product Center Inspection. Erlingsson has been instrumental in developing new technologies within Marel and transforming them into commercial successes.

Education: MSc, Engineering, DTU in Denmark. BSc, Electrical and Computer Engineering, University of Iceland

Jesper Hjortshøj

Jesper Hjortshøj joined the Executive Team in February 2017, but has been with Marel since 2006, serving in a number of different positions within the company. His broad experience in the food industry prior to that include that of manager of Marketing, Product Center and Strategy and Portfolio for Global Innovation.

Education: MBA, Aarhus University. MA, Communication and Media Studies, Aarhus University

Ulrika Lindberg

Ulrika Lindberg joined Marel in 2018. She has extensive managerial experience in senior sales and service positions at large international organizations. Before joining Marel she was Vice President of Global Service at Alfa Laval and has held various management positions worldwide for Alfa Laval and Tetra Pak.

Education: BSc, Business and Administration, University of Lund

Linda Jónsdóttir

Linda Jónsdóttir has been Marel's CFO since 2014 and before that was Marel's Corporate Director of Treasury and Investor Relations. Prior to joining Marel, Jónsdóttir worked in Treasury and financing for Eimskip, Burdaras and Straumur Investment Bank. She was a board member of the Icelandic Enterprise Investment Fund from 2010 to 2015 and currently is a board member in the Icelandic Chamber of Commerce.

Education: MS, Finance, Reykjavik University. Cand. Oecon., Business Administration, University of Iceland

Davíd Freyr Oddsson

Davíd Freyr Oddsson began in his current role in 2013. He joined Marel in 2011 as HR Director of the company's International Sales and Service Network. Before joining Marel, Oddsson was Global Head of Human Resources and Corporate Services at Straumur Investment Bank from 2006 until 2011. Prior to that, he spent seven years as an HR consultant at Capacent.

Education: MBA, Reykjavik University. Cand. Theologius, University of Iceland

Sigurdur Ólason

Sigurdur Ólason took up his current position in 2014. Ólason has extensive international experience in the seafood industry and worked in product development at Marel from 2001 to 2006. Before rejoining Marel in 2014, Ólason was Director of Business Development at Samherji, one of Iceland's leading seafood companies.

Education: MBA, Brisbane Graduate School of Business. BS, Computer Science, University of Iceland. BS, Mechanical Industrial Engineering, University of Iceland

Árni Sigurdsson

Arni Sigurdsson has extensive experience from the industrial and finance industry.

Current responsibilities at Marel are Strategy, M&A, post-merger integration, and large cross-functional initiatives. Sigurdsson is also responsible for the growth and operations of the strategically important Innova Software and Product Groups that go across Marel's core industries, poultry, meat and fish.

Before joining Marel in 2014, Sigurdsson worked at the investment bank, AGC Partners, in Boston and London. Prior to that, Sigurdsson worked at Landsbanki Islands, investment bank, where he was instrumental in advising Marel on the acquisition of Stork Food Systems.

Education: MBA, Harvard Business School. BS, Industrial Engineering, University of Iceland.

Anton de Weerd

Anton De Weerd began in his current position in 2007. He has decades of experience in the poultry industry, having been with Marel and its predecessors since 1982. During his time at Marel, De Weerd has served in various sales and marketing positions, including as Commercial Director, Managing Director and as President.

Education: BS, Mechanical Engineering, Avans University

David Wilson

Following decades of experience in the food industry, David Wilson began in his current position in 2012. He has been with Marel and its predecessors since 1998. Wilson was Senior Vice-President for the Marel Poultry Industry Center in Gainesville until 2012. Prior to that, he served as Vice-President of Sales and Marketing and as a Regional Sales Manager.

Education: MS, Animal Science, Aberdeen University. BS (Hons), Agricultural and Business Management, Aberdeen University

Conflicts of Interest

There are no conflicts of interest between the duties of the members of the Board of Directors or members of the Executive Team to Marel and their private interests and or other duties.

Pursuant to the Rules of Procedure, members of the Board of Directors and the CEO must at all times ensure that his/her (and his/her related parties') private and professional interests – directly or indirectly – are not in conflict with the interests of the Company. The Board of Directors must record any resolutions in respect of such matters in the minutes of its meetings. Members of the Board and the CEO shall not take part in any handling of matters in meetings of the Board of Directors or any process of negotiation between themselves and the Company, lawsuits brought against them, negotiations between the Company and any third party or lawsuits against any third party, in which they have a substantial interest which may be contrary to the interests of the Company. Such incidents must be reported to the Board of Directors. Any agreements which a member of the Board of Directors or the CEO may enter into with the Company, and any agreements between the Company and a third party, must be submitted to the Board of Directors for approval (or rejection) if the relevant member or CEO have a substantial interest in such agreements which may conflict with the Company's interests.

Other Information on the Board of Directors and the Executive Team

There are no family ties between members of the Board of Directors or the Executive Team.

No member of the Board of Directors or the Executive Team has been involved in bankruptcy, mandatory liquidation or bankruptcy administration in the past five years. No member of the Board of Directors or the Executive Team has been convicted in any case relating to fraud in the past five years. No member of the Board of Directors or the Executive Team has in the past five years been banned by any court from membership of a company's administrative, management or control bodies or from holding management or general positions within a company.

As of the date of this Prospectus, there were (i) no amounts set aside or accrued by the Company or its subsidiaries to provide pension, retirement or similar benefits to members of the Board of Directors and the Executive Team or (ii) any service contracts between members of the Board of Directors or the Executive Team, as the case may be, and the Company (or its subsidiaries) providing for any benefits upon termination of employment other than rights arising under applicable law.

Other Directorships

The companies and partnerships (excluding Marel) in which each member of the Board of Directors and each member of the Executive Team is, or has been, a member of the administrative, management or supervisory bodies (or partner) at any time in the previous five years and whether she or he is still a member are put forth below.

Ásthildur Margrét Otharsdóttir

Company / Partnership	**Position**	**Year Elected or Appointed**	**Year Term Expired or is Due to Expire**
Frumtak Ventures, Iceland	Chairman	2015	2020
University of Iceland	Council Member	2016	2020
Court of Arbitration of the Icelandic Chamber of Commerce	Board Member	2013	2019
Promote Iceland	Board Member	2018	2021
Icelandair Group hf	Board Member, Chairman of Audit Committee	2012	2019
Marorka hf	Board Member	2010	2016

Arnar Þór Másson

Company / Partnership	**Position**	**Year Elected or Appointed**	**Year Term Expired or is Due to Expire**
European Bank for Reconstruction and Development (EBDR)	Alternate Director on the Board of Directors	2016	2019

Ton van der Laan

Company / Partnership	**Position**	**Year Elected or Appointed**	**Year Term Expired or is Due to Expire**
Vion Foods	Member of Supervisory Board & Audit Committee	2014	2021
Royal de Heus	Member of Supervisory Board	2016	N/A
Dümmen Orange	Board Member	2017	N/A
Rainforest Alliance	Board Member	2012	2021
Nidera Capital B.V	CEO	2013	2016

Margrét Jónsdóttir

Company / Partnership	**Position**	**Year Elected or Appointed**	**Year Term Expired or is Due to Expire**
Eyrir	Managing Director	2013	N/A
Eyrir Sprotar GP ehf	Board Member	2015	2019
Eyrir Sprotar slhf	Board Member	2014	2015

Ann Elizabeth Savage

Company / Partnership	**Position**	**Year Elected or Appointed**	**Year Term Expired or is Due to Expire**
Bakkavör Group	Group Technical Director	2014	2017

Ólafur Steinn Guðmundsson

Company / Partnership	Position	Year Elected or Appointed	Year Term Expired or is Due to Expire
Bristol-Myers Squibb	Head of Discovery Pharmaceutics and Analytical Science	2017	N/A
Bristol-Myers Squibb	Director of Pharmaceutics Sciences	2014	2017
Eyrir	Board Member	2009	2020
Noruz hf	Board Member	2012	2020
Glo Island ehf	Board Member	2018	2020
Glo Veitingar ehf	Board Member	2018	2020
Glo Fjárfestingarfélag A.S	Board Member	2018	2020
Zymetech ehf	Board Member	2014	2016

Ástvaldur Jóhannsson

Company / Partnership	Position	Year Elected or Appointed	Year Term Expired or is Due to Expire
Controlant	Development Director	2017	N/A
Men & Mice	VP Sales	2016	2016
Valitor	Executive Director	2012	2015

Linda Jónsdóttir

Company / Partnership	Position	Year Elected or Appointed	Year Term Expired or is Due to Expire
Icelandic Enterprise Investment Fund	Board Member	2010	2015
Chamber of Commerce	Board Member	2016	N/A

Árni Sigurðsson

Company / Partnership	Position	Year Elected or Appointed	Year Term Expired or is Due to Expire
Ace Capital ehf	Board Member	2013	N/A
Ace Property ehf	Board Member	2015	N/A

External Auditor

Under the articles of association, Marel is required to elect external auditors annually at the Annual General Meeting. Marel's most recent election of external auditor was at the Annual General Meeting held on 6 March 2019, when KPMG ehf. (Borgartún 27, 105 Reykjavik, Iceland), a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative, in its capacity as registered audit firm, with Sæmundur G. Valdimarsson and Hrafnhildur Helgadóttir (authorised public accountants and members of FLE, the Icelandic Institute of State Authorised Public Accountants) as independent auditors, was re-elected for the period until the next Annual General Meeting. KPMG ehf. has been Marel's auditor since 2009. Kristrún H. Ingólfsdóttir was Marel's independent auditor from 2009 to 2015, Sæmundur G. Valdimarsson was Marel's independent auditor from 2009 to 2013 and from 2016 to 2018 and Hrafnhildur Helgadóttir was Marel's independent auditor from 2014 to 2018.

The external audit of Marel's Annual Consolidated Financial Statements is conducted in accordance with International Standards on Auditing (ISA). The external auditor attends at least one meeting of the Board of

Directors annually, at which the external auditor discusses the audit with the members of the Board of Directors, without the CEO or any member of the Executive Committee being present. The external auditor's fees for audit of the Annual Consolidated Financial Statements amounted to EUR 0.8 million, EUR 0.7 million and EUR 0.7 million for the years ended 31 December 2018, 2017 and 2016, respectively. The external auditor's other fees amounted to EUR 0.1 million, EUR 0.2 million and EUR 0.1 million for the years ended 31 December 2018, 2017 and 2016, respectively.

Corporate Governance

Overview

Marel complies with the Corporate Governance Guidelines issued by the Iceland Chamber of Commerce, SA Business Iceland and Nasdaq Iceland. The Corporate Governance Guidelines specifically target companies that qualify as "public-interest entities", which includes companies with securities traded on a regulated market. Such companies must comply with the Corporate Governance Guidelines. Nevertheless, the Corporate Governance Guidelines apply the so-called "comply or explain" principle, providing managers leeway to deviate from specific details of the Corporate Governance Guidelines if they explain and clarify the reasons for such deviation and set forth the measures that were taken instead. In general, Marel is in compliance with the Guidelines on Corporate Governance, with the following exception: Currently, Marel does not have a Nomination Committee (see also "*Nomination Committee*"). Marel's Board of Directors regularly evaluates its work, composition and directors' independence to ensure the members of the Board of Directors jointly possess the relevant knowledge, experience and skills to perform the Board of Director's tasks and responsibilities in the company's best interest. The Board of Directors initiates discussions with Marel's largest shareholders on composition for the members of the Board of Directors and long-term succession planning.

Marel is subject to the disclosure requirements for issuers pursuant to the Securities Transactions Act No. 108/2007 and the Nasdaq Iceland Rules for Issuers of Financial Instruments (the "**Nasdaq Iceland Rules**").

Marel's Corporate Governance Structure

General Meetings

The highest authority regarding all Company matters, within the limits of the Company's articles of association and law, rests with a lawfully convened shareholders' meeting. Shareholders exercise their power to decide upon company affairs at shareholders' meetings and all shareholders are authorised to attend a shareholders' meeting and to speak there. A simple majority of votes generally decides issues at a shareholders' meeting.

Pursuant to Article 80.a of the Act on Public Limited Companies, shareholders are afforded an opportunity to cast votes on matters on the agenda of a shareholders' meeting by electronic means or by letter without being present at the meeting venue. The Company's articles states that if shareholders are provided with the opportunity to participate using electronic means, shareholders shall be given the opportunity to vote on proposals or participate in balloting through the mail.

A shareholder may have his representative attend a shareholders' meeting on his behalf. A shareholder is authorised to attend a meeting along with an advisor. An advisor has neither the right to submit proposals nor to vote at shareholders' meetings. A shareholder is authorised to let his advisor speak on his behalf. A representative shall submit a written and dated proxy.

The Board of Directors is required to convene shareholders' meetings, including Annual General Meetings, by public notice or by electronic means sent to each shareholder with at least three weeks' notice and no more than four weeks' notice, unless shareholders of the Company have approved shorter notices. The Nasdaq Iceland Rules require disclosure of notices to attend general meetings of shareholders. In addition, the Nasdaq Iceland Rules require disclosure of resolutions adopted by the general meeting of shareholders unless such resolutions are insignificant. This requirement applies notwithstanding such resolutions being in accordance with previously disclosed proposals. Where the general meeting has authorised the Board of Directors to decide later on a specific issue, such resolution by the Board of Directors shall be disclosed, unless such resolution is insignificant.

An Annual General Meeting is required to be held within eight months from the end of each financial year, and its agenda is required to include specific items, including (i) a proposal on how to handle the Company's profit or loss from the preceding financial year, (ii) elections to the Board of Directors, (iii) election of an auditor, (iv) decision on remuneration to the members of the Board of Directors;

(v) proposals of the Board of Directors regarding a remuneration policy. An extraordinary meeting of shareholders shall be held when the Board of Directors deems necessary or in accordance with a meeting resolution.

An extraordinary meeting of shareholders shall be called if the Company's auditor or shareholders controlling a minimum of 1/20 of the share capital so require within 21 days from when the request arrives.

Internal Control, Policies, Auditing and Accounting

Under the Corporate Governance Guidelines, the Board of Directors is responsible for establishing an active system of internal controls. This means, among other things, that the arrangement of the internal controls system must be formal and documented and its functionality must be verified regularly. As recommended in the Corporate Governance Guidelines, the Board of Directors defines, at least annually, the most important risk factors Marel has to address.

Anti-bribery and Anti-corruption Policy

Marel implemented an anti-bribery & anti-corruption policy in January 2017 (the "**Anti-bribery and Anti-corruption Policy**"). As a global company, Marel is subject to the anti-bribery and anti-corruption laws of all countries in which it operates around the world. The Anti-bribery and Anti-corruption Policy was adopted to reinforce Marel's commitment to comply with global anti-bribery and anti-corruption laws and is applicable to Marel's employees, officers, directors and any contractors, consultants, agents and other business partners that are engaged in business on behalf of Marel. According to the Anti-bribery and Anti-corruption Policy Marel's employers shall exercise due diligence and responsibility to ensure that Marel's business partners comply with the policy.

Diversity Policy

Marel has implemented a diversity and inclusion policy, dated in July 2018 (the "**Diversity Policy**"). The Diversity Policy is intended to be used for guidance to insure Marel's commitment to fostering, cultivating and preserving a culture of diversity and inclusion within the Company and increasing job satisfaction as well as well-being in the workplace. The policy is intended to support Marel in becoming a work environment where diversity and inclusion are recognised and valued and all employees are treated with respect and dignity.

Global Health, Safety and Environmental (HSE) Policy

Marel has established a global health, safety and environmental policy (the "**HSE Policy**"). The HSE Policy reflects Marel's commitment to a culture of safety that applies to all aspects of its global operations, including the work performed on-site for its customers. Marel's goal is to create a safe environment for its employees, contractors and visitors with the best possible health protection, promotion of well-being and prevention of absenteeism due to work.

The HSE Policy promotes methods and behaviour that prevent both personal injury and unhealthy behaviour of employees, third parties, damage to equipment and the environment, material and environmental damage (including air, water and soil pollution, noise and other nuisance). The HSE Policy is driven by a continuous improvement approach that is based on management's commitment to achieving zero incidents through the execution of Marel's business processes. This builds team engagement through active involvement of each employee and subcontractor.

Investor Relations Policy

Marel has established an investor relations policy, which was approved by the Board of Directors on 23 October 2013 (the "**Investor Relations Policy**"). Marel complies with applicable laws and regulations and the disclosure rules of Nasdaq Iceland. The objective of Marel, pursuant to the policy is to disclose all relevant financial and corporate information to the investment community, including investors, analysts and other stakeholders to enhance knowledge and understanding of the Company's operations, its environment and future prospects.

Currently, all price sensitive information, regulatory announcements about Marel and announcements regarding performance and future prospects are published in a timely manner, initially on the website of Nasdaq Iceland (www.nasdaqomxnordic.com), and then subsequently on Marel's official website (www.marel.com).

Following quarterly results, the Company hosts investor meetings for investors analysts and other stakeholders. To provide equal access, the Company aims to webcast quarterly meetings. Furthermore, Marel meets interested investors and analysts on a regular basis. The Company may provide further information as long as such information is not material nor price sensitive and would be disclosed to other stakeholders if requested. Comments by the Company on analyst reports in advance of publication will be limited to factual and/or general information affecting the Company's operations. Such comments may include corrections or pointing out available public information.

Marel does not comment on matters related to financial results or expectations in a period of six weeks prior to the disclosure of the Company's interim and full year financial results, unless required to do so by law. During the quiet period Marel may participate in public meetings but restrict information provided to latest financial disclosure, publicly available information and non-price-sensitive information on the Company's operations.

Marel observes the need to keep a balance between informative disclosure to the market and the Company's policy of not disclosing sensitive information which may compromise its competitive position. Such sensitive information can include development in sales, market penetration, R&D and other aspects of the business. Marel, however, observes its obligation to disclose material changes in the Company's operations as required by rules and regulations. Marel neither comments on share price movements or fluctuations in trading volumes nor gives advice to others about trading in the financial instruments of Marel which, if publicly known, might influence the price of such instruments. Moreover, Marel refrains from commenting on market rumours or speculative inquiries, unless required to do so by law or if such rumours or speculations are misleading and affecting the Company's operations.

Marel provides guidance to the investment community as deemed appropriate such as in the form of forward-looking statements of the Company's markets and operations. Marel does not comment on the likelihood that it will meet, exceed or fall short of equity analysts' estimates, either on an individual or consensus basis. This applies in all phases of the quarterly reporting cycle.

Investor relations are responsible for the day to day contact with investors and analysts by telephone and e-mail. The Chairman of the Board of Directors, the CEO, other members of the Executive Team when applicable, the Corporate Director of Communications and the Investor Relations Manager are authorised spokespersons for the Company. Other employees may be designated to respond to specific inquiries by an authorised spokesperson.

Internal Controls and Risk Management

Under the Rules of Procedure, the Board of Directors shall strive to secure that an active system of internal controls is established within the Company, including that a formalised arrangement of the internal controls system, its documentation and regular verification of its functioning. In connection with the decision of the Board of Directors on the Company's strategy and goals, the CEO shall be responsible for identifying the greatest business and Company risks involved in achieving targets, and a plan on how to mitigate those risk factors.

Code of Ethics and Corporate Social Responsibility

Marel has established a policy regarding corporate social responsibility which was approved by the Board of Directors in 2016. Everything Marel does has an impact on the environment as well as the society Marel operates in. Sustainability along with respect for the environment and safety of the people working with Marel's solutions plays an important role in the design, manufacturing and application of Marel's products and services. By doing this, Marel provides its customers with solutions that enable them to re-use and protect natural resources such as energy and water in the food industry. This also enables Marel's customers to increase food safety and security in their respective markets and thereby have a positive impact on general wellbeing. Marel goes further than only committing to comply with the letter and the spirit of the laws and regulations and has set guidelines on how employees should carry out daily activities in line with its purpose, values and integrity standards. The guidelines can be found in Marel's Code of Conduct which was approved by the Board of Directors in October 2012 with global application and revised in July 2016.

Remuneration of Members of the Board of Directors and Executive Team

Overview

Marel's current remuneration policy (the "**Remuneration Policy**") is published on its website. The policy is binding for the Board of Directors as regards its provisions on stock options. In other respects, the Remuneration Policy is of guidance for the Board of Directors. Any departure from the policy must be recorded and reasoned in the minutes of the Board of Directors. The Remuneration Policy is reviewed annually and approved by the Company's Annual General Meeting, the latest approval being at the Annual General Meeting of Marel on 6 March 2019.

The Remuneration Policy, is designed to attract, motivate and retain exceptional employees in a competitive and international market. The policy reflects Marel's objectives for good corporate governance as well as sustained long-term value creation for shareholders. The Remuneration Policy applies to Marel's senior management, including its Board of Directors and Executive Team.

Board of Directors

Members of the Board of Directors shall receive a fixed, monthly payment in accordance with the decision of the Annual General Meeting of Marel. The Board shall submit a proposal on the fee for the upcoming operating year, taking into account the extent of responsibilities and time commitment, the results of the Company and benchmark data on fees paid by European peer companies, which in size and complexity are similar to Marel.

Board members are not offered stock options or participation in incentive schemes. Individual board members may take on specific ad hoc tasks outside their normal duties assigned by the Board. In each such case, the Board may determine a fixed fee for the work carried out related to those tasks, which shall be disclosed in the Company's Annual Consolidated Financial Statements.

At the Annual General Meeting on 6 March 2019 the remuneration of members of the Board of Directors was approved, as shown in the table below. The remuneration will be paid on the 15th day of each month. The Auditor's fees will be paid against his invoices approved by the Company.

The following table sets out the Board of Directors' remuneration for the years 2019 and 2018, as approved by the Annual General Meeting.

In EUR	**2019**	**2018**
Monthly remuneration for members of the Board of Directors	3,600	3,500
Monthly remuneration for Chairman of the Board of Directors	3,600 * 3	3,500 * 3
Monthly remuneration for the Chairman of the Audit Committee	3,600 * 2	3,500 * 2
Additional monthly remuneration for members of sub-committees	930	900

The table below sets forth the total remuneration of the Board of Directors for the year 2018, as well as their ownership of Shares as at 31 March 2019.

	Board fee	**Pension contribution**(1)	**Stock options**	**Shares purchased pursuant to stock options**	**Shares at 31 March 2019**
	(*EUR '000*)	(*EUR '000*)	*('000)*	*('000)*	*('000)*
Ásthildur Margrét Otharsdóttir, Chairman	134	14	—	—	32
Arnar Þór Másson, Vice Chairman	93	10	—	—	—
Ann Elizabeth Savage, Board Member	52	6	—	—	—
Ástvaldur Jóhannsson, Board Member	52	6	—	—	—
Helgi Magnússon, Board Member(2)	52	6	—	—	3,039
Margrét Jónsdóttir, Board Member(3)	52	6	—	—	195
Ton van der Laan, Board Member(4)	—	—	—	—	—
Ólafur S. Guðmundsson, Board Member(5)	52	6	—	—	1,705

Note:

(1) Pension contributions for all members of the Board of Directors and Executive Team are part of a defined contribution plan

(2) Resigned as member of the Board of Directors as of 6 March 2019.

(3) Margrét Jónsdóttir is also the Managing Director of Operations of Eyrir, which as of the date of this Prospectus holds 28.37% of the total issued share capital of Marel.

(4) Member of the Board of Directors as of 6 March 2019.

(5) Ólafur Steinn Guðmundsson is also a member of the board of directors of Eyrir, which as of the date of this Prospectus holds 28.37% of the total issued share capital of Marel

Executive Team

The remuneration of Marel's Executive Team was proposed by the Remuneration Policy and subsequently approved by the Board of Directors. It is evaluated annually against performance and a benchmark of international companies, which in size and complexity are similar to Marel. Benchmark information is obtained from internationally recognised compensation service consultancies.

Total remuneration shall be comprised as follows:

- A fixed base salary, set at a level aimed at attracting and retaining executives with professional and personal competences required to drive the Company's performance.
- Short-term incentives, based on the achievement of a number of pre-defined financial and non-financial strategic business targets approved by the Board of Directors. Short-term incentives for the CEO amount to 50% of annual base salary at target and can reach a maximum of 70%. Short-term incentives for other members of the Executive Team can amount to up to 45% of the annual fixes base salary at target and reach a maximum of 60%. Short-term incentive payments are subject to recovery, provided that they have been based on data, which probed to be manifestly misstated, false or misleading.
- Long-term incentives in the form of stock options. Marel has implemented stock option programs with the objective of aligning interests of executive management and selected employees in strategic positions with the long-term goals of the Company and its shareholders. The key terms of share-based incentive agreements and programs shall be submitted to a Shareholders' Meeting for approval.
- Pension contributions, made in accordance with applicable laws and employment agreements.
- Severance payments in accordance with termination clauses in employment agreements. Severance payments shall comply with local legal framework.

The table below sets forth shows the total remuneration of the Executive Team for the year 2018, as well as their ownership of Shares as at 31 March 2019.

	Salary and benefits *(EUR '000)*	**Share based benefits** *(EUR '000)*	**Incentive Payments** *(EUR '000)*	**Pension contribution**[1] *(EUR '000)*	**Stock options** *('000)*	**Shares purchased pursuant to stock options** *('000)*	**Shares at 31 March 2019** *('000)*
Árni Oddur Þórðarson, CEO	634	—	278	111	1,610	—	132[2]
Other members of Executive Team	3,082	869	1,008	373	8,795	690	1,285

Note:

1) Pension contributions for all members of the Board of Directors and Executive Team are part of a defined contribution plan
2) Árni Oddur Þórðarson also owns 17.9% of the entire share capital of Eyrir which currently holds 28.37% of the total issued share capital of Marel

At the Annual General Meeting held at 6 March 2019, the Company's share-based incentive scheme (the "**Share-Based Incentive Scheme**") was approved as follows.

- **Type of share incentive:** Stock options.
- **Participation:** The CEO and selected employee in strategic positions.
- **Total number of share options:** Up to 25 million Shares may be granted as options and be in effect at each time under the program. If any stock options lapse prior to their vesting date, new stock options may be granted instead.
- **Granting time**: The stock options shall be granted periodically. No more than 6 million Shares shall be granted as options and be in effect under the program in 2019.
- **Vesting time**: 3 years from the day the relevant option is granted.
- **Exercise period**: Immediately after the stock options are vested and/or within 1 year thereafter (within selected exercise periods).
- **Exercise price**: The EUR equivalent of the closing rate of Shares at Nasdaq Iceland on the day the relevant option is granted (calculated with the Central Bank of Iceland midrate EUR/ISK). The exercise price shall be adjusted for future dividend payments (cent against cent).

- **Other key terms and conditions**:
  1. The stock option program may be subject to holding requirements. Executive Team members are required to hold shares, corresponding to the net profit gained from the options (after tax) until the following holding requirements are reached, measured in total share value owned as a multiple of annual base salary: CEO three times; other members of the Executive Team two times.
  2. In general, any unvested share options will lapse if the participants are no longer employed with the Company. The Company may decide to waive this condition, including if a participant becomes disabled or dies.
  3. If a change of control occurs, as provided for in Article 100 of the Icelandic Securities Transactions Act No. 108/2007, any outstanding stock options shall vest.
  4. The Board of Directors shall have the discretion to apply these key terms and conditions to new and existing issues, as may be applicable.
  5. The Company shall not grant any loans or guarantees to participants in connection with the stock options.
  6. Stock options that have not been granted under Marel's share-based incentive scheme approved at the 2017 Annual General Meeting, become invalid when the 2019 program enters into effect.

The table below shows the stock options granted to the Executive Team in accordance with the Remuneration Policy and under the previous share-based incentive scheme, for FY17-18.

		2018		**2017**	
	Options granted in	**Number of shares *('000)***	**Average exercise price per share *(EUR)***	**Number of shares *('000)***	**Average exercise price per share *(EUR)***
Árni Oddur Þórðarson, CEO	2016	360	1.860	360	1.902
	2017	600	2.737	600	2.779
	2018	650	2.881	—	—
Other members of Executive Team	2014	1,305	0.896	1,800	0.923
	2015	1,280	1.434	1,600	1.464
	2016	1,260	1.860	1,440	1.902
	2017	2,200	2.737	2,400	2.779
	2018	2,750	2.881	—	—

FY19 Stock Option Programme

Further to the decision by the Annual General Meeting on 6 March 2019, Marel intends to adopt a stock option program with the objective of aligning interests of executive management and selected employees in strategic positions with the long-term goals of the Company and its shareholders within the second or third quarter of 2019 (the "**Stock Option Programme**"). As of the date of this Prospectus, the Stock Option Program is expected to comprise the award of options relating to up to 6 million Shares for FY19.

SHARES AND SHARE CAPITAL

Share Capital Information

As of 31 March 2019, the authorised share capital of the Company was ISK 671,007,916 represented by 671,007,916 Shares, each with a par value of ISK 1.00, and the Company had 671,007,916 Shares issued and 659,728,102 Shares outstanding with 11,279,814 Shares held by the Company. See also "*—Buyback of Shares*". The Shares held by the Company are intended to be used to fulfil the Company's obligations pursuant to the Share-Based Incentive Scheme. Also, pursuant to the Company's articles of association the Board of Directors is authorised to increase share capital by as much as ISK 35,000,000 nominal value by issuing new Shares which shall be used to fulfil share option contracts concluded with employees in accordance with the Company's Share-Based Incentive Scheme. See also "*—Buyback of Shares*".

Further, under the Company's articles of association, the Board of Directors is authorised to increase the Company's share capital by up to ISK 100,000,000 nominal value by issuing new shares, provided that the new Shares will be used as payment in relation to acquisition of new businesses and that the price for the new Shares will not be lower than 10% under the posted average price of shares in the Company for the four weeks immediately preceding the sale. See also "*Articles of Association*".

The Shares have been issued in accordance with Icelandic law, have been fully paid and are denominated in ISK. The rights associated with the Shares, including those set out in the articles of association of the Company, can only be changed in accordance with the procedures set forth in the Public Limited Companies Act.

The Shares are denominated in ISK. The Shares are currently traded in ISK on Nasdaq Iceland under the ISIN code IS0000000388. The Shares will also be trading in Euro on Euronext Amsterdam under the same ISIN code.

All of the Shares have been admitted and listed to trading under the symbol "MAREL" on Nasdaq Iceland and an application has been made for the Shares to be traded under the symbol "MAREL" on Euronext Amsterdam. If the Offer Shares will be admitted to trading, the first day of trading in the Offer Shares will be announced by NASDAQ Iceland and Euronext Amsterdam with a minimum of one business days' notice.

Marel has entered into market making agreements with Landsbankinn hf., Íslandsbanki hf. and Kvika banki hf. Pursuant to these agreement, Landsbankinn hf., Íslandsbanki hf. and Kvika banki hf. are committed to making daily bid and ask offers, as market makers, on Nasdaq Iceland for Shares listed thereon, each of them for a minimum of ISK 100,000 at nominal value at a price which Landsbankinn hf., Íslandsbanki hf. and Kvika banki hf. each determine in every instance. Quotes shall be renewed as quickly as possible, and always within 10 minutes of their having been accepted in full. The maximum bid-ask spread shall not exceed 1.5% and the deviation from the last transaction price shall not exceed 3%. If the share price changes by 10% or more on the same day, the relevant market maker is permitted to double the maximum bid-ask spread temporarily that day. The maximum aggregated market value of total trades which each of Landsbankinn hf., Íslandsbanki hf. and Kvika banki hf. are committed to buy or sell each day corresponds to the market value of 700,000 Shares.

Buyback of Shares

At a shareholders' meeting in the Company on 22 November 2018 the Board of Directors was authorised to establish Share buy-back programs for up to 34,129,296, amounting to 5%, of its Shares. The Company will cancel Shares purchased under such programs to the extent they are not necessary to meet the Company's obligations under share incentive programs with employees.

In accordance with the above, the Board of Directors established a time-scheduled buy-back program, running from 4 December 2018 until 5 March 2019 for up to 17,305,940 Shares, executed by a third party (Landsbankinn hf.) and in accordance with Act No. 2/1995 on Public Limited Companies, Act on Securities Transactions and appendix to Regulation No. 630/2005 on Inside Information and Market Abuse. Under this program, the Company acquired 16,167,269 Shares.

At the Annual General Meeting on 6 March 2019 the shareholders in the Company agreed to decrease the Company's share capital by ISK 11,578,005 par value. The reduction was executed by way of cancelling 11,578,005 of the Company's treasury shares, in accordance with the provisions of Act no. 2/1995 respecting Public Limited Companies.

Certain Rights Attached to the Shares

General Meetings and Voting Rights

The Annual General Meetings are held within eight months from the end of each financial year. The highest authority regarding all Company matters, within the limitations of the articles of association and law, rests with legitimate shareholders' meeting. One vote is attached to each Share, and decisions at shareholders' meetings are generally taken by majority vote. No voting rights are attached to Shares held by the Company.

Pre-Emptive Rights and Increases of Share Capital

An increase in the share capital of Marel may be authorised at a meeting of shareholders. Shareholders have pre-emptive rights to an increase in Marel's share capital in proportion to their holdings of the Shares and within the time limits specified in the resolution to increase the share capital. However, a meeting of shareholders can, by a two-thirds majority vote, waive pre-emptive rights to increases of share capital, provided that all existing shareholders are treated equally.

Action Required to Change the Rights of the Shareholders

Each shareholder is under the obligation, without the necessity of any specific undertaking, to abide by Marel's articles of association in their current form or as amended from time to time. Shareholders' liability for Marel's affairs is limited to the share contribution of each shareholder. According to Article 12.1 of the articles of association, the articles may be amended at meetings of shareholders that are duly constituted. The notice of the meeting of shareholders is required to state the agenda of such meeting of shareholders. Any proposals for amendments of Marel's articles of association are required to be included in the notice of the meeting of shareholders. A decision to amend Marel's articles of association requires the approval of two-thirds of the votes cast, if shareholders controlling at least two-thirds of the Shares represented in the meeting of shareholders participate in the vote, on the condition that other voting power is not reserved in the articles of association or in statutory law. This requirement is in accordance with Article 93 of the Public Limited Companies Act. Pursuant to Article 94 of the Public Limited Companies Act, more stringent rules apply in certain cases.

Repurchases of the Shares

Pursuant to Icelandic law, Marel may only repurchase Shares within certain limits and in compliance with the following requirements:

1. the repurchase of the Shares is required to be pursuant to authority granted to the Board of Directors at a meeting of shareholders, with the resolution granting such authorisation specifying the maximum number of the Shares that may be repurchased, the minimum and maximum price which may be paid for the Shares. A company whose shares are admitted to trading on a regulated securities market or multilateral trading facility is, however, not permitted to repurchase own shares at a higher price than the price in the last independent transaction or the highest existing independent offer in the trading systems where the transactions are carried out, whichever is higher. Such purchases are permitted, however, if made by a third party (market maker);
2. the duration of the authorisation to repurchase Shares cannot exceed five years;
3. the aggregate nominal value of the Shares repurchased, together with the aggregate nominal value of the Shares already held by Marel and its subsidiaries, may not exceed 10% of Marel's share capital; and
4. the Shares repurchased are required to be fully paid.

Rights to Dividend and Liquidation Proceeds

Payment of dividends is proposed by the Board of Directors and must be approved by the shareholders at a general meeting (whether an Annual General Meeting or an extraordinary general meeting). Dividends must be paid no later than six months after the date of the general meeting at which such dividends were approved. Any dividends declared are payable to the shareholders of record at the time of the payment of dividends. However, the general meeting may decide that the dividends will be payable to the shareholders of record on a different date, provided that the alternative date is stipulated in the general meeting's resolution on dividend payment and is notified to the market via Nasdaq Iceland.

There are no provisions in Marel's articles of association regarding the expiration of the right to dividends that have not been collected. As a result, such rights lapse after four years according to Act No. 150/2007 on the Limitation Periods of Claims. The date for the payment of dividends is decided by the shareholders at the general meeting.

The date for the payment of dividends through Euroclear Nederland is the same date of payment of dividends in Iceland. Dividends on the Shares registered with Euroclear Nederland are paid via the payment agent to Euroclear Nederland. Dividends are declared at the Annual General Meeting in EUR, whereby the ISK equivalent amount will be announced at the date of the AGM, using the Central Bank of Iceland's official mid-rate of EUR/ISK. Payment of dividends on the Shares registered with Euroclear Nederland are paid in EUR and payment of dividends on the Shares registered with Nasdaq Iceland will be paid in ISK.

Marel withholds Icelandic tax on dividends. In addition, Euroclear Nederland withholds Icelandic tax on dividends paid to Dutch individuals. See "*Taxation*". Upon liquidation of Marel, shareholders would be entitled to receive proportionately any assets remaining after the payment of Marel's debt and taxes and the expenses of the liquidation.

Share Capital Development

The below table shows the development of the Company's share capital development from 1 January 2016 to the date of this Prospectus.

Share Capital Development	**Share Capital (ISK)**
2016	
Share Capital at 1 January 2016	735,568,997
Share Capital at 31 December 2016	735,568,997
2017	
Share Capital at 1 January 2017	735,568,997
Share Capital at 31 December 2017	735,568,997
2018	
Share Capital at 1 January 2018	735,568,997
Decrease at 22 November 2018	682,585,921
Share Capital at 31 December 2018	682,585,921
2019	
Share Capital at 1 January 2019	682,585,921
Decrease at 6 March 2019	671,007,916
Share Capital at 28 May 2019	671,007,916

Share decreases in 2018 and 2019 are in relation to share buy-backs and subsequent cancellation of Shares (see "*—Buyback of Shares*").

At the Annual General Meeting on 6 March 2019 Board of Directors was authorised to increase share capital in the Company by up to ISK 100,000,000 nominal value by issuing new Shares, for the purpose of a public offer in connection with the dual listing of the Shares. Shareholders waived their pre-emptive rights to subscribe to these new Shares.

Legal and Regulatory Requirements

The Public Limited Companies Act provides that it is only permissible to allocate as dividend profit in accordance with approved annual accounts for the immediately preceding fiscal year profit brought forward from previous years and disposable earnings after deducting any losses which have not been met and any moneys which according to Icelandic laws and Marel's articles of association shall be contributed to a reserve fund or for other use.

The Public Limited Companies Act further provides that a shareholders' meeting will decide upon the allocation of dividends after a company's board of directors has submitted proposals in that respect, and prohibits allocation of more dividends than the board of directors proposes or approves. Shareholders holding a total of at least 1/3 of the share capital may at an Annual General Meeting request that that decisions regarding confirmation of the financial statements and how to handle the Company's profit or loss for the preceding financial year shall be postponed and taken up at an extraordinary annual meeting to be held not earlier than one month, and not later than two months, later. Further postponement may not be requested.

The date of maturity of dividends shall be no later than six months after a decision relating to the allocation thereof has been made.

The Company will follow Nasdaq Iceland's proposals on dividend payments, which is that trading in the Shares exclusive of dividends begins the business day immediately following the day the dividend proposal is approved and that payment of dividends will be made no later than 30 days after the record date. With the exception of dividend payments, shareholders are not entitled to any of the Company's profits.

Restrictions on Ownership and Transfer of the Shares

Marel's articles of association do not contain any limitations on the ability to transfer the Shares, and shareholders may pledge the Shares unless otherwise prohibited by law. Pre-emptive rights to increases in the share capital are transferable according to the Public Limited Companies Act.

A person acquiring the Shares cannot exercise its rights as a shareholder until such person's name has been registered in Marel's share registry or such person has announced and proven the ownership of the Shares. The electronic registration of securities is governed by Act No. 131/1997 on Electronic Registration of Title to Securities (the "**Electronic Registration of Title to Securities Act**") and Regulation No. 397/2000 based thereon.

A printout from Nasdaq CSD Iceland hf. ("**Nasdaq CSD Iceland**") on the ownership of the Shares is considered a valid registration of the Shares. Marel considers the share registry as full proof of ownership of the Shares and the rights attached to them. Dividends and all announcements to shareholders are sent to the parties registered in Marel's share registry as owner of the Shares. Marel has no liability if payments or announcements do not reach their recipients because a notification of change of address has not been delivered.

Rights to the Shares in electronic form must be registered with Nasdaq CSD Iceland. Share certificates may not be issued or endorsed for registered rights to the Shares in electronic form, and any such attempted transactions are void. Registration of the ownership of the Shares in electronic form with Nasdaq CSD Iceland, subsequent to Nasdaq CSD Iceland's final entry, formally gives a registered owner legal authorisation to the rights to which they are registered. Priority of incompatible rights is determined by the time stamp when a request from Marel's data central on the registration reaches Nasdaq CSD Iceland. Shareholders holding their shares through Euroclear Nederland will not be registered in Marel's share registry in their own name, but in the name of Euroclear Nederland, see further "*Dutch Securities Market*".

PRINCIPAL SHAREHOLDERS

As at 24 May 2019 (being the latest practicable date prior to the publication of this Prospectus), Marel had approximately 2,500 shareholders, with Eyrir being Marel's largest shareholder holding 28.4% of Marel's Shares as of that date. The ten largest shareholders held 66.5% of the Shares, and Icelandic pension funds among Marel's 20 largest shareholders held 34.6% of Marel's Shares. The top 20 largest shareholders in Marel as of 24 May are shown in the table below.

Rank	Shareholder	Type	Actual		As adjusted for the Offering if the Over-Allotment Option is not exercised	As adjusted for the Offering if the Over-Allotment Option is exercised in full
			Number	%[1]	%[1]	%[1]
1	Eyrir[2]	Investment company	190,366,838	28.37%	24.99%	24.69%
2	Lífeyrissjóður verslunarmanna	Pension fund	66,454,042	9.90%	8.72%	8.62%
3	Gildi – lífeyrissjóður	Pension fund	38,393,561	5.72%	5.04%	4.98%
4	Smallcap World Fund Inc.	Asset management	30,060,697	4.48%	3.95%	3.90%
5	Lífeyrissjóður starfsmanna ríkisins A-deild	Pension fund	29,970,000	4.47%	3.93%	3.89%
6	JNE Partners	Investment company	24,100,000	3.59%	3.16%	3.13%
7	Birta lífeyrissjóður	Pension fund	23,818,813	3.55%	3.13%	3.09%
8	Teleios Global Opportunities	Asset management	17,303,109	2.58%	2.27%	2.24%
9	Landsbankinn – safnreikningur 1	Bank – custody account	13,372,189	1.99%	1.76%	1.73%
10	Festa – lífeyrissjóður	Pension fund	12,637,988	1.88%	1.66%	1.64%
11	Frjálsi lífeyrissjóðurinn	Pension fund	12,034,289	1.79%	1.58%	1.56%
12	Stapi lífeyrissjóður	Pension fund	11,985,961	1.79%	1.57%	1.55%
13	Lífeyrissjóður starfmanna ríkisins B-deild	Pension fund	9,967,050	1.49%	1.31%	1.29%
14	Stefnir – ÍS 15	Asset management	8,822,778	1.31%	1.16%	1.14%
15	Almenni lífeyrissjóðurinn	Pension fund	8,589,220	1.28%	1.13%	1.11%
16	Stefnir – ÍS 5	Asset management	8,051,507	1.20%	1.06%	1.04%
17	Brú – lífeyrissjóður starfsmanna sveitarfélaga	Pension fund	7,523,631	1.12%	0.99%	0.98%
18	Lífsverk lífeyrissjóður	Pension fund	5,721,695	0.85%	0.75%	0.74%
19	American Funds Insurance Series	Asset management	5,419,903	0.81%	0.71%	0.70%
20	Söfnunarsjóður lífeyrisréttinda	Pension fund	5,093,994	0.76%	0.67%	0.66%
	Top 20 total		**529,687,265**	**78.94%**	**69.52%**	**68.70%**
—	Blackrock	—	—	—	2.27%[5]	2.24%[5]
—	CSAM	—	—	—	1.31%[5][6]	1.30%[5]
—	New Shareholders[3]	—	---	—	8.35%[4]	9.43%[4]

Note:

(1) Percentages reflect rounding to the nearest hundredth of a percent.

(2) Árni Oddur Þórðarson, CEO of Marel, holds 17.9% of the entire share capital of Eyrir.

(3) New Shareholders excludes the Cornerstone Investors.

(4) Assumes that none of the Offer Shares are purchased by existing shareholders of Marel.

(5) Assumes that the Offer Price is set at the mid-point of the Offer Price Range.

The Company is not aware of any person, other than a member of the administrative or management bodies who, directly or indirectly, has an interest in the issuer's capital or voting rights which is notifiable under Icelandic law. The Company's principal shareholders do not have different voting rights. The Company is not, to its knowledge, directly or indirectly under the control or influence of any party or parties. The Company is not aware of any arrangements that at a subsequent date might result in a change of control of the Company.

ARTICLES OF ASSOCIATION

1. NAME, ADDRESS AND PURPOSE OF COMPANY

1.1 The name of the company is Marel hf.

1.2 The corporation is a public limited liability company.

1.3 The company‘s address is Austurhraun 9, 210 Garðabær, Iceland.

1.4 The company’s purpose is the development, design, manufacture, purchase, and sale of electronic devices, software, and related equipment, both domestically and internationally, as well as to provide associated services and operations. Furthermore management of real estate, purchase and sale of securities and ownership of subsidiaries.

2. SHARE CAPITAL

Share Capital – shares – votes

2.1 The share capital of the company amounts to ISK 671,007,916.

(Special provisions on increasing share capital are found in Section 15)

2.2 Each share has a nominal value of one euro. However, a share shall have a value of ISK 1 until registered share capital has been converted to EUR.

2.3 At shareholders’ meetings, one vote shall accompany each share in the company.

2.4 The Board of Directors may decide to register the share capital of the Company in foreign currency in accordance with the applicable law on public limited companies. If the Board of Directors decides to use this authorization, the share capital of the Company shall be registered in euros. The company Board of Directors is authorized to establish capital stock in euros in place of Icelandic króna, in accordance with article 4, paragraph 1 of Act no. 2/1995. Share conversion shall be conducted according to stipulations for financial statements in Act no. 3/2006, article 5 paragraph 1 regarding Public Limited Companies no. 2/1995. Furthermore, the Board of Directors shall also be authorized to make necessary changes to the company‘s Articles of Association resulting from the issue, including changing those amounts that appear in paragraph 2 of the company‘s Articles of Association regarding the change, with the same method of conversion.

Increasing share capital

2.5 Decisions regarding increasing share capital in the company, both bonus issues and new subscriptions, can only be taken at a shareholders’ meeting.

Pre-emptive rights

2.6 Shareholders shall have pre-emptive rights to increase in share capital in proportion to their registered shareholding. It is authorized to depart from this clause according to article 3 paragraph, Art. 34 of the Act on Public Limited Liability Companies.

Shares – share register

2.7 Company shares are issued electronically in accordance with laws on electronic registration of title of securities.

2.8 According to laws on electronic registration of title of securities, the share register is considered valid authentication for ownership of shares in the company, and dividends payments shall, as well as all announcements, be sent to the party who is registered as the registered owner of the respective shares in the share register of the company.

Selling shares and change of ownership

2.9 No restraints are placed on the rights of shareholders to sell their shares. Changes in ownership and its execution shall be made in accordance with current laws on electronic registration of title of securities and regulations based on them.

Rights and obligations

2.10 Shareholders are obligated, without their making specific commitments, to abide by the Articles of Association of the company in their current form a, or as they may later be when legitimately changed. Shareholders are not obligated, neither by Articles of Association of the company nor changes to them, to increase their shareholdings in the company or to accept their shares being redeemed. Shareholders are not responsible for any company liabilities beyond their share in the company, unless they accept such responsibility through legal action. This clause will neither be changed nor revoked by any resolution at shareholders' meetings.

2.11 No special rights are attached to any share in the company.

Communication with shareholders

2.12 It is authorized to use electronic documentation and email interaction between the company and shareholders, in place of sending or presenting documents written on paper. This authorization applies to all types of interaction between the company and shareholders, for example announcements regarding shareholders' meetings, dividend payments and other announcements that the Board decides should be sent to shareholders. Such electronic interaction is equivalent to communications written on paper. The Board shall set regulations regarding the implementation of electronic communications and requirements regarding software, which shall be accessible to shareholders. Those shareholders who intend to take advantage of electronic communications with the company in this manner shall confirm it in accordance with those regulations set by the board.

3. ADMINISTRATION

3.1 The company is governed by:

1. Shareholders' meetings,
2. the Board of Directors,
3. the Chief Executive Officer.

4. SHAREHOLDER MEETINGS

4.1 The highest authority regarding all company matters, within the limitations of these Articles of Association and statutory law, rests with the legitimate shareholders' meetings.

Right to participate

4.2 The right to attend a shareholders' meeting is granted to shareholders, shareholders' proxies, company auditors and the Chief Executive Officer of the Company, irrespective of whether he is a shareholder or not. The Board of Directors can invite specialists to individual meetings if their expertise or assistance is needed.

4.3 The Board of Directors is authorized to allow shareholders to participate in proceedings at shareholders' meetings through electronic means without being present at the meeting venue. The Board may deem that equipment is sufficiently secure to enable shareholders to participate in the meeting through electronic means without being at the meeting venue. If the Board of Directors decides to use this authorization, it shall be specially noted in the announcement for the shareholders' meeting.

4.4 Shareholders intending to participate electronically shall inform the company's office with five days' notice, and submit written questions regarding the agenda or present documents that they would like answers to at the meeting.

4.5 Shareholders shall have access to instructions regarding participation in shareholders' meetings through electronic means, along with a password and the necessary software for such participation. A password entered into the computer program is equivalent to the signature of the respective shareholder, and is considered acknowledgment of his participation in the shareholders' meeting.

Electronic shareholders' meetings

4.6 The Board is authorized to decide that a shareholders' meeting will be held only through electronic means.

4.7 If the Board of Directors considers it acceptable to hold a meeting that is strictly electronic, using the appropriate equipment and providing shareholders with the ability to participate in meeting activities and balloting, the announcement shall include information regarding technical equipment as well as information on how shareholders announce their electronic participation and where they can receive further information, instructions and passwords for participating in the meeting. A password entered into the computer program is equivalent to the signature of the respective shareholder, and is considered acknowledgment of his participation in the shareholders' meeting.

Absentee voting

4.8 If the Board of Directors considers it feasible to give shareholders the opportunity to participate in shareholders' meetings using electronic means, shareholders shall be given the opportunity to vote on proposals or participate in balloting through the mail. The Board of Directors sets regulations regarding implementing such balloting.

Proxy

4.9 Shareholders may authorize another person to attend shareholders' meetings on his behalf. The representative shall submit a written and dated proxy.

4.10 Proxies will not be validly rescinded as concerns the company after they have been submitted and meeting documents handed over, or after the meeting has been called to order, whichever comes first.

Lawful shareholders' meeting

4.11 A shareholders' meeting is deemed duly constituted if representatives attending control at least half of all shares.

Annual General Meeting

4.12 An Annual General Meeting shall be held within eight months from the end of each financial year. Annual General Meetings shall be announced in the same manner as other shareholders' meetings, in accordance with stipulations in paragraphs 4.16 and 4.17.

Agenda for the Annual General Meeting

4.13 The following matters shall be addressed at Annual General Meeting:

1. Board of Director's report on operations for the previous operating year.
2. Confirmation of the financial statements and decision taken on how to handle the company's profit or loss for the financial year.
3. Decisions on remuneration to the members of the Board of Directors.
4. Proposal by the Board of Directors regarding a remuneration policy.
5. Election of the Board of Directors.
6. Election of auditor.
7. Proposals from shareholders that shall be placed on the agenda.
8. Any other business.

If shareholders controlling at least 1/3 of all shares make a written request at the annual meeting, decisions regarding Clause 2 shall be postponed and taken up at an extraordinary annual meeting to be held not earlier than one month, and not later than two months, later. Further postponements may not be requested.

The financial statements of the company, the Board of Director's report on operations, the auditors' report, information on the total number of shares and votes on the date of the calling of a meeting, the Board's proposal of a remuneration policy and other proposals of the Board to the Annual General Meeting shall be available for shareholders to examine at the company's headquarters no later than 21 days prior to the Annual General Meeting.

Notification of a shareholders' meeting

4.14 The Board of Directors shall call a shareholders' meeting when deemed necessary, or in accordance with a meeting resolution, or when elected auditors or shareholders that control at least 1/20 of all shares make a written request, stating the subject matter of the meeting.

4.15 When a lawful request for a meeting has been made, the Board of Directors shall be required to call a meeting within 21 days from when the request arrives. If the Board has not called a meeting within this period, it is permitted to demand that a meeting be called in accordance with Article 2 paragraph 87 of Act on Public Limited Liability Companies

4.16 Shareholder meetings shall be announced with advertisements in the media or through electronic means.

Notice of announcement

4.17 Shareholder meetings shall be announced with a minimum of three weeks' notice and a maximum of four weeks' notice, unless shareholders of the Company have approved shorter notices as provided for and with the conditions stipulated in Article 88a of the Act on Public Limited Liability Companies.

4.18 Matters to be discussed at the meeting shall be stated in the announcement.

4.19 If changes to the Articles of Association are on the agenda, the announcement shall include the main proposals to be discussed.

Proposals from shareholders

4.20 Each shareholder has the right to have a specific matter discussed at a shareholders' meeting, if he submits a request, in a written form or electronically, to the Board with enough notice to enable the matter to be placed on the agenda, but no later than 10 full days prior to the meeting. A rationale or a draft resolution shall be enclosed with such request to the Board. No later than 3 full days prior to the meeting, the Board shall inform the shareholders of the existence of the request, the proposal if applicable, as well as an updated agenda of the shareholders meeting if applicable, such as on the Company's website.

Agenda

4.21 The agenda shall be available at the company office for examination, along with final proposals to be voted on, not less than 7 full days prior to the meeting.

Proposals to alter the agenda

4.22 Lawfully submitted proposals to supplement or alter the agenda may be proposed at the meeting itself, even though they have not been available to shareholders for examination.

Matters not on the agenda

4.23 If a matter is not on the agenda, it is not possible to make a final determination on it at a shareholders' meeting, except with the approval of all shareholders in the company, but a resolution may be made concerning it as guidance for the Board of Directors.

4.24 If proposals are submitted under the item "Other matters," they will not be presented for final determination cf. Clause 4.23

Chairperson

4.25 A Chairperson, elected by the meeting, presides over a shareholders' meeting and nominates a meeting secretary with the approval of the meeting. The Chairperson shall resolve all matters regarding the meeting in accordance with these Articles of Association and laws. Furthermore, the Chairperson decides the form of discussion, matters to be handled in the meeting and voting.

Minutes

4.26 The minutes of the meeting shall be taken, and all resolutions recorded, along with a brief description of the proceedings. The minutes shall be read aloud and comments recorded. The minutes shall be signed by the Chairperson and the secretary. The minutes shall then be full verification of that which occurred at each shareholders' meeting.

Voting

4.27 At shareholders' meetings, a majority vote determines outcomes, unless otherwise stated in the Articles of Association or by law. Proposals receiving an equal number of votes are rejected. When two or more people receive the same number of votes during a ballot, a toss-up shall determine the outcome.

5. BOARD OF DIRECTORS

5.1 The company's Annual General Meeting annually elects 5-7 (five to seven) people to sit on the Board of Directors. Their suitability is determined by law.

5.2 In elections to the Board of Directors, the ratio of each gender shall be no less than 40%. The same criteria shall apply to alternate Directors, as may be applicable. If this statutory ratio is not achieved in an election, the individual candidate or candidates of the gender that has the higher ratio following the election shall stand aside for the candidate or candidates of the lower gender ratio to ensure an acceptable balance. The number of votes cast shall decide which candidate or candidates become Directors instead of those standing aside due to gender imbalance. If there are not enough candidates of that gender to achieve the required ratio, the acting Board of Directors shall call a new shareholders' meeting where a satisfactory gender balance of candidates shall be ensured.

(Approved at Annual General Meeting 6th of March 2013)

Candidature

5.3 They who intend to put themselves forward for election to the Board of Directors shall declare so in writing to the company's Board of Directors at least five full days prior to the start of the Annual General Meeting. The declaration of candidacy for the Board of Directors shall include, in addition to the candidate's name, ID number and address, information regarding primary occupation, other board of directors participation, education, experience and shareholdings in the company. Information regarding vested interests with the company's main customers and competitors, as well as shareholders who own more than 10% in the company, shall be disclosed.

5.4 The Board of Directors shall go over the candidacy declarations and give the candidates, in a verifiable manner, one week to resolve any shortcomings in the announcements. If improvements are not made to the shortcomings of the declarations within the week, the Board of Directors determines the validity of the candidacy. Board of Directors decisions may be brought before shareholders' meetings, which make final determinations regarding the validity of a candidacy.

5.5 Information about candidates for the Board of Directors shall be submitted to shareholders for examination at the company's offices not later than 2 days prior to the shareholders' meeting.

6. ELECTION OF THE BOARD OF DIRECTORS

6.1 Election of directors is determined according to a majority vote among individuals.

6.2 Election of directors shall as a rule be conducted on written ballots, if proposals are submitted for more people than there are positions.

6.3 If there are 200 or more shareholders in the company, then shareholders who control at least 1/10th of company shares can request that a proportional or cumulative election be held when electing directors. If shareholders are fewer than 200, they need to control 1/5th of company shares to make such a request.

6.4 A request for a proportional or cumulative election shall be submitted to the company Board of Directors at least five days prior to the shareholders' meeting.

7. DIVISION OF BOARD OF DIRECTORS' RESPONSIBILITIES

7.1 The Board of Directors chooses a Chairman from among its members, after which it assigns responsibilities according to need.

7.2 The Chairman takes the floor and calls the meeting to order. Meetings shall be held whenever he deems necessary. A Board of Directors meeting shall as a rule be held at the request of a director or the Chief Executive Officer.

7.3 Directors are permitted to participate in Board of Directors' meetings using telecommunication equipment.

8. BOARD OF DIRECTORS' MEETINGS

Duly constituted Board of Directors' meetings

8.1 A Board of Directors' meeting makes decisions when a majority of directors participate in the meeting. Important decisions, however, may not be taken unless all directors have had the possibility to discuss the matter, if this is possible.

Voting

8.2 A majority of votes determines results at Board of Directors' meetings. If there is an equal number of votes, the Chairman's vote counts as double.

Minutes

8.3 Directors shall take the minutes of Board of Directors' meetings, and confirm them with their signatures.

Goals and responsibilities

8.4 The Board of Directors is the highest authority in company matters relating to shareholders, and sets operational goals for the company with the interests of the company and shareholders as its guiding light – in conformance with the purpose of company. The Board of Directors discusses company matters in between shareholders' meetings and commits the company with its decisions and contracts. The Board of Directors hires the Chief Executive Officer, one or more, determines salary and benefits and concludes a written employment contract.

8.5 The Board of Directors gives authorization to sign for the company.

8.6 The signatures of a majority of Directors is required to obligate the company.

8.7 The Board of Directors' operates according to working procedures that the Board of Directors sets based on laws governing public limited liability companies.

Board of Directors' committees

8.8 If committees are elected by the Board of Directors in accordance with stipulations in working procedures, their conclusions shall only be proposals for the Board of Directors, which is not obligated by them when making determinations in individual matters unless otherwise stipulated by law.

9. CHIEF EXECUTIVE OFFICER

9.1 The Chief Executive Officer is responsible for daily operations in accordance with those directives that he has been given by the Board of Directors. Daily operations do not include matters that are irregular or of major significance.

9.2 The Chief Executive Officer shall see that company accounts are entered in accordance with law and convention, and that company assets are handled in a reliable manner.

9.3 The Chief Executive Officer is obligated to abide by all Board of Directors' directives. He is required to provide the auditors with all information requested.

10. ACCOUNTS AND AUDITING

10.1 The financial year is the calendar year. Financial statements shall be audited by an auditing company. An auditing company shall be elected at the Annual General Meeting for one year at a time.

11. COMPANY'S OWN SHARES

11.1 The company is permitted to own up to 10% of own shares. Voting rights may not be exercised for shares owned by the company. Shares can only be acquired in accordance with authorization for the Board of Directors at a shareholders' meeting. Authorization for the Board of Directors to purchase own shares shall only be granted for a limited time which shall be a maximum of 5 years each time. The Board of Directors shall set working procedures regarding the purchase and sale of own shares.

12. CHANGES TO THE ARTICLES OF ASSOCIATION

12.1 The company's Articles of Association may only be changed at company shareholders' meetings that are duly constituted. Such upcoming changes shall be specifically stated in meeting announcements and include a discussion of the main points. A decision will only be valid if it has been approved by at least 2/3 of votes cast, and approved by shareholders who control at least 2/3 of the shares represented at the shareholders' meeting.

13. LIQUIDATION OF THE COMPANY

13.1 If considered advisable or necessary to liquidate the company, a proposal and implementation to that end shall be in accordance with Chapter XIII of the Act on Public Limited Liability Companies.

14. MERGERS AND PARTITION

14.1 The merging or amalgamation of the company with other companies, or partition, is conducted in accordance with Chapter XIV of the Act on Public Limited Liability Companies.

15. SPECIAL PROVISIONS REGARDING INCREASES IN CAPITAL STOCK, ETC.

15.1 The company's Board of Directors is authorised to increase share capital by as much as ISK 35,000,000 nominal value by issuing new shares. Shareholders do not enjoy pre-emptive rights to subscribe for these new shares, which shall be used to fulfil share option contracts concluded with employees etc. in accordance with the Company's currently applicable stock option programme. The purchase price of shares and terms of sale shall be as provided for in contract concluded by the Board or CEO with the individual concerned. This authorisation shall apply for five years from its adoption.

(Adopted by Annual General Meeting on 6 March 2019)

15.2 The Company's Board of Directors is authorised to increase its share capital by up to ISK 100,000,000 nominal value by issuing new shares. The Company's Board of Directors shall determine details of the purchase price of shares and terms of sale. Shareholders waive their pre-emptive rights, as provided for in Art. 34 of Act No. 2/1995 on Public Limited Companies provided that the new shares will be used as payment in relation to acquisition of new businesses and that the price for the new shares will not be lower than 10% under the posted average price of shares in the Company for the four weeks immediately preceding the sale. There are no restrictions on trading in the new shares. These new shares shall be of the same class and bear the same rights as other shares in the company. They shall confer rights in the Company as of the date the increase in share capital is registered. The Company's Board of Directors may decide to have subscribers pay for the new shares in part or in full by other means than cash payment. This authorisation shall be valid for 5 years from the date of its adoption, insofar as it has not been utilised prior to that time.

(Approved by the Annual General Meeting on 6 March 2019)

15.3 The Company's Board of Directors is authorized to increase share capital by as much as ISK 100,000,000 nominal value by issuing new shares. Shareholders waive their pre-emptive rights to subscribe for these new shares, which shall be used in an offering of shares in connection with the dual listing of the company's shares. The Board of Directors shall be authorized to make necessary changes to the company's Articles of Association resulting from the issue.

(Approved by the Annual General Meeting on 6 March 2019)

15.4 The Company's Board is authorised to issue bonus shares in the current financial year increasing the company's share capital to as much as five-fold the present amount, or an equivalent amount in EUR if the Company's share capital has already been registered in that currency when the authorisation is utilised. In such case the conversion rate shall be the same as applied when the share capital was converted to EUR.

16. OTHER CLAUSES

16.1 When provisions in these Articles of Association do not cover specific issues, actions taken shall be in accordance with Act no. 2/1995 regarding Public Limited Liability Companies.

Headlines of some articles, and information in small letters, are not part of the Articles of Association, but rather included for convenience.

The above is an English convenience translation of the Icelandic original Articles of Association. In the event of any discrepancy, the original Icelandic version controls.

LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION

General Corporate Information

The Company is a public limited company established on 22 April 1983 under Act No. 32/1978, recast as Act No. 2/1995, respecting Public Limited Companies, as amended, with ID number 620483-0369 in the Register of Enterprises of Iceland. The Company's LEI code is 5299008YTLEN09WTHW26. The Company went public on the Icelandic Stock Exchange in 1992. The Company is domiciled in Iceland, and its registered office is located at Austurhraun 9, 210 Garðabær, Iceland. The Company's telephone number is +354 563 8000. The Company is a processing company that manufactures and provides equipment, systems, software and services to the poultry, meat and fish industries. The Company operates in accordance with any applicable legislation on licensing requirements and environmental.

Material Subsidiaries

The Company is the parent of a number of wholly owned and majority owned subsidiaries. The table below sets forth details of Marel's material subsidiaries, in which it held a direct interest as of 31 March 2019.

	Operating Activity	Currency	Equity Interest as of 31 March 2019	Country of incorporation
Marel Poultry B.V	Manufacturing and sales of capital goods	EUR	100%	The Netherlands
Marel Inc	Manufacturing and sales of capital goods	USD	100%	The United States
Marel Red Meat Slaughtering B.V	Manufacturing and sales of capital goods	EUR	100%	The Netherlands
Marel Iceland ehf	Manufacturing and sales of capital goods	ISK	100%	Iceland
Marel Meat Service B.V	Manufacturing and sales of capital goods	EUR	100%	The Netherlands
Marel A/S	Manufacturing and sales of capital goods	DK	100%	Denmark
Marel Salmon A/S	Manufacturing and sales of capital goods	DK	100%	Denmark
Marel Holding B.V	Holding Company	EUR	100%	The Netherlands
Marel Holding LP	Holding Company	USD	100%	The United States
MPS Holding III B.V	Holding Company	EUR	100%	The Netherlands

Material Contracts

Presented below are material contracts (other than contracts entered into in the ordinary course of business), into which either Marel or its subsidiaries has entered into within the 2 years immediately preceding the date of this Prospectus, as well as any other contract (other than contracts entered into in the ordinary course of business) that either Marel or its subsidiaries has entered into that contains obligations or entitlements that are material to Marel as of the date of this Prospectus.

Underwriting Agreement

For a description of the underwriting agreement that the Company and intends to enter into in relation to the Offering, see "*Plan of Distribution—Plan of Distribution*".

Related Party Transactions

At 31 December 2018 and 2017 there are no loans to the members of the Board of Directors and the CEO. In addition, there were no transactions carried out (purchases of goods and services) between the Group and members of the Board of Directors nor the CEO in the year ended 31 December 2018 and 2017.

For information regarding remuneration paid to the members of the Board of Directors and Executive Committee, see "*Board of Directors, Executive Committee, Auditor and Corporate Governance—Remuneration of Members of the Board of Directors and Executive Team*".

For additional information in relation to the Company's related party transactions, see Note 28 in the Annual Consolidated Financial Statements for the financial year ended 31 December 2018.

Advisors

Marel's financial advisors in connection with the Offering and the listing of the Offer Shares on Nasdaq Iceland and Euronext Amsterdam are Citigroup Global Markets Limited and J.P. Morgan Securities plc, who are acting as Joint Global Coordinators and Joint Bookrunners for the Offering, ABN AMRO Bank N.V., ING Bank N.V. and Coöperatieve Rabobank U.A., who are acting as Joint Bookrunners for the Offering, and Arion Banki hf. and Landsbankinn hf., who are acting as Joint Lead Managers for the Offering. ABN AMRO Bank N.V. is also acting as the Dutch Retail Coordinator. For information on certain services, among others, which the Managers have provided and may provide in the future to the Company, see "*Plan of Distribution—Plan of Distribution*".

Allen & Overy LLP and Logos slf. are Marel's legal advisors in connection with the Offering and the listing of the Offer Shares on Euronext Amsterdam. Latham & Watkins (London) LLP, Lex Lögmannsstofa ehf. and De Brauw Blackstone Westbroek N.V. are the Managers' legal advisors in connection with the Offering and the listing of the Offer Shares on Euronext Amsterdam.

Costs Related to the Offering

Marel's costs associated with the Offering and the listing of the Offer Shares on Euronext Amsterdam are expected to amount to approximately EUR 18.8 million (assuming exercise of the Over-allotment Option in full), reflecting aggregate underwriting commissions, other fees and expenses (including regulatory filing and registration expenses) and amounts to be paid by the Company in connection with the Offering.

Documents on Display

Copies of the following documents will be on display during ordinary office hours on weekdays for twelve months following the date of this Prospectus at Marel's offices at Austurhrauni 9, 210 Garðabær, Iceland or on Marel's website (https://marel.com/investors/):

1. the articles of association (with an English translation thereof) of the Company;
2. the Annual Consolidated Financial Statements for the financial years ended 31 December 2018, 2017 and 2016, in each case, together with the audit reports prepared in connection therewith, and the unaudited condensed consolidated interim financial statements for the three months ended 31 March 2019. The Company currently prepares Annual Consolidated Financial Statements on an annual basis and unaudited interim consolidated financial statements on a quarterly basis; and
3. a copy of this Prospectus.

Documents Incorporated by Reference

The following documents are incorporated into this Prospectus by reference and are available on Marel's website (https://marel.com/investors/): the audited consolidated financial statements for the financial years ended 31 December 2018, 2017 and 2016, in each case, together with the audit reports prepared in connection therewith.

ICELANDIC SECURITIES MARKET

The following is a description of the Icelandic securities market, including a brief summary of certain provisions of the laws and securities market regulations in Iceland in effect as of the date of this Prospectus. The summary is not intended to provide a comprehensive description of all such regulatory matters and should not be considered exhaustive. Moreover, the laws, rules, regulations and procedures summarised below may be amended or reinterpreted.

Nasdaq Iceland

Nasdaq Iceland is a regulated market in Iceland, a part of the Nordic List and operated by Kauphöll Íslands hf., and is the only Icelandic market on which shares, bonds and other securities are traded. Shares trade on Nasdaq Iceland and all transactions, except for interest-bearing financial instruments, are executed through INET. Companies on the Nordic List are divided into three segments: large cap, mid cap and small cap. Companies with a market capitalisation in excess of EUR 1 billion are included in the large cap segment. Companies with a market capitalisation between EUR 150 million and EUR 1 billion are included in the mid cap segment. Companies with a market capitalisation less than EUR 150 million are included in the small cap segment. The segments are normally revised at year-end and the segments are reset, effective on the first trading day in January, based on average market capitalisation in November of the previous year. Companies with a market capitalisation of more than 50% of the minimum or maximum threshold for a segment will be transferred into a new segment with immediate effect. Companies with a market capitalisation of less than 50% of the minimum or maximum threshold for a segment have a transitional period until the next review (i.e. at least 12 months) and, therefore, are subject to an additional review before being transferred into a new segment. Furthermore, listed companies are divided into industry sectors in accordance with the global standard, the Industry Classification Benchmark. This classification is based on the listed company's main operations, i.e. the business area that generates the most revenue for such listed company.

Trading in Securities on Nasdaq Iceland

Trading on Nasdaq Iceland is conducted on behalf of customers by duly authorised Icelandic and foreign banks and other securities brokers. While banks and brokers are permitted to act as principals in trading both on and off Nasdaq Iceland, they generally engage in transactions as agents. Clearing and settlement of trades take place through an electronic account-based securities system administered by Nasdaq CSD Iceland.

Nasdaq CSD Iceland is a notary, a depository and a clearing house for the settlement of securities in dematerialized form, with its registered address at Laugavegur 182, 105 Reykjavik, Iceland. The Nasdaq CSD Iceland system holds equities, fixed income and funds in a book entry form. All trades executed on the Exchange in dematerialized securities are cleared and settled through Nasdaq CSD Iceland. All members of Nasdaq CSD Iceland can be connected directly to the system, but only specific members can do transfers within the system. Nasdaq CSD Iceland is subject to Act. No. 131/1997 on electronic registration of rights of title to securities and regulation no. 397/2000. NCSDI operations are subject to the supervision of the FME. Holdings are primarily in the name of the beneficial owner (registered form). However, nominee accounts are allowed pursuant to the Securities Transactions Act. All securities issued in the Nasdaq CSD Iceland system are been given ISIN numbers in accordance with international standards.

Trading through INET comprises all securities listed on Nasdaq Iceland, except for certain interest-bearing financial instruments, such as bonds. Member firms of Nasdaq Iceland are able to operate from remote locations via computer access. The brokers' representatives are able to trade securities via workstations that have been developed by Nasdaq Iceland or via their own electronic data processing systems that are linked to INET. The round lot for all securities traded on Nasdaq Iceland is one security. In INET, bids and offers are entered in the relevant order book and automatically matched to trades when price, volume and other order conditions are met. INET continuously broadcasts all trading information. The information is displayed in real time in the form of order books, market summaries, concluded trades, index information and different kinds of reports. A two-day settlement schedule (T+2) applies to securities trading.

Nasdaq Iceland's trading hours in respect of equity securities are 09:30am to 3:30 pm. GMT on business days.

In addition to official trading on Nasdaq Iceland through automatic order matching in INET, securities may also be traded off Nasdaq Iceland (i.e. outside INET) during and outside the official trading hours ("**manual trades**"). Manual trades during official trading hours must normally be entered into at a price within the volume weighted average spread reported in INET at the time of the trade or, for manual trades during the closing call, at the time prior to the closing call auction. Manual trades outside the official trading hours must normally be effected at a price within the volume weighted average spread reported in INET at the close of trading hours. However, in the absence of a spread and in situations where there is a change in the market conditions during the closing call or after the close of trading hours, as the case may be, manual trades outside the official trading hours must be effected at a price that takes into account the market situation at the time of the trade. Manual trades that qualify as large scale (EUR 50,000 to EUR 500,000, depending on the average daily turnover in the relevant security) may be effected without regard to any spread.

All manual trades must normally be reported in INET within three minutes from the time of the trade, although manual trades outside the official trading hours must be reported during the pre-trading session on the following exchange day and not later than 15 minutes prior to the opening of the trading hours.

Securities Market Regulations

Nasdaq Iceland is regulated under European Union directives, primarily MiFID, which has been implemented through the Securities Transactions Act. Kauphöll Íslands hf. has an operating license pursuant to the Stock Exchanges Act to operate a regulated market under the supervision of the FME. The FME is a governmental agency responsible for, among other things, supervising and monitoring the Icelandic securities market and market participants. The FME also issues rules that supplement Icelandic securities market laws. Furthermore, pursuant to the Stock Exchanges Act, Kauphöll Íslands hf. is required to have its own rules that govern the trading on Nasdaq Iceland. The Nasdaq Iceland Rules, based on European standards and European Union directives such as MiFID and the Transparency Directive, set forth listing requirements and disclosure rules for companies listed on Nasdaq Iceland. The objective of the regulatory system governing trading on and off Nasdaq Iceland is to achieve transparency, objectivity and equality of treatment among market participants. Nasdaq Iceland records information with respect to the banks and brokers involved, the issuer, the number of shares, the price and the time of each transaction. Each bank or broker is required to maintain records indicating trades carried out as agent or as principal. All trading information reported in INET is publicly available. Through its surveillance activities, Nasdaq Iceland ensures that securities issuers and Nasdaq Iceland members work in accordance with exchange rules.

The Securities Transactions Act, implementing in part Directive (2003/6/EC) (the "**Market Abuse Directive**"), provides sanctions for insider trading and unlawful disclosure of insider information. The Securities Transactions Act also contains provisions prohibiting market manipulation, making illegal any actions (in connection with trading on the securities market or otherwise) intended to affect unduly the market price or other conditions of trade in financial instruments or otherwise mislead buyers or sellers of such instruments, such as through spreading false or misleading information. Market manipulation may also constitute fraud under Icelandic law. The FME enforces compliance with the Securities Transactions Act and securities market rules. Nasdaq Iceland enforces compliance with its rules and is obligated under the Stock Exchanges Act to inform the FME if it suspects any violations of securities market legislation. Criminal offences are enforced in court by the Icelandic District Prosecutor (*Héraðssaksóknari).* Moreover, the FME may cause the operating licence of a bank or broker to be revoked, if the bank or broker has engaged in improper conduct, including market manipulation. Nasdaq Iceland monitors trading data for indications of unusual market activity and trading behaviour.

Securities Registration

Shares are registered in the account-based electronic securities system operated by Nasdaq CSD Iceland, a central securities depository and clearing organisation authorised under the Electronic Registration of Title to Securities Act. Among other things, Nasdaq CSD Iceland maintains the register of shareholders in Icelandic companies listed on Nasdaq Iceland. Shares administered by Nasdaq CSD Iceland are registered in book-entry form on securities accounts (i.e. VS accounts) and no share certificates are issued. Title to shares is ensured exclusively through registration with Nasdaq CSD Iceland. All transactions and other changes to accounts are entered in the system of Nasdaq CSD Iceland through banks or other securities institutions that have been approved as account operators by Nasdaq CSD Iceland.

Shares may be registered on VS accounts and subsequently entered in the register of shareholders, either in the name of the beneficial owner (owner registered shares) or in the name of a nominee, an Icelandic financial undertaking permitted by the FME hold its clients securities in a nominee account, (nominee registered shares), in which case a note thereof is made in the securities system. The relationship between the nominee and the beneficial owner is governed by agreement. To exercise certain rights, such as participation at a general meeting of shareholders, shareholders whose shares are registered in the name of a nominee must temporarily re-register the shares in their own names. Nominees are also required to report the holdings of underlying beneficial owners to Nasdaq CSD Iceland on a regular basis. The Shares traded on Euronext Amsterdam and registered in the name of Euroclear in the Company's share registry will be regarded as owner registered shares. The ultimate shareholders of such Shares therefore do not need to temporarily re-register the shares in their own name to be able to participate in general meeting. See also "*Dutch Securities Market—Securities Registration*".

The rights attaching to shares that are eligible for dividends, rights issues or bonus issues accrue to those holders whose names are recorded in the register of shareholders as of a particular record date, and the dividends are normally distributed to bank accounts as specified by the holders registered with Nasdaq CSD Iceland. The relevant record date must be specified in the resolution declaring a dividend or capital increase, or any similar matter in which shareholders have preferential rights. Where the registered holder is a nominee, the nominee receives, for the account of the beneficial owners, dividends and other financial rights attaching to the shares, such as subscription rights in conjunction with rights offerings, as well as new shares subscribed through the exercise of subscription rights. Dividends are remitted in a single payment to the nominee who is responsible for the distribution of such dividends to the beneficial owners. A similar procedure is applied for subscription rights and newly issued shares.

Compensation Scheme for Investors

Commercial banks, savings banks, companies providing investment services and other parties engaging in securities trading pursuant to Icelandic law and established in Iceland shall be members of the Depositors' and Investors' Guarantee Fund according to the Deposit Guarantees Act. Investor compensation is payable only if an institution is in the FME's opinion unable to render payment of the amount of securities or is declared bankrupt and it is impossible for the investor to recover its securities or cash. The investor compensation does not cover financial loss due to changes in value of shares and other securities.

Investor compensation covers securities handled by securities companies, securities brokers and some other institutions on behalf of customers in the course of providing investment services, such as the purchase, sale and deposition of financial instruments. For the purposes of the scheme, securities refers to securities that are either in the custody or under the administration or supervision of a member company of the compensation scheme, which is under obligation to effect refunding or return thereof in accordance with existing laws or contracts.

There is no cap on the compensation that can be obtained by investors in securities, provided that the securities department of the compensation scheme is adequately financed. In the event that the assets are insufficient to pay the total amount of guaranteed securities and cash in the member companies concerned, payments from the securities department shall be divided among the claimants as follows: each claim up to EUR 20,887 will be paid in full (but only if sufficient funds are available to pay all claims up to EUR 20,887 and, if not, then claims will be paid in equal proportions) and any amount in excess of EUR 20,887 shall be paid in equal proportions depending on the extent of the department's assets. No further claims can be made against the Depositors' and Investors' Guarantee Fund at a later stage even if losses suffered by the claimants have not been compensated in full.

Transactions and Ownership Disclosure Requirements

Under the Securities Transactions Act, which implements the Transparency Directive in part, a shareholder is required to notify both the company in which it holds shares and the FME, when its voting rights attached to the shares (including options for shares) reach, exceed or fall below 5%, 10%, 15%, 20%, 25%, 30%, 35%, 40%, 50%, 66 $^{2}/_{3}$% or 90% of the total number of votes in a company. For the purposes of calculating a person's or entity's shareholding, not only the shares and financial instruments directly held by the shareholder are included, but also those held by related parties. The Securities Transactions Act contains a list of related parties whose shareholding must be aggregated for the purposes of the disclosure requirements. Related parties include, but are not limited to, subsidiaries, proxies and parties to shareholders' agreements.

Mandatory Bids and Squeeze-Out Proceedings

Pursuant to the Securities Transactions Act, any Icelandic or foreign legal entity or natural person who holds more than 30% of the total voting rights in a company listed on a regulated market in Iceland must make a bid for the acquisition of all the remaining shares issued by the target company (a mandatory takeover bid) should such legal entity or natural person alone, or together with a related party, obtain 30% or more of the total voting rights in the company. This applies where the increased holding is the result of a purchase, subscription, conversion or any other form of acquisition of shares in the target company (other than a public offer) or the result of the establishment of a certain close relationship. In this context, a related party can be an entity within the same corporate group as the buyer, a spouse, co-habitant or minor child, as well as any person or entity that cooperates with the buyer to obtain control over the company or with whom an agreement has been reached regarding the coordinated exercise of voting rights with the object of achieving a long-term controlling influence on the company's management.

The mandatory offer must be made within four weeks after the acquisition that triggered the mandatory bid requirement. An exemption may by requested from the FME to make a mandatory offer under special circumstance within two weeks after the duty was triggered. If an exemption is granted it may be subject to conditions such as the acquirer (or the related party) reduces its level of voting share ownership within below 30% within a certain period of time.

Under the Securities Transactions Act and the Public Limited Companies Act, a shareholder with shares representing more than 90% of all shares in a company has the right to redeem remaining shares in such company. In respect of companies with shares traded on a regulated market, such as Nasdaq Iceland, the redemption value must correspond to the market value, unless special reasons (such as following a takeover bid) require otherwise. In addition, any minority shareholder that possesses shares that may, pursuant to the Securities Transactions Act and the Public Limited Companies Act, be redeemed by a majority shareholder is entitled to require such majority shareholder to redeem its shares.

There have been no public takeover bids by third parties in respect of the Company's equity in the last financial year or the current financial year.

DUTCH SECURITIES MARKET

The following is a description of the Dutch securities market, including a brief summary of certain provisions of the laws and securities market regulations in the Netherlands in effect as of the date of this Prospectus. The summary is not intended to provide a comprehensive description of all such regulatory matters and should not be considered exhaustive. Moreover, the laws, rules, regulations and procedures summarised below may be amended or reinterpreted.

Euronext Amsterdam

Euronext Amsterdam is a regulated market in the Netherlands. It is one out of six securities markets operated by Euronext N.V. Shares trade on Euronext Amsterdam and all transactions are executed through the Euronext trading platform. Euronext Amsterdam is segmented into three compartments according to market capitalisation: Compartment A (large cap), Compartment B (mid cap) and Compartment C (small cap). Companies with a market capitalisation in excess of EUR 1 billion are included in Compartment A. Companies with a market capitalisation between EUR 150 million and EUR 1 billion are included in Compartment B. Companies with a market capitalisation of less than EUR 150 million are included in Compartment C. The compartment allocation is reviewed annually and any change, if any, will be published by Euronext Amsterdam. For the purpose of this review, the market capitalisation is calculated by taking into account the following: (i) shares of the main line, (ii) new shares at the moment at which they are admitted to listing, (iii) preference shares as far as they are admitted to listing, and (iv) market capitalisation of the underlying shares of any international depository receipts. The opening price is used for the valuation of every line. The capitalisation is based on the average of the opening prices over 60 trading days preceding the date of the review. Furthermore, listed companies are divided into industry sectors in accordance with the global standard, the Industry Classification benchmark. This classification is based on the listed company's main operations, i.e. the business area that generates the most revenue for such listed company.

Trading in Securities on Euronext Amsterdam

Trading on Euronext Amsterdam is conducted on behalf of customers by duly authorised Dutch and foreign banks and other securities brokers. While banks and brokers are permitted to act as principals in trading, they generally engage in transactions as agents. Clearing and settlement of trades take place through an electronic account-based security system administered by Euroclear Nederland (formally Netherlands Central Institute for Giro Securities Transactions (*Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V.*)), the central securities depository and clearing organisation authorised under the Dutch Securities Giro Transfer Act.

Trading through the Euronext trading platform comprises all securities listed on Euronext Amsterdam. Member firms of Euronext Amsterdam are able to operate from remote locations via computer access. Securities are traded on the Euronext trading platform through continuous matching of orders at opposite sides of the central order book in accordance with the trade priority rules determined by Euronext Amsterdam. The Euronext trading platform continuously broadcasts trading information, including the market by orders, by limits, trade specifics and trading day price summaries. A two-day settlement schedule (T+2) applies to securities trading.

Euronext Amsterdam's trading hours in respect of equity securities are 09:00am to 5:40pm CET on business days. In addition to official trading on Euronext Amsterdam through the Euronext trading platform, securities may also be traded out-of-hours and outside the central order book. Transactions made outside the trading sessions shall be effected at the last closing price for financial instruments traded on a continuous mode and at a price within a price range of 1% around the last traded price. Euronext's decision to allow out-of-hours trading for such securities is contingent on the availability of the indicative net asset value or reference price after the close of trading in proper conditions. Euronext's Harmonised Rulebook defines those transactions that can be deemed to have been effected on Euronext securities regulated markets pursuant to Articles 4 and 9 of MIFIR without having been processed in the central order book system, besides the aforementioned out-of-hours trades.

Securities Market Regulations

Euronext Amsterdam is regulated under European Union directives, primarily MiFID II, which has been implemented through Dutch legislation. Pursuant to the Financial Supervision Act, Euronext N.V. is authorised by the Minister of Finance to operate a regulated market under the supervision of the Minister of

Finance and the AFM. The AFM is an administrative body responsible for, among other things, the behavioural supervision of financial institutions and the Dutch financial markets. The AFM also provides guidance on securities market laws. Furthermore, pursuant to the Financial Supervision Act, Euronext N.V. is required to have its own rules that govern the trading on Euronext Amsterdam. The Euronext Rulebook, based on European standards and European Union directives such as MiFID II and the Transparency Directive, set forth listing requirements and disclosure rules for companies listed on Euronext Amsterdam. The objective of the regulatory system governing trading on and off Euronext Amsterdam is to achieve transparency, objectivity and equality of treatment among market participants. Euronext Amsterdam records information with respect to the banks and brokers involved, the issuer, the number of shares, the price and the time of each transaction. Through its surveillance activities, Euronext Amsterdam ensures that securities issuers and Euronext Amsterdam members work in accordance with exchange rules. Euronext Amsterdam is also obligated under the Financial Supervision Act to inform the AFM if it suspects any violations of securities market legislation.

Under the European framework of securities regulation, each issuer is subject to the securities laws of the jurisdiction of its "home member state". Iceland is Marel's home member state for these purposes. As a result, Marel is subject to the laws of Iceland on financial reporting, disclosure of inside information and transparency. The Icelandic FME is Marel's regulator for these purposes. As a dual-listed company listed on Nasdaq Iceland and Euronext Amsterdam, Marel will also become subject to reporting requirements and other applicable requirements under Dutch law, including, but not limited to, the Market Abuse Regulation and the Dutch Financial Supervision Act.

Securities Registration

Shares are registered in the account-based electronic securities system operated by Euroclear Nederland, a central securities depository and clearing organisation authorised under the Securities Bank Giro Transactions Act. All securities in its depository are registered in the name of Euroclear Nederland. Under Dutch property law governing Euroclear Nederland, the legal title to the shares registered in the name of Euroclear Nederland are owned by all investors collectively, each in proportion to their percentage shareholding. Dutch law further regulates how Euroclear Nederland must afford the investors the rights to the securities in its custody. All transactions and other changes to accounts are entered in the system of Euroclear Nederland through banks or other securities institutions that have been approved as account operators by Euroclear Nederland.

The rights attaching to shares that are eligible for dividends accrue to Euroclear Nederland, since the shares are registered in the name of Euroclear Nederland. Under Dutch law, Euroclear Nederland must pass on the dividends received to the associated institutions which must pass on the dividends to their own account holders i.e. the investors. As Euroclear Nederland is registered as shareholder, this means that under Icelandic law the voting rights will accrue to Euroclear Nederland. Under the Dutch law, Euroclear Nederland and each associated bank must enable the account holders of the relevant associated bank, i.e. the investors, to exercise the voting rights attached to the shares of the investors. Neither Euroclear nor the associated banks may vote the shares in the Euroclear custody. This right is reserved for the investors. Voting by investors is achieved by a voting proxy, evidenced by an extract from the securities accounts showing the investors' shareholding in the Company.

Transactions and Ownership Disclosure Requirements

Because Iceland is Marel's "home member state", the reporting obligations of substantial shareholdings is with the FME and are governed by the rules described in "*Icelandic Securities Market—Transactions and Ownership Disclosure Requirements*".

As neither Euroclear Nederland nor its associated institutions are entitled to the shares in their custody, and are obliged by law to ensure that the ultimate investor is entitled to vote, the ownership disclosure requirements are relevant only for the ultimate investor's holding. It is the ultimate investor who is obliged to notify the FME of its shareholdings. Euroclear Nederland's intermediary position is entirely transparent.

Mandatory Bids and Squeeze-Out Proceedings

The Dutch mandatory bids regulations are not applicable in this case, since the Company is not a Dutch public limited liability company with registered office in the Netherlands, as required under the Financial Supervision Act. The Dutch squeeze-out regulations are also not applicable, because the Company is not a legal entity incorporated under Dutch law. The applicable rules are therefore the Icelandic rules, described in "*Icelandic Securities Market—Mandatory Bids and Squeeze-Out Proceedings*." As Euroclear Nederland may not vote the shares in its custody, it is the ultimate investor who is subject to these rules, not Euroclear Nederland.

TAXATION

*The following is a summary of certain tax consequences that may arise from the Offering and is intended as general information only. The statements concerning Icelandic tax laws, Dutch tax laws and US federal income tax laws set forth below, including concerning the Convention between the Republic of Iceland and the Kingdom of the Netherlands for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (the "**Iceland-Netherlands Treaty**"), the Convention and Protocol Between the United States of America and Iceland for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (the "**US-Iceland Treaty**") and the Convention Between the Nordic Countries for the Avoidance of Double Taxation (the "**Nordic Tax Treaty**"), are based on the laws and regulations as of the date of this Prospectus and are subject to any changes in Icelandic, Dutch or US law or in the US-Iceland Treaty or the Nordic Tax Treaty, occurring after such date, which changes may have retroactive effect.*

Certain Tax Considerations in Iceland

The comments below are of a general nature based on the Company's understanding of current law and practice in Iceland. Prospective investors who are in any doubt as to their personal tax position or who may be subject to tax in any other jurisdiction should consult their professional advisers.

Prospective investors are advised to consult their tax advisers as to the consequences, under tax laws of Iceland and the countries of their respective citizenship, residence or domicile, of a purchase of the Shares, including but not limited to, the consequences of receipt of dividend payments in respect of the Shares and disposal or redemption of the Shares. For the purpose of levying Icelandic taxes, any potential income is determined in ISK irrespective of the currency of a given trade, both in the case of dividend payments and potential capital gains, which are calculated as the difference between the purchase price determined in ISK at time of purchase and the sales price determined in ISK at the time of sale.

The summary below is of a general nature based on the laws and practices as in effect in Iceland as of the date of this Prospectus. It should not be construed as providing specific advice regarding Icelandic taxation and is subject to any change in laws or practices in Iceland that may take effect after such date. It relates only to the position of persons who are the absolute beneficial owners of the Shares.

Shareholders Who Are Resident in Iceland for Tax Purposes

Owners of the Shares who are resident in Iceland for tax purposes are subject to income tax in Iceland on any income from the Shares in accordance with Icelandic tax laws. The applicable tax rate depends on the tax status of such owners.

Subject to certain exemptions (e.g. for pension funds), the owners are subject to tax which the Company is required to withhold at the rate of 22% on dividend payments made to the holders of the Shares who are Icelandic residents under Act No. 94/1996 on Withholding of Tax on Financial Income. Such withholding is considered a preliminary tax payment, but does not necessarily constitute the final tax liability of the holder of the Shares.

Individuals who are resident in Iceland for tax purposes are subject to a final 22% tax on dividend payments in Iceland.

Limited companies (e.g. ehf. and hf.) enjoy an effective participation exemption, allowing them to deduct the full amount of the dividend payments received. As a result, limited companies may recover the tax on dividend payments withheld upon tax assessment.

Capital gains from the sale of the Shares are subject to the same taxation as dividend payments, although the Company is not required to withhold any tax in the case of sales of the Shares by the holder. Limited companies (e.g., ehf. and hf.) also enjoy an effective participation exemption concerning potential capital gains arising from the sale of the Shares, allowing them to deduct the full amount of such capital gain.

Shareholders Who Are Not Resident in Iceland for Tax Purposes

Article 3(7) of the Income Tax Act provides that any income received from the Shares by any person or entity residing outside Iceland constitutes taxable income in Iceland. According to Article 70(7) of the Income Tax Act, the current tax rate on taxable income under Article 3(7) of the Income Tax Act amounts to (i) 22% for individuals and (ii) 20% for legal entities. The Company is required to withhold the applicable tax on any dividend payments. The tax rate applicable to income from any disposal of the Shares is also (i) 22% for individuals and (ii) 20% for legal entities.

The tax liability under Icelandic tax laws may be reduced under certain applicable tax treaties. If a qualifying holder of the Shares would like to take advantage of such applicable tax treaties by relief at source, such holder is required to obtain a confirmation from the Icelandic tax authorities regarding the applicable treaty protection and provide such confirmation to the Company. The confirmation is obtained via a filing of Icelandic tax form RSK 5.42. The US-Iceland Treaty generally reduces the Icelandic tax rate on capital gains from any disposal of the Shares to 0% and Icelandic tax rate on dividend payments to 15% for individuals and legal entities and to 5% for legal entities only, if the shareholding of such legal entities amounts to at least 10% of the issued Shares. The same reduction applies in case of the Nordic Tax Treaty with the exception that the dividend tax rate applicable to qualifying legal entities holding at least 10% of the issued share capital is reduced to 0%.

Relief via a refund in line with an applicable tax treaty is carried out via a filing of Icelandic tax from RSK 5.43.

Irrespective of the availability of any tax treaty relief, limited companies resident in the EEA, a state party to EFTA or in the Faroe Islands enjoy an effective statutory participation exemption comparable to the one applicable to Icelandic entities, allowing them to deduct the full amount of the dividend payments and capital gains received. This exemption does not apply at source, but requires the filing of a tax return in Iceland to obtain a refund of taxes withheld.

There are no estate or inheritance taxes, succession duties or gift taxes imposed by the Icelandic government or any governmental authority in Iceland in respect of the Shares if, at the time of death of the owner of the Shares or transfer of the Shares, such owner or transferor of the Shares was not a resident of Iceland for tax purposes.

No Icelandic issue tax or stamp duty will be payable in connection with the Shares.

Certain Tax Considerations in the Netherlands

The following summary outlines certain principal Dutch tax consequences of the acquisition, holding, redemption and disposal of Shares, but does not purport to be a comprehensive description of all Dutch tax considerations that may be relevant for a holder of Shares. For purposes of Dutch tax law, a holder of Shares may include an individual or entity who does not have the legal title of these Shares, but to whom nevertheless the Shares or the income thereof is attributed based on specific statutory provisions or on the basis of such individual or entity having an interest in the Shares or the income thereof. This summary is intended as general information only and each prospective investor should consult a professional tax adviser with respect to the tax consequences of the acquisition, holding, redemption and disposal of Shares.

This summary is based on tax legislation, published case law, treaties, regulations and published policy, in each case as in force as of the date of this Prospectus, and it does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

This summary does not address the Dutch corporate and individual income tax consequences for:

(a) investment institutions (*fiscale beleggingsinstellingen*);

(b) pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other Dutch tax resident entities that are not subject to or exempt from Dutch corporate income tax;

(c) corporate holders of Shares which qualify for the participation exemption (*deelnemingsvrijstelling*) or which qualify for participation credit (*deelnemingsverrekening*). Generally speaking, a shareholding is considered to qualify as a participation for the participation exemption or participation credit if it represents an interest of 5% or more of the nominal paid-up share capital;

(d) holders of Shares holding a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (fictief aanmerkelijk belang) in the Company and holders of Shares of whom a certain related person holds a substantial interest in the Company. Generally speaking, a substantial interest in the Company arises if a person, alone or, where such person is an individual, together with his or her partner (statutorily defined term), directly or indirectly, holds or is deemed to hold (i) an interest of 5% or more of the total issued capital of the Company or 5% or more of the issued capital of a certain class of shares of the Company, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit-sharing rights in the Company;

(e) persons to whom the Shares and the income therefrom are attributed based on the separated private assets (*afgezonderd particulier vermogen*) provisions of the Dutch Income Tax Act 2001 (Wet inkomstenbelasting 2001) ("**ITA**");

(f) entities which are a resident of Aruba, Curacao or Sint Maarten and that have an enterprise which is carried on through a permanent establishment or a permanent representative on Bonaire, Sint Eustatius or Saba and the Shares are attributable to such permanent establishment or permanent representative;

(g) holders of Shares which are not considered the beneficial owner (*uiteindelijk gerechtigde*) of these Shares or the benefits derived from or realised in respect of these Shares; and

(h) individuals to whom Shares or the income there from are attributable to employment activities which are taxed as employment income in the Netherlands.

For the purpose of the Dutch tax consequences described herein, it is assumed that the Company is neither a resident of the Netherlands nor deemed to be a resident of the Netherlands for Dutch tax purposes.

Where this summary refers to the Netherlands, such reference is restricted to the part of the Kingdom of the Netherlands that is situated in Europe and the legislation applicable in that part of the Kingdom.

Dutch Withholding Tax

All payments made by the Company under the Shares may be made free of withholding or deduction for any taxes of whatsoever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

Corporate and Individual Income Tax

Shareholders Who Are Resident in the Netherlands for Tax Purposes

If a holder of Shares is a resident of the Netherlands or deemed to be a resident of the Netherlands for Dutch corporate income tax purposes and is fully subject to Dutch corporate income tax or is only subject to Dutch corporate income tax in respect of an enterprise to which the Shares are attributable, income derived from the Shares and gains realised upon the redemption or disposal of the Shares are generally taxable in the Netherlands (at up to a maximum rate of 25%).

If an individual is a resident of the Netherlands or deemed to be a resident of the Netherlands for Dutch individual income tax purposes, income derived from the Shares and gains realised upon the redemption or disposal of the Shares are taxable at the progressive rates (at up to a maximum rate of 51.75%) under the ITA, if:

(a) the individual is an entrepreneur (*ondernemer*) and has an enterprise to which the Shares are attributable or the individual has, other than as a shareholder, a co-entitlement to the net worth of an enterprise (*medegerechtigde*), to which enterprise the Shares are attributable; or

(b) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which includes activities with respect to the Shares that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (a) nor condition (b) above applies to the holder of the Shares, taxable income with regard to the Shares must be determined on the basis of a deemed return on savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. This deemed return on savings and investments is fixed at a percentage of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year (1 January), insofar as the individual's yield basis exceeds a statutory threshold (*heffingvrij vermogen*). The individual's yield basis is determined as the fair market value of certain qualifying assets held by the individual less the fair market value of certain qualifying liabilities on 1 January. The fair market value of the Shares will be included as an asset in the individual's yield basis. The deemed return percentage to be applied to the yield basis increases progressively depending on the amount of the yield basis. The deemed return on savings and investments is taxed at a rate of 30%.

If a holder of shares is a resident of the Netherlands or deemed to be a resident of the Netherlands, such holder is generally entitled to a credit against Dutch corporate income tax or individual income tax due in respect of Icelandic tax withheld from dividends paid by the Company in accordance with, and subject to limitations contained in, the provisions of the Iceland-Netherlands Treaty.

Shareholders Who Are Not Resident in the Netherlands for Tax Purposes

If a person is neither a resident of the Netherlands nor deemed to be a resident of the Netherlands for Dutch corporate or individual income tax purposes, such person is not liable to Dutch income tax in respect of income derived from the Shares and gains realised upon the redemption or disposal of the Shares, unless:

(a) the person is not an individual and such person (1) has an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or a permanent representative the Shares are attributable, or (2) is, other than by way of securities, entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise, which is effectively managed in the Netherlands and to which enterprise the Shares are attributable.

    This income is subject to Dutch corporate income tax at up to a maximum rate of 25%.

(b) the person is an individual and such individual (1) has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which permanent establishment or permanent representative the Shares are attributable, or (2) realises income or gains with respect to the Shares that qualify as income from miscellaneous activities in the Netherlands which include activities with respect to the Shares that exceed regular, active portfolio management, or (3) is, other than by way of securities, entitled to a share in the profits of an enterprise that is effectively managed in the Netherlands and to which enterprise the Shares are attributable.

    Income derived from the Shares as specified under (1) and (2) by an individual is subject to individual income tax at progressive rates up to a maximum rate of 51.75%. Income derived from a share in the profits of an enterprise as specified under (3) that is not already included under (1) or (2) will be taxed on the basis of a deemed return on savings and investments (as described above under "*Shareholders Who Are Resident in the Netherlands for Tax Purposes*").

Gift and Inheritance tax

Dutch gift or inheritance taxes will not be levied on the occasion of the transfer of the Shares by way of gift by, or on the death of, a holder of Shares, unless:

(a) the holder of the Shares is, or is deemed to be, resident in the Netherlands for the purpose of the relevant provisions; or

(b) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in the Netherlands for the purpose of the relevant provisions.

Value Added Tax

In general, no Dutch value added tax will arise in respect of payments in consideration for the issue of the Shares or in respect of a cash payment made under the Shares, or in respect of a transfer of Shares.

Other Taxes and Duties

No registration tax, customs duty, transfer tax, stamp duty, capital tax or any other similar documentary tax or duty will be payable in the Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of the Shares.

Residency

A holder of Shares will not become resident, or deemed resident, in the Netherlands for tax purposes by reason only of holding the Shares.

Certain US Federal Income Tax Considerations

This disclosure is limited to the United States federal tax issues addressed herein. Additional issues may exist that are not addressed in this disclosure and that could affect the United States federal tax treatment of the Shares. Prospective investors should seek their own advice based on their particular circumstances from independent tax advisers.

The following describes certain United States federal income tax consequences of the purchase, ownership and disposition of the Shares as of the date hereof to United States Holders and Non-United States Holders (as defined below). Except where noted, this discussion deals only with initial purchasers of Shares purchased in exchange for cash in the Offering that are United States Holders and that will hold the Shares as capital assets by a United States Holder. As used herein, the term "United States Holder" means a beneficial owner of Shares that is for United States federal income tax purposes:

(i) an individual who is a citizen or resident of the United States;

(ii) a corporation created or organised in or under the laws of the United States, any state thereof or the District of Columbia;

(iii) an estate the income of which is subject to United States federal income taxation regardless of its source; or

(iv) a trust if it (A) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (B) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

A **Non-United States Holder** is a beneficial owner of Shares that is neither a partnership nor a United States Holder.

This discussion does not represent a detailed description of the United States federal income tax consequences applicable to you if you are subject to special treatment under the United States federal income tax laws, including if you are:

- a trader or dealer in stocks, securities or currencies or notional principal contracts;
- a financial institution;
- a regulated investment company;
- a real estate investment trust;
- an insurance company;
- a tax-exempt organisation;
- an entity that is treated as a partnership or pass-through entity for United States federal income tax purposes, or a person that holds the Shares through such entity;
- a person holding the Shares as part of a hedging, integrated or conversion transaction, a constructive sale or a straddle;
- a trader in securities that has elected the mark-to-market method of accounting for your securities;
- an S corporation
- a person who owns or is deemed to own 10% or more of the Company's stock, by vote or value;
- a person that has ceased to be a U.S. citizen or a lawful permanent resident of the United States;
- a U.S. citizen or a lawful permanent resident living abroad; or
- a United States Holder whose 'functional currency' is not the United States dollar.

The discussion below is based upon the provisions of the Internal Revenue Code of 1986, as amended (the "**Internal Revenue Code**"), and regulations, rulings and judicial decisions thereunder as of the date hereof as well as on the income tax treaty between the United States and Iceland as currently in force (the **Treaty**), and such authorities may be replaced, revoked or modified so as to result in United States federal income tax consequences different from those discussed below.

If an entity or arrangement treated as a partnership for United States federal income tax purposes holds the Shares, the tax treatment of a partner in the entity or arrangement treated as a partnership for United States federal income tax purposes will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding the Shares, you should consult your tax advisers.

This discussion does not contain a detailed description of all the United States federal income tax consequences to you in light of your particular circumstances and does not address U.S. federal estate, gift or the alternative minimum tax or Medicare tax on net investment income or the effects of any state, local or non-United States tax laws. If you are considering the purchase, ownership or disposition of the Shares, you should consult your own tax advisers concerning the United States federal income tax consequences to you in light of your particular situation as well as any consequences arising under the laws of any other taxing jurisdiction.

Taxation of Dividends

Subject to the passive foreign investment company ("**PFIC**") rules discussed below, the gross amount of distributions on the Shares (including any amounts withheld to reflect Icelandic withholding taxes) will be taxable as dividends to the extent paid out of the current or accumulated earnings and profits, as determined under United States federal income tax principles. Such income (including any withheld taxes) generally will be includable in your gross income as ordinary income on the day actually or constructively received by you. Such dividends will not be eligible for the dividends received deduction allowed to corporations under the Internal Revenue Code.

To the extent that the amount of any distribution exceeds the Company's current and accumulated earnings and profits for a taxable year, as determined under United States federal income tax principles, the distribution will first be treated as a tax-free return of capital, causing a reduction in the adjusted basis of the Shares, and to the extent the amount of the distribution exceeds your tax basis, the excess will be taxed as capital gain recognised on a sale or exchange. The Company does not expect to determine earnings and profits in accordance with United States federal income tax principles. Therefore, you should expect that a distribution will generally be treated as a dividend (as discussed above).

Dividends received by individuals and certain other non-corporate US Holders should be taxed at the preferential rate applicable to long-term capital gain if (i) the Company is a "qualified foreign corporation" (as defined below), (ii) such dividend is paid on Shares that have been held by such US Holder for at least 61 days during the 121-day period beginning 60 days before the ex-dividend date, and (iii) certain other holding period requirements are met. The Company generally will be a "qualified foreign corporation" if it is (i) eligible for the benefits of a comprehensive income tax treaty with the United States which the United States Treasury Department determines to be satisfactory for these purposes and which includes an exchange of information provision and (ii) not a PFIC in the taxable year of the distribution and in the preceding year. The United States Treasury Department has determined that the Treaty meets these requirements, and the Company believes it will be eligible for the benefits of that Treaty provided the Shares are regularly traded for purposes of the Treaty, though no assurances can be given. In addition, as discussed below, the Company does not believe that it is, for United States federal income tax purposes, a PFIC, and the Company expects to operate in such a manner so as not to become a PFIC. However, non-corporate United States Holders that do not meet a minimum holding period requirement during which they are not protected from the risk of loss or that elect to treat the dividend income as "investment income" pursuant to Section 163(d)(4) of the Internal Revenue Code will not be eligible for the reduced rates of taxation. In addition, the rate reduction will not apply to dividends if the recipient of a dividend is obligated to make related payments with respect to positions in substantially similar or related property. This disallowance applies even if the minimum holding period has been met. The amount of any dividend paid in non-United States currency will equal the United States dollar value of the non-United States currency received calculated by reference to the exchange rate in effect on the date the dividend is received by you, regardless of whether the non-United States currency is converted into United States dollars. If the non-United States currency received as a dividend is converted into United States dollars on the date they are received, you generally will not be required to recognise foreign currency gain or loss in respect of the dividend income. If the non-United States currency received as a dividend is not converted into United States dollars on the date of receipt, you will have a basis in the non-United States currency equal to its United States dollar value on the date of receipt. Any gain or loss realised on a subsequent conversion or other disposition of the non-United States currency will be treated as United States source ordinary income or loss. Investors should consult their own tax advisers concerning any potential foreign currency gain or loss in connection with the conversion or other disposition of non-United States currency received as a dividend after the date of receipt.

Subject to certain conditions and limitations, Icelandic withholding taxes on dividends may be treated as foreign taxes eligible for credit against, or deduction in computing, your United States federal income tax liability. For purposes of calculating the foreign tax credit, dividends paid on the Shares will be treated as income from sources outside the United States and will generally constitute passive category income. The rules governing the foreign tax credit are complex. You are urged to consult your tax advisers regarding the availability of the foreign tax credit under your particular circumstances.

Taxation of Capital Gains

Subject to the PFIC rules discussed above, for United States federal income tax purposes, you generally will recognise gain or loss on any sale, exchange or other taxable disposition of the Shares in an amount equal to the difference between the amount realised for the Shares and your tax basis in the Shares. Such gain or loss will generally be capital gain or loss. Capital gains of certain non-corporate United States Holders (including individuals) derived with respect to capital assets held for more than one year are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Any gain or loss recognised by you will generally be treated as United States source gain or loss. Accordingly, you may not be able to use the foreign tax credit arising from any foreign tax imposed on the sale or exchange of the Shares unless such credit can be applied (subject to applicable limitations) against tax due on other income treated as derived from foreign sources.

A United States Holder that receives non-United States currency from a sale or disposition of Shares generally will realise an amount equal to the United States dollar value of the non-United States currency on the date of taxable disposition or, if such United States Holder is a cash basis or electing accrual basis taxpayer and the Shares are treated as being traded on an "established securities market" for this purpose, the settlement date. A United States Holder that determines its amount realised based on the United States dollar value of the non-United States currency on the date of sale or disposition will recognise foreign currency gain or loss to the extent of any difference between the United States dollar amount realised on the trade date and the United States dollar value of the currency received at the spot rate on the settlement date. A United States Holder that converts the non-United States currency received on the settlement date into United States dollars generally will not recognise foreign currency gain or loss on the conversion. If the non-United States currency received is not converted into United States dollars on the settlement date, the United States Holder will have a basis in the non-United States currency equal to the United States dollar value on the settlement date. Any gain or loss on a subsequent conversion or other disposition of the non-United States currency generally will be treated as ordinary income or loss to such United States Holder and generally will be income or loss from sources within the United States for foreign tax credit limitation purposes. Investors should consult their own tax advisers concerning any potential foreign currency gain or loss in connection with the sale or exchange of the Shares for a cash amount paid in non-United States currency.

Passive Foreign Investment Company Rules

In general, a corporation organised or incorporated outside the United States is a PFIC in any taxable year in which, after taking into account the income and assets of certain subsidiaries, either (i) at least 75 per cent. of its gross income is classified as "passive income" or (ii) at least 50 per cent. of the average quarterly value of its assets is attributable to its assets that produce or are held for the production of passive income. Passive income for this purpose generally includes dividends, interest, royalties, rents and gains from commodities and securities transactions.

Based on the present nature of its activities, including the Offering, and the present composition of its assets and sources of income, the Company believes that it was not a PFIC for the year ending on 31 December 2018 and does not expect to become a PFIC for the current year or for any future taxable year. There can be no assurances, however, that the Company will not be a PFIC for any particular year because PFIC status is factual in nature, generally cannot be determined until the close of the taxable year in question, and is determined annually. If the Company is a PFIC in any year that a United States Holder is a shareholder, the Company generally will continue to be treated as a PFIC for that United States Holder in all succeeding years, regardless of whether the Company continues to meet the income or asset test described above. If the Company were a PFIC in any taxable year, United States Holders could be subject to adverse U.S. tax consequences, including but not limited to special tax rules relating to dividends and certain distributions and gains on sale, and reporting requirements. United States Holders should consult their own tax adviser about the application of the PFIC rules.

Non-United States Holders

Subject to the backup withholding rules described below, a Non-United States Holder generally should not be subject to United States federal income or withholding tax on any payments on the Shares or gain from the sale, redemption or other disposition of the Shares unless: (i) that payment and/or gain is effectively connected with the conduct by that Non-United States Holder of a trade or business in the United States, and if required by an applicable income tax treaty, that payment and/or gain is attributable to a permanent establishment or fixed base that such Non-United States Holder maintains in the United States; or (ii) in the case of any gain realised on the sale or exchange of a share by an individual Non-United States Holder, that Non-United States Holder is present in the United States for 183 days or more in the taxable year of the sale, exchange or retirement and certain other conditions are met.

Backup Withholding and Information Reporting

In general, information reporting will apply to dividends in respect of the Shares and the proceeds from the sale, exchange or other taxable disposition of the Shares that are paid to you within the United States (and in certain cases, outside the United States), unless you are an exempt recipient. A backup withholding tax may apply to such payments if you fail to provide a taxpayer identification number or certification of other exempt status or fail to otherwise comply with the backup withholding requirements. Non-United States Holders may be required to comply with applicable certification procedures to establish that they are not United States Holders in order to avoid the application of such information reporting requirements and backup withholding.

Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your United States federal income tax liability provided the required information is timely furnished to the United States Internal Revenue Service.

Certain United States Holders that own "specified foreign financial assets" that meet certain United States dollar value thresholds generally are required to file an information report with respect to such assets with their tax returns. The Shares generally will constitute specified foreign financial assets subject to these reporting requirements unless the Shares are held in an account at certain financial institutions. United States Holders are urged to consult their tax advisers regarding the application of these disclosure requirements to their ownership of the Shares.

TERMS AND CONDITIONS OF THE OFFERING

General Terms

The Offering applies to 90,909,091 New Shares to be issued pursuant to the Offering assuming no exercise of the Over-Allotment Option and 100,000,000 New Shares if the Over-Allotment Option is exercised in full. The Offer Shares will represent 13.5% of the total issued and outstanding Shares immediately following admission (assuming no exercise of the Over-allotment option) and 15.0% of the total issued and outstanding Shares (assuming the Over-Allotment Option is exercised in full). The Offering will result in immediate dilution of existing shareholders' pre-increase holdings in the Company to the same extent (13.5% and 15.0%, respectively).

The Company's last reported sale price of its Shares on Nasdaq Iceland on 28 May 2019 was ISK 571 per Share, or EUR 4.11 based on the official exchange selling rate of EUR/ISK as published by the Central Bank of Iceland as of 28 May 2019.

All Offer Shares being sold to investors pursuant to the Offering will be sold at the Offer Price.

The Offering is being made by way of:

- a public offering in the Netherlands;
- a public offering in Iceland in accordance with Chapter VI. of the Securities Transactions Act; and
- private placements: (i) to certain institutional investors outside the United States in reliance on Regulation S and in accordance with locally applicable laws and regulations, and (ii) in the United States, only to QIBs in reliance on Rule 144A or pursuant to another available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

The Offering is made only in those jurisdictions where, and only to those persons to whom, offer and sales of the Offer Shares may be lawfully made.

The result of the Offering is expected to be published on 6 June 2019 through Nasdaq Iceland and posted on the Company's website.

Investors participating in the Offering will be deemed to have confirmed they meet the requirements of the selling and transfer restrictions in "*Plan of Distribution*" and "*Transfer Restrictions*". If in doubt, investors should consult their professional advisers.

Offer Period

Subject to acceleration or extension of the timetable for the Offering, the offer period in respect of the public offerings in Iceland and the Netherlands will start on 29 May 2019 at 7:00 GMT in Iceland (9:00 CEST in the Netherlands) and end on 5 June 2019 at 15:30 GMT in Iceland (17:30 CEST in the Netherlands) for retail investors and on 6 June 2019 at 11:00 GMT in Iceland (13:00 CEST in the Netherlands) for institutional investors (the "**Offer Period**"). No orders will be accepted after the Offer Period has ended (unless the Company specifically decides to postpone the Offering or to extend it and in such cases a supplement to this Prospectus or a new prospectus will be published, as applicable).

The Company, together with the Joint Global Coordinators, reserves the right to accelerate or extend the Offer Period.

Over-Allotment Option

The Company has granted the Joint Global Coordinators, on behalf of the Managers, an option (the "**Over-Allotment Option**"), to purchase up to 9,090,909 additional Shares (the "**Over-Allotment Shares**") at the Offer Price, comprising up to 10.0% of the total number of Offer Shares sold in the Offering, to cover short positions resulting from any over-allotments or stabilisation transactions, if any, made in connection with the Offering. The Over-Allotment Option is exercisable in whole or in part by the Joint Global Coordinators (as defined below), on behalf of the Managers, for 30 calendar days after the First Trading Date.

For purposes of enabling the Managers to effect timely delivery of any Over-Allotment Shares, up to 9,090,909 Shares will be made available by the Principal Shareholder to Citigroup Global Markets Limited (the "**Stabilising Manager**"), on behalf of the Managers, through a share loan to be entered into on or around the date of the Pricing Agreement (the "**Share Lending Agreement**").

Offer Price Range and number of Offer Shares

The price at which the Offer Shares will be sold (the "**Offer Price**") is expected to be between EUR 3.40 and EUR 3.90 per Offer Share (the "**Offer Price Range**") and will be determined through a book-building process. The Offer Price will be set in EUR and, for the public offer in Iceland, the purchase price will be converted into ISK based on the official exchange selling rate of EUR/ISK as published by the Central Bank of Iceland at the date of allocation, expected to be on 6 June 2019, in accordance with the Payment Instructions. The Offer Price Range is an indicative price range and the Offer Price can be set outside the Offer Price Range.

The Offer Price will be determined by the Company, in consultation with the Joint Global Coordinators, after the end of the Offer Period, which is subject to any acceleration or extension, on the basis of the book-building process and taking into account economic and market conditions, a qualitative and quantitative assessment of demand for the Offer Shares and other factors deemed appropriate. The Offer Price may be set within, above or below the Offer Price Range.

The Company, in consultation with the Joint Global Coordinators, reserves the right to change the Offer Price Range prior to allocation of the Offer Shares. Any increase of the top end of the Offer Price Range on the last day of the Offer Period or the determination of an Offer Price above the Offer Price Range will result in the Offer Period being extended by at least two business days. Any increase of the top end of the Offer Price Range on the day prior to the last day of the Offer Period will result in the Offer Period being extended by at least one business day. In these cases, if the Offer Period for retail investors has already closed, the Offer Period for retail investors will be re-opened. Any such change will be announced in a press release published through Nasdaq Iceland and posted on the Company's website. In the event that either (i) the Offer Price is set above the Offer Price Range; or (ii) the top end of the Offer Price Range is revised upwards, then investors who have already agreed to purchase Offer Shares may withdraw their subscriptions in their entirety following the publication of the press release announcing such change and before the end of the Offer Period, as extended.

Allocation

The allocation of the Offer Shares is expected to take place after termination of the Offer Period on or about 6 June 2019, subject to acceleration or extension of the timetable for the Offering. Allotment to investors who applied to subscribe for Offer Shares will be determined by the Company after consultation with the Joint Global Coordinators, and full discretion will be exercised as to whether or not and how to allot the Offer Shares (which means that the Company or the Joint Global Coordinators are not required to disclose how the reduction or rejection was decided and the counterparty will not be given the opportunity to object to the decision or its application). In the event that the Offering is over-subscribed, investors may receive fewer Offer Shares than they applied to subscribe for. The Company and the Joint Global Coordinators may, at their own discretion and without stating the grounds therefor, reject any subscriptions wholly or partly. Any monies received in respect of subscriptions which are not accepted in whole or in part will be returned to the investors without interest and at the investors' risk.

Notwithstanding the above, it is intended that Dutch retail investors and Icelandic retail investors will benefit from preferential allocation, for up to 10% of the Offer Shares in aggregate, assuming no exercise of the Over-Allotment Option. See "*—Preferential Retail Allocation*" below. Apart from the preferential retail allocation, the Company and the Joint Global Coordinators, retain full flexibility to change the intended allocation. All Offer Shares will be offered as part of a single offering, there is no separate tranche for retail investors.

On the date of allocation, the Joint Global Coordinators, on behalf of the Underwriters, will notify institutional investors or the relevant financial intermediary of the number of Offer Shares allocated to them or their clients. The Joint-Lead Managers will notify investors participating in the public offering in Iceland of the number of Offer Shares allocated to them. The Dutch Retail Coordinator will notify the relevant financial intermediary of the number of Offer Shares allocated to their clients, the investors who participated in the public offering in the Netherlands. Investors who are not allocated any Offer Shares will not receive a notification to that effect.

Preferential Retail Allocation

There will be a preferential allocation of Offer Shares to retail investors in accordance with applicable law and regulations (the "**Preferential Retail Allocation**"). Each retail investor will be allocated the first 1,350 (or fewer) Offer Shares for which such investor applies. However, if the total number of Offer Shares subscribed for by Dutch retail investors and Icelandic retail investors under the Preferential Retail Allocation would exceed 10% of the total number of the Offer Shares in aggregate, assuming no exercise of the Over-Allotment Option, the preferential allocation to each retail investor may be reduced *pro rata* to the first 1,350 (or fewer) Offer Shares for which such investor applies. As a result, retail investors may not be allocated all of the first 1,350 (or fewer) Offer Shares for which they apply. The exact number of Offer Shares allocated to retail investors will be determined after the Offer Period has ended.

Retail investors can only subscribe on a market order basis. This means that retail investors will be bound to purchase and pay for the Offer Shares indicated in their share application, to the extent allocated to them, at the Offer Price, even if the Offer Price is above the upper end of the Offer Price Range (if applicable, as amended). Retail investors are entitled to cancel or amend their application, at the financial intermediary where their original application was submitted, or, in the case of Iceland, via the electronic order submission system where their order was originally submitted, at any time prior to the end of the Offer Period (if applicable, as accelerated or extended).

To be eligible for the Preferential Retail Allocation, retail investors must place their subscriptions prior to the expiry of the retail Offer Period. Financial intermediaries may, however, apply their own deadlines which may be set before the closing time of the Offer Period.

Payment

Payment will not be accepted by any other means than those stated in the Payment Instructions. Full payment must be made no later than on the date as stated in the Payment Instructions.

Investors outside of Iceland must pay the Offer Price in immediately available funds in full in EUR on or before the Settlement Date on 11 June 2019 (or earlier as instructed by the Managers or the financial intermediaries with respect to the public offering in the Netherlands or in the case of an early closing of the Offer Period and consequent acceleration of pricing, allocation, commencement of trading and Settlement).

Investors participating in the public offering in Iceland must pay the Offer Price in ISK on or before 7 June, using the official exchange selling rate of EUR/ISK as published by the Central Bank of Iceland, at the date of allocation, expected to be on 6 June 2019, in accord with the Payment Instructions.

If full payment is not made in due time according to the Payment Instructions, allotted Offer Shares may be withdrawn and sold to another party. The party who initially received allocation of Offer Shares in the Offering may be required to bear the loss, should the selling price in the event of such a transfer be less than the price in the Offering *inter alia* as a result of changes in exchange rates.

After the final due date set out in the Payment Instructions, including after the close of banks on such final due date, investors will be unable to pay the purchase price. The Company may, without warning or notification, invalidate allocations which remain unpaid at the end of such final due date and is then entitled to sell Offer Shares which have not been paid for to a third party at a price decided by the Company after consultation with the Joint Global Coordinators. However, if the Company is unable to sell the unpaid Offer Shares to another person at the same or higher price than they were allocated in the Offering, the Company reserves the right to demand that the investor to whom the Offer Shares were originally allocated pay the difference between the sale value of the Offer Shares without the investor being entitled to any compensation in the form of Offer Shares or other valuables. The Company reserves the right not to invalidate unpaid orders and to collect allocations which are not paid satisfactorily and in such case penalty interest from the final due date in addition to the Company's collection costs are added to the purchase price of the uncollected Offer Shares. If payment is not made at the correct time (i.e., on the final due date at the latest) and in the correct manner (i.e., in full compliance with the Payment Instructions) the debt may be collected, through Icelandic or Dutch courts if applicable, in accordance with the applicable principles of contract law.

The Company is not aware that individual shareholders or members of the Board of Directors or Executive Team of the Company intend to purchase shares in the Offering or whether any investor intends to purchase more than 5% of the Offering, other than the Cornerstone Investors as described in "*Plan of Distribution—Cornerstone Investments*".

Taxes and expenses, if any, must be borne by the investor. Retail investors may be charged expenses by their financial intermediary.

Delivery of Offer Shares

The Offer Shares will be delivered through the book-entry system of Euroclear Nederland.

If delivery of the Offer Shares does not take place on the Settlement Date as planned or at all, the Offering may be withdrawn, in which case all subscriptions for Offer Shares will be disregarded, any allotments made will be deemed not to have been made and any subscription payments made will be returned without interest or other compensation.

Admission of the Offer Shares to Trading

Pursuant to the above information, the first expected day of conditional trading of the Offer Shares (conditional on admission) on Euronext Amsterdam is 7 June 2019, and the first expected day of unconditional trading of the Offer Shares on the regulated market of Euronext Amsterdam is 12 June 2019, being also the expected date of admission. The above dates assume that the Company does not change the Offer Period, the processing of orders does not take a shorter or longer time than the Company expected and the Company's application to Euronext Amsterdam is responded to within the timeframe expected by the Company.

Public Offering in Iceland

Subscription and Allocation

In respect of the public offering of the Offer Shares in Iceland, applications for acquisition of Shares should be made with the Joint-Lead Managers as described below.

Orders shall be registered electronically on a special order form via the website of the Joint-Lead Managers at arionbanki.is/marel-utbod and landsbankinn.is/marel/utbod. Subscriptions for Offer Shares will not be accepted in any other format. The order form will be available in Icelandic and English, and all orders will be denominated in EUR.

In order to subscribe for Offer Shares, investors have to register to the order website, through any of the following user identification numbers:

(1) electronic identification number on a smartphone;

(2) identification number or password which was requested through the order website and will be sent as a digital document to the investor's online bank, which may be in any Icelandic retail bank; or

(3) identification number and password which can be obtained from the Joint-Lead Managers by signing a witnessed application for a password or by any other method of verification which the Joint-Lead Managers consider satisfactory.

Electronic confirmation from the order website is required as valid proof of order or cancellation of order. Such confirmation will appear at the end of the registration process and also sent to the e-mail address provided by the investor.

Icelandic retail investors can only subscribe on a market order basis. This means that Icelandic retail investors will be bound to purchase and pay for the Offer Shares indicated in their share subscription, to the extent allocated to them, at the Offer Price, even if the Offer Price is above the upper end of the Offer Price Range (if applicable, as amended).

Investors are entitled to change an order which they have confirmed and delivered on the order form in the Offering during the Offer Period, by submitting an additional order or cancelling an order already submitted via the electronic order submission system where their order was originally submitted. All orders that have not been cancelled during the Offer Period are binding for the respective investor at the end of the Offer Period. Orders must be completed by the investors themselves or a person who has the required authority or power of attorney from the investor. A person completing an order on the basis of power of attorney shall, should the power of attorney not be recognised by the principal, be deemed to have delivered the order in his/her own name and for his/her own account. Participation in the Offering is open to persons (individuals who are 18 years of age and older, as well as legal entities) who are legally competent to manage their financial affairs and has the power to decide over their financial estate, with restrictions that may be imposed by law. The above conditions stipulate that if the person's estate has been declared bankrupt and such proceedings have not been completed before the end of the Offer Period, that person may not participate in the Offering. Persons who are not otherwise legally competent to manage their financial affairs may not participate in the Offering.

The Managers may, in their sole discretion, require individual investors to demonstrate their ability to honour their respective orders inter alia by requiring them to post sufficient cash collateral. An investor will be notified of such requirement by an email sent to the email address specified by him in the order form.

Should an investor fail to demonstrate such ability in the manner required, within the time limit specified by the aforesaid email, the Managers may, in their sole discretion, void any order submitted by such investor for which such ability has not been demonstrated. An investor will not be notified if an order is voided for these reasons.

Orders will be deemed to be a request for a service regarding execution only, as per Article 16 (4) of the Securities Transactions Act and that the Managers are not obliged to assess whether participating in the Offering and buying Offer Shares in the Company is suitable for the investor and the investor does not enjoy protection in accordance with Article 16 of the Securities Transactions Act.

By the order form investors must declare that they have agreed to the terms of the Offering as set out in this Prospectus, read the information in this Prospectus, that they are aware of the conflicts of interest specified in the Prospectus and confirm that their participation in the Offering does not violate Icelandic law. Investors futhermore permit the Joint-Lead Managers to share necessary information on their respective identities and subscriptions among themselves and with the Company for the sole purpose of ensuring the orderly progress, execution and closing of the Offering. Further information on the data protection policies of the Joint-Lead Managers may be obtained at their respective websites.

Financial institutions which offer asset management services pursuant to Article 3 (6.c) of Act No. 161/2002 on Financial Undertakings are granted certain exemptions with respect to subscriptions in the Icelandic retail offering. They are given the opportunity to submit subscriptions on behalf of investors on a special subscription form which can be obtained from the Joint-Lead Managers. A precondition for such a subscription is that the Joint-Lead Managers have received a satisfactory statement from a financial institution, on a form that can be obtained from the Joint-Lead Managers, stating that it has the required authority or power of attorney from the investor in accordance with authority provided in a valid asset management agreement with the investor and a statement saying that the financial institution guarantees the payment of the purchase price. Cancellation of subscriptions submitted by financial institutions as described above must be communicated to the Joint-Lead Managers by e-mail, utbod-eignastyringar@arionbanki.is.

Employees of Arion Bank and Landsbankinn will be permitted to take part in the Offering, but will be subject to stricter rules applicable to their respective subscriptions than those described here. Such employees shall seek guidance from Arion Bank and Landsbankinn's compliance departments, as the case may be, on how to submit their orders, and shall in all respects comply therewith.

Investors in the public offering in Iceland can obtain information on the Offering and the order website from Arion Bank at tel. +354 444 7000 or www.marel-utbod@arionbanki.is and Landsbankinn at tel. +354 410 4040 or www.landsbankinn.is/utbod/marel. Investors can obtain this information by phone or e-mail between 9.00a.m. and 16.00p.m. GMT during the Offer Period.

The Joint-Lead Managers will consolidate all subscriptions submitted by Icelandic retail investors and inform the Joint Global Coordinators and the Company.

The allocation of the Offer Shares is expected to take place after the end of the Offer Period on or about 6 June 2019, subject to acceleration or extension of the timetable for the Offering. Allotment to investors who applied to subscribe for Offer Shares will be determined by the Company after consultation with the Joint Global Coordinators, and full discretion will be exercised as to whether or not and how to allot the Offer Shares. The maximum size of orders is not restricted and the minimum size of orders is restricted to Offer Shares with a purchase value equal to EUR 1,000.

Shortly after allocation, a notification will be sent to those investors that have received allocation in the Offering. Those persons who have not been allotted Offer Shares will not be notified. The information on allocation to participants in the public offering in Iceland and payment instructions regarding allocated Offer Shares will be sent to the e-mail address specified by the investor in the order form. Investors are responsible for ensuring that the e-mail address provided is valid and able to receive the necessary documentation.

In the event of oversubscription in the Offering, allocation may take place with a lower number of Offer Shares than the application concerns, at the sole discretion of the Company and the Joint Global Coordinators. See further "—*Allocation*" above.

The Joint-Lead Managers will communicate to financial institutions that offer asset management the aggregate number of Offer Shares allocated to their retail investors. It is up to the financial institutions to notify their retail investors of their individual allocations.

Preferential Retail Allocation

There will be a preferential allocation of Offer Shares to Icelandic retail investors in accordance with applicable law and regulations. Each Icelandic retail investor will be allocated the first 1,350 (or fewer) Offer Shares for which such investor applies. However, if the total number of Offer Shares subscribed for by Icelandic retail investors and Dutch retail investors under the Preferential Retail Allocation would exceed 10% of the total number of the Offer Shares in aggregate, assuming no exercise of the Over-Allotment Option, the preferential allocation to each Icelandic retail investor may be reduced *pro rata* to the first 1,350 (or fewer) Offer Shares for which such investor applies. As a result, Icelandic retail investors may not be allocated all of the first 1,350 (or fewer) Offer Shares for which they apply. The exact number of Offer Shares allocated to Icelandic retail investors will be determined after the Offer Period has ended.

The Preferential Retail Allocation will only be made in relation to Offer Shares comprising 10% of the total number of Offer Shares in aggregate, not including the Over-Allotment Shares. The Company, after consultation with the Joint Global Coordinators has full discretion as to whether or not and how to allocate the remainder of the Offer Shares applied for.

For the purpose of the Preferential Retail Allocation, an Icelandic retail investor is either: (i) a natural person resident in Icelandic; (ii) a legal person whose registered purpose it is *inter alia* to invest in financial instruments; or (iii) a special investment vehicle having its seat in Iceland which is a legal entity established for the express and sole purpose of providing asset management and/or retirement planning services for a natural person.

To be eligible for the Preferential Retail Allocation, Icelandic retail investors must place their subscriptions during the period commencing on 29 May 2019 at 7:00 GMT in Iceland (9:00 CEST in the Netherlands) and ending on 5 June 2019 at 15:30 GMT in Iceland (17:30 CEST in the Netherlands). Retail investors are advised that financial intermediaries, through which their subscriptions are submitted, may apply deadlines before the closing time of the Offer Period.

Payment

Payment will not be accepted by any other means than those stated in the Payment Instructions.

Payment shall be made at the latest before the closing time of banks in Iceland on the final due date. Note that the general opening hours of banks and other financial institutions is until 4:00 p.m. on weekdays and that after 4:15 p.m. it is not possible to make a payment exceeding ISK 10 million, however lower payments are possible via online banks until 9:00 p.m., provided that the amount is below other limits which may apply.

Delivery, Clearing and Settlement of the Offer Shares in Iceland

Delivery of the Offer Shares will take place on the Icelandic Settlement Date through the book-entry system of Euroclear Nederland, in accordance with its normal settlement procedures applicable to equity securities and against payment for the Offer Shares in accordance with the Payment Instructions.

The Joint-Lead Managers will request that the custodian, the investor specifies in its subscription, deposits the Offer Shares allocated to him into a custody account held by the investor with the custodian.

If the investor does not hold a custody account with the custodian specified in the subscription, or if the custodian information provided by the investor is erroneus, Arion Bank will open a custody account in the name of the investor at Arion Bank so that it is possible to deposit the Offer Shares allocated to the investor into a custody account in accordance with the above. The investor will not be able to trade or move the Offer Shares delivered into the custody account opened as described above in their name unless they have already provided the material and information requested by Arion Bank to open a custody account.

The closing of the Offering may not take place if certain conditions or events referred to in "*Plan of Distribution*" are not satisfied or waived on or prior to such date.

If Settlement does not take place on the Settlement Date as planned or at all, the Offering may be withdrawn, in which case all subscriptions for Offer Shares will be disregarded, any allotments made will be deemed not to have been made and any subscription payments made will be returned without interest or other compensation.

Public Offering in the Netherlands

Subscription and Allocation

Dutch retail investors can only subscribe on a market order (*bestens*) basis. This means that Dutch retail investors will be bound to purchase and pay for the Offer Shares indicated in their share application, to the extent allocated to them, at the Offer Price, even if the Offer Price is above the upper end of the Offer Price Range (if applicable, as amended). Dutch retail investors are entitled to cancel or amend their application, at the financial intermediary where their original application was submitted, at any time prior to the end of the Offer Period (if applicable, as accelerated or extended). Dutch retail investors can submit their subscriptions through their own financial intermediary. The financial intermediary will be responsible for collecting subscriptions from Dutch retail investors and for submitting their subscriptions to the Dutch Retail Coordinator. The Dutch Retail Coordinator will consolidate all subscriptions submitted by Dutch retail investors to financial intermediaries and inform the Joint Global Coordinators and the Company. All questions concerning the timeliness, validity and form of instructions to a financial intermediary in relation to the purchase of Offer Shares and, if applicable, Over-Allotment Shares, will be determined by the financial intermediaries in accordance with their usual procedures or as otherwise notified to the Dutch retail investors. The Company is not liable for any action or failure to act by a financial intermediary or the Retail Coordinator in connection with any subscription, or purported subscription, of Offer Shares and, if applicable, Over-Allotment Shares.

The allocation of the Offer Shares is expected to take place after termination of the Offer Period on or about 6 June 2019, subject to acceleration or extension of the timetable for the Offering. Allotment to investors who applied to subscribe for Offer Shares will be determined by the Company after consultation with the Joint Global Coordinators, and full discretion will be exercised as to whether or not and how to allot the Offer Shares. In the event that the Offering is over-subscribed, investors may receive fewer Offer Shares than they applied to subscribe for. The Company and the Joint Global Coordinators may, at their own discretion and without stating the grounds therefor, reject any subscriptions wholly or partly. Any monies received in respect of subscriptions which are not accepted in whole or in part will be returned to the investors without interest and at the investors' risk.

Preferential Retail Allocation

There will be a preferential allocation of Offer Shares to Dutch retail investors in accordance with applicable law and regulations. Each Dutch retail investor will be allocated the first 1,350 (or fewer) Offer Shares for which such investor applies. However, if the total number of Offer Shares subscribed for by Dutch retail investors and Icelandic retail investors under the Preferential Retail Allocation would exceed 10.0% of the total number of the Offer Shares in aggregate, assuming no exercise of the Over-Allotment Option, the preferential allocation to each Dutch retail investor may be reduced *pro rata* to the first 1,350 (or fewer) Offer Shares for which such investor applies. As a result, Dutch retail investors may not be allocated all of the first 1,350 (or fewer) Offer Shares for which they apply. The exact number of Offer Shares allocated to Dutch retail investors will be determined after the Offer Period has ended.

The Preferential Retail Allocation will only be made in relation to Offer Shares comprising up to 10% of the total number of Offer Shares in aggregate, not including the Over-Allotment Shares. The Company, after consultation with the Joint Global Coordinators has full discretion as to whether or not and how to allocate the remainder of the Offer Shares applied for.

For the purpose of the Preferential Retail Allocation, a Dutch retail investor is either: (i) a natural person resident in the Netherlands; or (ii) a special investment vehicle having its seat in the Netherlands which is a legal entity established for the express and sole purpose of providing asset management and/or retirement planning services for a natural person.

To be eligible for the Preferential Retail Allocation, Dutch retail investors must place their subscriptions during the period commencing on 29 May 2019 at 9:00 CEST and ending on 5 June 2019 at 17:30 CEST through financial intermediaries. Different financial intermediaries may apply deadlines before the closing time of the Offer Period.

The Dutch Retail Coordinator will communicate to the financial intermediaries the aggregate number of Offer Shares allocated to their respective Dutch retail investors. It is up to the financial intermediaries to notify Dutch retail investors of their individual allocations.

Delivery, Clearing and Settlement of Offer Shares in the Netherlands

Application has been made for the Offer Shares to be accepted for delivery through the book-entry facilities of Euroclear Nederland. Euroclear Nederland is located at Herengracht 459-469, 1017 BS Amsterdam, the Netherlands.

The Offer Shares will be delivered through the book-entry system of Euroclear Nederland.

Delivery of the Offer Shares will take place on the Settlement Date through the book-entry facilities of Euroclear Nederland, in accordance with its normal settlement procedures applicable to equity securities and against payment for the Offer Shares in immediately available funds.

The closing of the Offering may not take place on the Settlement Date or at all if certain conditions or events referred to in "*Plan of Distribution*" are not satisfied or waived on or prior to such date.

If Settlement does not take place on the Settlement Date as planned or at all, the Offering may be withdrawn, in which case all subscriptions for Offer Shares will be disregarded, any allotments made will be deemed not to have been made and any subscription payments made will be returned without interest or other compensation. Any transactions in Offer Shares prior to Settlement are at the sole risk of the parties concerned. Neither the Company, the Principal Shareholder, the Managers nor Euronext Amsterdam N.V. accept any responsibility or liability for any loss incurred by any person as a result of a withdrawal of the Offering or the related annulment of any transactions in Offer Shares on Euronext Amsterdam.

PLAN OF DISTRIBUTION

Plan of Distribution

On the date of this Prospectus, the Company and the Managers have entered into an underwriting agreement (the "**Underwriting Agreement**") with respect to the offer and sale of the Offer Shares.

Under the terms set forth in the Underwriting Agreement, the Managers will severally agree, subject to certain conditions, to procure purchasers for, or failing which, to purchase, and the Company will agree to issue and sell, the aggregate number of Offer Shares sold in the Offering at an Offer Price per share to be set forth in a Pricing Agreement (the "**Pricing Agreement**") and announced by the Company on or about 6 June 2019. The table below sets forth the underwriting commitment of each Manager.

Manager	**Share of Total Offer Shares**
Citigroup Global Markets Limited	**26.25%**
J.P. Morgan Securities plc	**26.25%**
ABN AMRO Bank N.V	**14.00%**
ING Bank N.V	**14.00%**
Coöperatieve Rabobank U.A	**14.00%**
Arion Bank hf	**3.50%**
Landsbankinn hf	**2.00%**
Total	**100%**

The Underwriting Agreement provides that the obligations of the Managers to procure purchasers for or, failing which, to purchase the Offer Shares, are subject to the fulfilment of certain conditions, including, among other things: (i) the receipt by the Managers of customary comfort letters of KPMG with respect to certain financial information included in this Prospectus; (ii) the receipt by the Managers of opinions on certain legal matters from legal counsel to the Company; (iii) the Pricing Agreement having been entered into by each of the parties thereto no later than 6 June 2019 (or such later date as the Company and the Joint Global Coordinators may agree); (iv) the Share Lending Agreement (as defined below), with respect to the Over-Allotment Option, having been entered into by each of the parties thereto on or before the date of the Pricing Agreement. The Managers will have the right to waive the satisfaction of any such conditions or part thereof.

The Company will pay commissions to the Managers based on the total gross proceeds of the Offering including, pursuant to the exercise of the Over-Allotment Option. In addition, the Company may choose to pay a discretionary fee to the Managers, also calculated based on the total gross proceeds of the Offering. The Company will also reimburse the Managers for certain of their expenses in connection with the Offering. The total expenses of the Offering to the Company, including base and incentive (if any) underwriting commissions, and fees are estimated to amount to approximately EUR 18.8 million (assuming exercise of the Over-allotment Option).

The Underwriting Agreement provides that the Joint Global Coordinators, on behalf of the Managers, acting in good faith and after consultation with the Company to the extent reasonably practicable in the circumstances, may terminate the Underwriting Agreement until the Settlement Date (or thereafter, in respect of the Over-Allotment Option only) and the Offering may be withdrawn upon the occurrence of certain specified events, such as: (i) a material adverse change or prospective material adverse change, in the financial condition, or in the business, results of operations or prospects, of the Company and its subsidiaries, taken as a whole; (ii) this Prospectus being untrue, inaccurate or misleading in any material respect or a new matter having arisen that constitutes a material omission from this Prospectus; (iii) there has been a breach by the Company of any of the representations or warranties or any material breach of any of the covenants contained in any provision of the Underwriting Agreement; (iv) trading generally shall have been suspended or materially limited on any of the New York Stock Exchange, the Nasdaq Global Market, the London Stock Exchange plc, Euronext Amsterdam or Nasdaq Iceland; (v) trading of any securities issued or guaranteed by the Company shall have been suspended on any exchange or in any over-the-counter market; (vi) a general moratorium on commercial banking activities in the United States, the United Kingdom, the Netherlands or Iceland shall have been declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States, the United Kingdom, the Netherlands or Iceland shall have occurred; or (vii) there shall have occurred a material adverse change in the financial markets of the United States or Europe or any outbreak or escalation of hostilities, or any change in national or international political, financial, economic, monetary or market conditions, currency exchange rates or controls or any calamity or crisis (including any war, act of terrorism or declaration of emergency or martial law) which makes it, in the judgment of the Joint Global Coordinators (acting in good faith and after a consultation with the Company to the extent reasonably practicable in the circumstances), impracticable or inadvisable to proceed with the offer, sale or delivery of the Offer Shares on the terms and in the manner contemplated in this Prospectus, or which may prejudice the success of the Offering or dealings in Offer Shares in the secondary market. In case of such termination, all subscriptions for Offer Shares or Over-Allotment Shares, as the case may be, will be disregarded, any allotments made will be deemed not to have been made and any subscriptions payments made will be returned without interest or other compensation and transactions in the Offer Shares on Euronext Amsterdam may be annulled. Any dealings in the Offer Shares prior to Settlement are at the sole risk of the parties concerned.

Solely for the purpose of ensuring that Offer Shares are deliverable in book entry form through the facilities of Nasdaq CSD Iceland and Euroclear Nederland, the Offer Shares will initially be subscribed for and pre-funded by the Managers. In the event that the conditions precedent are not satisfied or waived or the Underwriting Agreement is terminated after the Offer Shares have been pre-funded, the Company agrees to indemnify the Managers for any losses they may incur as a consequence thereof and undertakes, subject to any necessary shareholder approvals or other corporate actions, to repurchase any Offer Shares so subscribed for.

In the Underwriting Agreement, the Company makes certain customary representations and warranties, including with respect to the Company's business, the Shares, the contents of this Prospectus, the use of proceeds from the Offering The Company also agrees in the Underwriting Agreement to indemnify the Managers against certain losses and liabilities arising out of or in connection with the Offering, including liabilities arising under the US Securities Act and other applicable securities laws, any actual or alleged breach by the Company of its obligations, representations, warranties and undertakings set out therein, or to contribute to payments the Managers may be required to make in respect thereof.

The Offering consists of: (i) a public offering in Iceland and in the Netherlands; and (ii) private placements to certain institutional investors in various other jurisdictions, including: (i) a private placement in the United States to persons reasonably believed to be QIBs as defined in, and in reliance on, Rule 144A, or pursuant to another available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable state and other securities laws of the United States; and (ii) a private placement to institutional buyers outside the United States, where all offers and sales will be made in compliance with Regulation S.

The Offer Shares have not been, and will not be registered, under the US Securities Act or with any securities regulatory authority of any state of the United States and may not be offered or sold within the United States unless the Offer Shares are registered under the US Securities Act or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. There will be no public offer of the Offer Shares in the United States. Any offer or sale of Offer Shares in the United States will be made by broker-dealers who are registered as such under the US Exchange Act. Neither ABN AMRO Bank N.V. nor ING Bank N.V. is a registered broker-dealer in the United States, and therefore, to the extent that they intend to effect any offers or sales of Offer Shares in the United States, will do so through their affiliates, ABN AMRO Securities (USA) LLC and ING Financial Markets LLC, respectively, each a US registered broker-dealer, pursuant to applicable US securities laws.

The Offer Price of the Shares will be determined through consultations among the Company and the Joint Global Coordinators by way of a book-building process. The factors that will be considered in such determination include, among others, the orders, in terms of price and quantity, received from institutional and retail investors, prevailing market conditions, the Company's historical performance and market valuation, estimates of the Company's business potential and earnings prospects and the market valuation of publicly traded common shares of comparable companies.

The Offer Price is expected to be announced through a press release on or about 6 June 2019. The Offer Price Range set forth on the cover page of this Prospectus is subject to change as a result of market conditions and other factors, in which case a supplemental prospectus would be published. There can be no assurance that the Offer Shares will trade in the public market after the Offering at or above the Offer Price.

Potential Conflicts of Interest

The Managers are acting exclusively for the Company and for no one else and will not regard any other person (whether or not a recipient of this Prospectus) as their respective client in relation to the Offering and will not be responsible to anyone other than to the Company for giving advice in relation to the Offering and for the listing and trading of the Offer Shares and/or any other transaction or arrangement referred to in this Prospectus.

Certain of the Managers and/or their respective affiliates have in the past engaged, are currently engaged and may in the future, from time to time, engage in commercial banking, investment banking and financial advisory and ancillary activities in the ordinary course of their business with the Company or any parties related to the Company, in respect of which they have received and may in the future, receive customary fees and commissions. ING Bank N.V., Coöperatieve Rabobank U.A. and ABN AMRO BANK N.V. acted as bookrunning mandated lead arrangers and lenders for the Company's Senior Credit Facilities. Affiliates of Citigroup Global Markets Limited, Arion Banki hf. and Landsbankinn hf. are parties to the Principal Shareholder Facilities with Eyrir, as further described in the section "*Risk Factors—Risks Relating to the Offering and the Offer Shares—Substantial future sales or the perception of substantial future sales of shares could adversely impact the market price of the Offer Shares*".

Additionally, the Managers and/or their respective affiliates may have held and in the future may hold, in the ordinary course of their business, the Company's securities for investment purposes. Arion Bank hf. holds a minority interest in Marel accounting for less than 1.0% of Marel's total share capital. Landsbankinn hf. holds an indirect interest in Marel through a 14.1% equity interest in Eyrir, Marel's largest shareholder. In addition, Landsbankinn hf. has a market making agreement with Marel for its Shares listed on Nasdaq Iceland, and Landsbankinn hf. regularly trades the Shares for its own account. Landsbankinn hf. has received fees from Marel in the last 12 months, in particular for managing its share repurchase programme. See "*Shares and Share Capital—Share Capital Information*". In respect thereof, the sharing of information is generally restricted for reasons of confidentiality, by internal procedures and by rules and regulations. As a result of these transactions, these parties may have interests that may not be aligned, or could potentially conflict, with the interests of (potential) holders of the Offer Shares, or with the Company's interests.

In connection with the Offering, each of the Underwriters and any of their respective affiliates, acting as an investor for its own account, may take up Offer Shares in the Offering and in that capacity may retain, purchase or sell for its own account such securities and any securities of the Company or related investments, and may offer or sell such securities or other investments otherwise than in connection with the Offering, in each case in accordance with applicable law. Accordingly, references in this Prospectus to Offer Shares being offered or placed should be read as including any offering or placement of Offer Shares to any of the Managers or any of their respective affiliates acting in such capacity. None of the Managers intends to disclose the extent of any such investment or transactions otherwise than pursuant to any legal or regulatory obligation to do so. In addition, certain of the Managers or their affiliates may enter into financing arrangements (including swaps) with investors in connection with which such Managers (or their affiliates) may from time to time acquire, hold or dispose of Offer Shares.

As a result of acting in the capacities described above, the Managers may have interests that may not be aligned, or could potentially conflict, with (potential) investors' and the Company's interests.

Lock-up Arrangements

In connection with the Offering, the Company and certain members of management and the Board of Directors of the Company have agreed to enter into certain lock-up arrangements as described below, including restrictions on sales, issues and transfers of Shares. The Joint Global Coordinators may, in their sole discretion and at any time, waive such restrictions. If the consent of the Joint Global Coordinators in respect of the lock-up arrangements is requested as described below, full discretion can be exercised by the Joint Global Coordinators as to whether or not such consent will be granted.

Company Lock-up

In connection with the Offering, the Company has agreed that, for a period from the date of the Underwriting Agreement until 180 days from the Settlement Date, it will not, and will not announce any intention to, except as set forth below, without the prior consent of a majority of the Joint Bookrunners, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares, whether any such transaction described in clauses (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise. The foregoing shall not apply to: (i) the issue of new Shares in the Offering as described in this Prospectus; (ii) issue(s) of Shares or other securities pursuant to employee incentive plans that have been or will be approved by the board of directors and/or the shareholders' meeting of the Company and described in this Prospectus; and (iii) issue(s) of Shares or other securities as acquisition consideration in accordance with the Company's strategy as described in this Prospectus, provided that the aggregate number of Shares issued in connection with all such acquisitions does not exceed ISK 100 million of nominal valuee.

Management Lock-Up

In connection with the Offering, certain members of management and the Board of Directors have agreed that, for a period from the date of the Underwriting Agreement until 180 days from the Settlement Date, they will not (and will not publicly announce any intention to): (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Shares of the Company or any securities convertible into or exercisable or exchangeable for Shares, that they own as of the date of the undertaking or acquire in the Offering; or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares, whether any such transaction described in clauses (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise, in each case, without the prior written consent of a majority of the Joint Bookrunners, such consent not to be unreasonably withheld or delayed. The foregoing shall not apply to: (i) the transfer of Shares to a (a) spouse, (b) child or (c) any legal entity over which the signatory of the lock-up has, alone or together with a related party, a controlling influence; *provided* that such individual or entity agrees in writing to be bound by the same lock-up undertaking; (ii) the transfer, sale, tender or other disposal of Shares to a *bona fide* third party pursuant to a tender offer for securities of the Company; *provided*, that all of the Shares subject to the lock-up undertaking that are not so transferred, sold, tendered or otherwise disposed of remain subject to the lock-up undertaking; and *provided*, further, that it shall be a condition of transfer, sale, tender or other disposition that if such tender offer is not completed, any Shares subject to the lock-up undertaking shall remain subject to the restrictions therein; (iii) the transfer, sale or other disposal of Shares pursuant to an offer by the Company to acquire its own shares, which is made on identical terms to all holders of shares; (iv) in the case of certain members of executive management, the exercise of stock options granted pursuant to the Company's stock option programs (as defined and described in this Prospectus); *provided* that the lock-up restrictions shall apply to any and all of the Shares issued upon such exercise; (v) in the case of certain members of executive management, the transfer or sale of the Offer Shares to satisfy any payments due or tax obligations arising as a result of the exercise of any stock option where such options are exercised to enable the signatory to satisfy the executive management share holding requirements as described herein; and (vi) the disposal in accordance with any order made by a court of competent jurisdiction or required by law or regulation whether the relevant party's submission to such regulation is on a voluntary basis or not.

Principal Shareholder Lock-Up

In connection with the Offering, Eyrir has agreed that, for a period from the date of the Underwriting Agreement until 180 days from the Settlement Date, they will not (and will not publicly announce any intention to): (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Shares of the Company or any securities convertible into or exercisable or exchangeable for Shares, that they own as of the date of the undertaking or acquire in the Offering; or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares, whether any such transaction described in clauses (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise, in each case, without the prior written consent of a majority of the Joint Bookrunners, such consent not to be unreasonably withheld or delayed. The foregoing shall not apply to: (i) the transfer of Shares to a subsidiary of Eyrir; provided that such subsidiary agrees in writing to be bound by the same lock-up undertaking; (ii) the transfer, sale, tender or other disposal of Shares to a *bona fide* third party pursuant to a tender offer for securities of the Company; provided, that all of the Shares subject to the lock-up undertaking that are not so transferred, sold, tendered or otherwise disposed of remain subject to the lock-up undertaking; and provided, further, that it shall be a condition of transfer, sale, tender or other disposition that if such tender offer is not completed, any Shares subject to the lock-up undertaking shall remain subject to the restrictions therein; (iii) the transfer, sale or other disposal of Shares pursuant to an offer by the Company to acquire its own shares, which is made on identical terms to all holders of shares; (iv) lending of Shares in accordance with the Share Lending Agreement; (v) granting Security (as defined below) on any Shares or any interest therein or any rights relating thereto in favour of any lender, agent, trustee and/or other finance party under any of the Principal Shareholder Facilities, as defined below (upon which such Shares shall be considered Secured Shares, as defined below); (vi) offering, selling, contracting to sell, selling any option or contracting to purchase, purchasing any option or contracting to sell, granting any option, right or warrant to purchase, lending or otherwise transferring or disposing of (or publicly announcing such action), directly or indirectly all or any Secured Shares pursuant to or in connection with any enforcement (including, without limitation, to, or as directed by or with the written consent of the relevant lender(s), agent, trustee and/or other finance party(ies) and to, or as directed by or with the written consent of, a receiver, administrator or other similar official appointed in connection with enforcement of any Security) under the Principal Shareholder Facilities (including any Principal Shareholder Facilities that have been refinanced pursuant to (vii) below): (vii) secure or create Security over any of the Secured Shares pursuant to a refinancing of the Principal Shareholder Facilities, provided that such refinancing may only be entered into with the prior written consent of the Joint Global Coordinators, such consent not to be unreasonably withheld or delayed; and (viii) the disposal in accordance with any order made by a court of competent jurisdiction or required by law or regulation whether the relevant party's submission to such regulation is on a voluntary basis or not. For purposes of this lock-up: "Security" means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect; "Principal Shareholder Facilities" and "Secured Shares" are defined in the section "*Risk Factors—Risks Relating to the Offering and the Offer Shares—Substantial future sales or the perception of substantial future sales of shares could adversely impact the market price of the Offer Shares*".

Cornerstone Investments

Blackrock has committed to acquire at the Offer Price (and at any such price throughout the Offer Price Range) a number of Offer Shares equivalent to an amount of EUR 63.0 million, corresponding to 16.2 million to 18.6 million Offer Shares throughout the Offer Price Range. In addition, CSAM has committed to acquire at the Offer Price (and at any such price throughout the Offer Price Range) 10 million Offer Shares, representing a commitment of EUR 34.0 million to EUR 39.0 million throughout the Offer Price Range. The Cornerstone Investors' undertakings are conditional on, among other things, commencement of unconditional trading of the Offer Shares occurring no later than 1 July 2019 and a maximum Offer Price of EUR 3.90 per Offer Share. If such conditions are not satisfied, the Cornerstone Investors will not be required to acquire any Offer Shares. In addition, the Cornerstone Investors' undertakings have not been secured through a bank guarantee, blocked funds, pledge of collateral or similar arrangement. The Cornerstone Investors will not be subject to a lock-up in respect of their allocations.

Over-Allotment Option and Share Lending Agreement

Pursuant to the Underwriting Agreement, the Company has granted the Managers an Over-Allotment Option to purchase up to 9,090,909 additional Shares at the Offer Price, to cover short positions resulting from any over-allotments or stabilisation transactions, if any, made in connection with the Offering. The Over-Allotment Option is exercisable in whole or in part by the Joint Global Coordinators, on behalf of the Managers, for 30 calendar days after the Settlement Date.

For purposes of enabling the Managers to effect timely delivery of any Over-Allotment Shares, up to 9,090,909 Shares will be made available by the Principal Shareholder to Citigroup Global Markets Limited, as Stabilising Manager, on behalf of the Managers, through a share loan to be entered into on or around the date of the Pricing Agreement.

Stabilisation

In connection with the Offering, the Stabilising Manager, or any of its agents, on behalf of the Managers, may (but will be under no obligation to), to the extent permitted by applicable law, over-allot Shares or effect other transactions with a view to supporting the market price of the Shares at a higher level than that which might otherwise prevail in the open market. The Stabilising Manager will not be required to enter into such transactions and such transactions may be effected on any securities market, over-the-counter market, stock exchange (including Euronext Amsterdam) or otherwise and may be undertaken at any time during the period commencing on the First Trading Date and ending no later than 30 calendar days thereafter. The Stabilising Manager or any of its agents will not be obligated to effect stabilising transactions, and there will be no assurance that stabilising transactions will be undertaken.

Such stabilising transactions, if commenced, may be discontinued at any time without prior notice. Save as required by law or regulation, neither the Stabilising Manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions under the Offering. No later than by the end of the seventh trading day after stabilisation transactions have been undertaken, the Managers shall disclose that stabilisation transactions have been undertaken in accordance with article 5(4) of the Market Abuse Regulation. Within one week of the end of the stabilisation period, the Stabilising Manager will make public whether or not stabilisation was undertaken, the date at which stabilisation started, the date at which stabilisation last occurred and the price range within which stabilisation was carried out, for each of the dates during which stabilisation transactions were carried out.

The Underwriting Agreement will provide that to the extent that the Stabilising Manager earns any profit directly from stabilising transactions, the Stabilising Manager will remit all of these profits to the Company net of expenses and costs and stamp duty. All losses incurred by the Stabilising Manager in the course of the stabilising transactions will be for the account of and shared *pro rata* by the Managers.

Neither the Company nor any of the Managers makes any representation or prediction as to the direction or the magnitude of any effect that the transactions described above may have on the price of the Offer Shares or any other securities of the Company. In addition, neither the Company nor any of the Managers makes any representation that the Stabilising Manager will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Selling Restrictions

No action has been or will be taken in any jurisdiction other than Iceland and the Netherlands that would permit a public offering of the Offer Shares, or the possession, circulation or distribution of this Prospectus or any other material relating to the Company or the Offer Shares in any jurisdiction where action for that purpose is required. The distribution of this Prospectus and the offer of the Offer Shares in certain jurisdictions may be restricted by law.

Persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions, including those in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdictions.

United States

The Offer Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state of the United States for offer or sale as part of their distribution and may not be offered or sold within the United States unless the Offer Shares are registered under the US Securities Act or an exemption from the registration requirements of the U.S. Securities Act is available. In the United States, the Offer Shares will be sold only to persons reasonably believed to be QIBs as defined in, and in reliance on, Rule 144A under the US Securities Act or pursuant to another exemption from, or in a transaction not subject to, the registration requirement under the US Securities Act and applicable state securities laws. All offers and sales of the Offer Shares outside the United States will be made in compliance with Regulation S under the US Securities Act and in accordance with applicable law.

In addition, until the end of the 40th calendar day after commencement of the Offering, an offer or sale of the Offer Shares within the United States by a dealer that is not participating in the Offering may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the US Securities Act.

The Offering of the Offer Shares is being made in the United States through US broker-dealer affiliates of the Managers.

European Economic Area

In relation to each Relevant Member State, no Offer Shares have been offered or will be offered pursuant to the offer to the public in such Relevant Member State prior to the publication of a prospectus in relation to the Offer Shares which has been approved by the competent authority in such Relevant Member State or, where appropriate, approved in another Relevant Member State, all in accordance with the Prospectus Directive, except that offers of the Offer Shares may be made to the public in such Relevant Member State at any time under the following exemptions under the Prospectus Directive, if they are implemented in such Relevant Member State:

- to any legal entity that is a Qualified Investor within the meaning of the Prospectus Directive;

- to fewer than 100, or if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons in a Relevant Member State (other than Qualified Investors within the meaning of the Prospectus Directive) subject to obtaining the prior consent of the Joint Global Coordinators; or
- in any other circumstances which do not require the publication by the Company of a prospectus pursuant to Article 3(2) of the Prospectus Directive;

provided that no such offer of the Offer Shares will result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or of a supplement to a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, (a) the expression an "**offer to the public**" in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and the Offer Shares so as to enable an investor to decide to purchase the Offer Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in such Relevant Member State, (b) the expression "**Prospectus Directive**" means Directive 2003/71/EC (with amendments thereto, including the 2010 PD Amending Directive) and includes any relevant implementing measure in each Relevant Member State and (c) the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

United Kingdom

In the United Kingdom, this Prospectus is being distributed only to, and directed only at, Qualified Investors within the meaning of the Prospectus Directive (a) who have professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Order, (b) who are high net worth entities as described in Article 49(2)(a) to (d) of the Order or (c) other persons to whom it may lawfully be communicated (all such persons being referred to in (a), (b) and (c) are collectively Relevant Persons). In the United Kingdom, any investment or investment activity to which this Prospectus relates is only available to, and will only be engaged in with, Relevant Persons. Any other persons who receive this Prospectus should not rely on or act upon it.

If any Offer Shares are offered to a financial intermediary as such term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will be deemed to have represented, acknowledged and agreed that the Offer Shares acquired by it in the Offering have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Offer Shares to the public other than their offer or resale in a Relevant Member State to a Qualified Investor within the meaning of the Prospectus Directive as so defined or in circumstances in which the prior consent of the Joint Global Coordinators has been obtained to each such proposed offer or resale. The Company, the Principal Shareholder, the Managers and their affiliates, and other persons will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

Canada

The Offer Shares may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-01301 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Offer Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Managers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this Offering.

TRANSFER RESTRICTIONS

Notice to U.S. Investors

Each purchaser of the Offer Shares within the United States will be deemed to have represented and agreed as follows:

A. the purchaser is authorised to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations;

B. the purchaser (i) is, and the time of its purchase of any Offer Shares will be, a QIB or a broker-dealer acting for the account of a QIB and (ii) is acquiring the Offer Shares for its own account or for the accounts of one or more QIBs for which it is acting as duly authorised fiduciary or agent with sole investment discretion with respect to each such account and with full authority to make the acknowledgments, representations and agreements herein with respect to each such account (in which case, it hereby makes such acknowledgements, representations and agreements on behalf of such QIBs as well), in each case, for investment and not with a view to any resale or distribution (within the meaning of the United States securities laws) of any such Offer Shares;

C. the purchaser understands and acknowledges that the Offer Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and are being offered in the United States only in transactions not involving any public offering in the United States within the meaning of the U.S. Securities Act or which are exempt from the registration requirements of the U.S. Securities Act;

D. the purchaser acknowledges that sellers of the Offer Shares may be relying on the exemption from the registration requirements of Section 5 of the U.S. Securities Act provided by Rule 144A thereunder and that the Offer Shares may not be offered, sold, pledged or otherwise transferred, directly or indirectly, other than in accordance with paragraph (G) below;

E. the purchaser and each other QIB, if any, for whose account it is acquiring the Offer Shares, in the normal course of business, invests in or purchases securities similar to the securities offered hereby, has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of purchasing any Offer Shares for an indefinite period of time and is able to bear such risk for an indefinite period;

F. the purchaser has (i) conducted its own investigation with respect to the Company and the Offer Shares, (ii) received all information that it believes is necessary or appropriate in connection with an investment in the Offer Shares and (iii) made its own assessment and has satisfied itself concerning the relevant tax, legal and other economic considerations relevant to an investment in the Offer Shares;

G. the purchaser understands and agrees that the Offer Shares may be offered, sold, delivered, hypothecated, pledged or otherwise transferred only (i) pursuant to an effective registration statement under the U.S. Securities Act, (ii) to a person whom the seller and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (iii) outside the United States, in an "offshore transaction" in compliance with Regulation S (and not in a pre-arranged transaction resulting in the resale of such Offer Shares into the United States) or (iv) in accordance with Rule 144 under the U.S. Securities Act, and, in each case, in accordance with all applicable securities laws of the United States, any state or territory thereof and any other relevant jurisdiction. The purchasers is aware that the Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) and that no representation is made as to the availability of the exemption provided by Rule 144 for resale of any Offer Shares;

H. the purchaser understands that for so long as the Offer Shares are "restricted securities" within the meaning of the U.S. federal securities laws, no such Offer Shares may be deposited into any American depositary receipt facility established or maintained by a depositary bank, other than a Rule 144A restricted depositary receipt facility, and that such Offer Shares will not settle or trade through the facilities of The Depositary Trust Company or any other United States clearing system;

I. the Company will not recognise any offer, sale, pledge, delivery, hypothecation or other transfer of the Offer Shares made other than in compliance with the above-stated restrictions;

J. the purchaser has received a copy of this Prospectus and has had access to such financial and other information concerning the Company as it deems necessary in connection with making its own investment decision to purchase the Offer Shares. The purchaser acknowledges that none of the

Company, the Managers or any of their respective representatives has made any representation to it with respect to the Company or the allocation, offering or sale of any Offer Shares other than as set forth in this Prospectus, which has been delivered to it and upon which it is solely relying in making its investment decision with respect to the Offer Shares. The purchaser has held and will hold any offering materials, including this Prospectus, it receives directly or indirectly from the Company in confidence and understands that any such information received by it is solely for it and not to be redistributed or duplicated by it;

K. the purchaser also acknowledges that it has made its own assessment regarding the U.S. federal tax consequences of an investment in the Offer Shares; and

J. the purchaser understands that these representations and undertakings are required in connection with the securities laws of the United States and acknowledges that the Company, the Managers and their respective affiliates will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements. The purchaser undertakes promptly to notify the Company and the Managers if, at any time prior to the purchase of the Offer Shares, any of the foregoing ceases to be true.

Notice to Investors Outside the United States

Each purchaser of the Offer Shares outside the United States will be deemed to have represented and agreed that it has received a copy of this Prospectus and such other information as it deems necessary to make an informed investment decision and as follows:

A. the purchaser is authorised to consummate the purchase of the Offer Shares in compliance with all applicable laws and regulations;

B. the purchaser understands and acknowledges that the Offer Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and are being offered in the United States only in transactions not involving any public offering in the United States within the meaning of the U.S. Securities Act or which are exempt from the registration requirements of the U.S. Securities Act;

C. the purchaser (and the person, if any, for whose account or benefit the purchaser is acquiring the Offer Shares) was located outside the United States at the time the buy order for the Offer Shares was originated and continues to be located outside the United States and has not purchased the Offer Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Offer Shares or any economic interest therein to any person in the United States;

D. the purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate;

E. the Offer Shares have not been offered to it by means of any “directed selling efforts” as defined in Regulation S;

F. the purchaser is aware of the restrictions on the offer and sale of the Offer Shares pursuant to Regulation S described in this Prospectus;

G. the purchaser has (i) conducted its own investigation with respect to the Company and the Offer Shares, (ii) received all information that it believes is necessary or appropriate in connection with an investment in the Offer Shares and (iii) made its own assessment and has satisfied itself concerning the relevant tax, legal and other economic considerations relevant to an investment in the Offer Shares;

H. the Company will not recognise any offer, sale, pledge, delivery, hypothecation or other transfer of the Offer Shares made other than in compliance with the above-stated restrictions;

I. if it is acquiring any of the Offer Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of such account;

J. the purchaser has received a copy of this Prospectus and has had access to such financial and other information concerning the Company as it deems necessary in connection with making its own investment decision to purchase the Offer Shares. The purchaser acknowledges that none of the Company, the Managers or any of their respective representatives has made any representation to it with respect to the Company or the allocation, offering or sale of any Offer Shares other than as set forth in this Prospectus, which has been delivered to it and upon which it is solely relying on making its investment decision with respect to the Offer Shares. The purchaser has held and will hold any offering materials, including this Prospectus, it receives directly or indirectly from the Company in confidence and understands that any such information received by it is solely for it and not to be redistributed or duplicated by it; and

K. the purchaser acknowledges that the Company, the Managers and their respective affiliates will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and undertakes promptly to notify the Company and the Managers if, at any time prior to the purchase of the Offer Shares, any of the foregoing ceases to be true.

QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 March 2019

ADVANCING
FOOD PROCESSING

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Contents Condensed Consolidated Interim Financial Statements

The Board of Directors' and CEO's Report

Marel is a leading global provider of advanced equipment, systems and services for the Poultry, Meat and Fish industries. Marel has offices and subsidiaries in 32 countries and a global network of more than 100 agents and distributors.

The Condensed Consolidated Interim Financial Statements for the three-month period ended 31 March 2019 comprise the financial statements of Marel hf. ("the Company") and its subsidiaries (together "the Group" or "Marel"). The Condensed Consolidated Interim Financial Statements are prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Group's Annual Consolidated Financial Statements as at and for the year ended 31 December 2018.

The Condensed Consolidated Interim Financial Statements do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to understand the changes in the Group's financial position and performance from year end 2018.

Acquisition of MAJA Maschinenfabrik Hermann Schill GmbH & Co. KG

On 14 August 2018, Marel concluded the acquisition of the limited partner interest in the company of MAJA Maschinenfabrik Hermann Schill GmbH & Co. KG to get transferred all business assets and liabilities. As part of this transaction Marel also acquired 100% of the shares of related companies in France and the United States ("MAJA"). Further information is provided in note 5 of the Condensed Consolidated Interim Financial Statements.

Operations in the three-month period ended 31 March 2019

The consolidated revenues for Marel for the three-month period ended 31 March 2019 are EUR 324.6 million (2018: EUR 288.4 million). The adjusted result from operations for the same period is EUR 47.5 million or 14.6% of revenues (2018: EUR 43.8 million or 15.2% of revenues).

The bridge between Adjusted result from operations and Result from operations as shown in the Consolidated Statement of Income is as follows:

	For three months ended 31 March	
	2019	**2018**
Adjusted result from operations	47.5	43.8
PPA related costs	(2.6)	(2.3)
Result from operations	**44.9**	**41.5**

At 31 March 2019 the Company's order book amounted to EUR 474.7 million (at 31 December 2018: EUR 476.0 million).

Based on the decision taken at the Company's 2019 Annual General Meeting, a dividend of EUR 36.7 million (EUR 5.57 cents per share, corresponding to 30% of net result for the year 2018) was declared for the operational year 2018 of which EUR 32.6 million was paid in Q1 2019 and EUR 4.1 million will be paid in Q2 2019 (in 2018: a dividend of EUR 28.7 million, EUR 4.19 cents per share, corresponding to 30% of net result for the year 2017, was declared and paid out to shareholders for the operational year 2017).

Capital reduction, share buy-back –program and articles of association

During the extraordinary shareholders' meeting on 22 November 2018 it was resolved to authorize the Board of Directors of Marel to initiate a share buy-back program that complies with the provisions of the Icelandic Act on Securities Transactions No. 108/2007 and appendix to Regulation on Insider Information and Market Manipulation No. 630/2005. The main purpose of the program is to reduce the Company's share capital, where the shares purchased may also be used to meet the Company's obligations under share incentive programs with employees. The number of shares to be acquired under the buyback program shall be up to 34.1 million, which amounts to 5% of issued share capital of the Company.

As part of the share buy-back program, as approved in the extraordinary shareholders' meeting on 22 November 2018, Marel has purchased 16.2 million shares (EUR 48.8 million) in the period 5 December 2018 to 5 March 2019. No buy-back of shares has taken place after the Annual General Meeting of Shareholders on 6 March 2019.

At the Annual General Meeting of Shareholders on 6 March 2019 it was resolved to reduce the Company's share capital by 11.6 million shares, from 682.6 million shares to 671.0 million shares. The reduction was executed by way of cancelling 11.6 million of the Company's own shares of ISK 1 each, in accordance with the provisions of the Icelandic Act No. 2/1995 on Public Limited Companies. The Company's share capital was reduced in connection with the preparation of a potential dual listing of the Company, for the benefit of shareholders. Marel's Articles of Association were changed accordingly.

At the same shareholders' meeting it was resolved to authorize the Board of Directors to increase share capital by as much as ISK 100 million nominal value by issuing new shares. Shareholders waived their pre-emptive rights to subscribe for these new shares, which shall be used in an offering of shares in connection with the dual listing of the company's shares. The Board of Directors was authorized to make necessary changes to the company's Articles of Association resulting from the issue.

At 31 March 2019 Marel's issued shares totaled 671.0 million (31 December 2018: 682.6 million).

During the Annual General Meeting of Shareholders the preparation process for dual listing, which started around a year ago, was explained. At the meeting the Company announced its decision to seek a dual listing of Marel's shares on Euronext Amsterdam in addition to its listing in Iceland. The objective of the dual listing is to facilitate trade and ensure fair pricing of Marel shares for the benefit of all shareholders.

Statement by the Board of Directors and the CEO

According to the Board of Directors' and CEO's best knowledge, the Condensed Consolidated Interim Financial Statements give a true and fair view of the consolidated financial performance of the Group for the three-month period ended 31 March 2019, its assets, liabilities and consolidated financial position as at 31 March 2019 and its consolidated cash flows for the three-month period ended 31 March 2019

Furthermore, in our opinion the Condensed Consolidated Interim Financial Statements and the endorsement of the Board of Directors and the CEO give a fair view of the development and performance of the Group's operations and its position and describe the principal risks and uncertainties faced by the Group.

The Board of Directors and the CEO have today discussed the Condensed Consolidated Interim Financial Statements of Marel hf. for the three-month period ended 31 March 2019 and ratify them with their signatures.

Garðabær, 29 April 2019

Board of Directors

Ásthildur Margrét Otharsdóttir
Chairman of the Board

Arnar Þór Másson

Ann Elizabeth Savage

Ástvaldur Jóhannsson

Margrét Jónsdóttir

Ólafur S. Guðmundsson

Ton van der Laan

Chief Executive Officer

Árni Oddur Þórðarson

Independent Auditor's review report

To the Board of Directors of Marel hf.

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements as at 31 March 2019 of Marel hf., which comprises the consolidated statement of financial position as at 31 March 2019, the consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended, and notes to the interim financial information. The Board of Directors and CEO are responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union.

Reykjavík, 29 April 2019

KPMG ehf.

Sæmundur Valdimarsson   Hrafnhildur Helgadóttir

Consolidated Statement of Income

In EUR million unless stated otherwise	Notes	For three months ended 31 March 2019	2018
Revenues	6 & 7 & 8	324.6	288.4
Cost of sales	6 & 9	(199.2)	(176.9)
Gross profit	6	**125.4**	**111.5**
Selling and marketing expenses	6 & 9	(39.0)	(34.2)
Research and development expenses	6 & 9	(21.4)	(18.1)
General and administrative expenses	6 & 9	(20.1)	(17.7)
Result from operations	6	**44.9**	**41.5**
Finance costs	10	(4.6)	(6.4)
Finance income	10	0.8	0.4
Net finance costs	10	(3.8)	(6.0)
Result before income tax		**41.1**	**35.5**
Income tax	11	(8.9)	(7.2)
Net result		**32.2**	**28.3**
Of which:			
- Net result attributable to Shareholders of the Company	12	32.2	28.3
- Net result attributable to non-controlling interests	20	0.0	0.0
Earnings per share for result attributable to Shareholders of the Company during the period (expressed in EUR cent per share):			
- basic	12	4.85	4.11
- diluted	12	4.82	4.09

The notes on pages 10-34 are an integral part of the Condensed Consolidated Interim Financial Statements

Consolidated Statement of Comprehensive Income

In EUR million	Notes	For three months ended 31 March 2019	2018
Net Result		**32.2**	**28.3**
Items that are or may be reclassified to profit or loss:			
Currency translation differences	20	4.8	(2.0)
Cash flow hedges	20	(0.1)	0.6
Income tax relating to cash flow hedges	18 & 20	(0.1)	(0.1)
Other comprehensive income / (loss) for the period, net of tax		4.6	(1.5)
Total comprehensive income for the period		**36.8**	**26.8**
Of which:			
- Comprehensive income attributable to Shareholders of the Company		36.8	26.8
- Comprehensive income attributable to non-controlling interests	20	0.0	0.0

The notes on pages 10-34 are an integral part of the Condensed Consolidated Interim Financial Statements

Consolidated Statement of Financial Position

In EUR million	Notes	31/03 2019	31/12 2018
ASSETS			
Property, plant and equipment	13	178.1	175.6
Right of use assets	14	35.3	33.3
Goodwill	15	642.1	641.3
Intangible assets	16	265.1	267.0
Trade and other receivables	17	3.1	3.2
Derivative financial instruments	24	0.8	1.3
Deferred income tax assets	18	12.5	10.2
Non-current assets		**1,137.0**	**1,131.9**
Inventories	19	159.1	149.9
Contract assets	8	37.9	44.0
Trade receivables	17	147.6	138.8
Other receivables and prepayments	17	53.3	45.0
Cash and cash equivalents		50.1	56.3
Current assets		**448.0**	**434.0**
TOTAL ASSETS		**1,585.0**	**1,565.9**
EQUITY AND LIABILITIES			
Share capital	20	6.0	6.1
Share premium reserve	20	124.7	161.7
Other reserves	20	(5.7)	(10.3)
Retained earnings	20	398.7	403.2
Shareholders' equity		**523.7**	**560.7**
Non-controlling interests	20	0.2	0.2
Total equity		**523.9**	**560.9**
LIABILITIES			
Borrowings	21	461.8	429.3
Lease liabilities	14 & 21	27.7	27.1
Deferred income tax liabilities	18	57.0	57.3
Provisions	22	9.5	9.2
Other payables	23	3.0	3.0
Derivative financial instruments	24	-	1.4
Non-current liabilities		**559.0**	**527.3**
Contract liabilities	8	214.5	212.1
Trade and other payables	23	230.5	217.0
Current income tax liabilities		16.2	9.3
Borrowings	21	24.8	24.8
Lease liabilities	14 & 21	8.1	6.7
Provisions	22	8.0	7.8
Current liabilities		**502.1**	**477.7**
Total liabilities		**1,061.1**	**1,005.0**
TOTAL EQUITY AND LIABILITIES		**1,585.0**	**1,565.9**

The notes on pages 10-34 are an integral part of the Condensed Consolidated Interim Financial Statements

Consolidated Statement of Changes in Equity

In EUR million	Share capital	Share premium reserve [1]	Other reserves [2]	Retained earnings	Share-holders' equity	Non-controlling interests	Total equity
Balance at 1 January 2019	**6.1**	**161.7**	**(10.3)**	**403.2**	**560.7**	**0.2**	**560.9**
Net result for the period				32.2	32.2	0.0	32.2
Total other comprehensive income			4.6		4.6		4.6
Transactions with owners of the Company							
Treasury shares purchased	(0.1)	(37.5)			(37.6)		(37.6)
Value of services provided		0.5			0.5		0.5
Dividend				(36.7)	(36.7)	(0.0)	(36.7)
	(0.1)	**(37.0)**	**4.6**	**(4.5)**	**(37.0)**	(0.0)	**(37.0)**
Balance at 31 March 2019	**6.0**	**124.7**	**(5.7)**	**398.7**	**523.7**	**0.2**	**523.9**

In EUR million	Share capital	Share premium reserve [1]	Other reserves [2]	Retained earnings	Share-holders' equity	Non-controlling interests	Total equity
Balance at 31 December 2017	**6.3**	**229.6**	**(8.2)**	**313.9**	**541.6**	**0.3**	**541.9**
Impact IFRS 9 & 15				(4.8)	(4.8)		(4.8)
Balance at 1 January 2018	**6.3**	**229.6**	**(8.2)**	**309.1**	**536.8**	**0.3**	**537.1**
Net result for the period				28.3	28.3	0.0	28.3
Total other comprehensive income			(1.5)		(1.5)		(1.5)
Transactions with owners of the Company							
Treasury shares purchased	(0.0)	(30.3)			(30.3)		(30.3)
Value of services provided		0.5			0.5		0.5
Other movements			(0.1)		(0.1)		(0.1)
Dividend				(28.7)	(28.7)	(0.0)	(28.8)
	(0.0)	**(29.8)**	**(1.6)**	**(0.4)**	**(31.8)**	**(0.1)**	**(31.9)**
Balance at 31 March 2018	**6.3**	**199.8**	**(9.8)**	**308.7**	**505.0**	**0.2**	**505.2**
Net result for the period				94.1	94.1	0.1	94.2
Total other comprehensive income			(0.6)		(0.6)		(0.6)
Transactions with owners of the Company							
Treasury shares purchased	(0.2)	(41.2)			(41.4)		(41.4)
Treasury shares sold		2.2			2.2		2.2
Value of services provided		0.6			0.6		0.6
Other movements		0.3	0.1	0.4	0.8	0.1	0.9
Dividend						(0.2)	(0.2)
	(0.2)	**(38.1)**	**(0.5)**	**94.5**	**55.7**	**(0.0)**	**55.7**
Balance at 31 December 2018	**6.1**	**161.7**	**(10.3)**	**403.2**	**560.7**	**0.2**	**560.9**

[1] Includes reserve for share based payments as per 31 March 2019 of EUR 3.0 million (31 December 2018: EUR 2.6 million).
[2] For details on Other reserves refer to note 20.

The notes on pages 10-34 are an integral part of the Condensed Consolidated Interim Financial Statements

Consolidated Statement of Cash Flows

In EUR million	Notes	For three months ended 31 March 2019	2018
Cash flows from operating activities			
Result from operations		**44.9**	**41.5**
Adjustments to reconcile result from operations to net cash provided by / (used in) operating activities:			
Depreciation of property, plant and equipment and right of use assets	13 & 14	6.0	5.0
Amortization and impairment of intangible assets	16	8.2	8.8
Changes in non-current receivables and payables		0.1	-
Working capital provided by / (used in) operating activities		**59.2**	**55.3**
Changes in working capital:			
Inventories and contract assets and liabilities		0.3	30.4
Trade and other receivables		(15.1)	(19.8)
Trade and other payables		14.8	(7.3)
Provisions		0.4	(3.0)
Changes in operating assets and liabilities		**0.4**	**0.3**
Cash generated from operating activities		**59.6**	**55.6**
Taxes paid		(4.8)	(9.5)
Interest and finance income		0.8	0.3
Interest and finance costs		(3.3)	(2.2)
Net cash from operating activities		**52.3**	**44.2**
Cash flows from investing activities			
Purchase of property, plant and equipment	13	(5.2)	(5.4)
Investments in intangibles	16	(6.0)	(6.2)
Proceeds from sale of property, plant and equipment		0.4	0.4
Net cash provided by / (used in) investing activities		**(10.8)**	**(11.2)**
Cash flows from financing activities			
Purchase of treasury shares	20	(37.6)	(30.3)
Proceeds from borrowings	21	30.0	72.0
Repayments of borrowings	21	-	(57.4)
Payments lease liabilities		(9.4)	(2.0)
Dividends paid	20	(32.6)	(25.9)
Net cash provided by / (used in) financing activities		**(49.6)**	**(43.6)**
Net increase (decrease) in net cash		**(8.1)**	**(10.6)**
Exchange gain / (loss) on net cash		1.9	(2.2)
Net cash at beginning of the period		56.3	31.9
Net cash at end of the period		**50.1**	**19.1**

The notes on pages 10-34 are an integral part of the Condensed Consolidated Interim Financial Statements

Notes to the Condensed Consolidated Interim Financial Statements

1 General information

Reporting entity

Marel hf. ("the Company") is a limited liability company incorporated and domiciled in Iceland. The address of its registered office is Austurhraun 9, Garðabær.

The Condensed Consolidated Interim Financial Statements of the Company as at and for the three-month period ended 31 March 2019 comprise the Company and its subsidiaries (together referred to as "the Group" or "Marel").

The Group is a leading global provider of advanced equipment, systems and services for the Poultry, Meat and Fish industries and is involved in the manufacturing, development, distribution and sales of solutions for these industries.

The Condensed Consolidated Interim Financial Statements for the three-month period ended 31 March 2019 have been reviewed by an external auditor.

All amounts are in millions of EUR and have been rounded to the nearest million, unless otherwise indicated.

These Condensed Consolidated Interim Financial Statements have been approved for issue by the Board of Directors and CEO on 29 April 2019.

The Company is listed on the Nasdaq OMX Nordic Iceland exchange.

2 Basis of preparation and use of judgements and estimates

Basis of preparation

These Condensed Consolidated Interim Financial Statements of the Company and its subsidiaries are for the three-month period ended 31 March 2019 and have been prepared in accordance with IAS 34 as adopted by the European Union.

The Condensed Consolidated Interim Financial Statements should be read in conjunction with the Group's Annual Consolidated Financial Statements for the year ended 31 December 2018. The Consolidated Financial Statements for the Group for the period ended 31 December 2018 are available upon request from the Company's registered office at Austurhraun 9, Garðabær, Iceland or at www.marel.com.

These Condensed Consolidated Interim Financial Statements do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

IFRS 9, IFRS 15 and IFRS 16 have been applied as of 1 January 2018. Changes to significant accounting policies are described in note 3.

These Condensed Consolidated Interim Financial Statements have been prepared under the historical cost convention, except for the valuation of financial assets and liabilities (including derivative instruments) which are valued at fair value through the Consolidated Statement of Comprehensive Income.

Items of each entity in the Group, as included in the Condensed Consolidated Interim Financial Statements, are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the functional currency"). The Condensed Consolidated Interim Financial Statements are presented in Euro (EUR), which is the Group's reporting currency.

Use of judgements and estimates

In preparing these Condensed Consolidated Interim Financial Statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last Group's Annual Consolidated Financial Statements for the year ended 31 December 2018.

3 Accounting policies

The accounting policies applied in these Condensed Consolidated Interim Financial Statements are consistent with those applied and described in the Annual Consolidated Financial Statements for the year ended 31 December 2018.

The accounting policies have been applied consistently for all periods presented in these Condensed Consolidated Interim Financial Statements.

In 2019, Marel decided to modify its Consolidated Statement of Income in order to take into consideration ESMA's latest recommendations. This new presentation resulted in a reclassification of the PPA related costs into expenses by function (Selling and marketing expenses, Research and development expenses and General and administrative expenses).

Impact of the adoption of IFRS 9, IFRS 15 and IFRS 16

The Group has adopted IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers from 1 January 2018.

Marel adopted IFRS 16 Leases as well on 1 January 2018. The transition approach for IFRS 16 is the cumulative catch up approach, as a result there is no impact on Retained earnings as at 1 January 2018.

The impact of the adoption of IFRS 9 and IFRS 15, as per 1 January 2018, on the Group's equity as at 1 January 2018 is summarized in the following table:

Retained earnings	
31 December 2017 [1)]	313.9
IFRS 9 [2)]	4.1
IFRS 15 [3)]	(8.9)
1 January 2018 [4)]	**309.1**

1) Retained earnings as presented in the Consolidated Statement of Financial Position.
2) Adjustments due to adoption of IFRS 9.
3) Adjustments due to adoption of IFRS 15.
4) Adjusted opening balance at 1 January 2018

The total adjustment, net of tax, to the opening balance of the Group's equity at 1 January 2018 amounts to EUR 4.8 million (decrease of Retained earnings). The principal components of the estimated adjustments are as follows:

- IFRS 9: An increase in Retained earnings of EUR 3.7 million relating to modifications in the Group's loan facilities and an increase in Retained earnings of EUR 0.4 million as a result of a reduction in the impairment of Trade receivables.
- IFRS 15: A decrease in Retained earnings of EUR 3.0 million due to later recognition of revenues (and some associated costs) for standard equipment and a decrease in Retained earnings of EUR 5.9 million due to alignment of margins for all phases of the complete system or solution.

4 Financial management

The Company's policy is to finance its operations in its revenue currencies. More than 99% of Marel's revenues originate outside of Iceland and there is a good currency balance between the Company's revenues and costs. Efforts have been made to systematically reduce currency risk in the Company's financing and to reduce interest cost.

Marel has two main funding facilities:

Schuldschein promissory notes

On 7 December 2018 Marel finalized an issue of Schuldschein promissory notes for EUR 140 million. The investors were a mixture of Central European and Asian commercial banks. The notes were split in 5 and 7 year terms and a mixture of fixed and floating rates:

- EUR 8.5 million at 1.83% fixed interest for 7 years.
- EUR 15.5 million at 1.366% fixed interest for 5 years.
- EUR 106 million with floating EURIBOR rate and 1.1% margin for 5 years.
- EUR 10 million with floating EURIBOR rate and 1.3% margin for 7 years.

The floating rate tranches include a 0% floor on the 6 month EURIBOR. At inception of the loan, the 0% floor did not have an intrinsic value and is not separated in from the original contract in the Consolidated Statement of Financial Position.

Syndicated Loan

The Group has a 640 EUR million equivalent facilities agreement with seven international banks, led by ING bank, Rabobank and ABN AMRO. The terms and conditions are generally in line with Loan Market Association corporate standards. It is an all senior facility, which matures in 2022.

The key elements of the Syndicated loan are:

- A five-year all senior loan and revolver, consisting of a EUR 243 million term loan and a USD 75 million term loan and a EUR 325 million revolving credit facility, all with final maturity in May 2022.
- Initial interest terms are EURIBOR/LIBOR + 185 bps, which will vary in line with Marel's leverage ratio (Net debt/EBITDA) at the end of each quarter.

The Group has a financing structure which can accommodate the Group's financing requirements until 2022 with USD and EUR borrowings matching the Group's exposure in these currencies to a large extent. The facility has an embedded 0% floor in the EURIBOR and LIBOR rates. At the date of utilization of the loans (5 May 2017) the 5 year EURIBOR curve was negative and consequently the floor had intrinsic value at the date of inception. In accordance with IFRS 9 Financial Instruments, Marel has separated the embedded derivative from the facility and reports the intrinsic value on a fair value basis as a financial derivative on the Consolidated Statement of Financial Position.

5 Business combinations

Acquisition of MAJA Maschinenfabrik Hermann Schill GmbH & Co. KG

On 14 August 2018, Marel concluded the acquisition of the limited partner interest in the company of MAJA Maschinenfabrik Hermann Schill GmbH & Co. KG to get transferred all business assets and liabilities. As part of this transaction Marel also acquired 100% of the shares of related companies in France and the United States ("MAJA"). This transaction is in line with Marel's strategic objective to be a full-line supplier of advanced food processing solutions and accelerate market penetration through acquisitions.

Founded in 1955, MAJA is a highly innovative manufacturer of food processing machinery, specializing in skinning and portioning with main focus on the meat market as well as ice machines for the preservation of fresh food. Based in Kehl-Goldscheuer in Germany, MAJA has around 200 employees and annual revenues of roughly EUR 30 million in 2017.

This bolt-on acquisition supports Marel in achieving its goals for future growth and value creation. With

MAJA's innovative product offering and complimentary geographical reach, Marel is strengthening its product offering and market presence.

Closing of the transaction was subject to anti-trust approval and standard closing conditions. The transaction was funded from cash on hand and available facilities.

The amounts recorded for the acquisition as disclosed below are provisional. In accordance with IFRS 3, Business Combinations, the purchase price of MAJA is allocated to identifiable assets and liabilities acquired.

Immediately after the acquisition date the Purchase Price Allocation activities started. The process is still ongoing and is expected to be finished in the first half of 2019. As a consequence all of the numbers recorded for the acquisition are provisional, and include a preliminary estimate for Property, plant and equipment. Provisional goodwill amounted to EUR 0.7 million. The resulting goodwill from this acquisition is primarily related to the strategic (and cultural) fit of MAJA and Marel with highly complementary product portfolios and geographic presence. The goodwill is tax deductible in Germany.

Under IFRS 3, up to one year from the acquisition date, the initial accounting for business combinations needs to be adjusted to reflect additional information that has been received about facts and circumstances that existed at the acquisition date and would have affected the measurement of amounts recognized as of that date. As a result of such adjustments the values of assets and liabilities recognized may change in the one-year period from the acquisition date which did not result in adjustments to the opening balance sheet of MAJA.

MAJA contributed EUR 9.7 million to revenues for the year 2018 and affected result from operations positively.

The following table summarizes the consideration paid for MAJA and the recognized provisional amounts of assets acquired and liabilities assumed at the acquisition date being 14 August 2018.

14 August 2018	
Property, plant and equipment	9.6
Intangible assets (excl goodwill)	14.7
Inventories	11.7
Trade receivables, current and non-current	4.4
Other receivables and prepayments	2.2
Cash and cash equivalents	0.8
Assets acquired	**43.4**
Borrowings, current and non-current	7.3
Provisions, current and non-current	0.3
Trade and other payables	5.2
Liabilities assumed	**12.8**
Total net identified assets	**30.6**
Consideration paid in cash for the transaction on 14 August 2018	31.3
Provisional goodwill on acquisition	**0.7**

PPA related costs, including depreciation and amortization of acquisition-related (in)tangible assets for MAJA relate to the following lines in the Consolidated Statement of Income:

	For three months ended 31 March	
	2019	**2018**
Selling and marketing expenses	0.1	-
Research and development expenses	0.1	-
General and administrative expenses	0.1	-
	0.3	-

Sulmaq Industrial e Comercial S.A.

On 25 July 2017, Marel signed an agreement to acquire 100% of the shares of Sulmaq Industrial e Comercial S.A. ("Sulmaq") from a consortium of shareholders. Sulmaq is domiciled in Brazil. The closing of the acquisition of Sulmaq took place on 31 August 2017.

Sulmaq is involved in development of projects and supply of complete slaughtering, deboning and industrialized equipment lines for hog, cattle and sheep processors according to customer's needs and operates in Brazil and internationally. The acquisition enhances Marel's position as a leading global provider of advanced equipment and solutions to the Poultry, Meat and Fish industries and is fully in line with the Company's previously announced growth strategy. This step supports Marel's full line offering in the meat processing industry.

In accordance with IFRS 3, Business Combinations, the purchase price of Sulmaq was allocated to identifiable assets and liabilities acquired. Goodwill amounted to EUR 10.3 million and is allocated to the Meat segment. The resulting goodwill from this acquisition is primarily related to the strategic (and cultural) fit of Sulmaq and Marel with highly complementary product portfolios and geographic presence, new customers and synergies. The goodwill is, under certain conditions, deductible for income tax purposes.

Sulmaq contributed EUR 30.0 million to revenues for the year 2018 and affected result from operations positively. Under IFRS 3, up to one year from the acquisition date, the initial accounting for business combinations needs to be adjusted to reflect new information that is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. As a result of such adjustments the values of assets and liabilities recognized may change in the one-year period from the acquisition date. The Purchase Price Allocation of Sulmaq is finalized.

The following table summarizes the consideration paid for Sulmaq and the recognized amounts of assets and liabilities at the acquisition date being 31 August 2017.

31 August 2017	
Property, plant and equipment	10.3
Intangible assets	3.3
Inventories	6.1
Trade receivables, current and non-current	5.5
Other receivables and prepayments	0.5
Cash and cash equivalents	5.8
Assets acquired	**31.5**
Borrowings, current and non-current	5.0
Deferred and other tax liabilities	2.7
Provisions, current and non-current	0.6
Trade and other payables	7.5
Liabilities assumed	**15.8**
Total net identified assets	**15.7**
Consideration paid in cash for the transaction on 31 August 2017	26.0
Goodwill on acquisition	**10.3**

Amortization of acquisition-related (in)tangible assets for Sulmaq relate to the following lines in the Consolidated Statement of Income (no amortization was recorded in 2017 as the Purchase Price Allocations was only finalized in 2018):

	For three months ended 31 March	
	2019	**2018**
Cost of sales	-	0.0
Selling and marketing expenses	0.1	0.1
Research and development expenses	0.0	0.0
General and administrative expenses	0.0	0.0
	0.1	**0.1**

6 Non-IFRS measurement

Reconciliation of non-IFRS information

Management has presented Adjusted result from operations as a performance measure in the Consolidated Statement of Income and believes that this measure is relevant to an understanding of the Group's financial performance. Adjusted result from operations is calculated by adjusting Result from operations to exclude the impact of PPA related costs (consisting of depreciation and amortization of acquisition-related (in)tangible assets). No other adjustments are included in Adjusted results from operations.

In this note to the Condensed Consolidated Interim Financial Statements Marel presents certain financial measures when discussing Marel's performance that are not measures of financial performance or liquidity under IFRS ('Non-IFRS'). Non-IFRS measures do not have standardized meanings under IFRS and not all companies calculate non-IFRS measures in the same manner or on a consistent basis. As a result, these measures may not be comparable to measures used by other companies that have the same or similar names.

The reconciliation of Adjusted result from operations to the most directly comparable IFRS measure, result from operations, for the year indicated is included in the table below.

	2019 as reported	PPA related charges	2019 non-IFRS measures	2018 as reported	PPA related charges	2018 non-IFRS measures
In EUR million	**YTD 2019**	**YTD 2019**	**YTD 2019**	**YTD 2018**	**YTD 2018**	**YTD 2018**
Revenues	324.6	-	324.6	288.4	-	288.4
Cost of sales	(199.2)	-	(199.2)	(176.9)	0.0	(176.9)
Gross profit	**125.4**	**-**	**125.4**	**111.5**	**0.0**	**111.5**
Selling and marketing expenses	(39.0)	1.7	(37.3)	(34.2)	1.6	(32.6)
Research and development expenses	(21.4)	0.8	(20.6)	(18.1)	0.7	(17.4)
General and administrative expenses	(20.1)	0.1	(20.0)	(17.7)	0.0	(17.7)
Adjusted result from operations		**2.6**	**47.5**		**2.3**	**43.8**
PPA related costs		(2.6)	(2.6)		(2.3)	(2.3)
Result from operations	**44.9**	**-**	**44.9**	**41.5**		**41.5**
Finance costs	(4.6)	-	(4.6)	(6.4)	-	(6.4)
Finance income	0.8	-	0.8	0.4	-	0.4
Net finance costs	(3.8)	-	(3.8)	(6.0)	-	(6.0)
Result before income tax	**41.1**	**-**	**41.1**	**35.5**	**-**	**35.5**
Income tax	(8.9)	-	(8.9)	(7.2)	-	(7.2)
Net result	**32.2**	**-**	**32.2**	**28.3**	**-**	**28.3**

7 Segment information

Operating segments

The identified operating segments comprise the three industries, which are the reporting segments. These operating segments form the basis for managerial decision taking. The following summary describes the operations in each of the Group's reportable segments:

- Poultry processing: Our poultry processing product range offers integrated systems for processing broilers, turkeys and ducks.
- Meat processing: Our Meat Industry specializes in the key processes of slaughtering, deboning and trimming, case ready food service and bacon processing.
- Fish processing: Marel provides advanced equipment and systems for salmon and whitefish processing, both farmed and wild, onboard and ashore.
- The 'Others' segment includes any revenues, result from operations and assets which do not belong to the three core industries.

The reporting entities are reporting their revenues per operating segment based on the industry for which the customer is using Marel's product range. Therefore inter-segment revenues do not exist, only intercompany revenues within the same segment.

Results are monitored and managed at the operating segment level, up to the Adjusted result from operations. Adjusted result from operations is used to measure performance as management believes that this information is the most relevant in evaluating the results of the respective Marel segments relative to other entities that operate in the same industries.

The Group's CEO reviews the internal management reports of each segment on a monthly basis. Fluctuations between quarters are mainly due to timing of receiving and delivery of orders, margin on projects and business mix. Decisions on tax and financing structures including cash and cash equivalents are taken at a corporate level, therefore no financial income and expenses nor tax are allocated to the operating segments. The profit or loss per operating segment is the Adjusted result from operations (before PPA related costs including depreciation and amortization of acquisition-related (in)tangible assets); finance costs and taxes are reported in the column Total.

Intercompany transactions are entered at arm's length terms and conditions comparable to those available to unrelated parties. Information on assets per operating segment is reported; however, decisions on liabilities are taken at a corporate level and as such are not included in this disclosure.

	Poultry	Meat	Fish	Others	Total
For three months ended 31 March 2019					
Third Party Revenues	**174.0**	**100.8**	**40.6**	**9.2**	**324.6**
Adjusted result from operations	**30.6**	**12.7**	**3.0**	**1.2**	**47.5**
PPA related costs					(2.6)
Result from operations					**44.9**
Net finance costs					(3.8)
Result before income tax					**41.1**
Income tax					(8.9)
Net result for the period					**32.2**
Assets	**703.6**	**691.8**	**134.3**	**55.3**	**1,585.0**
Investments	8.8	4.9	1.9	-	15.6
Depreciation and amortization	(6.0)	(6.2)	(1.8)	(0.2)	(14.2)

	Poultry	Meat	Fish	Others	Total
For three months ended 31 March 2018					
Third Party Revenues	**157.4**	**88.8**	**38.5**	**3.7**	**288.4**
Adjusted result from operations	**29.3**	**10.7**	**3.3**	**0.5**	**43.8**
PPA related costs					(2.3)
Result from operations					**41.5**
Net finance costs					(6.0)
Result before income tax					**35.5**
Income tax					(7.2)
Net result for the period					**28.3**
Assets	**677.5**	**628.7**	**138.7**	**20.8**	**1,465.7**
Investments	6.7	3.6	1.5	-	11.8
Depreciation and amortization	(5.7)	(6.6)	(1.5)	-	(13.8)
Of which Impairments	-	(1.1)	-	-	(1.1)

Geographical Information

The Group's three operating segments operate in four main geographical areas, although they are managed on a global basis. The home country of the Group is Iceland. The three main operating companies are located in Iceland, The Netherlands and the United States.

Total assets excluding Cash and cash equivalents	**31/03 2019**	**31/12 2018**
Iceland	128.4	101.2
The Netherlands	941.2	953.5
Europe other	203.4	204.8
North America	193.8	183.1
Other countries	68.1	67.0
	1,534.9	**1,509.6**

Total assets exclude the Group's cash pool which the Group manages at corporate level.

Capital expenditure	For three months ended 31 March 2019	2018
Iceland	3.1	1.8
The Netherlands	6.0	6.8
Europe other	3.0	1.8
North America	2.4	1.0
Other countries	1.1	0.4
	15.6	**11.8**

8 Revenues

Revenues

The Group's operations and main revenue streams are those described in the last Annual Consolidated Financial Statements. The Group's revenue is derived from contracts with customers. Within the segments and within the operating companies, Marel is not relying on any individual major customers.

Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical markets (revenue is allocated based on the country were the customer is located):

For three months ended 31 March 2019	Poultry	Meat	Fish	Others	Total
Primary geographical markets					
Iceland	0.2	0.1	2.0	0.0	**2.3**
The Netherlands	6.7	4.0	0.6	0.5	**11.8**
Europe other	60.6	45.0	22.2	5.8	**133.6**
North America	73.6	20.4	8.2	0.7	**102.9**
Other countries	32.9	31.3	7.6	2.2	**74.0**
	174.0	**100.8**	**40.6**	**9.2**	**324.6**

For three months ended 31 March 2018	Poultry	Meat	Fish	Others	Total
Primary geographical markets					
Iceland	0.3	0.0	1.0	0.0	**1.3**
The Netherlands	3.9	4.3	0.5	0.2	**8.9**
Europe other	57.4	33.2	23.4	1.4	**115.4**
North America	52.8	26.1	6.9	0.6	**86.4**
Other countries	43.0	25.2	6.7	1.5	**76.4**
	157.4	**88.8**	**38.5**	**3.7**	**288.4**

In the following table revenue is disaggregated by equipment revenue (comprising revenue from greenfield and large projects, standard equipment and modernization equipment) and aftermarket revenue (comprising maintenance, service and spare parts).

	For three months ended 31 March 2019	2018
Equipment revenue	211.2	183.7
Aftermarket revenue	113.4	104.7
Total revenue	**324.6**	**288.4**

Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contract with customers.

	31/03 2019	31/12 2018
Ordered work in progress	574.0	526.7
Advances received on ordered work in progress	(750.6)	(694.8)
	(176.6)	**(168.1)**
Contract assets	37.9	44.0
Contract liabilities	(214.5)	(212.1)
	(176.6)	**(168.1)**

The contract assets (cost exceed billing) primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

The contract liabilities (billing exceed cost) primarily relate to the advance consideration received from customers for standard equipment for which revenue is recognized at a point in time and for the sale of complete solutions or systems for which revenue is recognized over time.

No information is provided about remaining performance obligations at 31 March 2019 that have an original expected duration of one year or less, as allowed by IFRS 15.

9 Expenses by nature

Expenses by nature

The table below shows the Expenses by nature:

	For three months ended 31 March	
	2019	**2018**
Cost of goods sold	115.4	101.3
Employee benefits	113.5	99.8
Depreciation and amortization	14.2	13.8
Maintenance and rent of buildings and equipment	3.7	3.9
Other	32.9	28.1
	279.7	**246.9**

10 Net finance costs

	For three months ended 31 March	
	2019	**2018**
Finance costs:		
Interest on borrowings	(2.9)	(2.5)
Interest on leases	(0.2)	(0.2)
Other finance expenses	(1.4)	(1.6)
Net foreign exchange transaction losses	(0.1)	(2.1)
Subtotal finance costs	**(4.6)**	**(6.4)**
Finance income:		
Interest income	0.8	0.4
Subtotal finance income	**0.8**	**0.4**
Net finance costs	**(3.8)**	**(6.0)**

11 Income tax

Income tax recognized in the Consolidated Statement of Income	For three months ended 31 March	
	2019	**2018**
Current tax	(11.8)	(8.3)
Deferred tax	2.9	1.1
	(8.9)	**(7.2)**

Income tax expense is recognized at an amount determined by multiplying the profit (loss) before tax for the interim reporting period by management's best estimate of the weighted-average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognized in the interim period. As such, the effective tax rate in the interim financial statements may differ from the effective tax rate for the annual financial statements.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated companies as shown in the table below.

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax laws and prior experience.

In December 2018, a new corporate tax law was substantially enacted in the Netherlands. Consequently, as of 1 January 2020, the corporate tax rate in the Netherlands will be reduced from 25.00% to 22.55% and will be further reduced to 20.50% as of 1 January 2021.

Reconciliation of effective income tax	For three months ended 31 March			
	2019	%	2018	%
Result before income tax	41.1		35.5	
Income tax using Icelandic rate	(8.2)	20.0	(7.1)	20.0
Effect of tax rates in other jurisdictions	(1.7)	4.1	(1.7)	4.8
Weighted average applicable tax	(9.9)	24.1	(8.8)	24.8
Foreign exchange effect Iceland	(0.2)	0.5	0.3	(0.8)
Research and development tax incentives	1.4	(3.4)	1.5	(4.2)
Permanent differences	(0.4)	1.0	(0.1)	0.3
Tax losses (un)recognized	0.0	0.0	(0.0)	0.0
(Impairment)/reversal of tax losses	0.0	0.0	-	-
Effect of tax rate changes	0.2	(0.5)	(0.1)	0.3
Tax charge included in the profit or loss for the period	**(8.9)**	**21.7**	**(7.2)**	**20.4**

12 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to Shareholders by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by the Company and held as treasury shares.

Basic earnings per share (EUR cent per share)	For three months ended 31 March	
	2019	2018
Net result attributable to Shareholders	32.2	28.3
Weighted average number of outstanding shares in issue (millions)	664.1	689.3
Basic earnings per share (EUR cent per share)	**4.85**	**4.11**

The diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Company has one category of dilutive potential ordinary shares: stock options. For the stock options a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding stock options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the stock options.

Diluted earnings per share (EUR cent)	For three months ended 31 March	
	2019	2018
Net result attributable to Shareholders	32.2	28.3
Weighted average number of outstanding shares in issue (millions)	664.1	689.3
Adjustments for stock options (millions)	4.0	3.8
Weighted average number of outstanding shares for diluted earnings per share (millions)	**668.1**	**693.1**
Diluted earnings per share (EUR cent per share)	**4.82**	**4.09**

13 Property, plant and equipment

	Land & buildings	Plant & machinery	Under con-struction	Vehicles & equipment	Total
1 January 2019					
Cost	182.6	95.1	12.0	44.7	334.4
Accumulated depreciation	(52.9)	(68.1)	-	(37.8)	(158.8)
Net book value	**129.7**	**27.0**	**12.0**	**6.9**	**175.6**
Three months ended 31 March 2019					
Opening net book value	129.7	27.0	12.0	6.9	175.6
Effect of movements in exchange rates	0.5	0.1	0.1	0.1	0.8
Additions	0.2	0.4	4.1	0.5	5.2
Reclassifications between categories	(2.0)	1.1	-	0.9	-
Transfer between categories	0.1	3.0	(3.1)	-	-
Depreciation charge	(1.3)	(1.6)	-	(0.6)	(3.5)
Closing net book value	**127.2**	**30.0**	**13.1**	**7.8**	**178.1**
At 31 March 2019					
Cost	178.4	100.4	13.1	47.0	338.9
Accumulated depreciation	(51.2)	(70.4)	-	(39.2)	(160.8)
Net book value	**127.2**	**30.0**	**13.1**	**7.8**	**178.1**

	Land & buildings	Plant & machinery	Under con-struction	Vehicles & equipment	Total
At 1 January 2018					
Cost	146.4	96.8	19.7	42.2	305.1
Accumulated depreciation	(50.6)	(73.2)	-	(36.6)	(160.4)
Net book value	**95.8**	**23.6**	**19.7**	**5.6**	**144.7**
Year ended 31 December 2018					
Opening net book value	95.8	23.6	19.7	5.6	144.7
Divestments	-	(2.2)	-	-	(2.2)
Effect of movements in exchange rates	(1.6)	0.1	0.1	-	(1.4)
Additions	4.7	6.5	20.3	2.5	34.0
Business combinations, note 5	12.5	(0.1)	-	0.9	13.3
Transfer between categories	22.9	5.0	(28.1)	0.2	-
Depreciation charge	(4.6)	(5.9)	-	(2.3)	(12.8)
Closing net book value	**129.7**	**27.0**	**12.0**	**6.9**	**175.6**
At 31 December 2018					
Cost	182.6	95.1	12.0	44.7	334.4
Accumulated depreciation	(52.9)	(68.1)	-	(37.8)	(158.8)
Net book value	**129.7**	**27.0**	**12.0**	**6.9**	**175.6**

Depreciation of Property, plant and equipment and of acquisition-related tangible assets analyzes as follows in the Consolidated Statement of Income:

	For three months ended 31 March	
	2019	**2018**
Cost of sales	1.6	1.4
Selling and marketing expenses	0.1	0.1
Research and development expenses	-	0.1
General and administrative expenses	1.7	1.2
	3.4	**2.8**
Depreciation of acquisition-related property, plant and equipment	0.1	-
	3.5	**2.8**

14 Right of use assets

The Group has early adopted IFRS 16 and started reporting as of 1 January 2018. As a consequence, the Group recognizes Right of use assets representing its right to use the underlying assets and a Lease liability representing its obligation to make lease payments.

The following table shows the Right of use assets:

	Land & buildings	Plant & machinery	Vehicles & equipment	Total
At 1 January 2019				
Cost	27.8	1.0	13.3	42.1
Accumulated depreciation	(4.1)	(0.2)	(4.5)	(8.8)
Net book value	**23.7**	**0.8**	**8.8**	**33.3**
Three months ended 31 March 2019				
Opening net book value	23.7	0.8	8.8	33.3
Divestments	-	-	(0.4)	(0.4)
Effect of movements in exchange rates	0.3	-	0.2	0.5
Additions	2.4	-	2.0	4.4
Depreciation charge	(1.2)	(0.1)	(1.2)	(2.5)
Closing net book value	**25.2**	**0.7**	**9.4**	**35.3**
At 31 March 2019				
Cost	30.0	1.0	14.9	45.9
Accumulated depreciation	(4.8)	(0.3)	(5.5)	(10.6)
Net book value	**25.2**	**0.7**	**9.4**	**35.3**

	Land & buildings	Plant & machinery	Vehicles & equipment	Total
At 1 January 2018				
Cost	22.4	1.0	9.8	33.2
Net book value	22.4	1.0	9.8	33.2
Year ended 31 December 2018				
Opening net book value	22.4	1.0	9.8	33.2
Divestments	-	-	(0.4)	(0.4)
Effect of movements in exchange rates	(0.1)	-	0.2	0.1
Additions	5.5	-	4.0	9.5
Depreciation charge	(4.1)	(0.2)	(4.8)	(9.1)
Closing net book value	**23.7**	**0.8**	**8.8**	**33.3**
At 31 December 2018				
Cost	27.8	1.0	13.3	42.1
Accumulated depreciation	(4.1)	(0.2)	(4.5)	(8.8)
Net book value	**23.7**	**0.8**	**8.8**	**33.3**

Depreciation of Right of use assets analyzes as follows in the Consolidated Statement of Income:

	For three months ended 31 March	
	2019	**2018**
Cost of sales	0.5	0.5
Selling and marketing expenses	0.5	0.5
Research and development expenses	0.1	0.0
General and administrative expenses	1.4	1.2
	2.5	**2.2**

For the annual maturity of lease liabilities refer to note 21.

15 Goodwill

At 1 January 2019	
Cost	641.3
Net book value	**641.3**
Three months ended 31 March 2019	
Opening net book value	641.3
Exchange differences	0.8
Closing net book value	**642.1**
At 31 March 2019	
Cost	642.1
Net book value	**642.1**

At 1 January 2018	
Cost	643.9
Net book value	**643.9**
Year ended 31 December 2018	
Opening net book value	643.9
Business combinations, note 5	(1.6)
Exchange differences	(1.0)
Closing net book value	**641.3**
At 31 December 2018	
Cost	641.3
Net book value	**641.3**

Impairment testing

The Group tested at the end of 2018 whether Goodwill had suffered any impairment. The conclusion was there were no triggers indicating that impairment was necessary.

At 31 March 2019, there is no reason to deviate from the conclusions taken at year-end.

16 Intangible assets

	Techno-logy & develop-ment costs	Customer relations, patents & trademarks	Other intangibles	Total
At 1 January 2019				
Cost	255.3	178.6	79.2	513.1
Accumulated amortization	(134.0)	(57.7)	(54.4)	(246.1)
Net book value	**121.3**	**120.9**	**24.8**	**267.0**
Three months ended 31 March 2019				
Opening net book value	121.3	120.9	24.8	267.0
Divestments	-	-	(0.1)	(0.1)
Exchange differences	0.3	0.2	(0.1)	0.4
Additions	4.4	-	1.6	6.0
Amortization charge	(4.2)	(2.7)	(1.3)	(8.2)
Closing net book value	**121.8**	**118.4**	**24.9**	**265.1**
At 31 March 2019				
Cost	260.4	179.2	80.6	520.2
Accumulated amortization	(138.6)	(60.8)	(55.7)	(255.1)
Net book value	**121.8**	**118.4**	**24.9**	**265.1**

	Technology & development costs	Customer relations, patents & trademarks	Other intangibles	Total
At 1 January 2018				
Cost	232.4	171.6	73.3	477.3
Accumulated amortization	(117.7)	(46.2)	(50.7)	(214.6)
Net book value	**114.7**	**125.4**	**22.6**	**262.7**
Year ended 31 December 2018				
Opening net book value	114.7	125.4	22.6	262.7
Divestments	-	-	(0.5)	(0.5)
Business combinations, note 5	8.2	6.1	-	14.3
Exchange differences	0.1	(0.1)	0.2	0.2
Additions	16.3	-	6.7	23.0
Impairment charge	(2.2)	-	-	(2.2)
Amortization charge	(15.8)	(10.5)	(4.2)	(30.5)
Closing net book value	**121.3**	**120.9**	**24.8**	**267.0**
At 31 December 2018				
Cost	255.3	178.6	79.2	513.1
Accumulated amortization	(134.0)	(57.7)	(54.4)	(246.1)
Net book value	**121.3**	**120.9**	**24.8**	**267.0**

The additions for 2019 predominantly comprise internally generated assets of EUR 6.0 million (31 December 2018: EUR 23.0 million) for product development and for development of software products.

The impairment charge in Intangible assets analyzes as follows in the Consolidated Statement of Income:

	For three months ended 31 March	
	2019	**2018**
Research and development expenses	-	1.1
	-	**1.1**

Amortization of Intangible assets and amortization of acquisition-related intangible assets analyzes as follows in the Consolidated Statement of Income:

	For three months ended 31 March	
	2019	**2018**
Cost of sales	0.0	0.0
Selling and marketing expenses	0.2	0.4
Research and development expenses	3.7	3.4
General and administrative expenses	1.8	1.6
	5.7	**5.4**
Amortization of acquisition-related intangible assets	2.5	2.3
	8.2	**7.7**

Impairment testing

The Group tested at the end of 2018 whether indefinite Intangible assets had suffered any impairment. The conclusion was there were no triggers indicating that impairment was necessary. At 31 March 2019, there is no reason to deviate from the conclusions taken at year-end.

17 Trade receivables, Other receivables and prepayments

	31/03 2019	31/12 2018
Trade receivables	151.8	143.4
Less: write-down to net-realizable value	(1.1)	(1.4)
Trade receivables - net	**150.7**	**142.0**
Less non-current portion	(3.1)	(3.2)
Current portion of Trade receivables	**147.6**	**138.8**
Prepayments	10.0	6.6
Other receivables	43.3	38.4
Other receivables and prepayments	**53.3**	**45.0**

Non-current receivables

Non-current receivables are mainly associated with an escrow account regarding the acquisition of Sulmaq for EUR 3.1 million (31 December 2018: EUR 3.2 million long term outstanding debtors). All non-current receivables are due within one and five years.

Current receivables

The carrying amounts of Trade receivables and Other receivables and prepayments approximate their fair value.

There were no material reversals of write-downs of Trade receivables. Due to the insignificant amount of write-downs, these are not shown separately in the Consolidated Statement of Income.

18 Deferred income tax

Deferred income taxes are calculated in full on temporary differences under the liability method.

The gross movement on the deferred income tax account is as follows:

At 31 December 2018	**(47.1)**
Exchange differences and changes within the Group	(0.1)
Consolidated Statement of Income charge (excluding tax rate change)	2.6
Effect of change in tax rates	0.2
Hedge reserve & translation reserve recognized in Other Comprehensive Income	(0.1)
At 31 March 2019	**(44.5)**

At 31 December 2017	**(56.9)**
Impact IFRS 9 & 15	1.8
At 1 January 2018	**(55.1)**
Exchange differences and changes within the Group	0.1
Consolidated Statement of Income charge (excluding tax rate change)	2.4
Effect of change in tax rates	7.0
Business combinations, note 5	(1.1)
Hedge reserve & translation reserve recognized in Other Comprehensive Income	(0.4)
At 31 December 2018	**(47.1)**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The deferred tax charge recognized in the Consolidated Statement of Financial Position is as follows:

	31/03 2019	31/12 2018
Deferred income tax assets	12.5	10.2
Deferred income tax liabilities	(57.0)	(57.3)
	(44.5)	**(47.1)**

19 Inventories

	31/03 2019	31/12 2018
Raw materials	15.9	19.8
Semi-finished goods	123.9	116.7
Finished goods	41.6	35.5
	181.4	**172.0**
Allowance for obsolescence and/or lower market value	(22.3)	(22.1)
	159.1	**149.9**

There were no material reversals of write-downs to net realizable value. The write-downs recognized following a recoverability analysis are included in Cost of sales.

20 Equity

Share Capital	Ordinary shares (thousands)	Treasury shares (thousands)	Outstanding number of shares (thousands)
At 1 January 2019	682,586	(10,762)	671,824
Treasury shares - purchased	-	(12,096)	(12,096)
Capital reduction	(11,578)	11,578	-
At 31 March 2019	**671,008**	**(11,280)**	**659,728**
	100.00%	1.68%	98.32%
At 1 January 2018	735,569	(41,747)	693,822
Treasury shares - purchased	-	(24,072)	(24,072)
Treasury shares - sold	-	2,074	2,074
Capital reduction	(52,983)	52,983	-
At 31 December 2018	**682,586**	**(10,762)**	**671,824**
	100.00%	1.58%	98.42%

Class of share capital	31/03 2019	31/12 2018
Nominal value	6.0	6.1
Share premium reserve	121.7	159.1
Reserve for share based payments	3.0	2.6
Total share premium reserve	**124.7**	**161.7**

Share capital

During the Annual General Meeting of Shareholders on 6 March 2019 the proposal to reduce the Company's share capital by 11.6 million shares, from 682.6 million shares to 671.0 million shares, was approved. The reduction was executed by way of cancelling 11.6 million of the Company's own shares of ISK 1 each, in accordance with the provisions of the Icelandic Act No. 2/1995 on Public Limited Companies. The Company's share capital was reduced in connection with the preparation of a potential dual listing of the Company, for the benefit of shareholders. Marel's Articles of Association were changed accordingly.

During the Extraordinary shareholders' meeting on 22 November 2018 the proposal to reduce the Company's share capital by 53.0 million shares, from 735.6 million shares to 682.6 million shares, was approved. The reduction was executed by way of cancelling 53.0 million of the Company's own shares of ISK 1 each, in accordance with the provisions of the Icelandic Act No. 2/1995 on Public Limited Companies. The Company's share capital was reduced in connection with the preparation of a potential dual listing of the Company, for the benefit of shareholders. Marel's Articles of Association were changed accordingly.

The total authorized number of ordinary shares is 671.0 million shares (31 December 2018: 682.6 million shares) with a par value of ISK 1 per share. All issued shares are fully paid. Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at shareholders meetings of the Company. All rights attached to the Company's treasury shares are suspended until those shares are sold again.

Dividends

In March 2019 a dividend of EUR 36.7 million (EUR 5.57 cents per share) was declared for the operational year 2018 of which EUR 32.6 million was paid in Q1 2019 and EUR 4.1 million will be paid in Q2 2019 (in 2018, a dividend of EUR 25.9 million (EUR 4.19 cents per share) was declared and paid for the operational year 2017).

Share premium reserve

The Share premium reserve comprises of payment in excess of par value of ISK 1 per share that shareholders have paid for shares sold by the Company, less payments in excess of par value that the Company has paid for treasury shares. According to the Icelandic Companies Act, 25% of the nominal value share capital must be held in reserve which cannot be paid out as dividend to shareholders. Marel is compliant with this requirement.

Other reserves

Other reserves in Shareholder's equity include the following reserves:

- Hedge reserve: comprises revaluations on derivatives, on which hedge accounting is applied. The value of 31 March 2019 and 31 December 2018 relates to derivatives for the Group, the interest rate swap contracts.
- Translation reserve: comprises the translation results of the consolidation of subsidiaries reporting in foreign currencies, as well as a currency revaluation related to financing of subsidiaries.

	Hedge reserve	Translation reserve	Total other reserves
Balance at 1 January 2019	**1.8**	**(12.1)**	**(10.3)**
Total other comprehensive income	(0.2)	4.8	4.6
Balance at 31 March 2019	**1.6**	**(7.3)**	**(5.7)**
Balance at 1 January 2018	**0.6**	**(8.8)**	**(8.2)**
Total other comprehensive income	1.2	(3.3)	(2.1)
Balance at 31 December 2018	**1.8**	**(12.1)**	**(10.3)**

Limitation in the distribution of Shareholders' equity

As at 31 March 2019, pursuant to Icelandic law, certain limitations exist relating to the distribution of Shareholders' equity. Such limitations relate to legal reserves required by Icelandic law included under Retained earnings for capitalized intangible assets related to product development projects and for legal reserves relating to any legal or economic restrictions to the ability of affiliated companies to transfer funds to the parent company in the form of dividends.

The legal reserve included under Retained earnings for capitalized intangible assets related to product development projects amounted to EUR 75.9 million as at 31 March 2019 (31 December 2018: EUR 74.7 million).

Since the profits retained in Marel hf.'s subsidiaries can be distributed and received in Iceland, no legal reserve for any legal or economic restrictions to the ability of affiliated companies to transfer funds to the parent company in the form of dividends is required.

The amount of the legal reserve for the share of profit of affiliates is reduced by dividends received from those companies and those dividends from them which can be claimed. Therefore Marel could, based on its control as the parent company, decide to let its subsidiaries pay dividends. The dividends would lower the amount of legal reserves within equity and therefore leave more room for Marel to make dividend payments to its shareholders. The new provision of the act does not prevent Marel from making dividend payments to its shareholders in 2019 since the Company has sufficient retained earnings from previous years.

The legal reserves as required by Icelandic law are required as of effective date 1 January 2016.

Non-Controlling Interests

Non-Controlling Interests ("NCI") relate to minority shares held by third parties in consolidated Group companies. The net income attributable to NCI amounted to EUR 0.0 million for the three-month period in 2019 (31 March 2018: EUR 0.0 million).

The NCI relates to MPS France S.A.R.L., France, in which the managing director of MPS France holds an ownership percentage of 24%.

21 Borrowings and lease liabilities

	31/03 2019	31/12 2018
Borrowings	461.8	429.3
Lease liabilities	27.7	27.1
Non-current	**489.5**	**456.4**
Borrowings excluding bank overdrafts	24.8	24.8
Lease liabilities	8.1	6.7
Current	**32.9**	**31.5**
Total borrowings and lease liabilities	**522.4**	**487.9**
Borrowings	486.6	454.1
Lease liabilities	35.8	33.8
Total borrowings and lease liabilities	**522.4**	**487.9**

As of 31 March 2019, interest bearing debt amounted to EUR 532.2 million including lease liabilities (31 December 2018: EUR 502.3 million), of which for 31 March 2019 and 31 December 2018 nothing is secured against shares that Marel hf. holds in subsidiaries. Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

The Group loan agreements contain restrictive covenants, relating to interest cover and leverage. At 31 March 2019 and 31 December 2018 the Group complies with all restrictive covenants.

The Group has the following headroom in committed ancillary facilities:

Floating rate	31/03 2019	31/12 2018
Expiring within one year	-	-
Expiring beyond one year	188.0	213.5
	188.0	**213.5**

Liabilities in currency recorded in EUR	Borrowings	Capitalized finance charges	Embedded derivatives and revaluation	Lease liabilities	**Total 31/03 2019**
Liabilities in EUR	430.0	(6.9)	(1.7)	12.8	434.2
Liabilities in USD	65.7	(1.2)	-	11.0	75.5
Liabilities in other currencies	0.7	-	-	12.0	12.7
	496.4	(8.1)	(1.7)	35.8	522.4
Current maturities	(29.2)	3.7	0.7	(8.1)	(32.9)
Non-current maturities	**467.2**	**(4.4)**	**(1.0)**	**27.7**	**489.5**

Liabilities in currency recorded in EUR	Borrowings	Capitalized finance charges	Embedded derivatives and revaluation	Lease liabilities	**Total 31/12 2018**
Liabilities in EUR	402.2	(7.7)	(4.3)	11.4	401.6
Liabilities in USD	65.6	(1.3)	(1.2)	8.0	71.1
Liabilities in other currencies	0.7	-	-	14.4	15.1
	468.5	**(9.0)**	**(5.5)**	**33.8**	**487.8**
Current maturities	(30.7)	3.7	2.3	(6.7)	(31.4)
Non-current maturities	**437.8**	**(5.3)**	**(3.2)**	**27.1**	**456.4**

31/03/2019 Annual maturity of non-current borrowings	Borrowings	Capitalized finance charges	Embedded derivatives and revaluation	Lease liabilities	**Total**
Between 1 and 2 years	29.1	(3.8)	(0.4)	10.4	35.3
Between 2 and 3 years	30.6	(0.4)	(0.5)	3.7	33.4
Between 3 and 4 years	198.2	(0.1)	(0.1)	2.9	200.9
Between 4 and 5 years	189.0	(0.1)	-	5.8	194.7
After 5 years	20.3	0.0	-	4.9	25.2
	467.2	**(4.4)**	**(1.0)**	**27.7**	**489.5**

31/12/2018 Annual maturity of non-current borrowings	Borrowings	Capitalized finance charges	Embedded derivatives and revaluation	Lease liabilities	**Total**
Between 1 and 2 years	30.7	(3.7)	(2.1)	11.0	35.9
Between 2 and 3 years	30.7	(1.3)	(1.0)	3.3	31.7
Between 3 and 4 years	233.8	(0.2)	(0.1)	2.1	235.6
Between 4 and 5 years	122.2	(0.1)	-	2.6	124.7
After 5 years	20.4	0.0	-	8.1	28.5
	437.8	**(5.3)**	**(3.2)**	**27.1**	**456.4**

22 Provisions

	Guarantee commit-ments	Pension commit-ments *)	Other provisions	Total
Balance at 1 January 2019	**7.0**	**9.4**	**0.6**	**17.0**
Additions	0.2	0.3	0.3	0.8
Used	(0.1)	(0.1)	-	(0.2)
Release	(0.1)	-	-	(0.1)
Balance at 31 March 2019	**7.0**	**9.6**	**0.9**	**17.5**

	Guarantee commit-ments	Pension commit-ments *)	Other provisions	Total
Balance at 1 January 2018	**7.9**	**8.3**	**1.5**	**17.7**
Additions	1.5	1.5	0.2	3.2
Business combinations, note 5	0.3	-	-	0.3
Used	(0.6)	(0.4)	(1.0)	(2.0)
Release	(2.1)	-	(0.1)	(2.2)
Balance at 31 December 2018	**7.0**	**9.4**	**0.6**	**17.0**

*) Including the provision for early retirement rights, which has increased to EUR 6.4 million 31 March 2019 (31 December 2018: EUR 6.1 million).

Analysis of total provisions	**31/03 2019**	**31/12 2018**
Current	8.0	7.8
Non-current	9.5	9.2
	17.5	**17.0**

23 Trade and other payables

	31/03 2019	31/12 2018
Trade payables	82.7	92.9
Accruals	15.3	10.4
Personnel payables	60.1	53.9
Other payables	75.4	62.8
Total Trade and other payables	**233.5**	**220.0**
Less non-current portion	(3.0)	(3.0)
Current portion of Trade and other payables	**230.5**	**217.0**

24 Financial instruments

Interest-rate swap

To protect Marel from fluctuations in EURIBOR-EUR-Reuters/LIBOR-BBA ("British Bankers Association") and in accordance with the interest hedge policy Marel has entered into interest rate swaps (the hedging instruments) to receive floating interest and to pay fixed interest.

This is in line with Marel's risk management policy to have 50 - 70% of core debt fixed for 3 – 5 years.

The notional principal amount of the outstanding active interest rate swap contracts at 31 March 2019 was EUR 282.4 million (31 December 2018: EUR 281.2 million).

31/03 2019	Currency	Principal	Maturity	Interest %
Interest rate SWAP	EUR	50.0	2020	(0.1)
Interest rate SWAP	EUR	35.0	2023	0.4
Interest rate SWAP	EUR	35.0	2023	0.4
Interest rate SWAP	EUR	50.0	2020	(0.1)
Interest rate SWAP	EUR	50.0	2020	(0.1)
Interest rate SWAP	USD	10.0	2020	1.3
Interest rate SWAP	USD	60.0	2020	1.6
Forward starting interest rate SWAP	EUR	80.0	2022	0.4
Forward starting interest rate SWAP	EUR	40.0	2022	0.4
Forward starting interest rate SWAP	USD	50.0	2022	2.3
Embedded floor (0,00% cap on interest rates in financing agreements)	EUR	257.5	2022	0.0
FX EUR DKK interest rate SWAP (EUR fixed, DKK floating)	EUR	0.8	2027	5.2

31/12 2018	Currency	Principal	Maturity	Interest %
Interest rate SWAP	EUR	50.0	2020	(0.1)
Interest rate SWAP	EUR	35.0	2023	0.4
Interest rate SWAP	EUR	35.0	2023	0.4
Interest rate SWAP	EUR	50.0	2020	(0.1)
Interest rate SWAP	EUR	50.0	2020	(0.1)
Interest rate SWAP	USD	10.0	2020	1.3
Interest rate SWAP	USD	60.0	2020	1.6
Forward starting interest rate SWAP	EUR	80.0	2022	0.4
Forward starting interest rate SWAP	EUR	40.0	2022	0.4
Forward starting interest rate SWAP	USD	50.0	2022	2.3
Embedded floor (0,00% cap on interest rates in financing agreements)	EUR	257.5	2022	0.0
FX EUR DKK interest rate SWAP (EUR fixed, DKK floating)	EUR	0.8	2027	5.2

25 Contingencies

Contingent liabilities

At 31 March 2019 the Group had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise. In the ordinary course of business the Group has given guarantees amounting to EUR 67.1 million (31 December 2018: EUR 49.0 million) to third parties.

Legal proceedings

As part of doing business and acquisitions the Group is involved in claims and litigations, under such indemnities and guarantees. These claims are pending and all are contested. Provisions are recognized when an outflow of economic benefits for settlement is probable and the amount can be estimated reliably. It should be understood that, in light of possible future developments, such as (a) potential additional lawsuits, (b) possible future settlements, and (c) rulings or judgments in pending lawsuits, certain cases may result in additional liabilities and related costs.

At this point in time, we cannot estimate any additional amount of loss or range of loss in excess of the recorded amounts with sufficient certainty to allow such amount or range of amounts to be meaningful. Moreover, if and to the extent that the contingent liabilities materialize, they are often resolved over a number of years and the timing of such payments cannot be predicted with confidence. While the outcome of said cases, claims and disputes cannot be predicted with certainty, we believe, based upon legal advice and information received, that the final outcome will not materially affect our consolidated financial position but could be material to our results of operations or cash flows in any one accounting period.

Environmental remediation

The Company and its subsidiaries are subject to environmental laws and regulations. Under these laws, the Company and/or its subsidiaries may be required to remediate the effects of certain incidents on the environment.

26 Related party transactions

At 31 March 2019 and 31 December 2018 there are no loans to the members of the Board of Directors and the CEO. In addition, there were no transactions carried out (purchases of goods and services) between the Group and members of the Board of Directors nor the CEO in the three-month period ended 31 March 2019 and the year 2018.

27 Subsequent events

No significant events have taken place since the reporting date, 31 March 2019.

28 Quarterly results

The below table provides an overview of the quarterly Result from operations and Net result for the period as presented in the Consolidated Statement of Income:

	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1
Revenue	324.6	330.8	282.0	296.7	288.4
Cost of sales	(199.2)	(205.2)	(171.3)	(181.7)	(176.9)
Gross profit	**125.4**	**125.6**	**110.7**	**115.0**	**111.5**
Selling and marketing expenses	(39.0)	(37.2)	(33.6)	(35.0)	(34.2)
Research and development expenses	(21.4)	(22.1)	(19.1)	(17.4)	(18.1)
General and administrative expenses	(20.1)	(25.4)	(20.4)	(21.7)	(17.7)
Result from operations (EBIT)	**44.9**	**40.9**	**37.6**	**40.9**	**41.5**
Net finance costs	(3.8)	(2.9)	(2.9)	(3.1)	(6.0)
Result before income tax	**41.1**	**38.0**	**34.7**	**37.8**	**35.5**
Income tax	(8.9)	(0.0)	(8.0)	(8.3)	(7.2)
Net result for the period	**32.2**	**38.0**	**26.7**	**29.5**	**28.3**
Result before depreciation & amortization (EBITDA)	**59.1**	**56.3**	**50.0**	**53.9**	**55.3**

The below table provides an overview of the quarterly Adjusted result from operations, which management believes to be a relevant Non-IFRS measurement, as mentioned in note 6:

	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1
Revenue	324.6	330.8	282.0	296.7	288.4
Cost of sales	(199.2)	(200.5)	(171.3)	(181.7)	(176.9)
Gross profit	**125.4**	**130.3**	**110.7**	**115.0**	**111.5**
Selling and marketing expenses	(37.3)	(35.6)	(32.0)	(33.5)	(32.6)
Research and development expenses	(20.6)	(21.2)	(18.4)	(16.7)	(17.4)
General and administrative expenses	(20.0)	(25.3)	(20.3)	(21.6)	(17.7)
Adjusted result from operations*)	**47.5**	**48.2**	**40.0**	**43.2**	**43.8**
PPA related costs	(2.6)	(7.3)	(2.4)	(2.3)	(2.3)
Result from operations (EBIT)	**44.9**	**40.9**	**37.6**	**40.9**	**41.5**

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

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