

Q1 2019

Investor meeting

30 April 2019

DISCLAIMER



FORWARD-LOOKING STATEMENTS

Statements in this press release that are not based on historical facts are forward-looking statements. Although such statements are based on management's current estimates and expectations, forward-looking statements are inherently uncertain.

We therefore caution the reader that there are a variety of factors that could cause business conditions and results to differ materially from what is contained in our forward-looking statements, and that we do not undertake to update any forward-looking statements.

All forward-looking statements are qualified in their entirety by this cautionary statement.

MARKET SHARE DATA

Statements regarding market share, including those regarding Marel's competitive position, are based on outside sources such as research institutes, industry and dealer panels in combination with management estimates.

Where information is not yet available to Marel, those statements may also be based on estimates and projections prepared by outside sources or management. Rankings are based on sales unless otherwise stated.

US DISCLAIMER

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

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

ÁRNI ODDUR THÓRDARSON

Chief Executive Officer



LINDA JÓNSDÓTTIR

Chief Financial Officer



Q1 2019 FINANCIAL HIGHLIGHTS

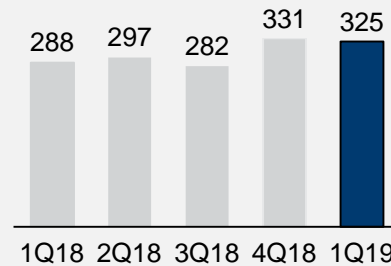


Strong organic growth, resilient profitability and cash flow generation
 – 12.6% organic revenue growth year-on-year and gross profit margin of 38.6%

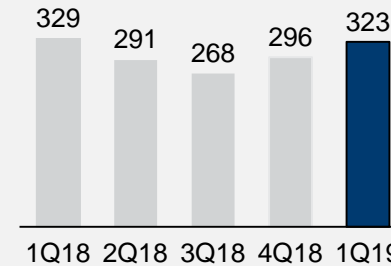
HIGHLIGHTS

- Orders received were EUR 323m, up 9.2% QoQ and 1.8% lower than the record orders received in 1Q18
- Rise in orders from Asia and China, while US and Europe remain stable
- Revenues in 1Q19 were EUR 325m, up 12.6% YoY and EBIT¹ margin in line with FY18
- Book-to-bill ratio was 0.99, and order book stands at 38% of 12 month trailing revenues
- Net profit in 1Q19 up 13.8% YoY
- EUR 70m returned to shareholders through dividend and share buybacks
- Robust operational cash flow supports leverage at 2.2x net debt / EBITDA

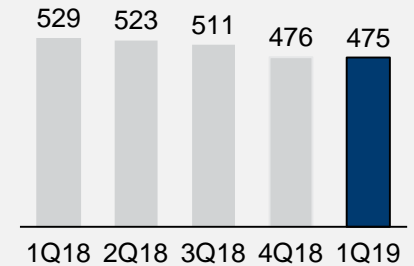
REVENUES
EUR m



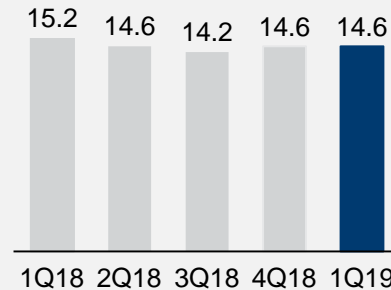
ORDERS RECEIVED
EUR m



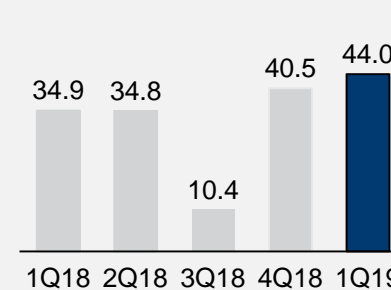
ORDER BOOK
EUR m



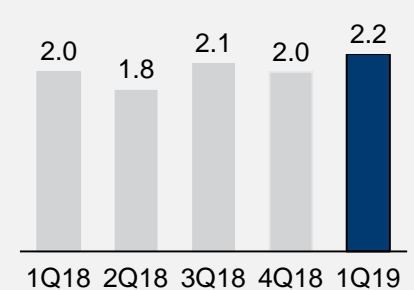
EBIT* MARGIN
%



FREE CASH FLOW
EUR m



LEVERAGE
Net debt/EBITDA



*Operating income adjusted for purchase price allocation (PPA) costs related to acquisitions

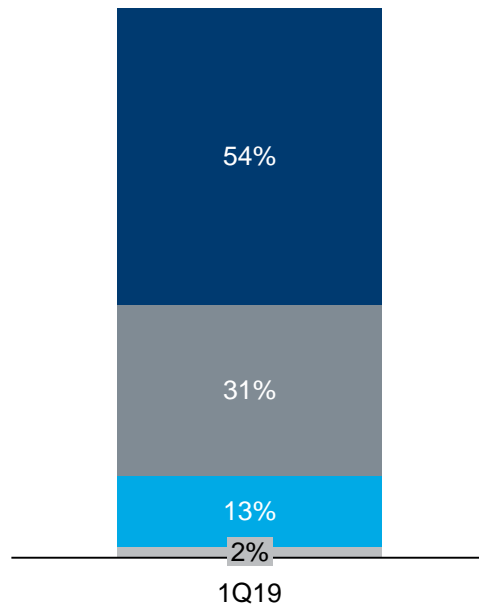
GOOD QUALITY OF EARNINGS



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

REVENUES BY INDUSTRY

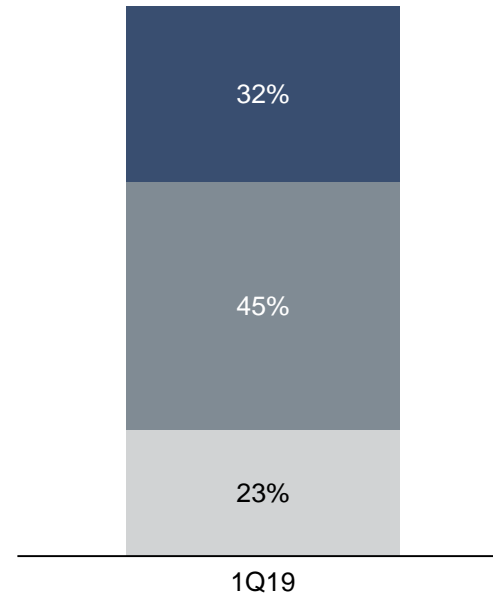
%



- Poultry
- Meat
- Fish
- Other

REVENUES BY GEOGRAPHY

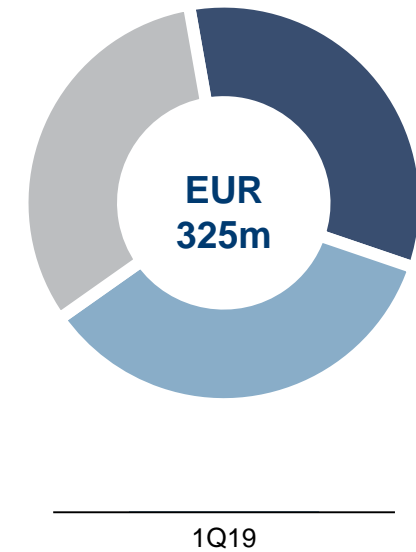
%



- North-America
- Europe
- Rest of the world

REVENUES BY BUSINESS MIX

%



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

BALANCED REVENUE MIX

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

POULTRY



EUR 174m revenues 1Q19
17.6% EBIT margin 1Q19

- Revenues up 10.5% year-on-year, continues to deliver strong growth and operational performance as the most advanced industry within Marel
- Solid operational performance in the quarter was underpinned by high assembly load and deliveries, especially in the US, and positive revenue mix of service and spare parts
- Orders received in 1Q19 were good with large orders booked in China, Australia, the US and Columbia

Full-line offering with one of the largest installed bases world-wide, focus on roll-out of innovative products and market penetration through cross-selling of secondary and further processing solutions

MEAT



EUR 101m revenues 1Q19
12.6% EBIT¹ margin 1Q19

- Revenues up 13.5% year-on-year, in part due strong growth in Asia and Oceania and the MAJA acquisition having a positive revenue and margin contribution
- Management is targeting medium and long-term EBIT margin expansion for Marel Meat
- Total order book for Marel Meat is robust, with large projects booked in the quarter came from the US, Vietnam and Oman

Full-line since 2016, focus going forward on strong product development, increased standardization, modularization and market penetration and further cross-selling and up-selling

FISH



EUR 41m revenues 1Q19
7.4% EBIT margin 1Q19

- Revenues up 5.5% year-on-year, in part due to higher proportion of revenues from service and spare parts
- Management is targeting medium and long-term EBIT margin expansion for Marel Fish
- The order book for Marel Fish was stable between quarters with good geographical and product diversity in orders received in 1Q19, and a significant part from recurring revenue items
- Large projects booked in the quarter came from Russia, Ireland and Norway

Aim to fill certain primary processing applications with innovation and / or M&A to accelerate full-line offering of data-driven processing focused on salmon, wild whitefish and farmed whitefish

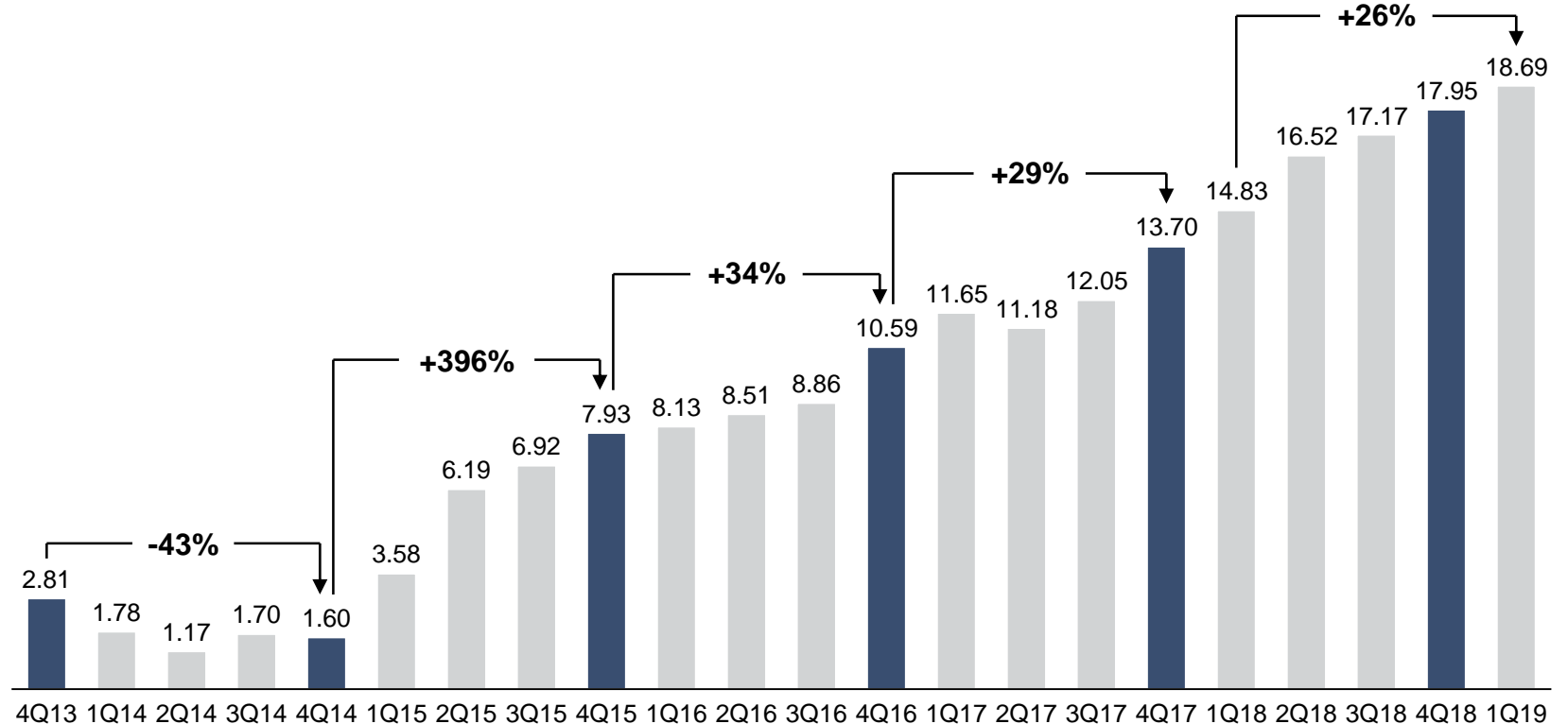
EARNINGS PER SHARE



Favorable development in Earnings per Share (EPS) over recent quarters and 26% growth in EPS from 1Q18-1Q19, management expects EPS to grow faster than revenues

- Robust growth and operational improvements with best in class cash flow
- Cash flow reinvested in innovation, infrastructure and global reach to sustain growth and value creation
- Dividends paid out in recent years within the targeted dividend policy of 20-40% of net profit
- 2019 AGM approved a dividend of EUR 5.57 cents per share for the operating year 2018, or 30% of net result
- EUR 70m returned to shareholders through dividend and share buybacks

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



FINANCIAL PERFORMANCE

LINDA JONSDOTTIR

Chief Financial Officer

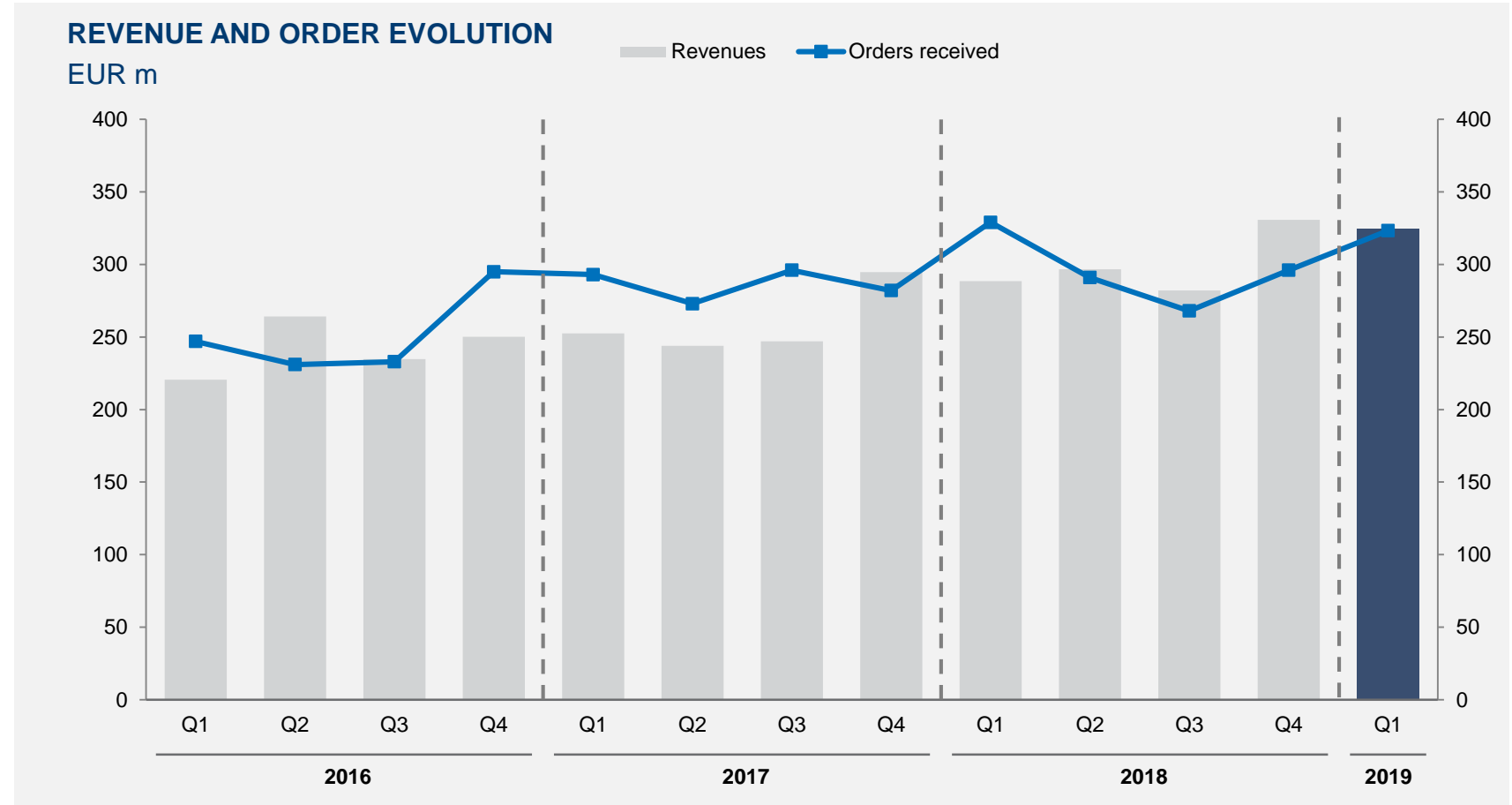


TOP-LINE GROWTH SUPPORTED BY HIGH ORDER INTAKE



Healthy mix of revenues deriving from greenfields, modernisation, and standard equipment, 35% of revenues derive from maintenance of existing customers' installed base world-wide

- Orders received were EUR 323m, up 9.2% QoQ and 1.8% lower than the record orders received in 1Q18
- Order book was 38.5% of trailing 12m revenues and primarily constitutes greenfield projects and large projects with long lead times
- Book-to-bill ratio was 0.99 in the quarter
- Significant proportion of Marel's revenues derived from the service and spare parts business, in total around 35% of Q1 2019 revenues
- Recurring revenues derive from service level agreements, spare parts and ad-hoc repairs
- Limited seasonality in orders received and revenues

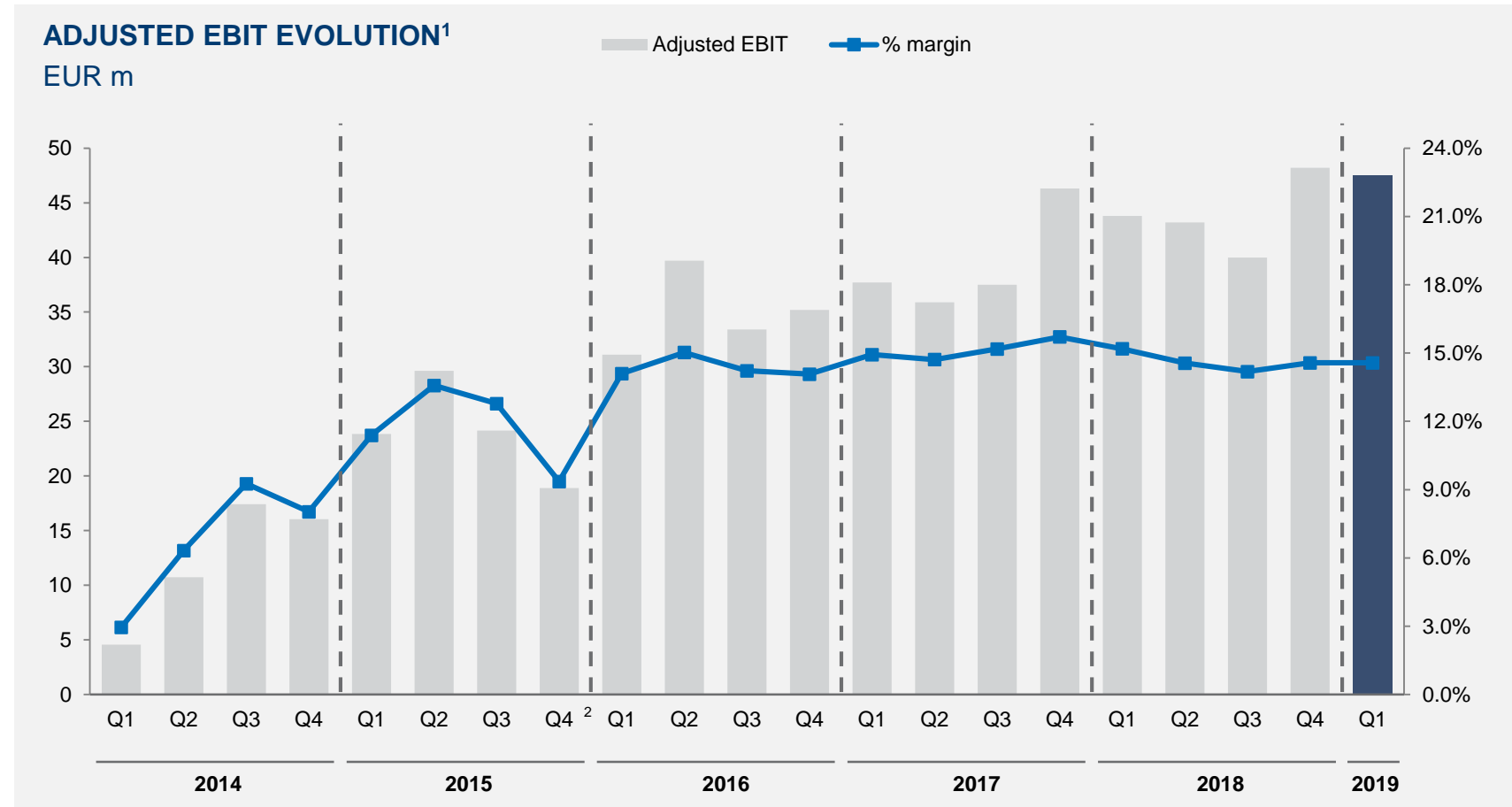


STEADY OPERATIONAL PERFORMANCE



Double-digit revenue growth in the quarter of 12.6% YoY
with adjusted EBIT margin of 14.6%

- Adjusted EBIT margin of 14.6% in 1Q19 (1Q18: 15.2%) and 14.6% in FY18
- Revenues increased by 12.6% YoY in 1Q19 and adjusted EBIT by 8.4% YoY
- Ongoing and continued investment in the future scalability of our platform, IT infrastructure and global reach
- Fluctuation in adjusted EBIT margins quarter on quarter can be expected as timing of big projects and product mix can have an effect



Source: Company information.

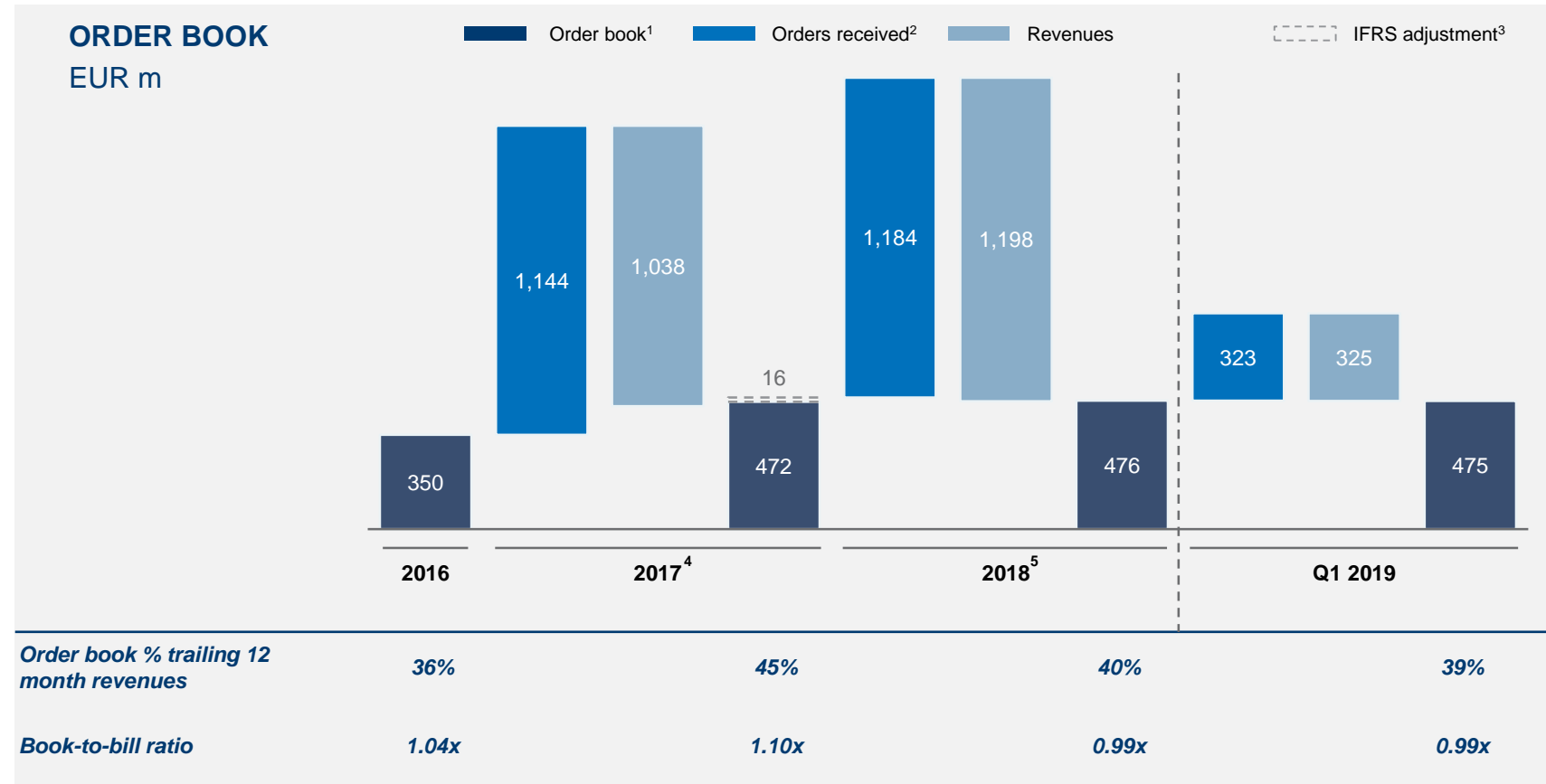
Note: ¹ Adjusted for PPA costs related to acquisitions. from 2016 – 2019 and refocusing costs in 2014 and 2015 relating to “Simpler, Smarter, Faster” programme. PPA refers to amortisation of acquisition-related. intangible assets. ² Adjusted EBIT in Q4 2015 is not adjusted for 3.3m cost related to the MPS acquisition, which was described in the Company’s Q4 2015 report and recorded in general and administrative expenses.

ROBUST ORDER BOOK



A robust and well-diversified order book continues to provide a good foundation for the rest of 2019

- Order book consists of orders that have been signed and financially secured with down payments and / or letters of credit for the outstanding amount
- Meat projects have in general longer lead times than poultry, while fish projects have shorter cycles
- SLA contracts including spare parts are included in the order book
- Low customer concentration with no customer accounting for >5% of the total revenues
- Well diversified order book by size with widely spread delivery times



Source: Company information. Note: ¹ The order book reflects Marel's estimates, as of the relevant order book date, of potential future revenues to be derived from contracts for equipment, software, service and spare parts which have been financially secured through down payments and/or letters of credit in line with the relevant contract terms. These estimates reflect the estimated total nominal values of amounts due under the relevant contracts less any amounts recognised as revenues in Marel's financial statements as of the relevant order book date. 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. ³ One-time effect related to the adoption of IFRS 15. ⁴ Including acquired order book of Sulmaq of EUR 17m. ⁵ Including acquired order book of MAJA of EUR 2m.

INCOME STATEMENT: Q1 2019



Gross profit was EUR 125.4 million or 38.6% of revenues and net result was EUR 32.2 million

In EUR million	Q1 2019	Of revenues	Q1 2018	Of revenues	Change
Revenues	324.6		288.4		+12.6%
Cost of sales	(199.2)		(176.9)		+12.6%
Gross profit	125.4	38.6%	111.5	38.7%	+12.5%
Selling and marketing expenses	(37.3)	11.5%	(32.6)	11.3%	+14.4%
Research and development expenses	(20.6)	6.3%	(17.4)	6.1%	+18.4%
General and administrative expenses	(20.0)	6.2%	(17.7)	6.1%	+13.0%
Adjusted result from operations¹	47.5	14.6%	43.8	15.2%	+8.4%
PPA related costs	(2.6)		(2.3)		+13.0%
Result from operations	44.9	13.8%	41.5	14.4%	+8.2%
Net finance costs	(3.8)		(6.0)		-36.7%
Result before income tax	41.1		35.5		+15.8%
Income tax	(8.9)		(7.2)		+23.6%
Net result	32.2	9.9%	28.3	9.8%	+13.8%

Note: The income statement as presented above provides an overview of the quarterly Adjusted result from operations, which management believes to be a relevant Non-IFRS measurement. The income statement as presented in the Condensed Consolidated Financial Statements is shown in the appendix.

¹Operating income adjusted for purchase price allocation (PPA) costs related to acquisitions

BALANCE SHEET: ASSETS



Q1 2019 Condensed Consolidated Interim Financial Statements

HIGHLIGHTS

- Marel continues to invest in the business to prepare for future growth with the objective to achieve its full potential
- Total operating working capital increased EUR 19.7m over the quarter due to increase in inventories and trade receivables
- Inventories rising partly due to high volume and increase in fast moving parts to secure shorter delivery times
- Trade and other payables (liabilities) rose in line with higher volume

ASSETS

In EUR million	31/03 2019	31/12 2018	Change
Property, plant and equipment	178.1	175.6	+1.4%
Right of use assets	35.3	33.3	+6.0%
Goodwill	642.1	641.3	+0.1%
Intangible assets (excluding goodwill)	265.1	267.0	-0.7%
Trade and other receivables	3.1	3.2	-3.1%
Derivative financial instruments	0.8	1.3	-38.5%
Deferred income tax assets	12.5	10.2	+22.5%
Non-current assets	1,137.0	1,131.9	+0.5%
Inventories	159.1	149.9	+6.1%
Contract assets	37.9	44.0	-13.9%
Trade receivables	147.6	138.8	+6.3%
Other receivables and prepayments	53.3	45.0	+18.4%
Cash and cash equivalents	50.1	56.3	-11.0%
Current assets	448.0	434.0	+3.2%
TOTAL ASSETS	1,585.0	1,565.9	+1.2%

BALANCE SHEET: EQUITY AND LIABILITIES



Q1 2019 Condensed Consolidated Interim Financial Statements

HIGHLIGHTS

- Leverage ratio 2.2x net debt/ EBITDA
- Dividend payments and share buyback of EUR 70m in 1Q19
- No share buyback since AGM in March 2019
- Contract liabilities (production contracts) reflect down payments from customers on projects that will be produced

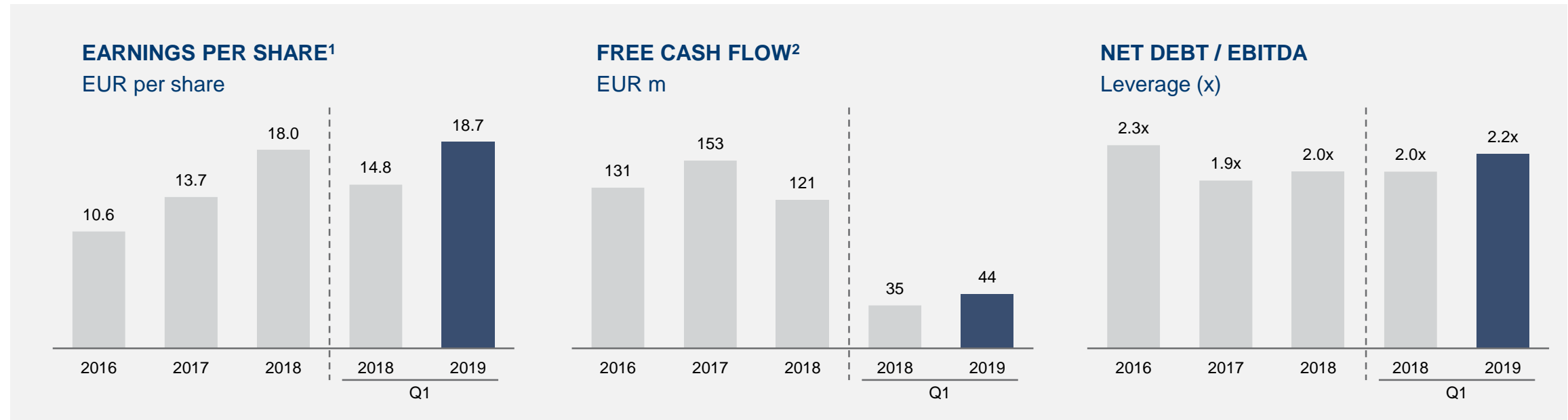
EQUITY AND LIABILITIES

In EUR million	31/03 2019	31/12 2018	Change
Group equity	523.9	560.9	-6.6%
Borrowings	461.8	429.3	+7.6%
Lease liability	27.7	27.1	+2.2%
Deferred income tax liabilities	57.0	57.3	-0.5%
Provisions	9.5	9.2	+3.3%
Other liabilities	3.0	3.0	-
Derivative financial instruments	-	1.4	-100.0%
Non-current liabilities	559.0	527.3	+6.0%
Contract liabilities	214.5	212.1	+1.1%
Trade and other payables	230.5	217.0	+6.2%
Current income tax liabilities	16.2	9.3	+74.2%
Borrowings	24.8	24.8	-
Lease liability	8.1	6.7	+20.9%
Provisions	8.0	7.8	+2.6%
Current liabilities	502.1	477.7	+5.1%
Total liabilities	1,061.1	1,005.0	+5.6%
TOTAL EQUITY AND LIABILITIES	1,585.0	1,565.9	+1.2%

KEY PERFORMANCE METRICS



Proven track record of earnings results and value creation



- Consistent and high EPS growth trajectory supported by strong free cash flows and cash conversion
 - Earnings per share expected to increase faster than revenue growth subject to continuing operational improvement and value creation
- Free cash flow continues on a strong level or EUR 44m (1Q18: 35m)
 - Marel continues to invest in the business to prepare for future growth with the objective to achieve its full potential
 - Investments into innovation and IT have continued on a high note in the first quarter, while at the same time facility investments are scaling down after a period of significant investments
- Stable leverage in recent years
 - Maintained leverage levels within targeted range of 2-3x net debt / EBITDA despite acquisitions of MPS, Sulmaq and MAJA in 2016, 2017 and 2018
 - EUR 70m returned to shareholders through dividend and share buybacks

Source: Company information.

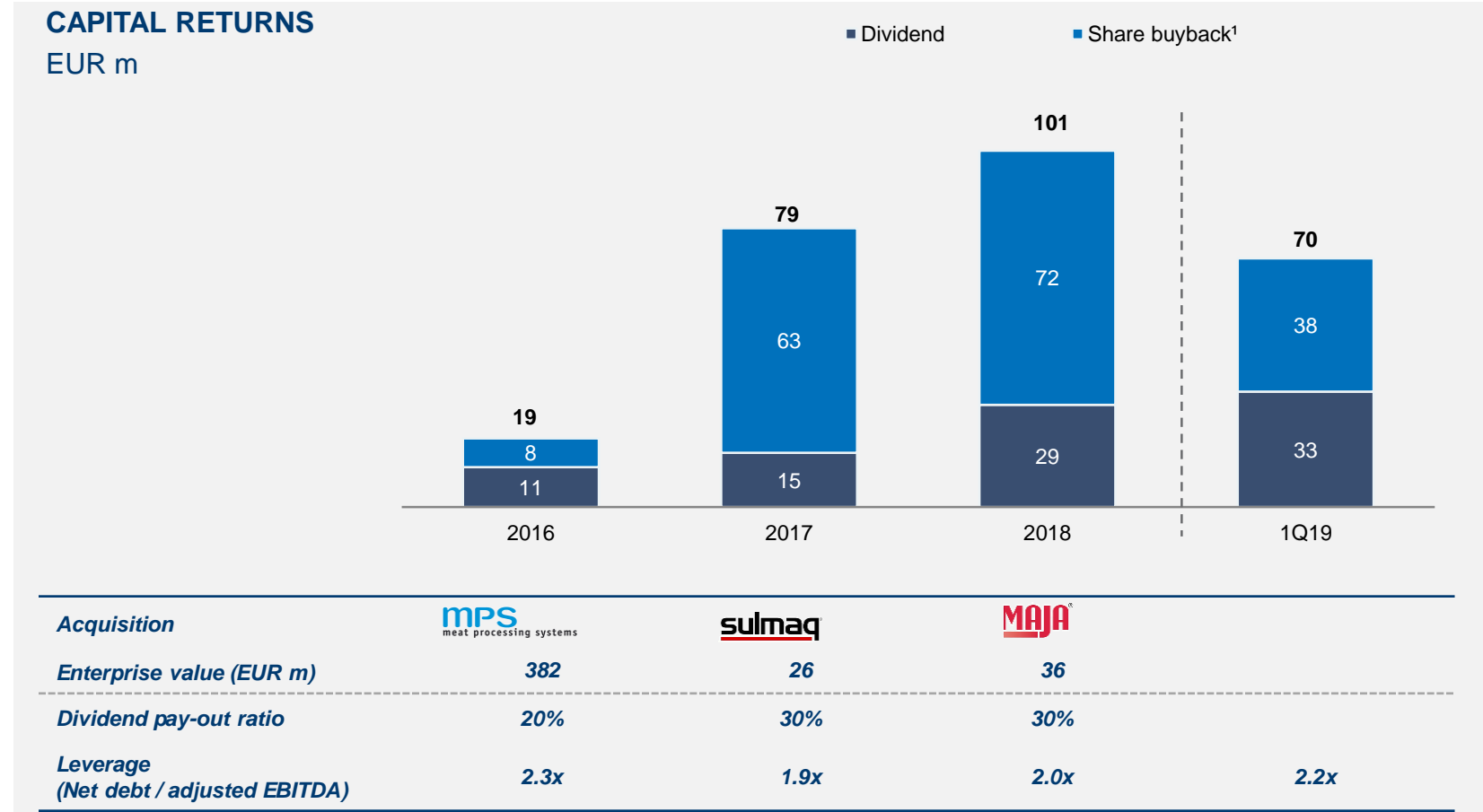
Note: ¹ Basic earnings per share, trailing twelve months. ² Free cash flow defined as cash generated from operating activities less tax and net investments.

CAPITAL ALLOCATION



Marel has consistently returned capital to shareholders while expanding the business and maintaining targeted leverage levels, EUR 70m returned to shareholders through dividend and share buybacks

- Dividend or share buyback targeted at 20-40% of net profits
- Excess capital used to stimulate growth and value creation, as well as paying dividends and executing share buybacks
- Dividend policy first disclosed at AGM in 2011 and has remained at 20-40% of net profits since then



Source: Company information.

Note: ¹ Share buybacks include purchase of treasury shares and expenditures relating to formal share buyback programmes.

BUSINESS & OUTLOOK

ÁRNI ODDUR THÓRDARSON

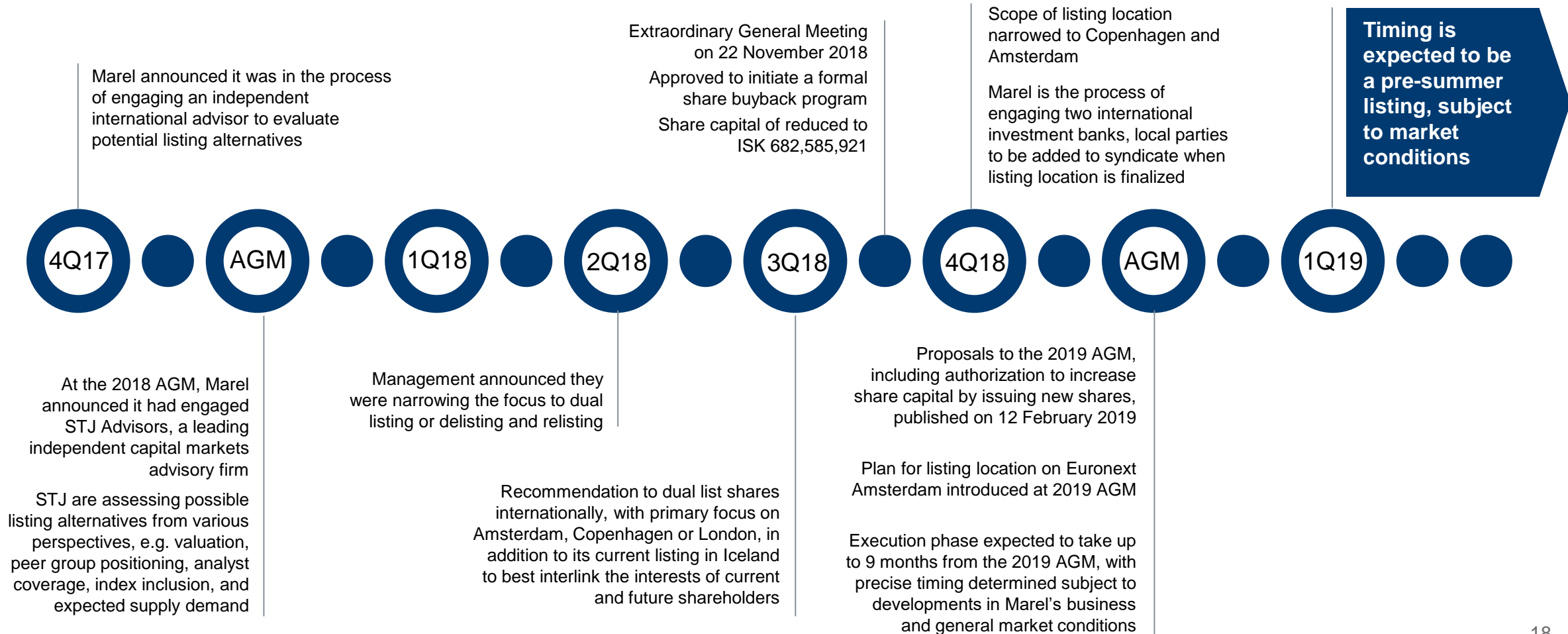
Chief Executive Officer



LISTING ON TRACK



Preparation of the intended dual listing and offering of Marel shares on Euronext Amsterdam, in addition with current listing in Iceland, is progressing as planned





Listed since 1992



EURONEXT

A pre-summer listing
expected in 2019

FROM START UP TO A GLOBAL LEADER

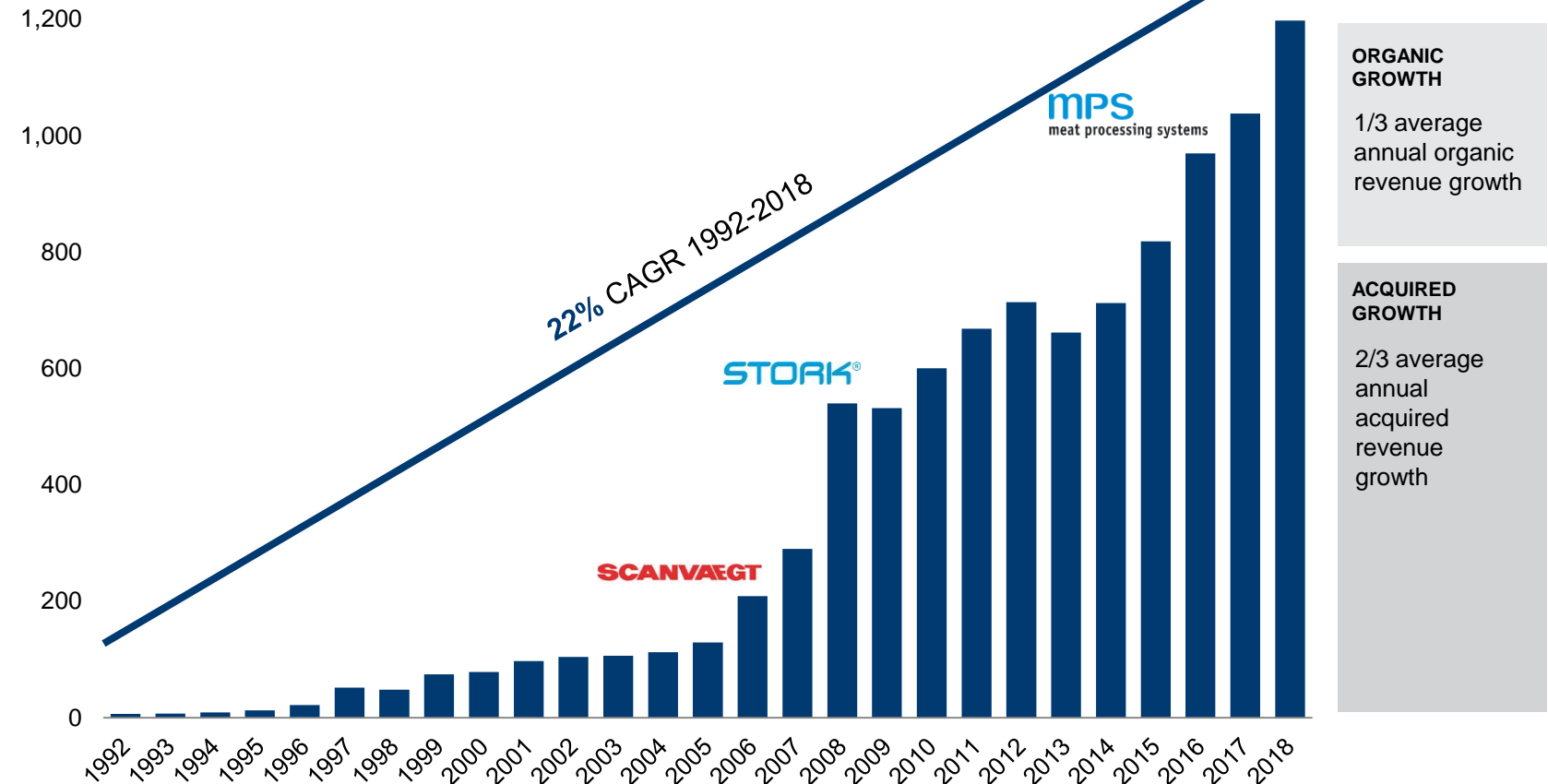


Marel had over 6,000 employees working in +30 countries and EUR 1.2 billion in revenues in 2018, a stark contrast to its 45 employees and revenues of EUR 6 million at the time of listing in 1992

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

LISTED ON NASDAQ ICELAND STOCK EXCHANGE SINCE 1992

EUR m



INVESTING IN GROWTH



Target of 12% average annual revenue growth in 2017-2026, capitalizing on R&D investments and strengthening the value chain organically and via strategic investments

INNOVATION

R&D
commitment of
~6%
of revenues

ORGANIC

Annual market growth
expected at
4-6%

...driven by innovation and
market penetration, Marel
aims to grow faster than
market

STRATEGIC

Annual revenue growth
expected at
5-7%

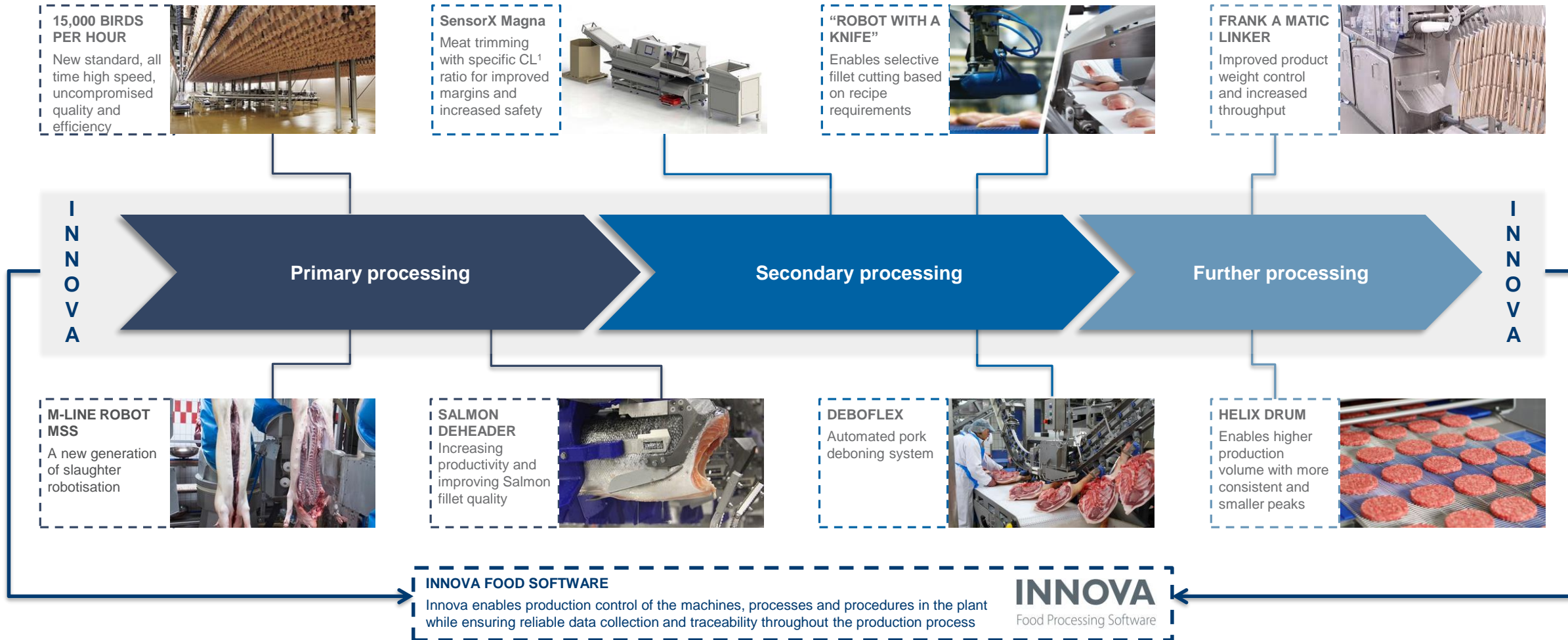
...acquisition growth
to accelerate full line offering
and market penetration

Growth is not expected to be linear but based on
opportunities and economic fluctuations

AT THE FOREFRONT OF INNOVATION



Marel has introduced over 50 new products to the market in the past 3 years, with numerous examples of advanced product development providing full-line solutions for customers



Source: Company information. Note: ¹ Chemical lean ratio.

MAREL MEAT AT IFFA 2019



Marel meat is introducing 7 new solutions at IFFA this year, both new solutions but also new improved generations of previously launched technology



MAREL FISH AT BRUSSELS SEAFOOD SHOW 2019



In addition to releasing four new products for sale at Brussels, the Marel Fish stand will feature numerous products introduced in the past 12 months

4 NEW PRODUCT RELEASES IN BRUSSELS

1. The fully automatic **RoboBatcher Thermoformer**
 - Makes filling orders easier and more efficient by automatically adjusting processing based on which product weights and sizes best match the order requirements
2. The new and improved **Compact Grader**
 - Features a user-friendly interface with a new display and multiple programs that make grading even easier
3. The revolutionary FleXicut pinboner and fillet portioner with the **FleXitrim trimming line**,
 - Its advanced feedback capability gives operators the information they need to improve trimming results
4. For grading and packing, the new **M2400 Scales**
 - An advanced, high-precision weighing and monitoring with full digital control scales based on the M2200, which has served as one of the most accurate scales or over 30 years on the market

NEW IN SALMON PROCESSING

- 3 new products already released in 2019
- Improve processing results in terms of end-product quality, yield and reduced labor costs
- Great examples of how Marel makes salmon processing more intelligent – and therefore more efficient, more sustainable, and more profitable

#1 QC Scanner



#2 FleXicut Salmon



#3 The PacelInfeeder for the Filleting Machine



INNOVA – NEW IN SMARTER PROCESSING

- New releases from Innova this year include **Innova for FlexiTrim**
- Includes individual performance monitoring for yield, throughput and quality, and a more streamlined infeed to FleXicut.



Item	Weight	Humidity
FleXicut - Cod - V-Out	41.22 g	7.68 %
FleXicut - Cod - Loin	282.63 g	52.70 %
FleXicut - Cod - Rector	141.40 g	26.37 %
FleXicut - Cod - Flap	71.03 g	13.25 %

FINANCIAL TARGETS AND DIVIDEND POLICY



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

		FY17	FY18	1Q19	TARGET	
Revenue growth¹	Organic	5.0%	12.5%	-	12% average annual revenue growth in 2017-2026¹	<p>Market conditions have been exceptionally favorable but are currently more challenging in light of geopolitical uncertainty. Marel enjoys a balanced exposure to global economies and local markets through its global reach, innovative product portfolio and diversified business mix</p> <p>In the period 2017-2026, Marel is targeting 12% average annual revenue growth through market penetration and innovation, complemented by strategic partnerships and acquisitions</p> <p>Up to 2026, management forecasts 4-6% average annual market growth. Marel aims to grow organically faster than the market, driven by innovation and growing market penetration</p> <p>Solid operational performance and strong cash flow is expected to support 5-7% revenue growth on average by acquisition</p>
	Acquired	2.1%	2.9%	-		
	Total	7.1%	15.4%	12.6% YoY		
Innovation investment		5.6%	6.2%	6.3%	~6% of revenues	To support new product development and ensure continued competitiveness of existing product offering
Earnings per share (EUR cent)²		13.7	18.0	18.7	EPS to grow faster than revenues	Marel's management targets Earnings per Share to grow faster than revenues
Leverage		1.9x	2.0x	2.2x	Net debt / EBITDA 2-3x	The leverage ratio is targeted to be in line with the targeted capital structure of the company
Dividend policy		30%	30%	-	20-40% of net profit	Dividend or share buyback targeted at 20-40% of net profits. Excess capital used to stimulate growth and value creation, as well as payment of dividends / funding share buybacks

Source: Company information. Note: ¹ Growth is not expected to be linear but based on opportunities and economic fluctuations. Operational results may vary from quarter to quarter due to general economic developments, fluctuations in orders received and timing of deliveries of larger systems. ² Trailing twelve months, EUR cents.

Q&A

ÁRNI ODDUR THÓRDARSON
CEO

LINDA JÓNSDÓTTIR
CFO



APPENDIX



CONSOLIDATED STATEMENT OF INCOME: Q1 2019



The bridge between Result from operations and Adjusted result from operations, showing PPA related costs separately, is presented 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 operations¹		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
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

¹Operating income adjusted for purchase price allocation (PPA) costs related to acquisitions

THANK YOU

