

WELCOME

**MAREL
ANNUAL GENERAL
MEETING 2020**

Everything counts



Everything counts

The 2019 Annual Report is about a lot more than just counting numbers.

We are driven by a passion for promoting sustainability and respect for nature's resources. Whether it's a gram from a fish fillet, a simple idea, or a drop of water— we realize that everything counts. That's how we **transform food processing**.

Go to ar2019.marel.com to read our 2019 Annual Report



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REPORT OF THE BOARD OF DIRECTORS

Ásthildur Margrét Otharsdóttir,
Chairman of the Board



Everything counts

It might not seem like much, but a gram can make a world of difference in an industry where thousands of tons of fish are processed every second. A few extra grams per portion quickly adds up to significant gains in yield. Our innovative FleXicut solution analyzes, debones, and portions fish fillets with groundbreaking accuracy. This helps the food processing industry meet the growing global demand for quality food, without wasting a single gram.



Every idea counts

A flash of inspiration can come at any time. Even in the shower. Our brave engineers constantly seek new ways to meet a growing demand for quality food. By investing greatly in R&D, we help them nurture their ideas, which sometimes turn into groundbreaking solutions. In 2019, we introduced 30 innovations, and we've only just begun.

Every number counts

Four decades ago, we introduced our first product: an electronic scale. Ever since, we have enjoyed steady growth and an increasing market share in the global food processing industry. A secure financial standing allows us to invest significantly in innovation, carrying out our mission to provide safe and sustainable food for all.

Every thought counts

Food for thought, or thought for food? A little bit of both. Innova, our unique software, provides a complete overview of a product's processing journey, from reception to dispatch. When it comes to guaranteeing quality, efficiency, and maximizing of resources, it really is the thought that counts.

Every journey counts

Marel is a robust international community of shareholders, each of them on their journey with us. Some have been with us from the start, whereas others have only recently joined us. Their number of shares varies, but they are all on the same journey towards success. Every one of them counts.



Every contribution counts

As a leading global company, our responsibility is not just to our shareholders and customers but to the world's population and the planet we share. We want our every undertaking to contribute to society in both small ways and large. Always leading by example, we are able to successfully transform much more than food processing.



**BOARD OF
DIRECTORS**

Every step counts

Every great journey starts with a single step. Forty years ago, we set off with an idea, inspired by our vision to preserve nature's food resources. Today, with ambition, innovation, and strategic thinking, we are a global leader in our field. Every day we break new ground and continue to transform food processing – one significant step at a time.

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CEO'S OPERATIONAL REPORT

Árni Oddur Thórdarson,
Chief Executive Officer



SUCCESSFUL LISTING ON EURONEXT AMSTERDAM



All key objectives met, i.e. to expand the international investor base, increase brand awareness, realize a more liquid aftermarket and provide an acquisition currency to support long-term growth ambition



✓
Access to international investor base

✓
Improved liquidity and fair trading

✓
Acquisition currency

✓
Analyst coverage

✓
Fungibility of shares

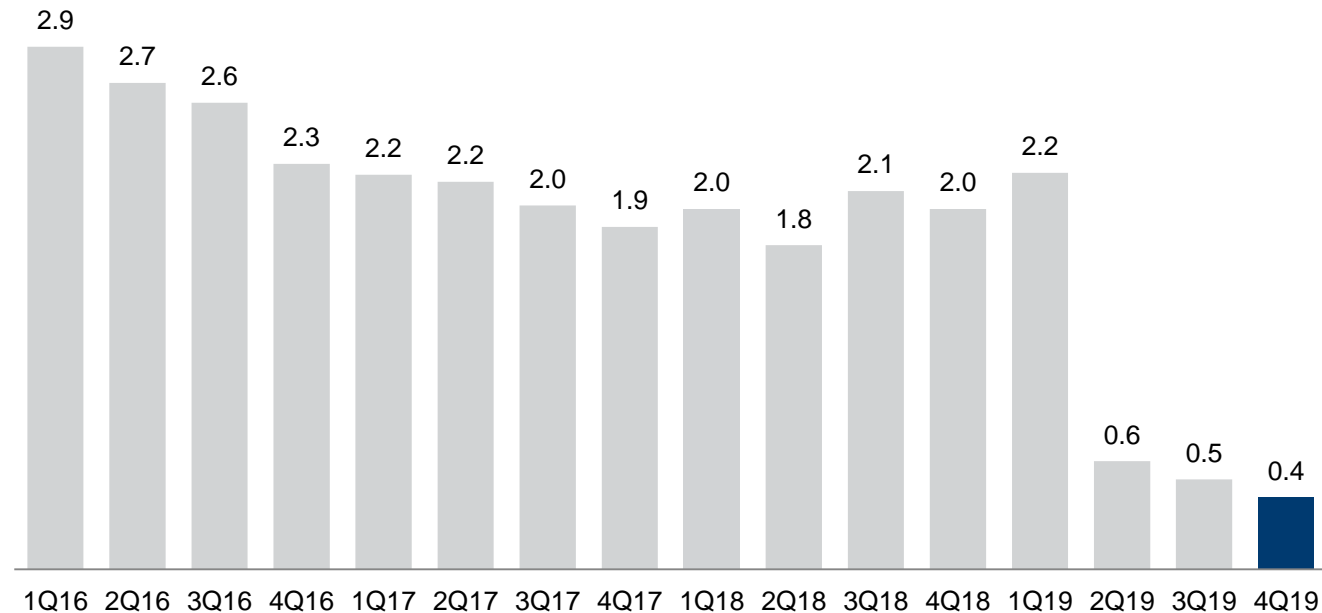
NEW SUSTAINABILITY LINKED SENIOR CREDIT FACILITY



Marel has signed a new EUR 700 million sustainability linked syndicated senior credit facility with seven multinational banks

- Multi-currency facility of EUR 700m with a tenor of five years and two one-year uncommitted extension options
- Securing improved interest terms and additional operational and strategical flexibility
- Opening margin at EURIBOR/LIBOR +80bps, will vary in line with leverage ratio
- The new facility has a sustainability incentive structure with KPI's in line with Marel sustainability objectives
- Will replace the current syndicated facility at more favorable terms and conditions
- Additional EUR 8.9m capitalized finance cost processed through the P/L in Q4 2019, due to repayment of current syndicated loan and impact from finance charges included in the loan valuation

LEVERAGE RATIO
Net debt / EBITDA



MAREL CURRENT BORROWER PROFILE	Net debt EUR 98m	Equity ratio 51%	Interest cover 18x EBITDA	Leverage ratio 0.4x	Targeted capital structure of 2-3x net debt / EBITDA
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AT FOREFRONT OF THE ONGOING MARKET CONSOLIDATION



With acquisitions, partnerships and investments in innovation, Marel continues to maintain technological industry leadership, secure competitive advantage and support organic growth

STRATEGIC ACQUISITIONS



HISTORY OF SUCCESSFUL COOPERATION

- Curio's complementary product portfolio brings Marel closer to becoming a full-line provider to the global fish industry
- The companies have a history of successful cooperation on projects to deliver full-line solutions to customers around the world
- The acquisition will help our customers further automate production in a seamless flow



SHARED AMBITION FOR DATA-DRIVEN PROCESSING

- Cedar Creek is a provider of specialized software solutions for meat, poultry and seafood processing
- Experienced team and long-standing customer relationships with some of the largest processors in Oceania

STRATEGIC PARTNERSHIPS



TWO LEADING COMPANIES JOINING FORCES

- Strategic partnership on sensor-based sorting and processing technologies to optimize value, reduce waste and increase food safety
- Collaboration on sales and R&D to optimize existing offerings and develop innovative new solutions for the market
- The partners will access each other's distribution and sales networks and develop commercial prospects throughout the supply chain



INVESTING IN THE FUTURE OF DATA COLLECTION

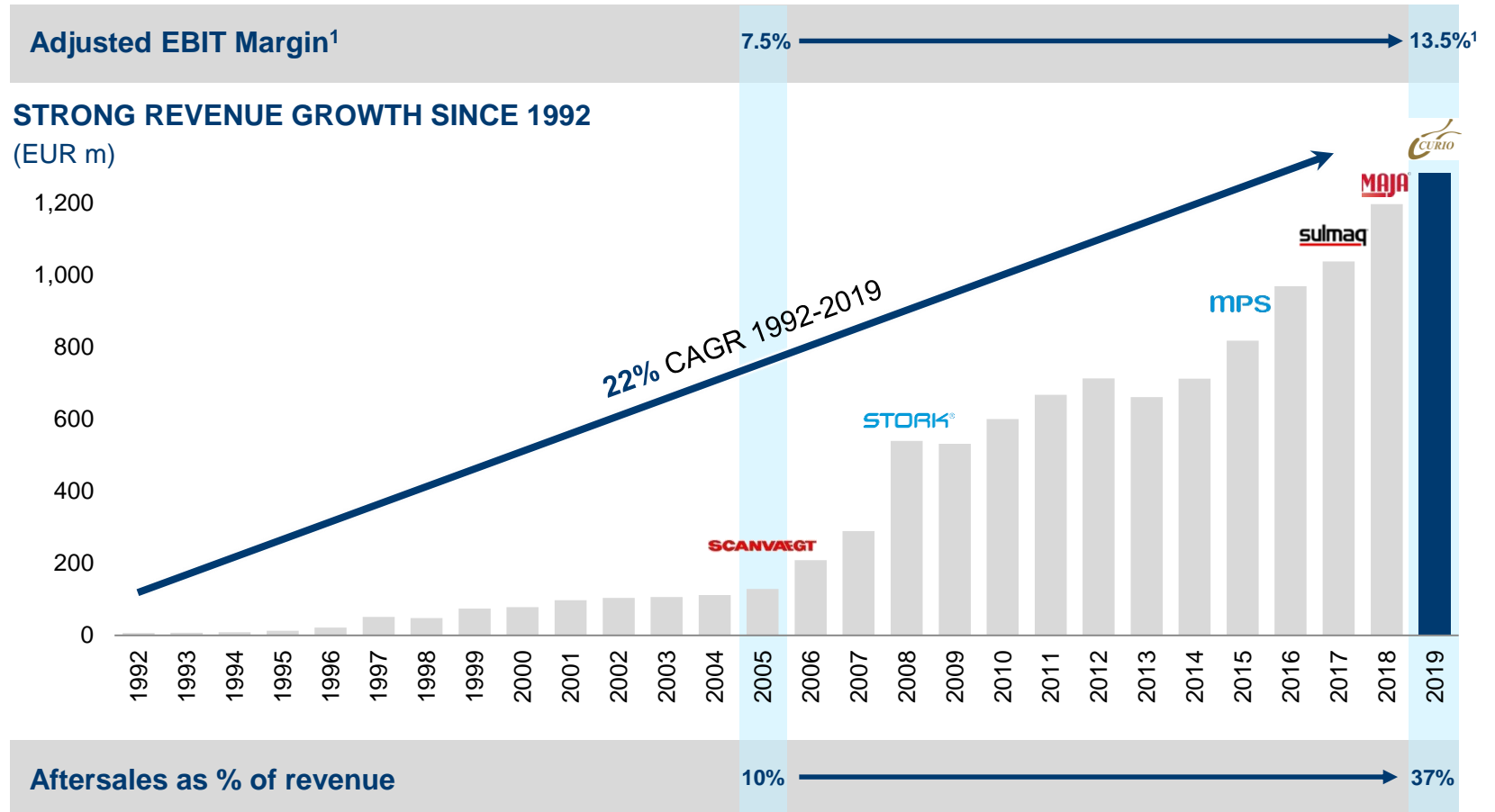
- Worximity's scalable solutions can be used by a wide range of food processors
- Highly relevant partner for food processors looking to optimize their production using digital technologies
- Offers real-time cloud data collection and analytics solutions, compatible with Marel's proprietary software platform Innova

A STRONG TRACK RECORD OF GROWTH



Marel had 6,300 employees working in +30 countries and EUR 1.3 billion in revenues in 2019, 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
- 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
- Dual listing on Euronext Amsterdam in June 2019



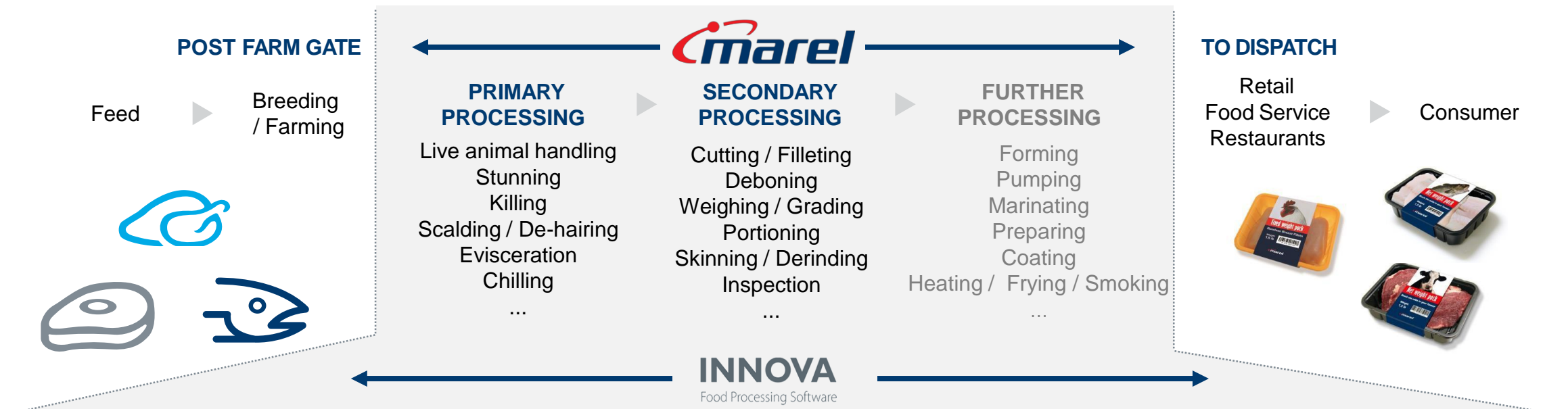
Source: Company information.

Note: ¹ Operating income adjusted for PPA related costs, including depreciation and amortisation. PPA refers to amortisation of acquisition-related intangible assets.

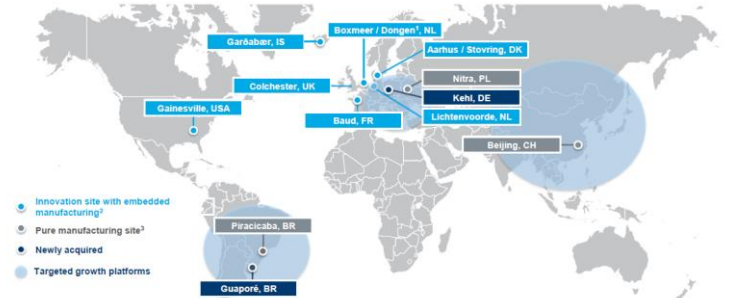
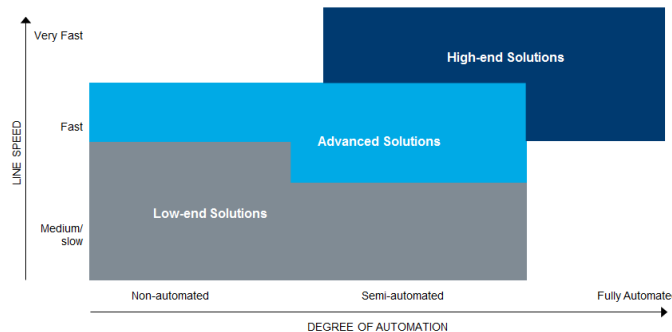
WELL POSITIONED IN THE VALUE CHAIN



Today Marel is the only pure play supplier of advanced processing equipment, systems, software and services to the poultry, meat and fish industries across the three processing stages



ADVANCED, HIGH-END SOLUTIONS | SALES AND SERVICE NETWORK | 13 MANUFACTURING SITES



+30 Countries | +650 Sales FTEs | +1,350 Service FTEs

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



ACTIVE CONSUMERS ARE LOOKING FOR A BALANCED DIET

EUR 1,200bn

annual retail value of poultry
meat and fish industries

3bn people

belong to the rising middle
class worldwide, half in Asia

3-4%

global annual growth of
urbanized middle class

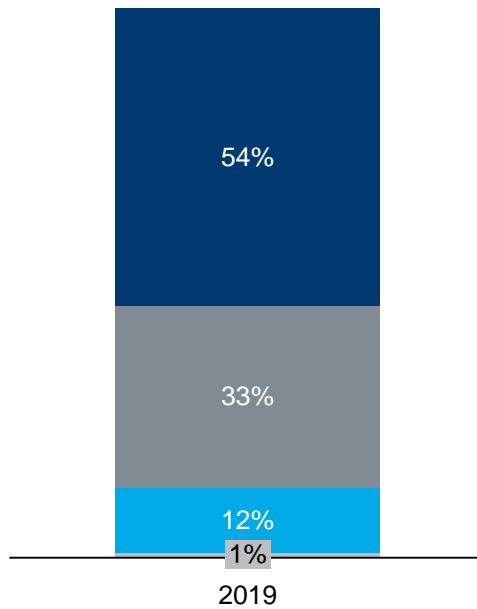
GOOD QUALITY OF EARNINGS



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

REVENUES BY INDUSTRY

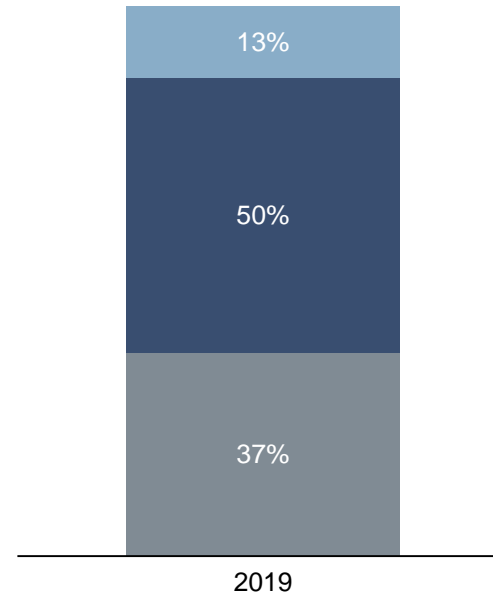
%



- Poultry
- Meat
- Fish
- Other

REVENUES BY GEOGRAPHY

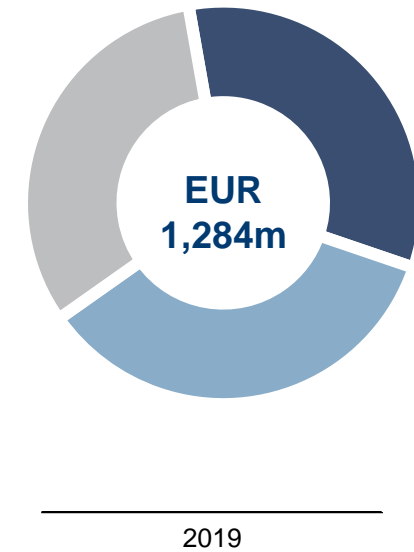
%



- Asia & Oceania
- EMEA
- Americas

REVENUES BY BUSINESS MIX

%



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

GLOBAL REACH

Marel enjoys a strong foothold in Europe, the US and Latin America and continues to build up the frontline in sales and service in Asia & Oceania, while streamlining the global backend

Americas

EUR 473m
1,454 FTEs

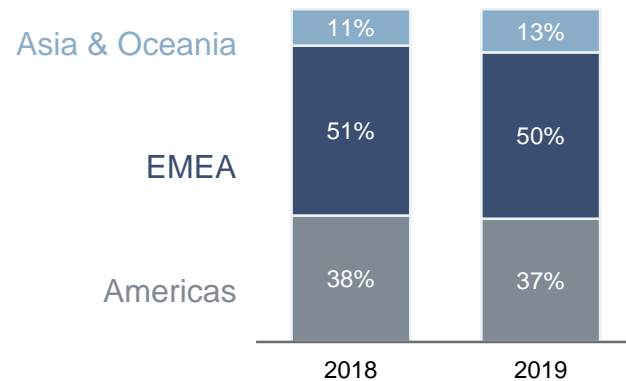
Asia & Oceania

EUR 167m
316 FTEs

EMEA

EUR 644m
4,533 FTEs

REVENUE SPLIT BY GEOGRAPHY

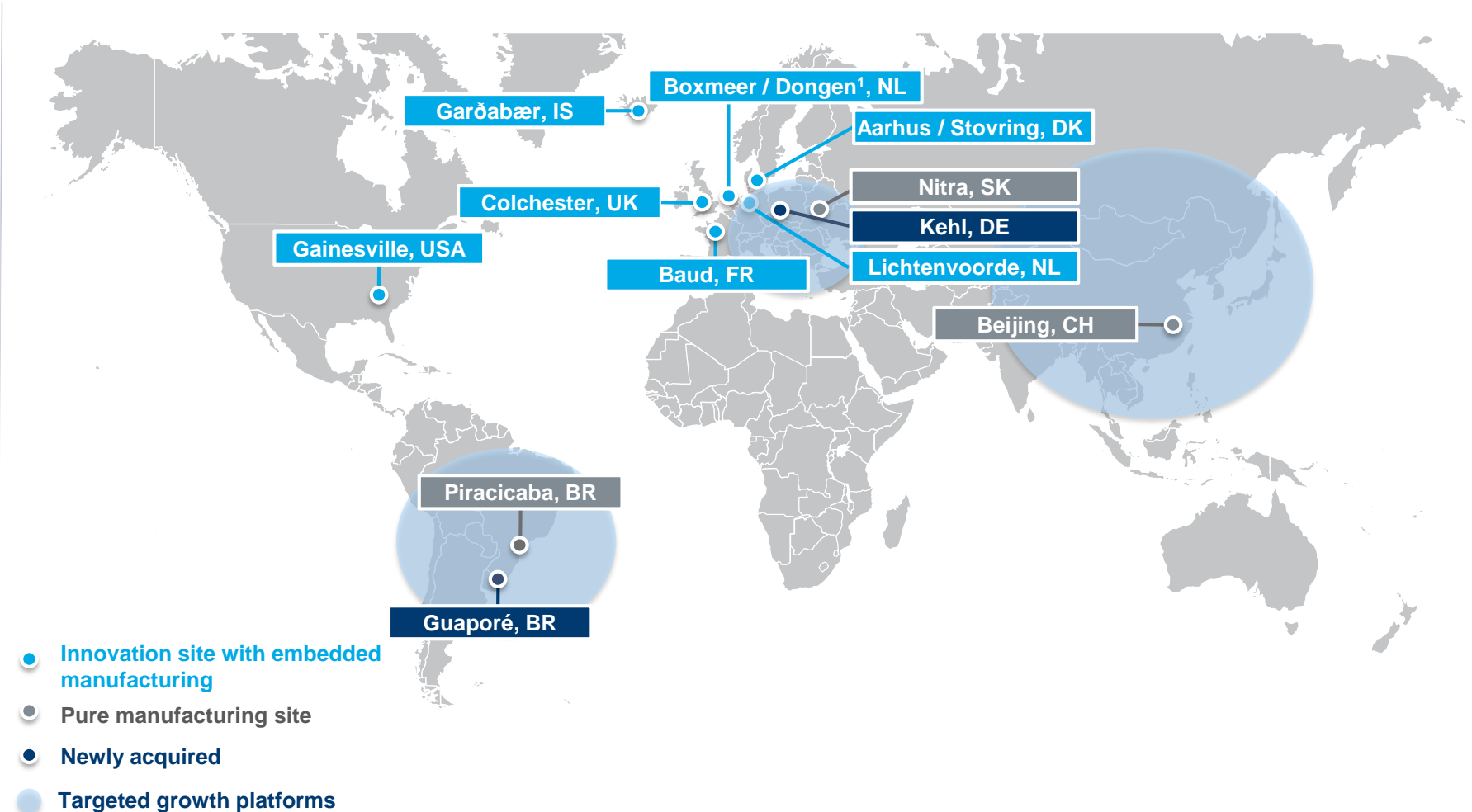


GLOBAL MANUFACTURING PLATFORM



Marel is utilizing its co-location strategy to further improve scalability, increase operational flexibility, advance operations and support growth

- Our co-location strategy means that every product has a mothersite and a co-location site
- Benefits of co-location:
 - Sharp innovation focus within mothersites
 - Pure manufacturing sites serve as cost efficient foothold into new markets in close proximity to clients
 - Flexibility in production as orders can be freely transferred between locations
 - More resilient supply chain
 - Platform aims to lower cost, increase flexibility and reduce risk



2019 FULL YEAR FINANCIAL HIGHLIGHTS

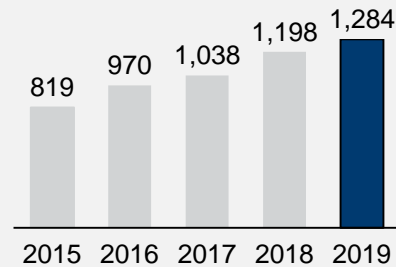


Revenues at a good level in 2019, up 7.2% from the previous year with 13.5% EBIT

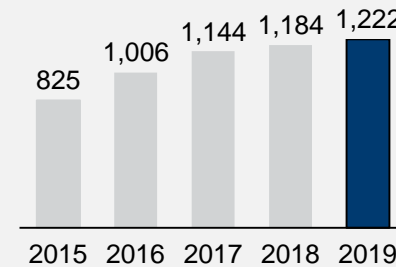
HIGHLIGHTS

- Revenues were EUR 1.3bn in 2019, around 37% derived from aftermarket
- Gross profit margin was 38%
- Order book was at the level of EUR 414m, or around 32% of trailing twelve month revenues
- Net profit was EUR 110m, compared to EUR 123m in 2018, partly affected by one-off finance cost related to refinancing and loss because of revised corporate tax rate in the Netherlands
- Strong operational cash flow and leverage at x0.4 net debt/EBITDA

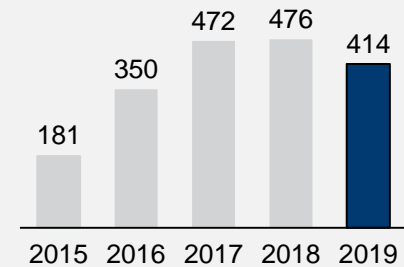
REVENUES
EUR m



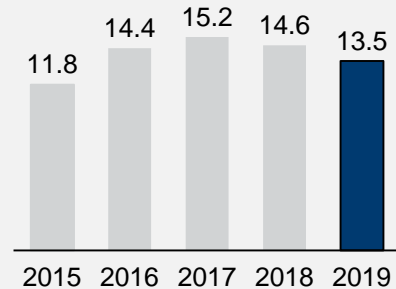
ORDERS RECEIVED
EUR m



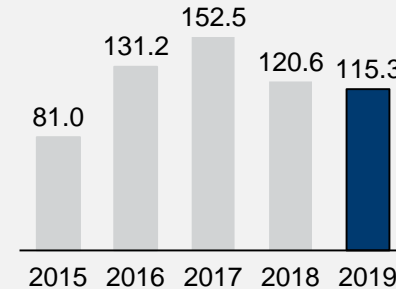
ORDER BOOK
EUR m



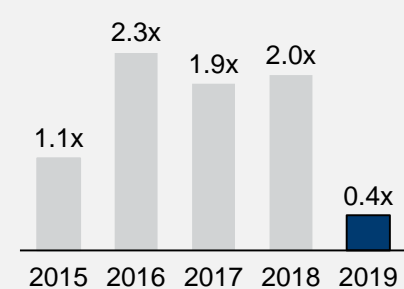
EBIT¹ MARGIN
%



FREE CASH FLOW²
EUR m



LEVERAGE
Net debt/EBITDA



Note: ¹ Operating income adjusted for PPA related costs, including depreciation and amortization. ² Free cash flow defined as cash generated from operating activities less tax and net investments.

INCOME STATEMENT: FULL YEAR 2019



Revenues in 2019 were EUR 1.3 billion with an adjusted EBIT of EUR 173 million or 13.5% EBIT margin. Gross profit was EUR 491 million or 38.3% of revenues.

- After a challenging Q4, Marel is taking actions to improve its operational results, while ensuring continued customer focus as market conditions improve
- The focus will be on improving the product mix and continued growth as well as lowering the cost base across service, supply chain and support functions
- The focus is on streamlining the back-end while we continue to invest in the front-end in line with our effort to strengthen the teams in the regions, which are closer to the customer
- Marel's strategic mid-term targets are to achieve gross margin ~40%, SG&A of ~18% and R&D of ~6%

In EUR million	2019	Of revenues	2018	Of revenues	Change
Revenues	1,283.7		1,197.9		+7.2%
Cost of sales	(792.6)		(730.4)		+8.5%
Gross profit	491.1	38.3%	467.5	39.0%	+5.0%
Research and development expenses	(82.1)	6.4%	(73.7)	6.2%	+11.4%
Selling and marketing expenses	(152.6)	11.9%	(133.7)	11.2%	+14.1%
General and administrative expenses	(83.0)	6.5%	(84.9)	7.0%	-2.2%
Adjusted result from operations¹	173.4	13.5%	175.2	14.6%	-1.0%
PPA related costs	(10.8)		(14.3)		-24.5%
Result from operations	162.6	12.7%	160.9	13.4%	+1.1%
Net finance costs	(20.7)		(14.9)		+38.9%
Share of results of associates	(0.1)		-		-
Result before income tax	141.8		146.0		-2.9%
Income tax	(31.7)		(23.5)		+34.9%
Net result	110.1	8.6%	122.5	10.2%	-10.1%

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

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

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In EUR million	2019	Of revenues	Strategic mid-term target	
Revenues	1,283.7			
Cost of sales	(792.6)			
Gross profit	491.1	38.3%	▶	Gross profit ~40%
Research and development expenses	(82.1)	6.4%	▶	R&D ~6%
Selling and marketing expenses	(152.6)	11.9%	▶	SG&A ~18%
General and administrative expenses	(83.0)	6.5%		
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BALANCE SHEET: ASSETS



2019 Consolidated Financial Statements

- Inventories rising partly because of increase in fast moving and critical parts
- Total operating working capital in 2019 increased due to higher inventory levels and trade receivables
- Trade receivables are high due to timing of invoicing for large projects and outstanding down payment invoices
- Cash balance high because of the equity issuance around the listing
- Marel continues to invest in its facilities, equipment and improving the working environment across the company

ASSETS

In EUR million	31/12 2019	31/12 2018	Change
Property, plant and equipment	181.4	175.6	+3.3%
Right of use assets	36.4	33.3	+9.3%
Goodwill	645.8	641.3	+0.7%
Intangible assets (excluding goodwill)	252.4	267.0	-5.5%
Investments in associates	15.6	-	-
Trade and other receivables	2.1	3.2	-34.4%
Derivative financial instruments	-	1.3	-
Deferred income tax assets	11.9	10.2	+16.7%
Non-current assets	1,145.6	1,131.9	+1.2%
Inventories	166.8	149.9	+11.3%
Contract assets	38.3	44.0	-13.0%
Trade receivables	160.0	138.8	+15.3%
Other receivables and prepayments	46.8	45.0	+4.0%
Cash and cash equivalents	303.7	56.3	+439.4%
Current assets	715.6	434.0	+64.9%
TOTAL ASSETS	1,861.2	1,565.9	+18.9%

BALANCE SHEET: EQUITY AND LIABILITIES



2019 Consolidated Financial Statements

- Leverage ratio at 0.4x following the share capital increase in connection with the dual listing
- Leverage well under the targeted capital structure of 2-3x net debt / EBITDA
- Financial strength to support strategic growth in line with the company's growth targets
- Contract liabilities are increasing between quarters as order intake was good and down payment invoices sent out before quarter end
- Trade and other payables decreasing mostly due to timing of payments

EQUITY AND LIABILITIES

In EUR million	31/12 2019	31/12 2018	Change
Group equity	955.8	560.9	+70.4%
Borrowings	333.5	429.3	-22.3%
Lease liability	28.4	27.1	+4.8%
Deferred income tax liabilities	55.5	57.3	-3.1%
Provisions	10.6	9.2	+15.2%
Other liabilities	5.1	3.0	+70.0%
Derivative financial instruments	3.0	1.4	+114.3%
Non-current liabilities	436.1	527.3	-17.3%
Contract liabilities	217.5	212.1	+2.5%
Trade and other payables	200.5	217.0	-7.6%
Current income tax liabilities	3.7	9.3	-60.2%
Borrowings	30.6	24.8	+23.4%
Lease liability	8.8	6.7	+31.3%
Provisions	8.2	7.8	+5.1%
Current liabilities	469.3	477.7	-1.8%
Total liabilities	905.4	1,005.0	-9.9%
TOTAL EQUITY AND LIABILITIES	1,861.2	1,565.9	+18.9%

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 167.1m revenues 4Q19
14.0% EBIT margin 4Q19
17.5% EBIT margin FY19

- Revenues in 2019 up 8.2% year-on-year
- Following a soft order book in Poultry in Q3 as announced, the short cycle and high gross margin standard equipment orders were low in the beginning of the quarter while trade constraints were at the highest escalation levels
- Increased orders from China partially compensated for soft markets in Europe and North America during the year. Pipeline and orders in standard equipment and projects started to build up towards the end of the quarter
- The first quarter started strong where we converted pipeline of projects into orders

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 114.2m revenues 4Q19
8.1% EBIT¹ margin 4Q19
10.5% EBIT¹ margin FY19

- Revenues in 2019 up 9.4% year-on-year
- African Swine Fever has impacted pork customer investment decisions. Marel in partnership with its customers is well positioned to play a key role in the pork value chain with a focus on more automation, safety and traceability
- Standardization and modularization of the offering in primary meat and further cross and upselling of secondary and further processing solutions remains a top priority
- Management is targeting medium and long term EBIT¹ margin expansion for Marel Meat

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

FISH



EUR 36.1m revenues 4Q19
-0.8% EBIT margin 4Q19
4.3% EBIT margin FY19

- Revenues in 2019 down 6.7% year-on-year
- Order intake at record level in Q4, leading to a moderate increase in 2019 compared to 2018. Marel Fish is starting the year with a stronger order book with Brim in Iceland for whitefish processing and Australis, a salmon processor in Chile
- With the acquisition of Curio that was completed in fourth quarter, Marel is a step closer to becoming a full-line provider to the global fish industry
- Management is targeting medium and long-term EBIT margin expansion for Marel Fish

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**

NEW EXECUTIVE TEAM AS OF 9 MARCH 2020



Executive Team consolidated from twelve to nine members, a leaner management team and clearer accountability will sharpen market focus, shorten time to market and reduce the cost base



Arni Oddur Thordarson
Chief Executive Officer (2013)

15 years with Marel
15 years within industry



Roger Claessens
EVP Marel Poultry

19 years with Marel / 19 years industry related



David Wilson
EVP Marel Meat

22 years with Marel / 25 years industry related



Ulrika Lindberg
EVP Global Markets & Services

2 years with Marel / 23 years industry related



Linda Jonsdottir
CFO and EVP Finance, IT and HR

10 years with Marel / 10 years industry related



Gudbjorg Heida Gudmundsdottir
EVP Marel Fish

9 years with Marel / 9 years industry related



Anna Kristin Palsdottir
EVP Innovation

4 years with Marel / 4 years industry related



Folkert Bölger
EVP Global Supply Chain

4 years with Marel / 4 year industry related



Arni Sigurdsson
CSO and EVP Strategic Business Units

6 years with Marel / 9 years industry related

FINANCIAL TARGETS AND DIVIDEND POLICY

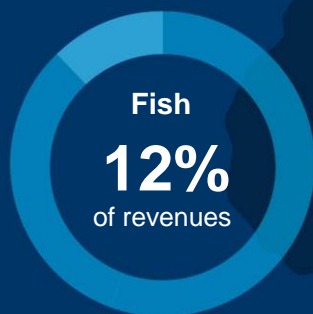
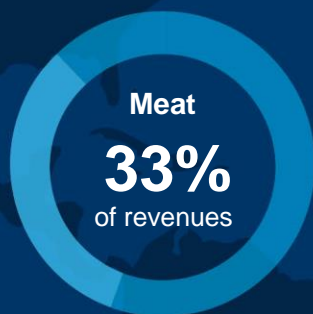
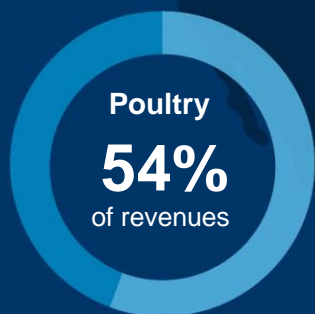


Marel is targeting 12% average annual revenue growth from 2017-2026 through market penetration and innovation, complemented by strategic partnerships and acquisitions

		FY17	FY18	FY19	TARGET	
Revenue growth¹	Organic	5.0%	12.5%	5.4%	12% average annual revenue growth in 2017-2026¹	<p>Market conditions have been exceptionally favorable in recent years, however the past 18 months have been 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>Management expects to gradually increase revenues and profitability through the course of the year 2020</p> <p>Our strategic mid-term targets are to achieve gross profit around 40%, SG%A of around 18% and Innovation at the 6% strategic level</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 acquisitions</p>
	Acquired	2.1%	2.9%	1.8%		
	Total	7.1%	15.4%	7.2%		
Innovation investment		5.6%	6.2%	6.4%	~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	15.3	EPS to grow faster than revenues	Marel's management targets Earnings per Share to grow faster than revenues
Leverage		1.9x	2.0x	0.4x	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%	40%	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

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 for fiscal years 2017 and 2018, YTD earnings per share for 2019.

37 years since foundation



~6%
OF REVENUES
INVESTED IN
INNOVATION

Marel has created excellent value for its shareholders

EUR 1.3bn
in revenues

Compounded average revenue growth of

~22%

a year since listing in 1992

Over 30 countries

6 CONTINENTS



~6,300
employees

Thank you.