
Wenger

Investor meeting on transaction highlights

28 April 2022



Introduction

Arni Oddur Thordarson,
Chief Executive Officer



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

Rising income drives more protein consumption



We envision a world where quality food is produced sustainably and affordably

Unity

We are united in our success

Innovation

Innovation drives the value we create

Excellence

Excellence is what differentiates us



Global population expected to grow to ~10bn by 2050

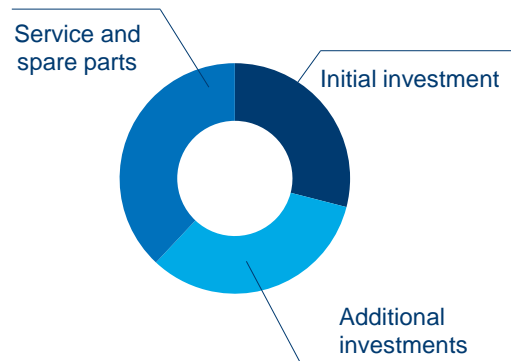
Marel is at the center of these prevailing trends



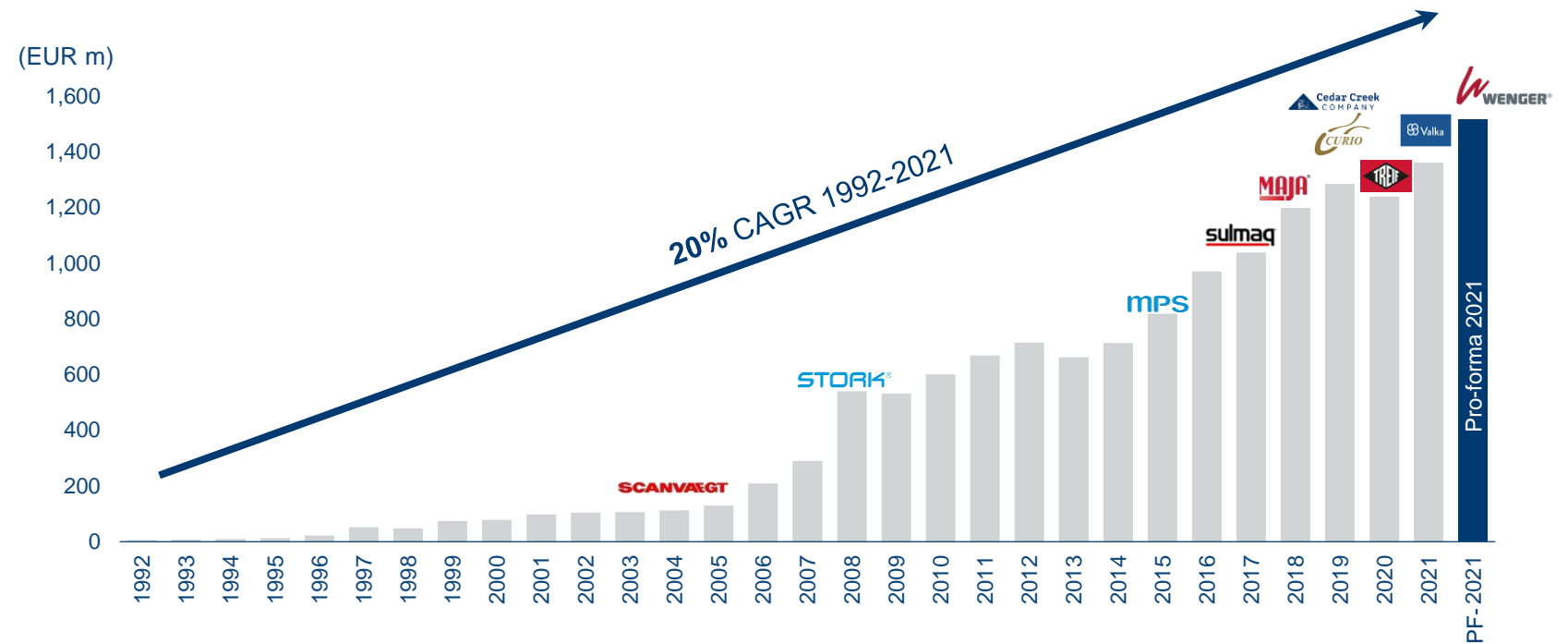
From startup to global leader

Marel had 7,000+ employees and EUR 1.4 billion in revenues in 2021, a stark increase from its 45 employees and revenues of EUR 6m at the time of listing on Nasdaq Iceland in 1992.

10 year revenue profile from a customer



Strong revenue growth since 1992



Aftersales as % of revenue

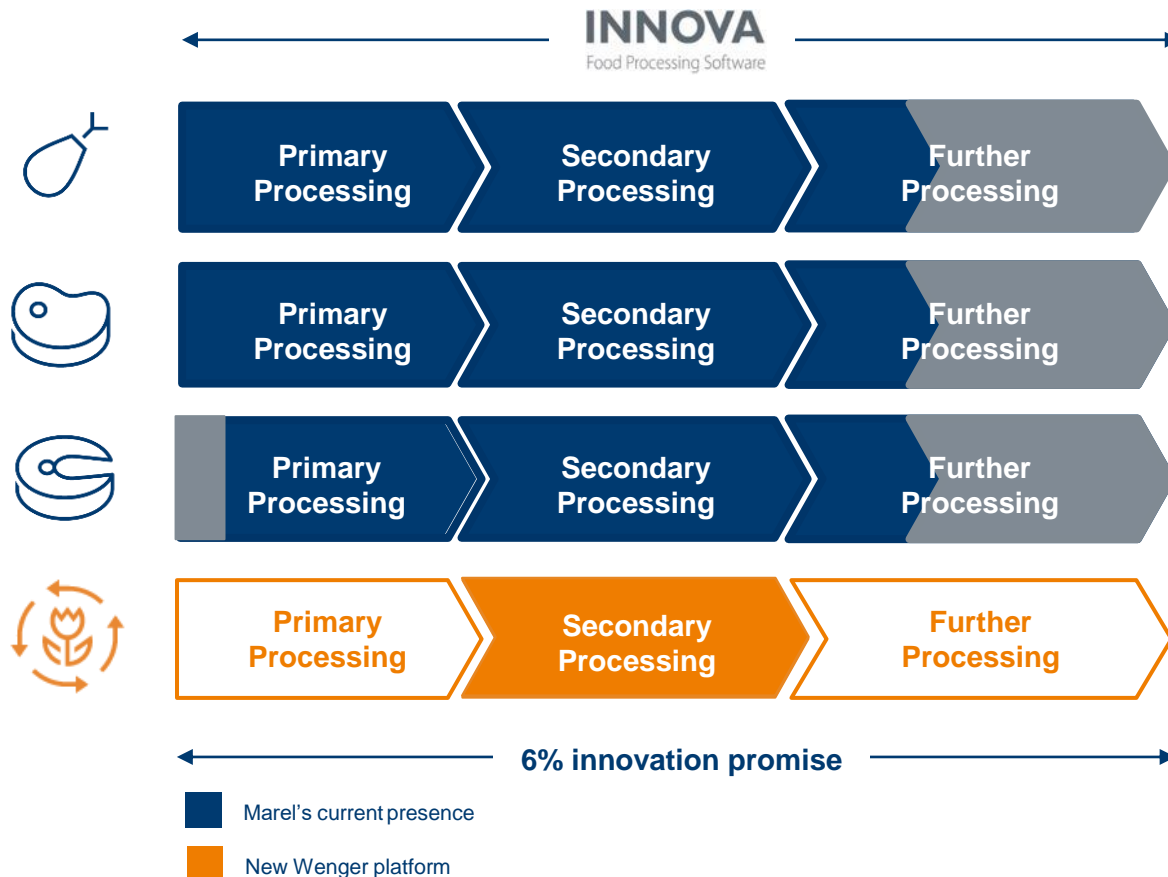
10%

40%



Agreement to acquire Wenger, a strategic platform investment into new and attractive growth markets

- A platform investment into new, complementary and attractive growth markets for Marel and will form the fourth business segment alongside poultry, meat and fish
- Throughout the years, Marel has gradually expanded its playing field and is now the only pure-play provider of full-line solutions, software, and services to the poultry, meat, and fish industries
- Objective to become full-line provider in all four segments, gradually adding complimentary product offering in primary and further processing to new acquired platform



Line solutions provider...

- ✓ One-stop shop for the customer
- ✓ Seamless integration & more efficiency
- ✓ Strong competitive advantage

...gradually expanding business model into adjacent industries ...

- ✓ More resilient business model
- ✓ Technology transfer across industries
- ✓ Better utilization of resources

...with standard and modular offering...

- ✓ Scalable: Less engineering and easier to manufacture
- ✓ Improved service
- ✓ Better customer experience

...and market leading software

- ✓ Traceability and sustainability
- ✓ Linking equipment to function as single entity
- ✓ Real-time actionable insights to improve operations

Transaction overview

Arni Sigurdsson,
Chief Strategy Officer and EVP Strategic
Business Units



Highly strategic acquisition into new markets

Strong strategic and cultural fit, with Wenger serving as a growth platform into new attractive end markets

- Wenger is a premier global leader in processing solutions focused on pet food, plant-based protein and aqua feed
- Founded in 1935 in Sabetha, Kansas, USA by Joe and Lou Wenger with the purpose of manufacturing affordable cattle feed with breakthrough technology
- Extensive product offering comprised of extrusion technology, dryers and power heaters to cater to most needs in Wenger's core markets
- Over 500 dedicated and strong employees located in Kansas (USA), Valinhos (Brazil), Kolding (Denmark) and other locations
- Long-standing history of growth and healthy profitability – In 2022, revenues are expected to be USD ~ 190m and EBITDA USD ~32-35m



Strong strategic and cultural fit

Fourth pillar focused on new attractive end markets

Complementary product offering strengthening value proposition

More balanced business model going forward

Utilize Marel's global reach and digital platform



Total investment of USD 540 million

Adjusted transaction multiple corresponds to 14x EV/EBITDA and closing is expected before end of Q2

Transaction consideration

- Marel has agreed to acquire Wenger for a total investment of USD 540m
 - USD 530m is the purchase price on a cash and debt-free basis (enterprise value)
 - The remaining USD 10m is a combination of a contribution to a not-for-profit private foundation, to continue the legacy of Wenger and its meaningful impact on the community, as well as Marel shares for Wenger employees
- The transaction will result in expected tax benefits of USD 60-70m and the adjusted transaction multiple corresponds to around 14x EV/EBITDA

Financial impact

- The acquisition will be financed through Marel's strong balance sheet and existing credit facilities
 - Ongoing discussions with the shareholders of Wenger regarding partial consideration in Marel shares that will be concluded prior to closing
- Assuming a full cash payment, pro-forma leverage following completion of the acquisition is estimated to be around 3x net debt/EBITDA, compared to Marel's targeted capital structure of 2-3x net debt/EBITDA
 - To preserve operational headroom, Marel has signed a EUR 150m bridge facility

Approvals and timing

- The closing of the acquisition is subject to customary closing conditions, including anti-trust and shareholder approval of Wenger, which is expected to take place before end of Q2 2022

Strong strategic rationale

Marel and Wenger have a highly complementary offering and can offer transformative solutions to the pet food, plant-based proteins, and aqua feed markets



Great company with favorable outlook. Strategy and culture similar to Marel

- ✓ Strong end markets with healthy growth rates and favorable outlook
- ✓ Extensive product offering in extrusion, dryers, and power heaters for pet food, plant-based proteins, and aqua feed
- ✓ Strong market position & excellent technology with good brand & reputation
- ✓ Aftermarket above 40% of revenue, good profitability margins and high return on invested capital



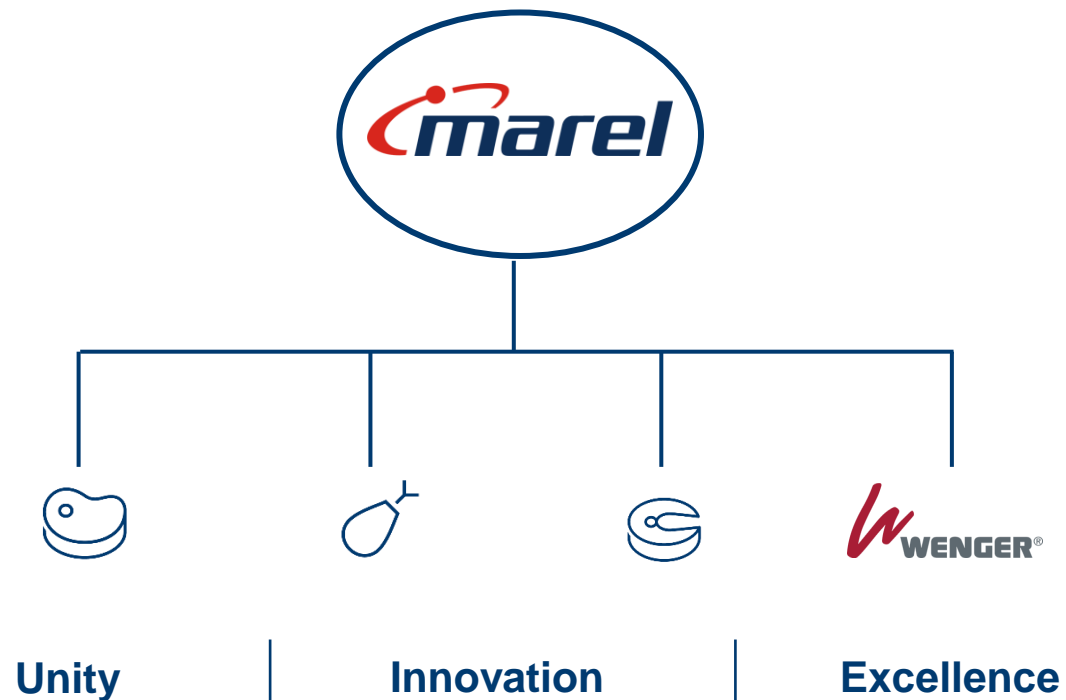
Great platform to enter adjacent markets where the portfolio and customer base are complementary

- ✓ Platform into new attractive end markets
- ✓ Complementary product offering in pet food and plant-based proteins
- ✓ Utilize customer relationships to cross sell portfolio
- ✓ Accelerate global reach and digital capabilities

Platform into new attractive end markets

Wenger will be a new growth pillar next to poultry, meat and fish, in line with how Marel gradually expands the playing field

- Acquisition of Wenger is fully in line with Marel's vision and strategy, with two technical leaders joining forces to transform the way food is processed
- In 2020, Marel announced increased focus on adjacent markets and in 2021 formally established a business development division focused on pet food and plant-based proteins
- Wenger will become an independent business unit focused on pet food, plant-based proteins, and aqua feed
- Broadening the focus markets with an additional strong pillar will strengthen Marel's business model



In partnership with our customers, we are transforming the way food is processed. Our vision is of a world where quality food is produced sustainably and affordably.

True innovation pioneer with a global customer base

Premium position in the market has resulted in a long history of growth and healthy profitability

- Wenger has an extensive product offering in extrusion technology for pet food, plant-based proteins and aqua feed, comprised of single-, twin-, and thermal-screw extrusion technology as well as dryers and power heaters
- Diversified and loyal customer base ranging from blue-chip pet food processors to startup companies in plant-based proteins
- Committed to innovation and long-standing partnership with customers, having recently completed a major upgrade to the Wenger Technical Center, a full-service demo center in Sabetha
- Revenues estimated at USD 190 million in 2022 and EBITDA of USD 32-35 million, and EBIT margin 14-15%
 - Approx. 5% annual organic growth in revenues from 2017-2021
 - Strong cash flow and return on invested capital around 20%
- Opportunity for the combined business to accelerate growth
 - Expand manufacturing capacity to respond to high demand in Wenger's core markets
 - Proactive approach to aftermarket to better service customers around the world
 - Utilize the global reach and digital platform of Marel

Product examples



*Optima Single
Screw Extruder*



*Thermal Twin
Extruder*



Power Heater 100



Preconditioner

Customer example



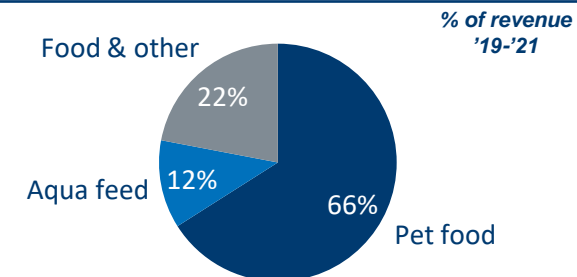
Balanced business model and global presence

High recurring revenue with over 40% of total revenue from aftermarket

Attractive end markets



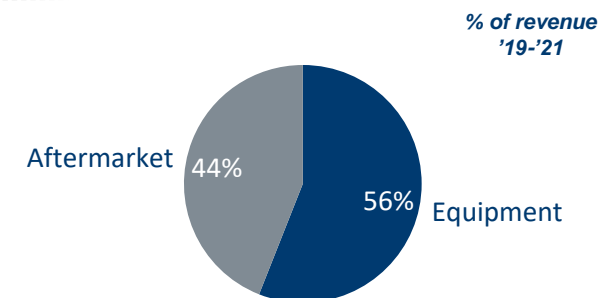
- Over 60% of revenue derived from pet food where the company has a global market leading position
 - Recognized for quality products and process know-how with the Wenger name synonymous with pet food extrusion
- The company is a respected name in additional niche markets including aqua feed and plant-based proteins



High recurring revenue



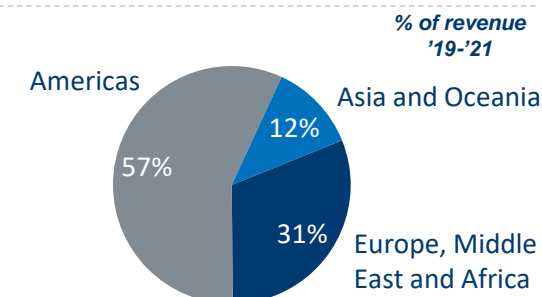
- Growing installed base drives increased aftermarket levels, now around 45% of total revenue
 - Stable, high-margin revenue stream
- Opportunities in a more proactive aftermarket approach and added capacity to further penetrate the installed base
 - This could drive the aftermarket level even higher



Diversified customer base



- Strong foothold in the North American market, with around 45% of total revenue
- Opportunities in expanding global reach even further with a wider sales and service network
 - Wenger can leverage Marel's global reach to improve customer coverage and engagement

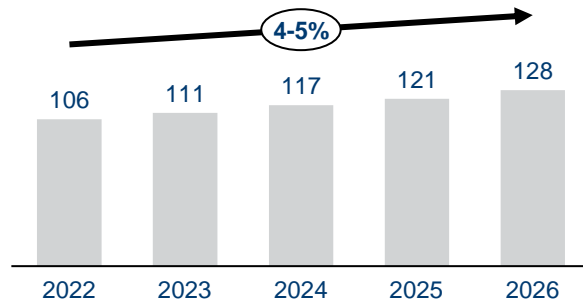


Large and growing end markets

Total size of core end markets EUR +150 billion, with expected growth of 5-7% p.a. until 2026

Pet Food (4-5% growth p.a. in value)

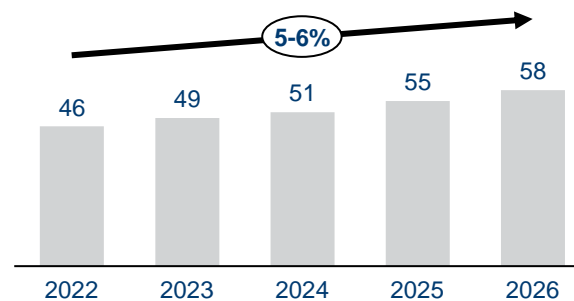
End market size
(EUR bn)



- Mature and stable market, with growth driven by increasing pet adoption and premiumization
- Growth further augmented by humanization of pets and increased treat frequency
- Quality and brand loyal market

Aqua Feed (5-6% growth p.a. in value)

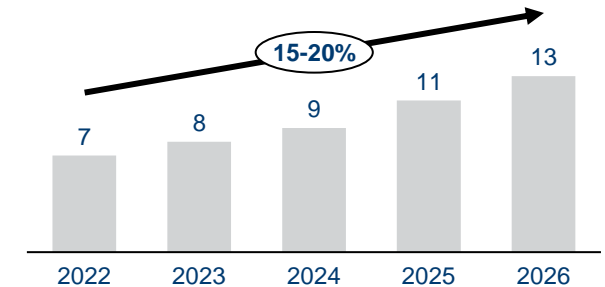
End market size
(EUR bn)



- Mature and stable market, with growth driven by strong underlying growth in aquaculture
- Main trends are growing global fish consumption, sustainability concerns, and increasing preference for a healthy diet
- Volume driven and relatively commoditized market

Plant Based Proteins (15-20% growth p.a. in value)

End market size
(EUR bn)



- Rapidly developing market with exciting growth prospects driven by flexitarian diet and changing consumer behavior
- Improved quality, access, and price in foodservice and retail further drives growth
- Emerging growth market with high focus on food quality and branding

Addressable solutions market of EUR 2 billion

Attractive solutions and service market with 4-6% annual growth – Wenger has a strong market position especially within pet food

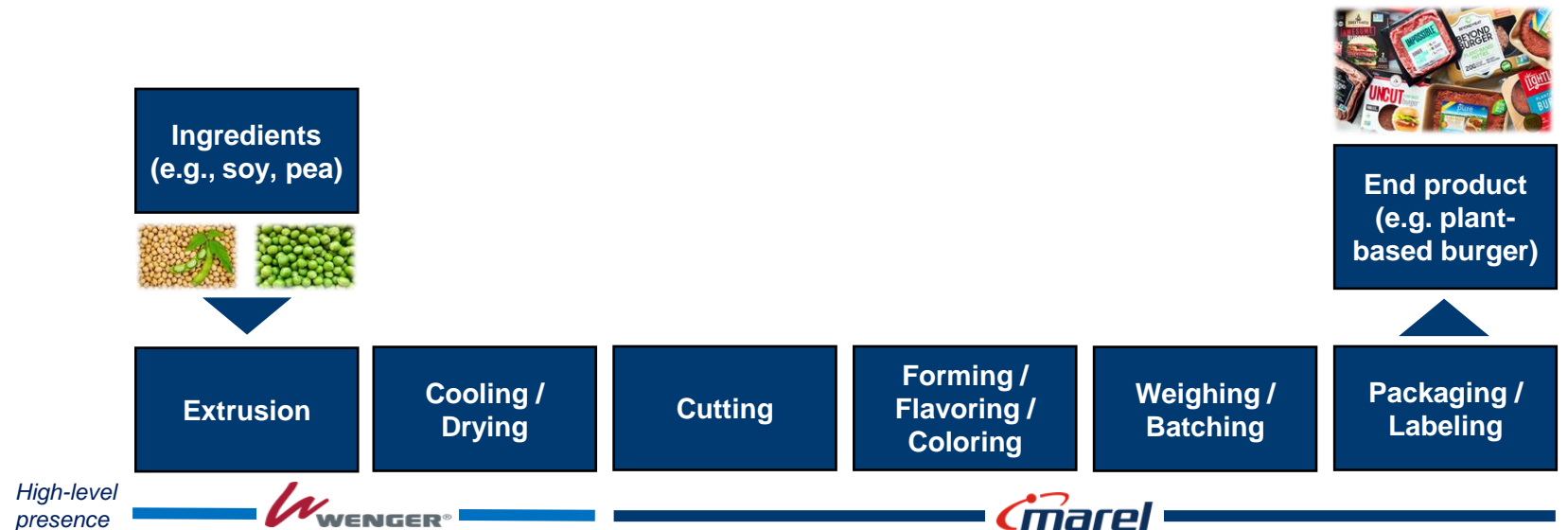
	Pet Food	Aqua Feed	Plant Based Proteins
	Total addressable market of around EUR 2bn <i>(4-6% annual growth)</i>		
Market characteristics	<ul style="list-style-type: none"> Extrusion is a key technology in production of pet food Market driven by volume growth as well as upgrades and replacements due to increased regulations and focus on food safety Opportunity to differentiate on process technology and quality 	<ul style="list-style-type: none"> Most of the industry shifting to extruded feed as market further matures Regional market driven by capacity expansion and increase in in-house private feed production Opportunity to differentiate with yield and throughput 	<ul style="list-style-type: none"> Most plant-based protein is produced through extrusion Rapid growth in demand to support increased plant-based meat production Significant opportunity to differentiate on end product quality with best-in-class technology and process know-how
Market position of Marel and Wenger	<ul style="list-style-type: none"> Leading position in the market 	<ul style="list-style-type: none"> Key player with strong market share and premium technology 	<ul style="list-style-type: none"> Pole position to make a strong impact with best-in-class technology and process know-how

Complementary product portfolio

Opportunity to offer more extensive offering to processing customers in pet food and plant-based proteins

- Joint offering will allow us to offer best-in-class, innovative line solutions and address customer needs better
- Wenger has a strong commitment to innovation like Marel
- Overlap in the customer base as poultry, meat and fish processors are increasingly looking into pet food processing to optimize the value of their raw material

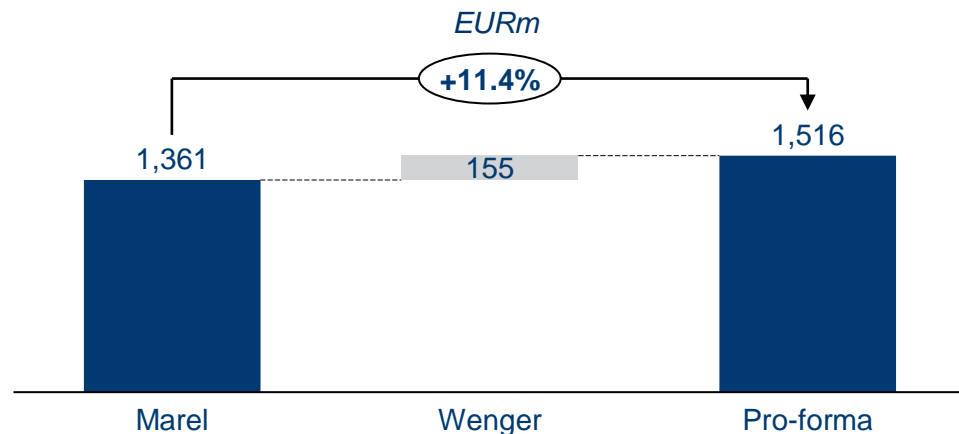
Example of an extrusion process (plant-based proteins)



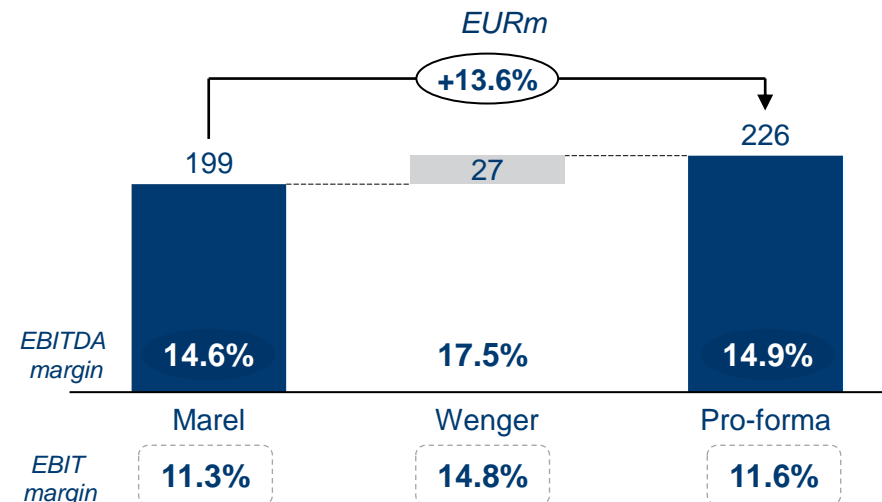
Material pro-forma impact on revenue and EBITDA

More balanced business model going forward

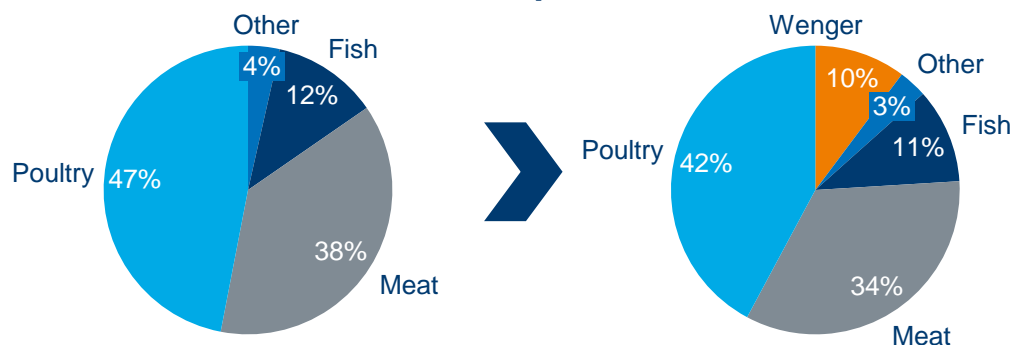
Pro-forma revenue 2021



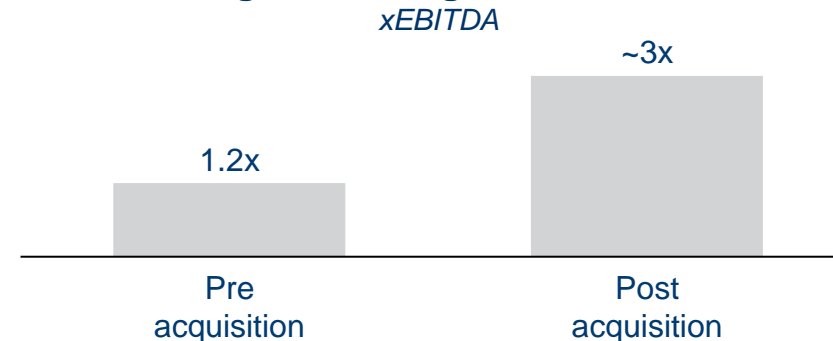
Pro-forma EBITDA 2021



Revenue split 2021



Net leverage assuming all cash transaction



Marel's acquisition strategy

Acquisitions are to enhance our key strategic pillars and drive organic growth

Market opportunities

*Reinforce market presence
and build new and current
customer relationships*



**Customer
focus**



Complementary solutions

*Strengthen product portfolio
and line offering*



**Best-in-class
products and
technology**



Shared vision and strategy

*Aligned vision and strategy
with cultural fit*



**People and
Culture**



Marel will continue on the acquisition journey

Strong cash generation and ability to use shares as a transaction currency enables Marel to make strategic acquisitions, in line with the company's growth strategy

Why Marel?



Shared vision and strategy



Global reach



Digitalization



Succession of family-owned businesses



Conclusion

Marel is expanding the strategic window through the highly compelling acquisition of Wenger

- Wenger is a strong market leading company with favorable outlook in attractive and growing end markets
- Great strategic and cultural fit, with the companies sharing a number of the same qualities
- Acquisition will positively contribute to Marel's business and will grow revenues by 11% and improve EBIT margin
- Leverage will be around 3x EBITDA and stay in line with the target leverage of 2.0-3.0x EBITDA
- Marel can accelerate the growth of Wenger by leveraging joint product offering, global reach and digital journey as well as continued investments in the business
- Closing is expected to take place by end of Q2
 - Closing of the acquisition is subject to customary closing conditions, including anti-trust and shareholder approval of Wenger



Thank you
