

Q1 2019

PRESS RELEASE

29 APRIL 2019



Q1 2019 – A solid start to the year

Q1 2019 Highlights

- Orders received were EUR 323.3m (1Q18: 329.3m).
- Revenues were EUR 324.6m (1Q18: 288.4m).
- Adjusted EBIT* was EUR 47.5m (1Q18: 43.8m), translating to an EBIT* margin of 14.6% (1Q18: 15.2%).
- Net result was EUR 32.2m (1Q18: 28.3m).
- Basic earnings per share (EPS) were EUR 4.85 cents (1Q18: 4.11 cents).
- Cash flow from operating activities before interest and tax in the quarter was EUR 59.6m (1Q18: 55.6m).
- Net debt/EBITDA was x2.2 at end of March (YE18: x2.0). Targeted capital structure is x2-3 net debt/EBITDA.
- The order book was EUR 474.7m (YE18: 476.0m and 1Q18: 528.7m).

2019 CAPITAL MARKETS DAY

Marel will host its 2019 Capital Markets Day at the company's manufacturing and innovation facilities in Boxmeer, the Netherlands, on 2 May 2019.

There will also be an optional customer site visit to one of Marel's longstanding customers in the poultry industry on the following day, on 3 May 2019.

For further information, please contact: IR@marel.com

Árni Oddur Thórdarson, CEO

"We are pleased to report great results in the first quarter of 2019. We continue our strong performance with revenues of EUR 325 million, up 13% compared with the first quarter of 2018. Operational performance is solid where we deliver an EBIT margin of 14.6%."*

"Our market is dynamic and fast growing. Global consumers are asking for a balanced diet at affordable prices. With our global reach and innovative product portfolio, we managed to secure EUR 323 million of orders in the first quarter. These were well balanced between greenfields, modernization and recurring maintenance. In particular, we note rising greenfield demand from Asia and China to enable processors to meet existing demand from local consumers. At the same time, the US and European markets continue to perform well."

"We are looking forward to the upcoming IFFA meat and Brussels seafood trade shows where we will introduce new solutions that continue to transform the way food is processed. Our focus there is on further automation and agility to enable processors to deliver consumer products that are convenient, safe and affordable, and processed in a sustainable way."

"Preparation of the intended dual listing and offering of Marel shares on Euronext Amsterdam, in addition to the current listing in Iceland, is progressing as planned. Timing is expected to be a pre-summer listing, subject to market conditions."

KEY FIGURES (EUR m)

As per financial statements	1Q19	1Q18	Change
Revenues	324.6	288.4	12.6%
Gross profit	125.4	111.5	12.5%
Gross profit as a % of revenues	38.6%	38.7%	
Adjusted result from operations (Adjusted EBIT)	47.5	43.8	8.4%
EBIT* as a % of revenues	14.6%	15.2%	
EBITDA	59.1	55.3	6.9%
EBITDA as a % of revenues	18.2%	19.2%	
Amortization of acquisition-related (in) tangible assets	(2.6)	(2.3)	
Result from operations (EBIT)	44.9	41.5	8.2%
EBIT as a % of revenues	13.8%	14.4%	
Net result	32.2	28.3	13.8%
Net result as a % of revenues	9.9%	9.8%	
Orders Received	323.3	329.3	-1.8%
Order Book	474.7	528.7	-10.2%

Cash flows

	1Q19	1Q18
Cash generated from operating activities, before interest & tax	59.6	55.6
Net cash from (to) operating activities	52.3	44.2
Investing activities	(10.8)	(11.2)
Financing activities	(49.6)	(43.6)
Net cash flow	(8.1)	(10.6)

Financial position

	31/03 2019	31/12 2018
Net Debt (Including Lease liabilities)	472.3	431.6
Operational working capital ¹⁾	47.4	27.7

¹⁾ Trade receivables, Inventories, Net contract liabilities and Trade payables.

Key ratios

	1Q19	1Q18
Current ratio	0.9	0.8
Quick ratio	0.6	0.5
Number of outstanding shares (millions)	659.7	683.8
Market cap. in billions of Euros based on exchange rate at end of period	2.6	2.0
Return on equity	23.7%	21.7%
Basic earnings per share in euro cents	4.85	4.11
Leverage ²⁾	2.2	2.0

²⁾ Net Debt (Including Lease liabilities) / LTM EBITDA.

FINANCIAL PERFORMANCE

High order intake, good diversification by geography and business mix counterbalances fluctuations in operations

- Orders received in the first quarter were EUR 323.3m, up 9.2% QoQ and down 1.8% compared to the record first quarter of 2018.
- Overall, Marel's commercial position continues to benefit from its full-line offering and steady launch of innovative high-tech equipment and software for smarter processing. Global reach and focus on full-line offering across the poultry, meat and fish industries counterbalances fluctuations in operations. Marel benefits from low customer concentration and no customer accounts for more than 5% of the total revenues in 1Q19.
- Orders received from Asia and China are on the rise, in particular greenfield demand to enable processors to meet existing demand from local consumers. At the same time, the US and European markets continue to perform well.

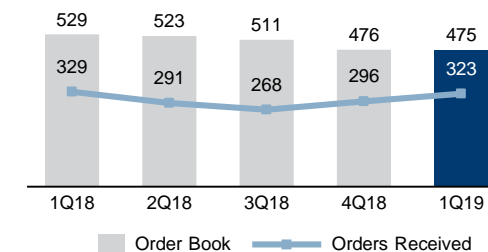
A robust and well-diversified order book continues to provide a good foundation for the rest of 2019

- The order book was stable at EUR 475m, compared to EUR 476m at year-end 2018. This equals 38% of 12-month trailing revenues. The book-to-bill ratio was 0.99 in 1Q19 compared to 0.89 in 4Q18.
- Although greenfields and large projects with longer lead times constitute the vast majority of the order book, the order book is well diversified by size with widely spread delivery times.

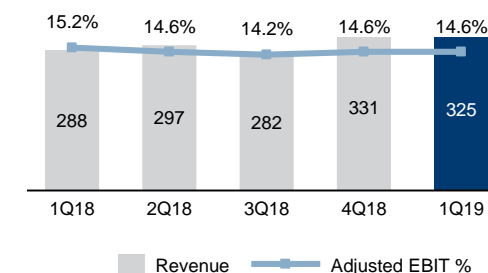
Strong organic revenue growth and resilient profitability founded on Marel's global reach and full-line offering across the three industries

- Revenues were strong in the quarter and totaled EUR 324.6m in 1Q19, and in line with the order book level and timing of project deliveries. Manufacturing continued on a high level, slightly below the record quarter of 4Q18. In comparison, revenues were EUR 330.8m in 4Q18 and EUR 288.4m in 1Q18.
- EBIT* margin was 14.6% in 1Q19, in line with the EBIT* margin for the the full year of 2018. EBIT* was EUR 47.5m, up 8.4% compared to 1Q18 when EBIT* was EUR 43.8m and EBIT* margin was 15.2%.
- With one of the largest installed base worldwide, a significant proportion of Marel's revenues derive from recurring service and spare parts business or around 35% in 1Q19.
- Marel Poultry continues to be the largest driver with 54% of total revenues and EBIT of 17.6% in 1Q19. On the back of the record high order book at the beginning of the year, revenues for Marel Meat were up 13.5% YoY and delivered 31% of total revenues. EBIT* for Marel Meat was 12.6% which is below management's medium and long-term targets. Marel Fish delivered 13% of revenues in 2018 and EBIT of 7.4% which is below management's medium and long-term targets. In comparison, the EBIT margin for Marel Poultry for the full year 2018 was 18.4%, 11.3% for Marel Meat and 7.9% for Marel Fish.
- Gross profit margin was 38.6% (1Q18: 38.7%) and gross profit was EUR 125.4m in 1Q19, up 12.5% YoY compared to EUR 111.5m in 1Q18.
- Net result in 1Q19 was EUR 32.2m, up 13.8% compared to EUR 28.3m in 1Q18. Basic earnings per share (EPS) were EUR 4.85 cents (1Q18 EUR 4.11 cents) in the quarter, up 18.0% YoY.

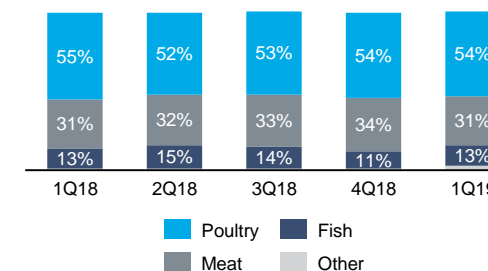
ORDERS RECEIVED ORDER BOOK
%, EUR m



REVENUES AND EBIT*
%, EUR m



REVENUES BY INDUSTRY
%



FINANCIAL PERFORMANCE

Free cash flow generation and superior working capital cycle

- Free cash flow in the quarter was EUR 44.0m (1Q18: 34.9). Operational cash flow was EUR 59.6m (1Q18: 55.6m), investments were EUR 10.8m (1Q18: 11.2m), and taxes were EUR 4.8m (1Q18: 9.5m).
- 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.
- A total of EUR 70m was paid in dividends and share buybacks in the period. Net debt (including lease liabilities) / EBITDA was x2.2 at the end of 1Q19, compared to x2.0 at the end of 4Q18.

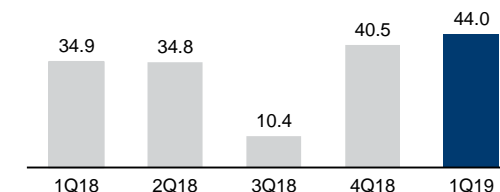
AGM on 6 March approved a dividend corresponding to 30% of 2018 net result

- The AGM 2019 approved a dividend payment of EUR 5.57 cents per share, corresponding to 30% of net profits for 2018 paid to shareholders on 27 March 2019. This is a 33% increase in dividend per share compared with the previous year. Under the formal share buyback program initiated in December 2018, Marel has purchased a total of 16.2m of own shares, which corresponds to 2.4% of issued shares in the company. No shares have been purchased since the 2019 AGM. A reduction of the Company's share capital of 11.6m treasury shares was also approved as part of the preparation for the potential dual listing of the Company on Euronext Amsterdam in addition to its current listing on NASDAQ Iceland. Today, Marel holds 1.7% of own shares.
- All proposals to the meeting were approved, including a proposal to authorize the Company to acquire up to 10% of its own shares and that this authorization will be in effect for the next 18 months following approval; a proposal to renew authorization to increase share capital by ISK 100 million nominal value to be used as payment in relation to the acquisition of new businesses; and a proposal to authorize the Board of Directors to increase the Company's share capital of ISK 100 million nominal value in connection with the proposed dual-listing of the Company's shares.

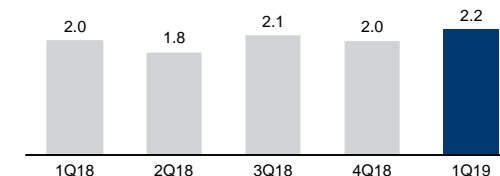
Outlook

- 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.
- In the period 2017-2026, Marel is targeting 12% average annual revenue growth through market penetration and innovation, complemented by strategic partnerships and acquisitions.
 - Marel's management expects 4-6% average annual market growth in the long term. Marel aims to grow organically faster than the market, driven by innovation and growing market penetration.
 - Maintaining solid operational performance and strong cash flow is expected to support 5-7% revenues growth on average by acquisition.
 - Marel's management expects basic earnings per share (EPS) to grow faster than revenues.
- 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.

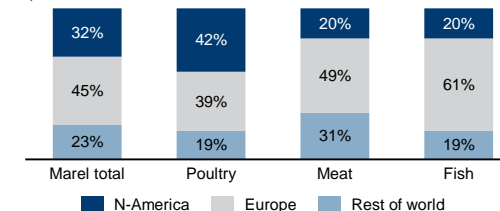
FREE CASH FLOW %, EUR m



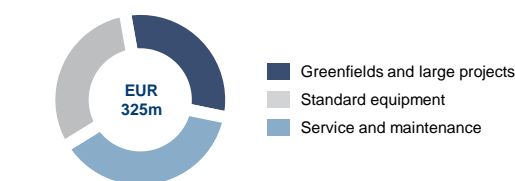
LEVERAGE Net debt/EBITDA



REVENUES BY GEOGRAPHY %, 1Q19



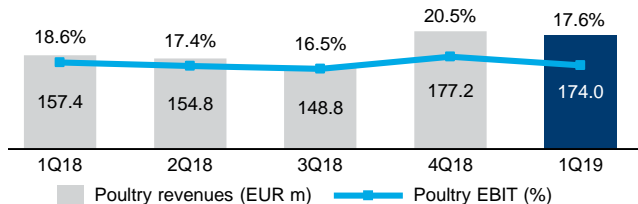
REVENUES BY BUSINESS MIX %, 1Q19



INDUSTRY PERFORMANCE

MAREL POULTRY

Delivered 54% of total revenues and 17.6% EBIT in 1Q19.

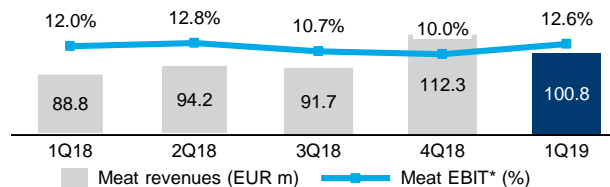


	1Q19	1Q18	Change
Revenues	174.0	157.4	10.5%
EBIT	30.6	29.3	4.4%
EBIT as a % of revenues	17.6%	18.6%	

- Marel Poultry's competitive position remains strong on the back of its established full-line product range, including standard equipment and modules, and service and spare parts revenue from its large installed base worldwide.
- Revenues for Marel Poultry in 1Q19 were up 10.5% YoY or EUR 174.0m (1Q18: 157.4m). EBIT was EUR 30.6m (1Q18: 29.3m) and the EBIT margin was 17.6%. In comparison, the EBIT margin in 2018 was 18.4%.
- Solid operational performance in the quarter was underpinned by high assembly load and deliveries, especially in the US. Orders received by Marel Poultry in the first quarter were good with large orders booked in China, Australia, the US and Columbia.
- The market conditions in Europe are relatively stable while primary processing in the US is experiencing a temporary slow-down on the back of trade issues with China. In such market conditions, there are opportunities to move US customers up the value chain. Turning to China, poultry prices have risen significantly due to trade constraints and limited imports in addition to the swine flu. This, coupled with limited access to labor and rising labor costs are driving investments in automation by local businesses.

MAREL MEAT

Delivered 31% of total revenues and 12.6% EBIT* in 1Q19.

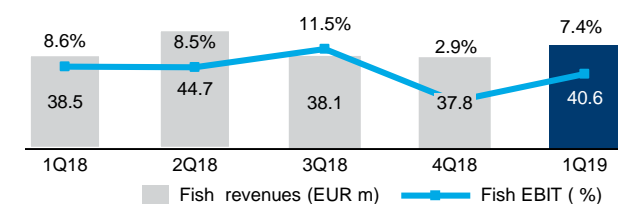


	1Q19	1Q18	Change
Revenues	100.8	88.8	13.5%
EBIT*	12.7	10.7	18.7%
EBIT* as a % of revenues	12.6%	12.0%	

- Marel Meat is now a full-line supplier to the meat processing industry following acquisitions of MPS, with further bolt-on capabilities added with the acquisitions of Sulmaq and MAJA. Integration is on track and focus going forward is on increasing standardization and modularization, as well as upselling and cross-selling.
- Revenues for Marel Meat were EUR 100.8m, up 13.5% YoY (1Q18: EUR 88.8m), in part due to MAJA revenues and strong growth in Asia and Oceania. EBIT* was EUR 12.7m, up 18.7% YoY (1Q18: 10.7m), resulting in an EBIT* margin of 12.6%. In comparison, the EBIT* margin in 2018 was 11.3%.
- Management is targeting medium and long-term EBIT* margin expansion for Marel Meat. The upselling of secondary and further processing equipment to primary processors is a key focus area in order to reach long-term targets.
- The order book for Marel Meat is strong as the year 2019 started with a record high order book. Large projects in the quarter came from the US, Vietnam and Oman.
- The IPPE exhibition in Atlanta took place in 1Q19. At the IFFA 2019 Frankfurt trade show in May, Marel Meat will introduce several newly developed products that are ready for sale across primary and secondary processing for the meat industry.

MAREL FISH

Delivered 13% of total revenues and 7.4% EBIT in 1Q19.



	1Q19	1Q18	Change
Revenues	40.6	38.5	5.5%
EBIT	3.0	3.3	-9.1%
EBIT as a % of revenues	7.4%	8.6%	

- Marel Fish is focused on becoming a full-line provider for wild whitefish, farmed salmon and farmed whitefish. The aim is to fill certain primary processing applications with innovation and/or acquisitions. Greater emphasis on standardization of the business has delivered better project execution and improved margins.
- Revenues for Marel Fish in 1Q19 were up 5.5% YoY or EUR 40.6m (1Q18: 38.5m) in part due to higher proportion of revenues from service and spare parts. EBIT was EUR 3.0m (1Q18: 3.3m) and the EBIT margin was 7.4% (1Q18: 8.6%). In comparison, the EBIT margin in 2018 was 7.9%.
- Management is targeting medium and long-term EBIT margin expansion for the segment by accelerating its full-line offering and expanding applications within primary processing.
- The order book for Marel Fish was stable between quarters with order intake on par with 4Q18. There was good geographical and product diversity in orders received, including recurring revenue items and projects booked from Russia, Ireland and Norway. The salmon industry is benefitting from high prices driving strong demand for technology, quality and yield improvement. Automation is also expected to replace manual processing of fast growing farmed whitefish industry.
- At the Brussel seafood trade show, Marel Fish will introduce four new innovative products for smarter processing ready for sale.

INVESTOR RELATIONS

Investor meeting and live webcast 30 April 2019

On Tuesday 30 April 2019, at 8:30 am (GMT), Marel will host an investor meeting where CEO Árni Oddur Thórdarson and CFO Linda Jónsdóttir will give an overview of the financial results and operational highlights in Q1 2019. The meeting is conducted in English and will be held at Marel's headquarters in Iceland.

Please note that the meeting will also be [webcast live on marel.com](http://webcast.live.on.marel.com) and online participants take part in the Q&A session.

2019 Capital Markets Day 2 May in the Netherlands

Marel will host its 2019 Capital Markets Day at the company's manufacturing and innovation facilities in Boxmeer, the Netherlands on 2 May 2019. On the day, senior management will give presentations on Marel's journey from start-up to global leader, market outlook, financial highlights, business model and strategy. Presentations from the day will subsequently be available on marel.com/IR.

There will also be an optional customer site visit to one of Marel's longstanding customers in the poultry industry on the following day, 3 May 2019.

For further information, please contact IR@marel.com.

DISCLAIMERS

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).

FINANCIAL CALENDAR

- Marel will publish its interim and annual Condensed Consolidated Financial Statements according to the below financial calendar:
 - Q2 2019 - 24 July 2019
 - Q3 2019 - 23 October 2019
 - Q4 2019 - 5 February 2020
 - AGM - 4 March 2020
- Financial results will be disclosed and published after market closing.

CONTACT US

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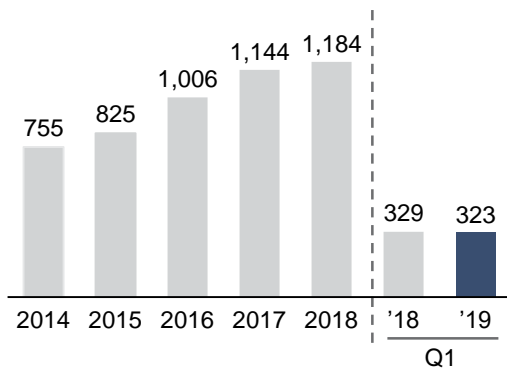
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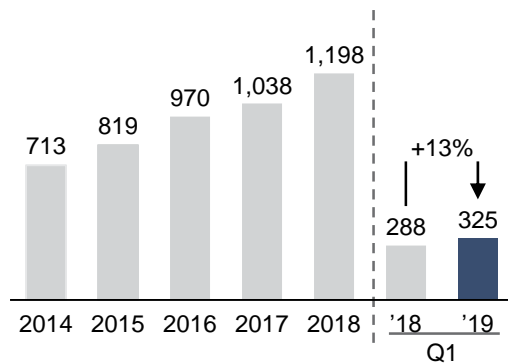
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COMPARISON OF ANNUAL AND INTERIM KEY FIGURES

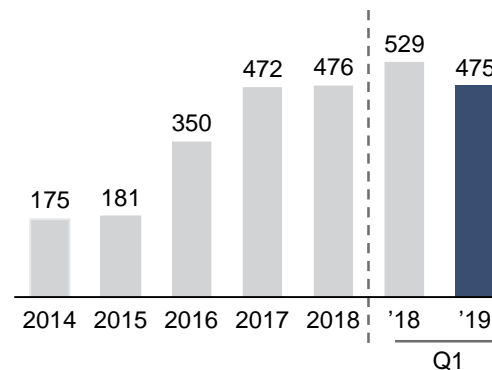
ORDERS RECEIVED
EUR m



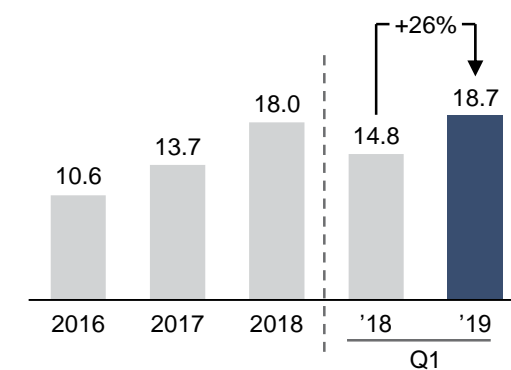
REVENUES
EUR m



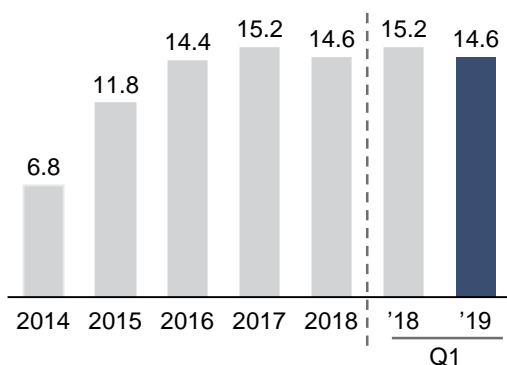
ORDER BOOK
EUR m



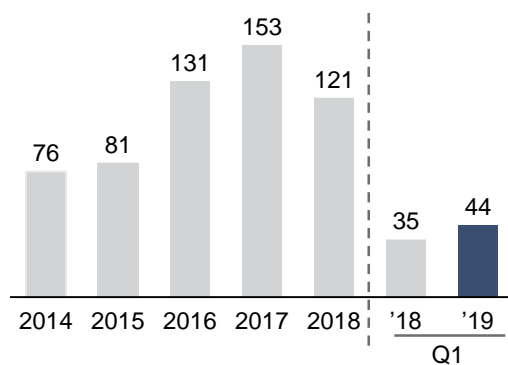
EARNINGS PER SHARE (EPS)
EUR cents, trailing twelve months



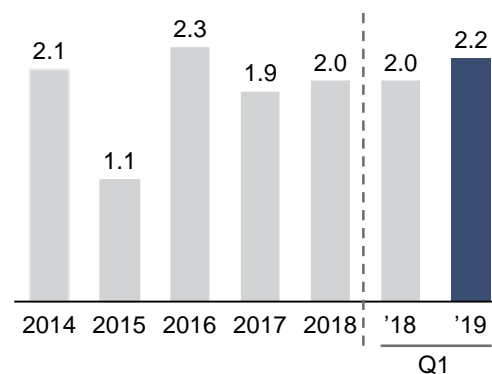
EBIT*
%



FREE CASH FLOW
EUR m



LEVERAGE
Net debt/EBITDA



12% ANNUAL GROWTH TARGET
CAGR revenue growth from 2017 - 2026¹

