Q3 2018

Investor meeting

1 November 2018

ARNI ODDUR THORDARSON

Chief Executive Officer

LINDA JONSDOTTIR

Chief Financial Officer

SOLID PERFORMANCE IN A NORMALIZING ENVIRONMENT

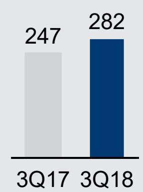
Revenues were EUR 282 million in 3Q18 and the EBIT* margin was 14.2%. EBIT* was EUR 40 million, up 6.4% year-on-year.

HIGHLIGHTS

- Revenues of EUR 282m in 3Q18, up 14.2% YoY
- EBIT* was EUR 40m, up 6.4% YoY
- EBIT* margin was 14.2%
- Orders received were strong in Marel Meat, while softer in the Marel Poultry and Marel Fish
- Net profit in 3Q18 was up 15.1% YoY
- Year to date (9M), orders received were up 3.1% and revenues were up 16.6% YoY

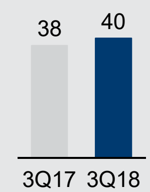
REVENUES

EUR
282m



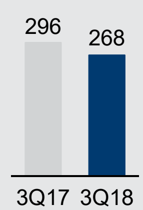
EBIT*

EUR
40m



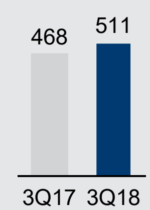
ORDERS RECEIVED

EUR
268m



ORDER BOOK

EUR
511m

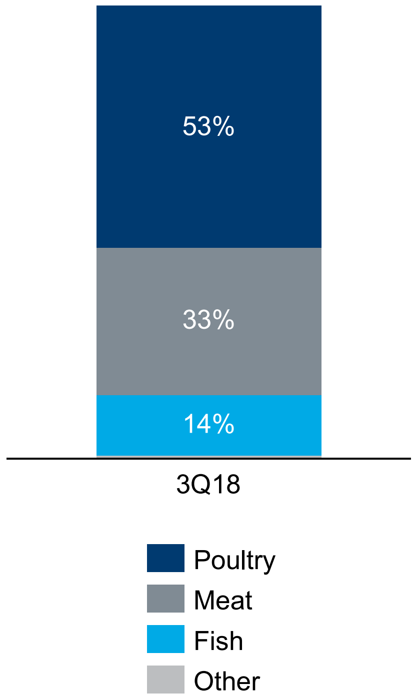


** Operating income adjusted for amortization of acquisition-related (in)tangible assets (PPA)*

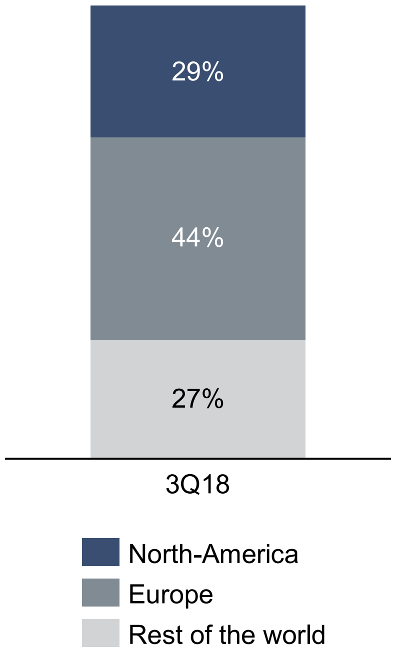
GOOD QUALITY OF EARNINGS

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

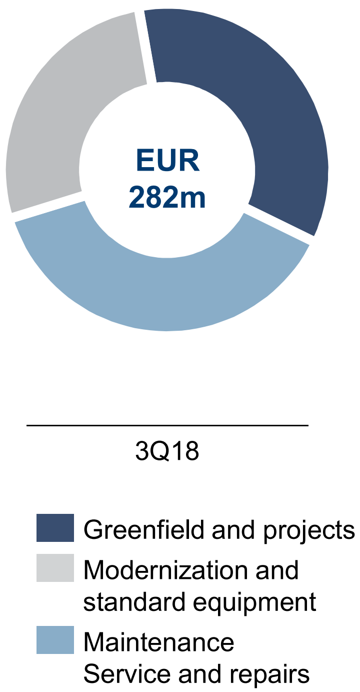
REVENUES BY INDUSTRY
%



REVENUES BY GEOGRAPHY
%



REVENUES BY BUSINESS MIX
%



BALANCED REVENUE MIX

Poultry continues to be the biggest revenue driver. Global reach and focus on full-line offering across the poultry, meat and fish industries counterbalances fluctuations in operations.

POULTRY

53% of revenues in 3Q18
16.5% EBIT margin in 3Q18
(17.5% EBIT margin 9M18)

- Solid operational performance with softer orders received than in previous quarters
- Temporary slow-down in primary poultry processing in the US, opportunities to move US customers up the value chain
- Clear need in Europe and new markets to increase capacity with new greenfields in addition to ongoing modernization projects

With the most complete product range and the largest installed base worldwide, competitive position remains strong

All financial numbers relate to the 2018 Condensed Consolidated Interim Financial Statements. Other segments account for less than 1% of the revenues.

MEAT

33% of revenues in 3Q18
10.7% EBIT* margin in 3Q18
(11.9% EBIT* margin 9M18)

- Strong quarter with robust order intake, well balanced across primary and secondary processing as customers are moving up the value chain
- Bolt-on acquisition of MAJA, to strengthen secondary processing offering, closed 14 August
- Management is targeting medium and long-term EBIT margin expansion for Marel Meat

Focus going forward on increased standardization and modularization

** Operating income adjusted for amortization of acquisition-related (in)tangible assets (PPA)*

FISH

14% of revenues in 3Q18
11.5% EBIT margin in 3Q18
(9.5% EBIT margin 9M18)

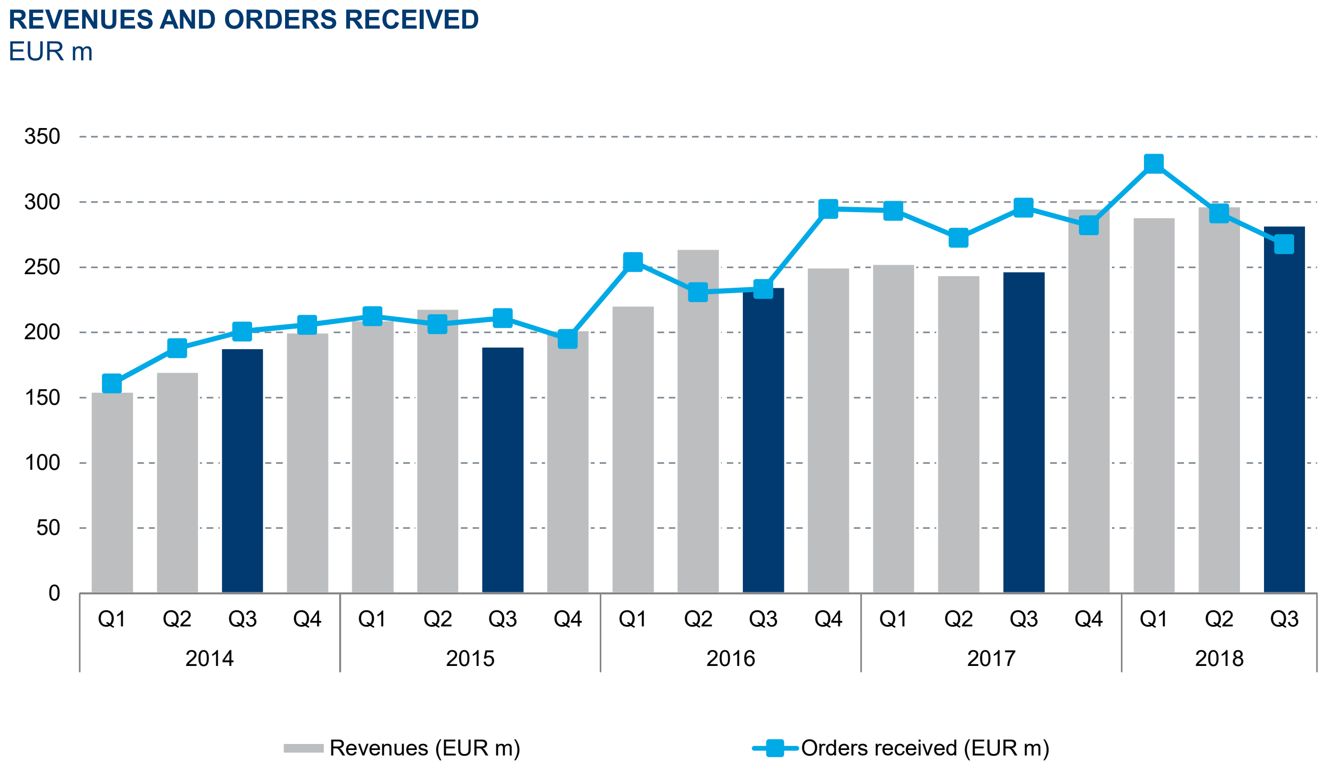
- Improved operational result on the back of good project execution on highly innovative greenfield projects
- Softness in orders received from Nordic markets, pipeline however building up in US and new markets
- Short-term operational margin likely to adjust downwards, management is targeting medium and long-term EBIT margin expansion

Focus on full-line offering for wild whitefish, farmed salmon and farmed whitefish

ORDERS RECEIVED

Orders received in Q3 2018 amounted to EUR 268 million
and revenues were EUR 282 million

- At quarter-end, the order book was 44.0% of trailing twelve months revenues
- Book-to-bill was 1.02 year-to-date, compared to 1.10 for FY17
- Greenfields and projects with long lead times constitute the vast majority of the order book
- Standard equipment and spare parts run with shorter cycles than larger projects



FINANCIAL PERFORMANCE

LINDA JONSDOTTIR
Chief Financial Officer

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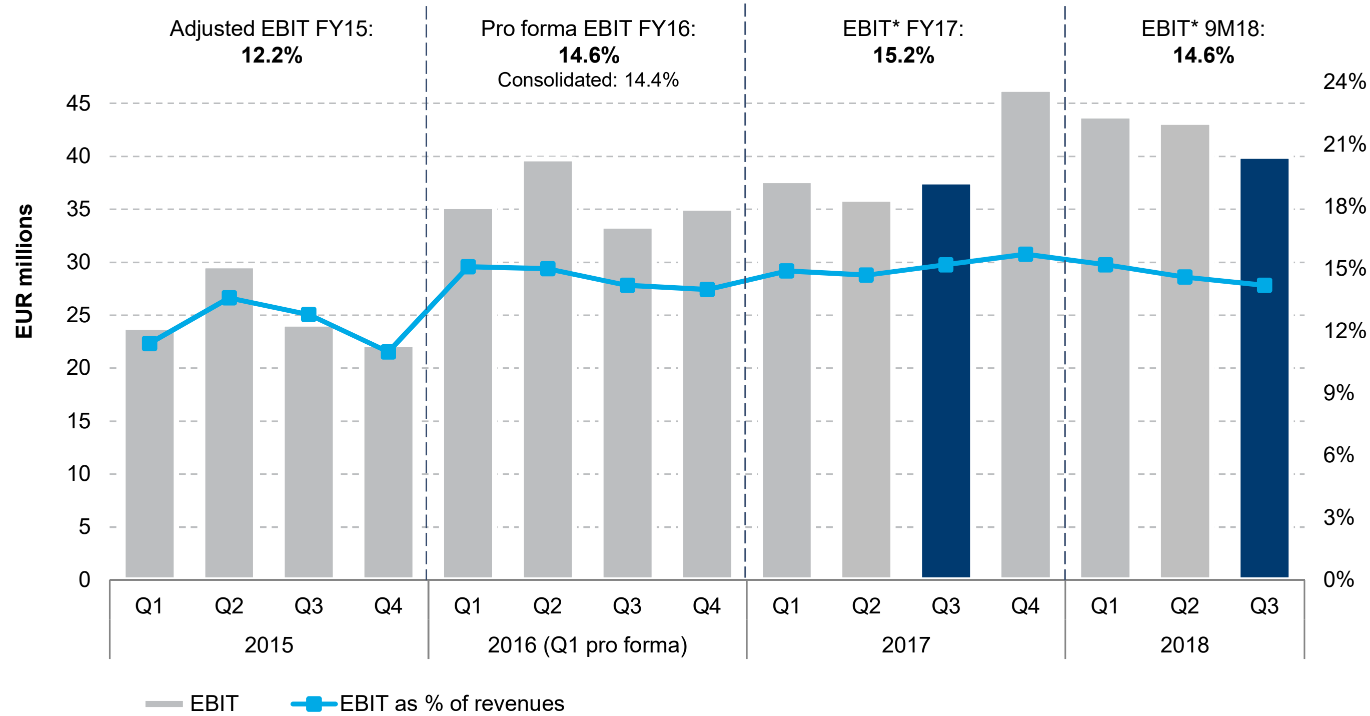
STRONG AND STEADY OPERATIONAL PERFORMANCE

Double-digit revenue growth in the quarter of 14.2% YoY
with a profit margin of 14.2% EBIT*

- EBIT* margin of 14.2% in 3Q18 and 14.6% in 9M18
- 6.5% of revenues re-invested in R&D in 3Q18, compared to 5.2% in 3Q17
- Revenues increased by 14.2% YoY in 3Q18 leading to an increase in absolute EBIT by 6.4% YoY
- Ongoing and continued investment in future platform to serve customers' needs better and sustain competitive edge



Note: Operating income adjusted for amortization of acquisition-related intangible assets (PPA) in 2016-2018. 2015 EBIT adjusted for refocusing cost and acquisition costs.

INCOME STATEMENT: Q3 2018

Gross profit was EUR 110.7 million or 39.3% of revenues
and net result was EUR 26.7 million, or 9.5% of revenues

In EUR million	Q3 2018	Of revenues	Q3 2017	Of revenues	Change
Revenues	282.0		247.0		+14.2%
Cost of sales	(171.3)		(153.0)		+12.0%
Gross profit	**110.7**	**39.3%**	**94.0**	**38.1%**	**+17.8%**
Selling and marketing expenses	(32.0)	11.3%	(28.2)	11.4%	+13.5%
Research and development expenses	(18.4)	6.5%	(12.9)	5.2%	+42.6%
General and administrative expenses	(20.3)	7.2%	(15.3)	6.2%	+32.7%
Adjusted result from operations	**40.0**	**14.2%**	**37.6**	**15.2%**	**+6.4%**
Amortization of acquisition-related (in)tangible assets	(2.4)		(2.2)		+9.1%
Result from operations	**37.6**	**13.3%**	**35.4**	**14.3%**	**+6.2%**
Net finance costs	(2.9)		(5.4)		-46.3%
Result before income tax	**34.7**		**30.0**		**+15.7%**
Income tax	(8.0)		(6.8)		+17.6%
Net result	**26.7**	**9.5%**	**23.2**	**9.4%**	**+15.1%**

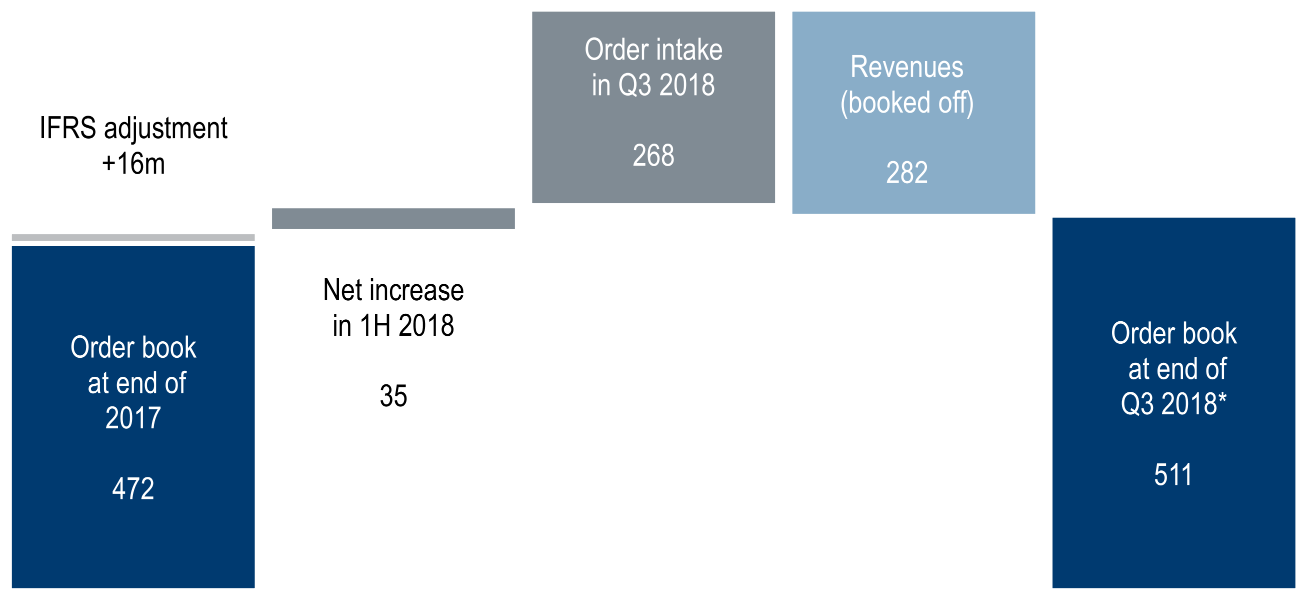
ORDER BOOK

Strong order book of EUR 511 million, greenfields and projects with long lead times constitute the vast majority of the order book

HIGHLIGHTS

- Order book at quarter-end was EUR 511m
- IFRS adjustment on opening balance was EUR 16m and delay of revenues in 9M18 was EUR 3m
- The strong order book provides a good foundation going forward

ORDER BOOK
EUR m



*Including preliminary order book of MAJA of EUR 2m

BALANCE SHEET: ASSETS

Q3 2018 Condensed Consolidated Interim Financial Statements

HIGHLIGHTS

- Marel continues to invest in its manufacturing and innovation facilities and improving the working environment across the company
- Lease assets and liabilities were added to the balance sheet in 1Q18 in relation to IFRS16
- Inventories are increasing due to volume
- Trade receivables are increasing due to timing of invoicing and volume

ASSETS

In EUR million	30/9 2018	31/12 2017	Change
Property, plant and equipment	167.6	144.7	+15.8%
Right of use assets	30.5	-	-
Goodwill	654.1	643.9	+1.6%
Intangible assets (excluding goodwill)	256.1	262.7	-2.5%
Trade and other receivables	3.0	4.0	-25.0%
Derivative financial instruments	2.2	0.9	+144.4%
Deferred income tax assets	8.6	4.4	+95.5%
Non-current assets	**1,122.1**	**1,060.6**	**+5.8%**
Inventories	147.2	124.4	+18.3%
Contract assets	37.8	48.2	-21.6%
Trade receivables	141.1	128.9	+9.5%
Other receivables and prepayments	63.1	46.6	+35.4%
Cash and cash equivalents	33.8	31.9	+6.0%
Current assets	**423.0**	**380.0**	**+11.3%**
TOTAL ASSETS	**1,545.1**	**1,440.6**	**+7.3%**

BALANCE SHEET: EQUITY AND LIABILITIES

Q3 2018 Condensed Consolidated Interim Financial Statements

HIGHLIGHTS

- Acquired MAJA for enterprise value of EUR 35.5m and purchased treasury shares for value of EUR 30m
- Contract liabilities (production contracts) reflect down payments from customers on projects that will be produced
- In Q3, order intake was less than orders booked off effecting working capital negatively

EQUITY AND LIABILITIES

In EUR million	30/9 2018	31/12 2017	Change
Group equity	**530.1**	**541.9**	**-2.2%**
Borrowings	430.3	370.5	16.1%
Lease liability	24.1	0.2	-
Deferred income tax liabilities	62.9	61.3	+2.6%
Provisions	8.4	8.6	-2.3%
Other liabilities	3.5	3.6	-2.8%
Derivative financial instruments	1.8	2.7	-33.3%
Non-current liabilities	**531.0**	**446.9**	**+18.8%**
Contract liabilities	223.9	209.6	+6.8%
Trade and other payables	202.4	195.9	+3.3%
Current income tax liabilities	17.9	11.0	+62.7%
Borrowings	24.1	26.2	-8.0%
Lease liability	6.8	-	-
Provisions	8.9	9.1	-2.2%
Current liabilities	**484.0**	**451.8**	**+7.1%**
Total liabilities	**1,015.0**	**898.7**	**+12.9%**
TOTAL EQUITY AND LIABILITIES	**1,545.1**	**1,440.6**	**+7.3%**

DIVERSIFYING FUNDING STRUCTURE

Marel has mandated ABN AMRO, Bayerische Landesbank and UniCredit to market a senior unsecured Schuldschein borrowers note for at least EUR 100 million

ARRANGERS

ABN·AMRO

Bayern LB

UniCredit

USE OF PROCEEDS

- General corporate purposes and refinancing

TERMS

- Maturity 5, 7, or 10 years
- Favorable margin expected to have positive effect on funding cost
- Unsecured and covenant light

MARKETING VOLUME

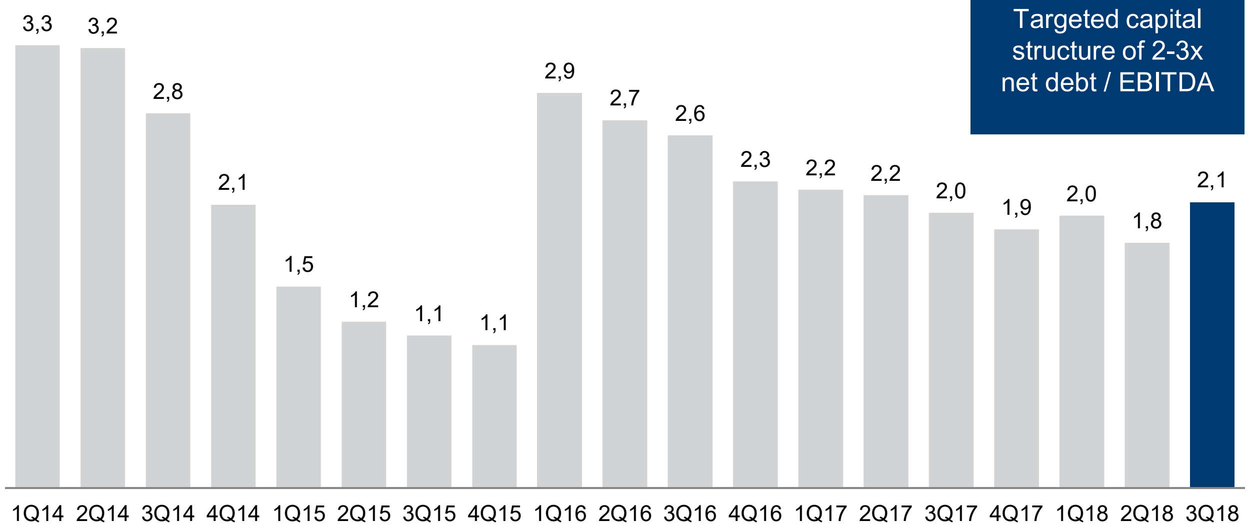
- At least EUR 100m

EXPECTED CLOSING

- Before year-end

LEVERAGE RATIO

Net debt / EBITDA



Targeted capital structure of 2-3x net debt / EBITDA

MAREL CURRENT BORROWER PROFILE

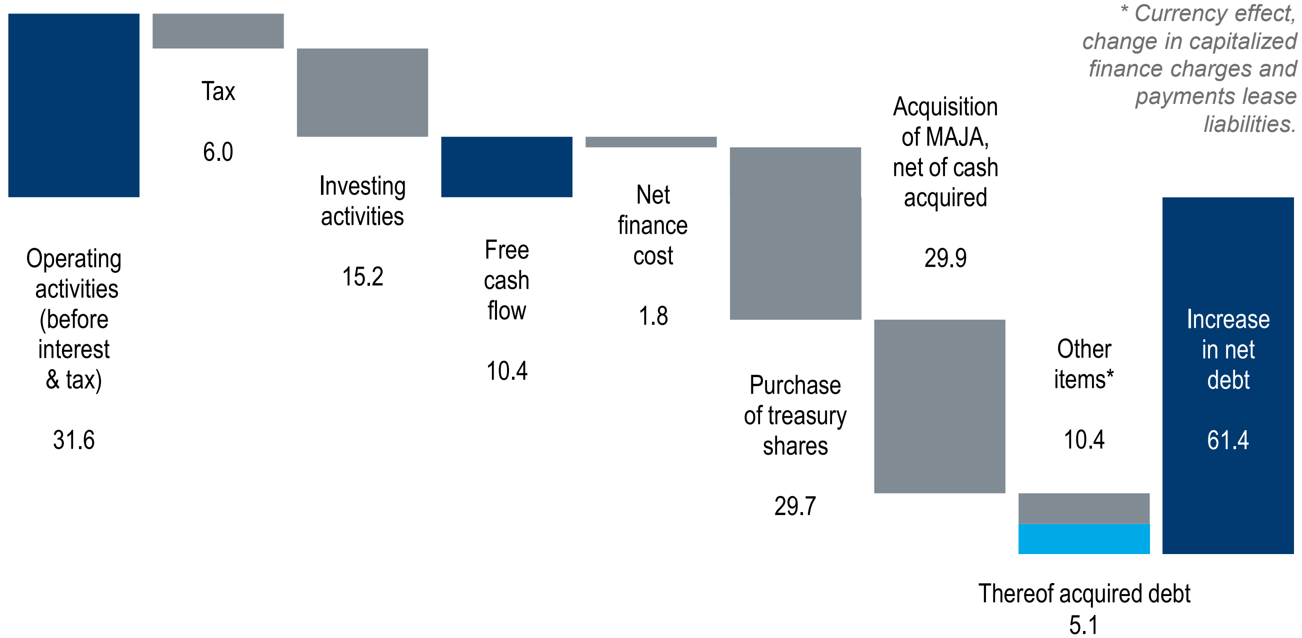
Net debt EUR 451m	Equity ratio 34%	Leverage ratio 2.1x	Interest cover 20x EBITDA

CASH FLOW

Cash flow remained positive in 3Q18 despite lower orders received over the quarter, Marel continues to invest in the business to prepare for future growth and its full potential

- Operating cash flow was EUR 31.6m, compared to EUR 71.8m in 3Q17 which was exceptionally strong
- The difference year-on-year is due to fluctuations and timing of orders received and down payments for large projects
- Net interest bearing debt increased by around EUR 61m in 3Q18 as a result of the acquisition of MAJA and purchase of treasury shares

CASH FLOW
EUR m

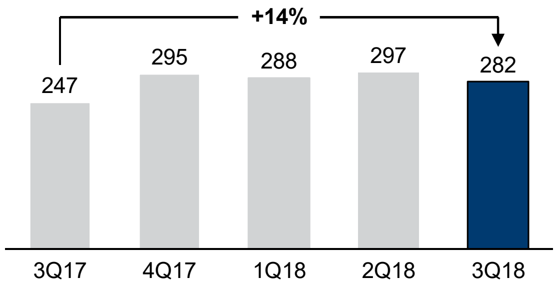


** Currency effect, change in capitalized finance charges and payments lease liabilities.*

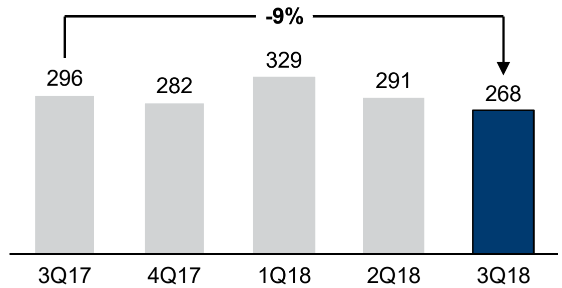
KEY FIGURES QOQ

Quarterly comparison of the Condensed Consolidated Interim Financial results

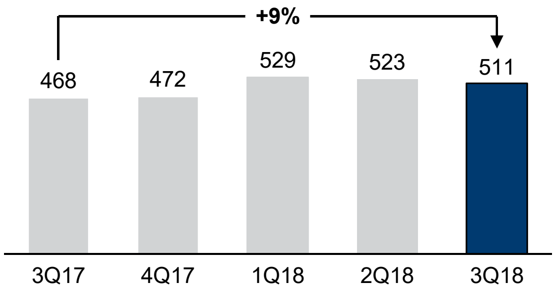
REVENUES
EUR m



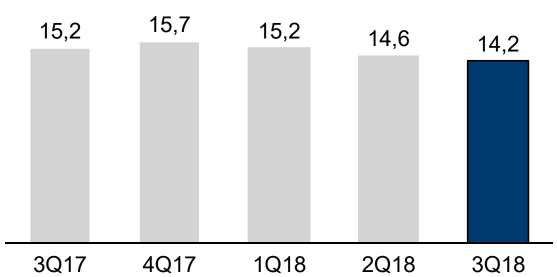
ORDERS RECEIVED
EUR m



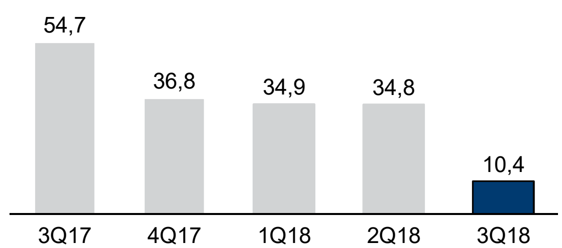
ORDER BOOK
EUR m



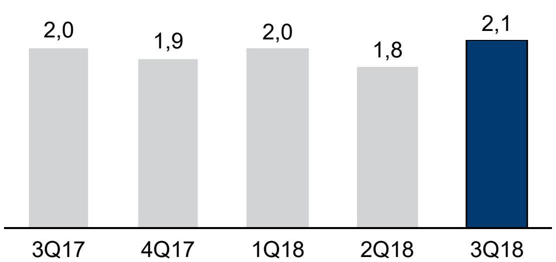
EBIT* MARGIN
%



FREE CASH FLOW
EUR m



LEVERAGE
Net debt/EBITDA



BUSINESS & OUTLOOK

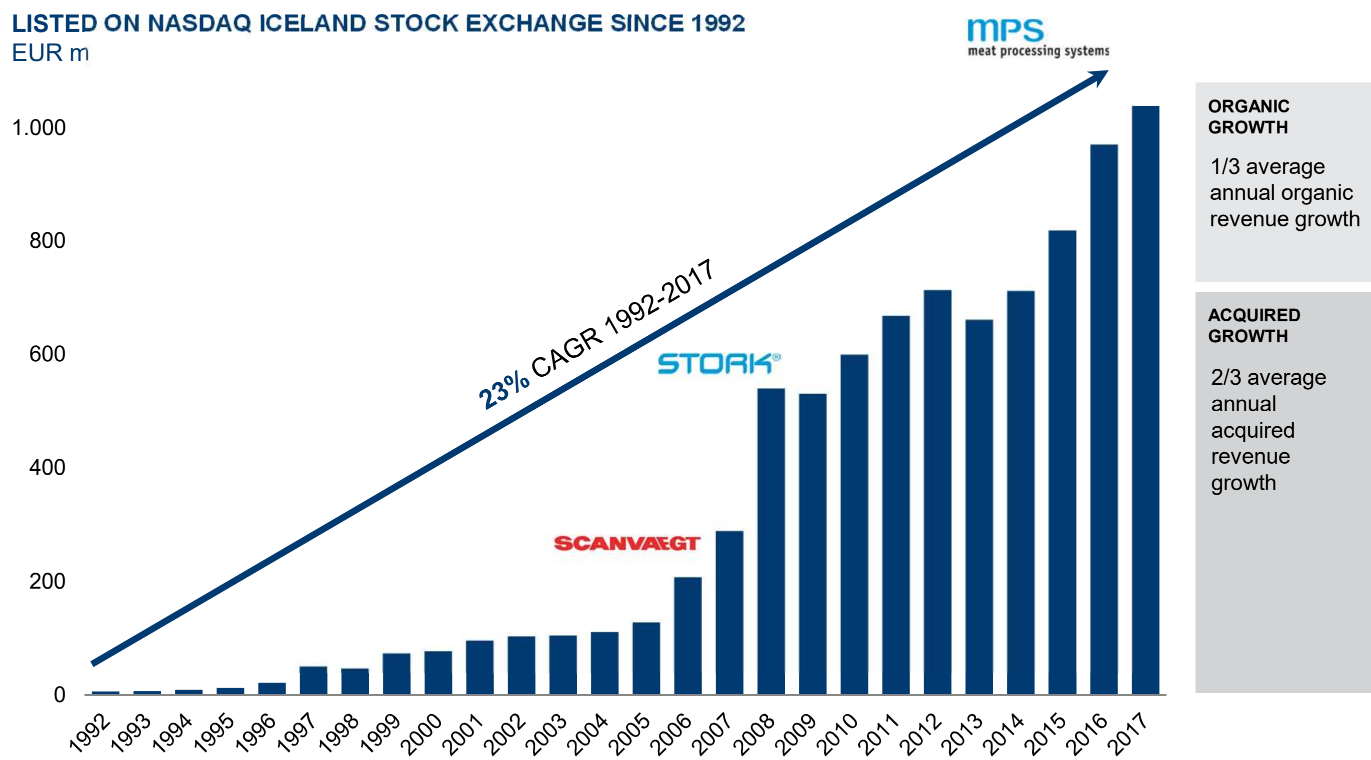
ARNI ODDUR THORDARSON

Chief Executive Officer

FROM START UP TO A GLOBAL LEADER

At end of Q3 2018, Marel had 5,700 employees working in over 30 countries and EUR 867 million in revenues, a stark contrast to its 45 employees and revenues of EUR 6 million at the time of listing in 1992

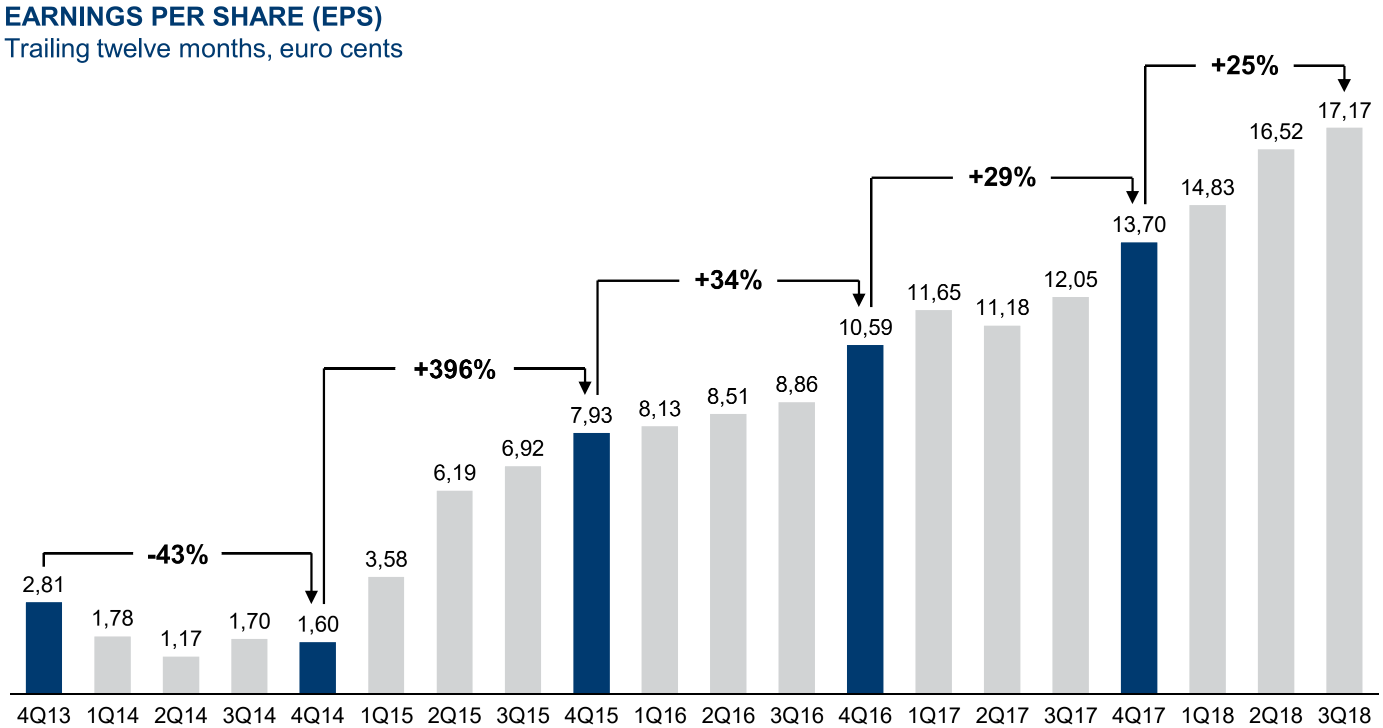
- Good support from shareholders since listing on Nasdaq Iceland in 1992
- Growth strategy announced and agreed in the 2006 AGM
- Acquisitions of Scanvaegt and Stork Food Systems with equity contribution of EUR 268 million
- MPS, Sulmaq and MAJA acquisitions financed with support from banking partners,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



EARNINGS PER SHARE

Favorable development in Earnings per Share (EPS) over recent quarters, management expects EPS to grow faster than revenues

- Strong cash flow reinvested in innovation and the operational platform
- Dividends paid out in recent years within the targeted dividend policy of 20-40% of net profit
- In 4Q13-3Q18, Marel has acquired treasury shares for net value of approximately EUR 140m



KEY DIFFERENTIATING FACTORS

Marel has a unique position that is hard to replicate

SUPERIOR TECHNOLOGY

Leading technology provider with innovation through customer partnerships.

Scale and efficiency enables higher investment in new product development.

Extensive process know-how and skills in food processing.

FULL LINE PROVIDER

Seamless flow and integration between different applications result in higher overall efficiency.

Overarching software to monitor and control the process that is hard to replicate.

One-stop-shop for the customer both from an equipment and a service standpoint.

LARGE INSTALLED BASE

Ensuring uptime and reliablity resulting in high recurring revenue of spare parts and services.

Service level agreements (SLA) result in strong customer loyalty and repeat business.

ECONOMIES OF SCALE

Global sales and service network that requires high capital investment to replicate.

Ongoing investment in software for a long period, resulting in great knowledge and capabilites.

Global manufacturing footprint.

STRONG BRAND

Innovative and trustworthy partner.

High-performing reliable equipment.

ALTERNATIVE LISTING

Three alternatives narrowed to dual listing. Following active discussions with selected exchanges primary focus now on Euronext in Amsterdam, London Stock Exchange and Nasdaq Copenhagen.

~~**1 LISTING ON NASDAQ ICELAND CONTINUED**~~

~~No change to current set up where Marel is listed on Nasdaq Iceland~~

2 DUAL LISTING IN ICELAND AND INTERNATIONALLY

Listing on Nasdaq Iceland continued and a second listing added internationally

~~**3 DELISTING FROM ICELAND AND RELISTING INTERNATIONALLY**~~

~~Delisting from Nasdaq Iceland and relisting on an international exchange (the form and constitution of shares expected to remain the same)~~

LISTING VENUE CONSIDERATIONS

- Market depth and sector awareness
- Access to international investor base
- Analyst coverage
- Index inclusion
- Valuation
- Peer group

PRIMARY FOCUS

- Euronext in Amsterdam
- London Stock Exchange
- Nasdaq Copenhagen

…all have access to an international investor base

MAREL SPECIFIC CONSIDERATIONS

- Operational footprint
- Shareholder journey
- Clearing and settlement mechanics
- Reporting currency

ESTIMATED TIMELINE FOR LISTING PROJECT

The Board of Directors has decided to call for an extraordinary shareholders' meeting on 22 November 2018, proposing to reduce the Company's share capital and initiate a formal share buy-back program

4Q17

Marel announced it was in the process of engaging an independent international advisor to evaluate potential listing alternatives

AGM

At the 2018 AGM, Marel announced it had engaged STJ Advisors, a leading independent capital markets advisory firm

STJ are assessing possible listing alternatives from various perspectives, e.g. valuation, peer group positioning, analyst coverage, index inclusion, and expected supply demand

1Q18

2Q18

Management announced they were narrowing the focus to dual listing or delisting and relisting

3Q18

Recommendation to dual list shares internationally, with primary focus on Amsterdam, Copenhagen or London, in addition to its current listing in Iceland to best interlink the interests of current and future shareholders

Extraordinary shareholders' meeting on 22 November 2018

Marel to select partners for the execution phase

4Q18

AGM

Execution phase expected to take up to 9 months from the 2019 AGM, with precise timing determined depending on developments in Marel's business and general financial market conditions

INVESTING IN GROWTH

Target of 12% average annual revenue growth in the next 10 years, 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 will not be linear but based on opportunities and economic fluctuations

FINANCIAL TARGETS

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

	TARGET	3Q18	FY17	FY16	
REVENUE GROWTH*	12% average annual revenue growth in 2017-2026*	16.6% YoY	5.6%	20.1%	Management expects strong organic revenue growth and solid operational results for the full year 2018, although the short-term outlook might be softer than previously expected. Market conditions have been exceptionally favorable and are more challenging at the moment. In the long term*, management expects 4-6% average annual market growth. Marel aims to grow organically faster than the market, driven by innovation and market penetration. Solid operational performance and strong cash flow is expected to support 5-7% revenue growth on average by acquisition.
INNOVATION INVESTMENT	~6% of revenues	6.0%	5.5%	6.5%	To support new product development and ensure continued competitiveness of existing product offering.
Earnings per Share (euro cent)**	EPS to grow faster than revenues	17.2	13.7	10.6	Marel's management expects Earnings per Share to grow faster than revenues.
LEVERAGE	Net debt/ EBITDA x2-3	x2.1	x1.9	x2.3	The leverage ratio is estimated to be in line with the targeted capital structure of the company.
DIVIDEND POLICY	20-40% of net profit	-	30%	20%	Dividend or share buy-back targeted at 20-40% of net profits. Excess capital used to stimulate growth and value creation, as well as paying dividends.

**Growth will not 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.*

***Trailing twelve months, EUR cents*

Q&A

ÁRNI ODDUR THORDARSON
CEO

LINDA JONSDOTTIR
CFO

THANK YOU