

Highlights of Marel's Annual General Meeting 2017

Marel's Annual General Meeting (AGM) was held at the company's headquarters in Gardabaer, Iceland, on March 2, 2017. All proposals presented by the Board were approved by the meeting.

Chairman's address

Asthildur Margret Otharsdottir, Chairman of Marel's Board of Directors addressed the meeting. "2016 was yet another good year for Marel. It was a year of strategic growth and a further strengthening of our foundations. Amidst significant shifts in the world's geopolitical landscape – resulting in both political and economic uncertainty – the strategic drivers in our industry remained intact. The immense social challenge of how to feed the world's population in the future continues to present Marel with opportunities for sustainable value creation by advancing the way food is processed," she said.

The chairman presented the proposal to pay out dividend, corresponding to 20% of net profits for the operational year 2016. "The Board of Directors is pleased to propose to the Annual General Meeting today that a dividend of 15.3 million is paid to shareholders, corresponding to 20% of net profits. This is fully in line with our dividend policy" she said. In addition, the Board of Directors has authorized management to purchase own shares in 2017 for up to a value of 15 million to be used as payment for potential future acquisitions, she said.

Asthildur also talked about the challenges that face Marel, consumers and companies worldwide today. "During the year, significant progress was made in developing and executing a formal approach to Marel's corporate social responsibility. Guiding principles for the approach to people, the planet and profit were introduced throughout the organization and Marel became a signatory to the UN's Global Compact" she said.

CEO's address

"2016 was a great year for Marel and we are at the center point of prevailing trends which are driving global economic development. Our vision and strategy are clear and we are in the position to advance food processing at a global level" said Arni Oddur Thordarson, CEO of Marel, in his address to the company's AGM.

Arni Oddur Thordarson talked about Marel's growth story, a story filled with strategic acquisitions and strong organic growth. He took the audience back to the year 2005, when Marel's revenue was 129 million and EBIT 10 million and when Marel's main focus was on the fish industry. That same year a growth strategy of becoming a global leader and a full line provider to the poultry, meat and fish industries was introduced. Arni then went through the several strategic acquisitions that later took place, the latest one being MPS Meat processing systems in January 2016. "Marel acquired MPS without issuing new shares and managed to stay within targeted capital structure of between x2-3 net debt/EBITDA. Net leverage was at x2.9 net debt/EBITDA after the acquisition and solid operational performance and strong cash flow has now driven it down to x2.25". Since 2006, Marel's revenue has grown around 20% per year on average, one-third through organic growth and two-thirds through acquisitions. This has brought Marel to its current situation; global leader in providing advanced equipment and services for the poultry, meat and fish industries with pro forma revenue close to 1 billion and 143 million in EBIT.

Arni Oddur then covered the business and financial highlights of the year 2016.

"Pro forma revenue was 983 million, compared to 819 million in the previous year for Marel stand alone. We have gradually increased the operational performance in recent years and delivered a solid operational performance with 14.6% EBIT in 2016. Earnings per share increased by 34% between years due to an improved operational performance and a better utilization of the balance sheet" he added.

Throughout the year, the modernization and maintenance business remained strong while we saw some softness in the greenfield and expansion projects at the beginning of the year. However, in Q4 we saw the order intake at an all-time high with landmark projects secured for the poultry, meat and fish industries around the globe, resulting in a strong order book entering 2017. These greenfield projects will now go into engineering phase and will start to deliver revenue in Q2 2017 and onwards. Our product portfolio is strong and we introduced several revolutionary products to the market in 2016," he added. Significant investments were also made in advancing Marel's business, upgrading manufacturing equipment as well as improving facilities and IT platforms.

Arni talked about Marel's business model that consists of three main revenue streams; Greenfields, modernization and standard equipment and service and spare parts. Recurring revenue from service and spare parts are now 36% of total revenue, compared with 7% in 2005. "Our greenfield projects are Marel's future revenue as they continue to deliver recurring service revenue and modernization revenue going forward".

Finally Arni Oddur introduced Marel's outlook and strategy. Marel is targeting 12% average annual revenue growth in the next 10 years. Marel's management expects 4-6% average market growth in the long term and the target continues to be

set at growing faster than the market organically driven by innovation and market penetration. Strong financials and an experienced and united team make Marel well equipped to take on further growth through strategic acquisitions. By maintaining solid operational performance and strong cash flow a 5-7% annual revenue growth by acquisition can be pursued. Organic and acquisition growth will not be linear but based on opportunities, economic fluctuations and general economic conditions. "We are firmly committed to delivering increased value to the society, customers and shareholders by enhancing safe and sustainable food processing. We will continue to drive the growth forward with passion and discipline," he added.

Confirmation of annual accounts

The company's Consolidated Financial Statements and the Report of the Board of Directors and CEO were approved by the meeting. All proposals presented were approved by the meeting.

Board of Directors

All seven directors on the Board of Marel were re-elected unanimously. The board consists of: Astvaldur Johannsson, Olafur Gudmundsson, Arnar Thor Masson, Ann Elizabeth Savage, Asthildur Margret Otharsdottir, Helgi Magnusson and Margret Jonsdottir.

The new Board of Directors has convened and assigned roles and responsibilities. Asthildur Margret Otharsdottir continues as Chairman of the Board and Arnar Thor Masson, as the Vice-Chairman of the Board.

More information is available on [Marel.com](http://www.marel.com).

More information about the Annual General meeting is available on [Marel.com](http://www.marel.com) as well as the information page for the AGM at <http://www.marel.com/agm>.