

ANNUAL REPORT 2015

ADVANCING FOOD PROCESSING

CHAIRMAN'S ADDRESS

A YEAR OF PROFITABLE GROWTH AND STRATEGIC MOVES

CEO'S ADDRESS

2015 was a great year for Marel. We successfully concluded our two year refocusing program and we enhanced Marel's position as a full line provider to the poultry, meat and fish industries with the acquisition of MPS.



WHO WE ARE

Marel is the leading global provider of advanced processing systems and services to the Poultry, Meat and Fish industries

OUR MARKETS

Each of Marel's three industries Marel poultry, Marel Meat and Marel Fish provide solutions and services in primary, secondary and further processing

A YEAR OF PROFITABLE GROWTH AND IMPORTANT STRATEGIC ACTIONS

2015 was a good year for Marel. It was a year of profitable growth and important strategic actions.

The Simpler, Smarter, Faster refocusing program initiated at the beginning of 2014 was successfully completed at the end of the year; the program's objective of being able to do more with less was achieved. Over the course of the two years, Marel revised its organizational structure to facilitate value creation across industries and functions and took important steps in rationalizing the product portfolio and manufacturing footprint. Significant investments are being made in technology platforms to make Marel fit for the future. At the same time, there has been continued focus on creating value for our customers. These actions, supported by favorable market conditions, have resulted in strong revenue growth, improved profitability and a robust platform for sustainable future growth.

An important strategic milestone was achieved in November, with the agreement to acquire MPS, a global leader in primary processing solutions for the pork and beef industry, as well as in innovative solutions in water treatment and food logistics. The acquisition is a great fit, supporting Marel's full line offering in the meat processing industry and contributing to a more balanced revenue split between industry segments and geographies. Pro forma revenues for the combined business are approaching €1 billion, with healthy profit margins.

A REFINED VISION AND SOCIAL RESPONSIBILITY APPROACH

In 2015, we set out to sharpen our vision, values and brand identity as well as formalize our approach to corporate social responsibility.

The refined vision reflects our purpose, how we make our mark on the industry and what makes us different as a partner and an employer. It underlines the commitment to our customers, the environment, and society, and our commitment to contribute to the development of a sustainable future:

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

Marel's balance sheet remains robust. Strong operating results, along with support from long-term financing partners, enabled favorable financing of the acquisition by increasing and extending loan facilities without raising further equity capital. Leverage at closing was at the higher end of the target range of 2-3 times EBITDA. In line with our capital allocation and dividend policy, the Board of Directors has proposed to the Annual General Meeting that a dividend payment of €11.3 million, corresponding to 20% of net profits, is paid to shareholders. During the year, the company acquired 31 million own shares to use in relation to potential acquisitions and for fulfilling employee stock option agreements.

The developments in 2015 are fully in line with our strategy. The underlying growth drivers in our industry remain strong. There is ample room for further improvements in our internal operations and the opportunities in the food industry are boundless. Marel is well positioned for sustainable growth and value creation.

DIVIDENDS FOR 2015 **20%** OF NET PROFIT



Asthildur Otharsdottir, Chairman of Marel's Board of Directors

We also formalized Marel's approach to corporate social responsibility, setting guiding principles for the approach to people, the planet and profitability. Social responsibility is not an afterthought at Marel; it is at the very core of our business. We strongly believe in the opportunity to create economic value in a way that also creates value for society by addressing its needs and challenges.

Population growth, combined with urbanization, rising incomes and lifestyle changes, is expected to result in a more than 50% increase in food demand by 2030. Focus on the environment and sustainability is constantly increasing. A sustainable food system

implies the use of resources that do not exceed the capacity of our planet to replace them. Today, we are using too much of scarce resources such as water and energy for food production and there is far too much waste in the food value chain. It is estimated that almost one billion people are suffering from undernourishment, while nearly another billion are obese. The colossal social challenges of fulfilling rising consumption demands in an environmentally, economically and socially sustainable way represent a wealth of opportunities for Marel and its customers. The ultimate goal is to embrace innovation and new technologies to enable more food supply with less use of resources.

COMMITMENT TO GOOD CORPORATE GOVERNANCE

Marel's Board of Directors is committed to good corporate governance and ethical business practices that promote the long-term interests of shareholders and help build trust in the company. Our code of conduct puts integrity and values at the core of all our activities and decisions

We emphasize communication of honest, consistent and transparent information to our shareholders, financial partners and other stakeholders with the aim of establishing trust and understanding.

In 2015, the Board of Directors conducted a comprehensive review of Marel's corporate governance framework. It is imperative to revisit the discussion on governance, roles and responsibilities on a regular basis. Our review resulted in updated versions of our rules of procedures and identification of areas for further development.

SUSTAINABLE VALUE CREATION

Marel's Board of Directors is dedicated to its duty of providing strategic direction, challenging and supporting management as well as performing our fiduciary supervisory duties. Sustainable shareholder value creation in Marel is our ultimate objective.



+2.5 BILLION
INCREASE IN URBAN POPULATION
BY THE YEAR 2050

Our internal review was followed by an external audit of the corporate governance structure and procedures, followed by a certification of the same. In January 2016, we proudly received recognition as "Exemplary in Corporate Governance," awarded by the Center for Corporate Governance at the University of Iceland

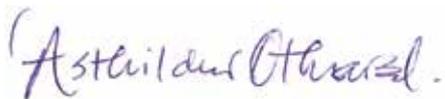


The Board's annual self-assessment and directors-only session is an important forum for aligning our focus areas and identifying areas of improvement. The results set the stage for the Board's agenda for the upcoming year and are reflected in the targets of management incentive programs. In 2015, the focus was on growth and strengthening the foundation by executing the Simpler, Smarter & Faster program, closing the MPS acquisition and preparing for transition into a longer term, full potential approach. The ambitious strategic targets set at the 2006 annual general meeting are being realized. Our vision for the future is clear. In 2016, we will provide further insights into future targets and the strategic objectives ahead.

OPPORTUNITIES AHEAD

On behalf of the Board of Directors I congratulate the Marel team on the results and achievements made in 2015 and extend our appreciation for their commitment, dedication and hard work. We thank our shareholders for their trust in Marel and for giving us the opportunity to take part in this great journey.

Marel has a strong foundation for continuous growth and sustainable value creation. The opportunities are boundless – there are exciting times ahead.

A handwritten signature in blue ink, reading "Asthildur Otharsdottir". The signature is fluid and cursive, with a large initial 'A'.

Asthildur Otharsdottir,

Chairman of Marel's Board of Directors

A YEAR OF PROFITABLE GROWTH AND STRATEGIC MOVES

2015 was a great year for Marel. It was a year of profitable growth and strategic moves.

We successfully concluded our two year refocusing program and we enhanced Marel's position as a full line provider to the poultry, meat and fish industries with the acquisition of MPS meat processing system.

We managed to engage even better with our customers while refocusing, resulting in a 15% increase in revenue with 100 million in operating profits in 2015 compared with 49 million in 2014.

SIMPLER, SMARTER, FASTER MAREL

Two years ago, we saw that our structure was too complicated and our fixed cost was too high. We launched our two year refocusing program, Simpler, Smarter, Faster Marel. During the program we rationalized the product portfolio, optimized our manufacturing footprint and streamlined the operation while at the same time we managed to keep the focus on serving the customers' needs better than ever.

The program has now been successfully concluded and our focus will shift towards reaching our full potential. While some of the initiatives of the refocusing program have been fully concluded, others are ongoing and will be transferred to the new full potential program.

During that program we will step up investments in our business, working with advanced business tools that will enable us to better manage our most valuable assets: our employees, our customers and our products and solutions during their lifecycle. The first milestone on this journey is to add clarity to our branding strategy and communications. We have redefined our brand vision and values in order to become better positioned for future growth and success.

MAREL BECOMES FULL LINE PROVIDER TO THE MEAT INDUSTRY

Marel's acquisition of MPS is fully in line with Marel's strategy to be at the forefront of delivering full line solutions to the poultry, meat and fish industries globally.

In many ways we are now taking similar steps in the meat industry as were taken eight years ago in the poultry industry with the Stork acquisition, which stimulated organic growth and value creation for customers and shareholders. Following the acquisition of Stork Food Systems, we saw 6% organic annual growth and more remarkably an annual 20% increase in earnings per share.

Marel and MPS have a great strategic and cultural fit with highly complementary product portfolios and geographic presence, creating a strong platform to enhance further growth. We know each other well as we have been partners in several projects in the meat industry around the globe. MPS has been delivering innovative and automated primary processing solutions and Marel has been delivering the secondary processing solutions with overarching software solutions.



Arni Oddur Thordarson, CEO

United we will be better positioned to invest in growth and innovation and to add value to our current and future customers. We are stronger together and in a great position to deliver full line solutions to meat processors around the world.

READY FOR THE FUTURE

We live in a fast changing, dynamic world. The global population is expected to reach between 9 and 10 billion people in the next two or three decades. Moreover, due to urbanization and better economic prospects in general, the proportion of people considered "active" consumers is increasing at a faster rate than ever before. The need for affordable and safe food that is processed in a sustainable way is clearer than ever.

Marel is the leading global provider of advanced processing systems and services to the poultry, fish and meat industries. We strive for excellence in serving customers' needs and we are firmly committed to the aim of delivering increased value to all stakeholders; customers, employees and shareholders. With strategic acquisitions, continuous innovation and market penetration we have managed to be at the forefront of our industry.



Arni Thordarson,
CEO

The quality of our earnings is good. We are growing with our poultry, meat and fish processors in all continents. The mix of greenfield projects, extension and modernization projects is The backbone is our strong maintenance business that accounts for 40% of our revenues. As a united team, in good partnership with our customers, we are in position to reshape the food processing world.

GREAT TEAM

I would like to thank the Marel team for their commitment, dedication and effort during 2015. I look forward to the years ahead. I would like to welcome the employees of MPS on board as an integral part of the Marel team. We are all moving in the same direction – 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. United as Marel, we can make it happen!

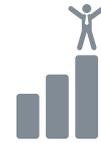
UNITY

we are united in our

SUCCESS

WHO WE ARE

Marel is the leading global provider of advanced processing systems and services to the Poultry, Meat and Fish industries.



LARGEST PROVIDER TO THE GLOBAL
POULTRY, MEAT AND FISH
PROCESSING INDUSTRIES

MAREL'S VISION

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.

MAREL'S VALUES

- **Unity** - We are united in our success
- **Innovation** – Innovation drives the value we create
- **Excellence** – Excellence is what differentiates us

GLOBAL PRESENCE

With around 4,600 employees worldwide, offices and subsidiaries in some 30 countries, and a network of more than 100 agents and distributors, Marel is in a unique position to serve its customers wherever they may be located.



4,600*
EMPLOYEES



30
COUNTRIES



100
PARTNERS

* Including MPS employees

ONE COMPANY SERVING THREE INDUSTRIES

Marel's industries combine the knowledge, expertise, and decades of experience accumulated across the company in each of the core industries it serves.

MAREL POULTRY

Marel offers the most complete product range and the largest installed base worldwide. Marel provides in-line poultry processing solutions for all process steps and all processing capacities for broilers, turkeys and ducks.

MAREL MEAT

Marel provides advanced equipment and systems to the meat industry, specializing in primary processing, the key processes of deboning and trimming, case-ready, food service and bacon processing.

MAREL FISH

Marel provides advanced equipment and systems for salmon and whitefish processing, both farmed and wild, onboard and ashore.

FINANCIAL RESULTS OF MAREL

2015 was a great year for Marel. The company successfully concluded the two-year refocusing program, rationalizing the product portfolio, optimizing our manufacturing footprint, and streamlining the operation.

REVENUE

€819

MILLION

ADJUSTED EBIT*

€99.9

MILLION

ORDER INTAKE

€825

MILLION

FREE CASH FLOW

€80.5

MILLION

* Adjusted for refocusing and acquisition costs

INTERESTING YEAR OF PROFITABLE GROWTH AND ACTIONS

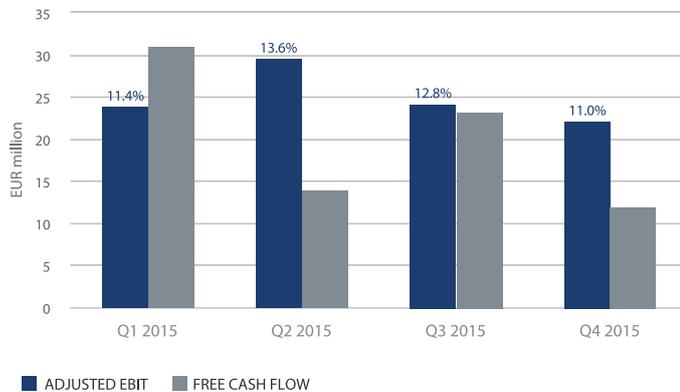
"2015 was a very good year for Marel with high revenue growth, strong cash flow and steep improvement in profitability. It was also a year of actions. We successfully finalized our refocusing program, we acquired MPS meat processing systems and we concluded financing for the full company with maturity in 2020. We are simpler, we are faster and we are becoming smarter every day. That will lead us to our full potential."

Linda Jonsdottir, CFO

MAREL IN FIGURES

Operations of Marel hf. in the year 2015. Does not include operations of MPS Meat Processing Systems.

OPERATIONAL IMPROVEMENT WITH STRONG CASH FLOW

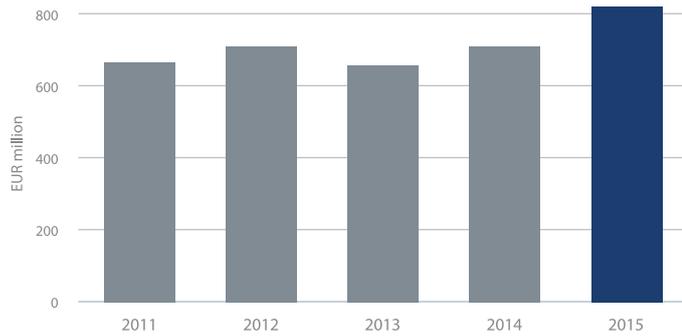


* Before refocusing and acquisition costs

ORDER BOOK AT A GOOD LEVEL AT THE START OF 2016

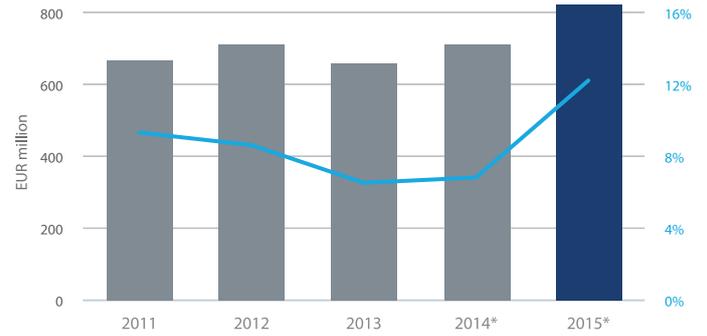


REVENUE



REVENUE AND EBIT

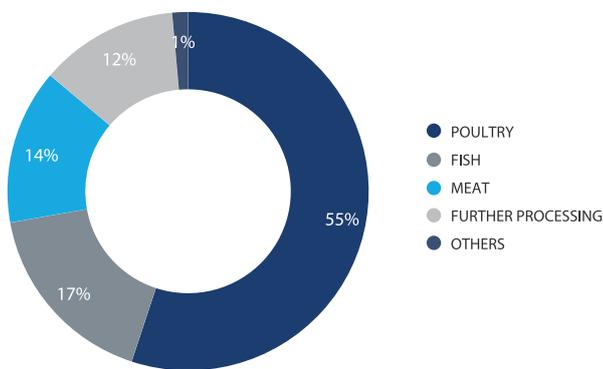
AS PERCENTAGE OF REVENUE



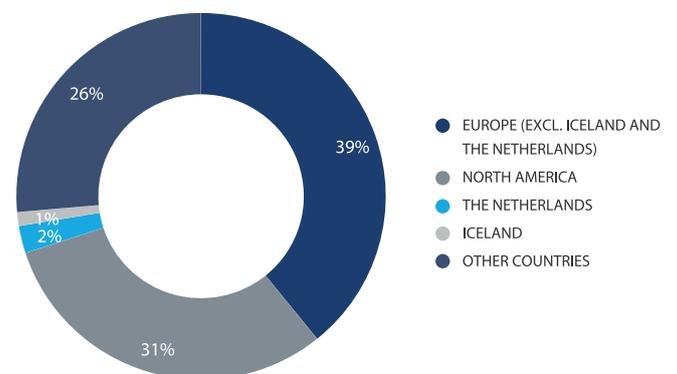
■ REVENUE — EBIT AS % OF REVENUE

* Before refocusing and acquisition costs

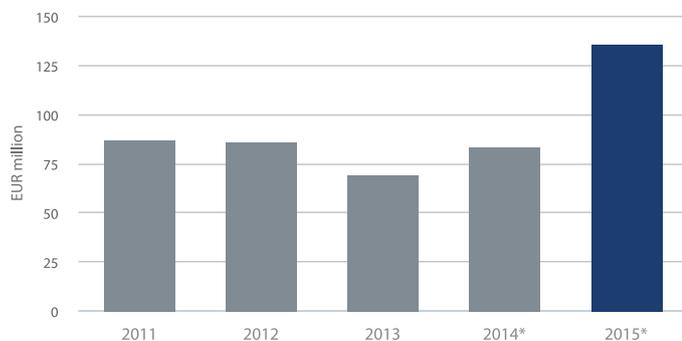
REVENUE BY BUSINESS SEGMENT IN 2015



REVENUE BY GEOGRAPHICAL LOCATION IN 2015

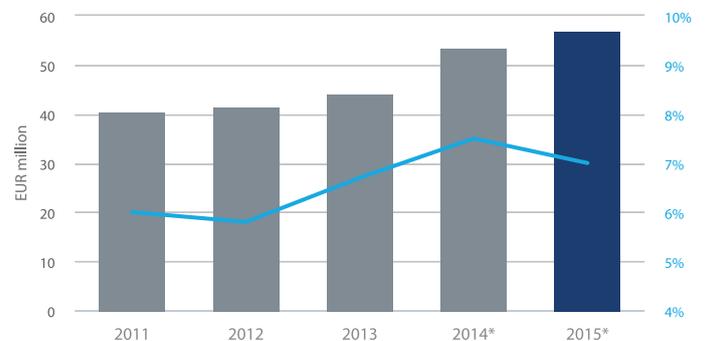


EBITDA



* Before refocusing and acquisition costs

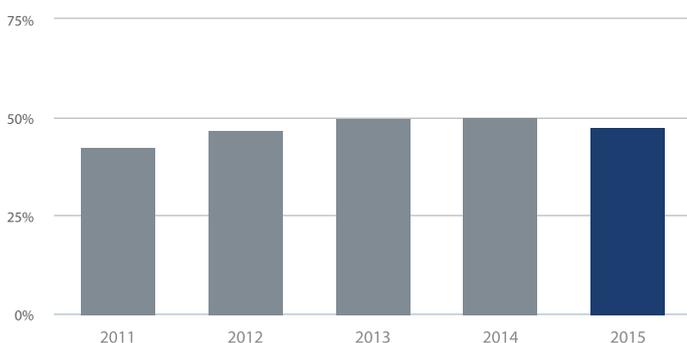
RESEARCH AND DEVELOPMENT EXPENSES



■ R&D EXPENSES — R&D EXPENSES AS % OF REVENUE

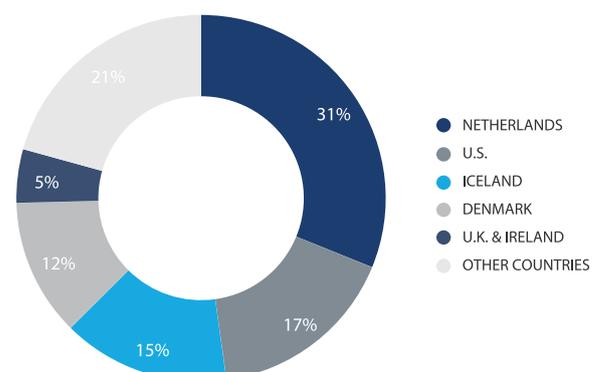
* Before refocusing and acquisition costs

EQUITY RATIO



NUMBER OF EMPLOYEES BY GEOGRAPHICAL LOCATION

FTES AT YEAR END 2015



LONG TERM FINANCING COMPLETED

Parallel to the acquisition of MPS, Marel entered into an approximately €670 million all senior long term financing agreement which matures in November 2020. Successful syndication was completed in February with oversubscription from a diverse group of international banks. Eight strong banks support Marel operations: ABN Amro, BNP Paribas, HSBC, ING Bank, Landsbankinn Nordea, Rabobank and Unicredit.

The all senior loan facilities, include a €343 million term loan, a \$105 million term loan as well as a €225 million revolving credit facility. Current interest terms are EURIBOR/LIBOR, plus a margin of 275 basis points, which will vary in line with Marel's leverage ratio (Net debt/EBITDA), at the end of each quarter. The financial position of Marel remains strong and the leverage ratio is estimated to be in line with the targeted capital structure of the company.

Results	2015	2014	2013	2012	2011
Revenue	818,602	712,554	661,536	713,960	668,357
Gross profit	312,155	247,710	233,644	249,226	247,289
Result before depreciation (EBITDA)	120,813	66,698	69,444	85,963	87,006
Result from operations (EBIT)	81,613	29,178	42,909	61,081	62,166
Net result for the period	56,696	11,731	20,620	35,609	34,463

Order Book	2015	2014	2013	2012	2011
Orders Received*	824,609	754,996	668,584	650,493	702,419
Order Book	180,887	174,880	132,438	125,390	196,218

* Includes service revenue

Cash flow statement	2015	2014	2013	2012	2011
Cash generated from operating activities, before interest & tax	119,739	102,201	80,320	65,569	63,716
Net cash from (to) operating activities	93,652	85,601	64,552	49,095	43,183
Investing activities	(17,859)	(28,395)	(32,418)	(37,294)	(28,690)
Financing activities	(10,723)	(55,623)	(26,461)	(26,486)	(47,120)

Financial position	2015	2014	2013	2012	2011
Total assets	938,155	851,440	839,568	865,128	877,818
Working capital	94,067	25,650	49,041	59,076	52,487
Equity	446,739	427,498	419,339	403,748	373,471
Net debt	142,760	174,347	217,130	243,242	250,489

Various figures in proportion to sales	2015	2014	2013	2012	2011
Gross profit	38.1%	34.8%	35.3%	34.9%	37.0%
Selling and marketing expenses	13.6%	14.5%	14.4%	12.6%	11.9%
Research and development expenses	7.0%	7.8%	6.7%	5.8%	6.0%
Administrative expenses	7.3%	8.4%	7.8%	8.0%	8.0%
Wages and benefits	33.6%	37.6%	37.9%	33.9%	31.4%
Result before depreciation (EBITDA)	14.8%	9.4%	10.5%	12.0%	13.0%
Depreciation/amortisation	4.8%	5.3%	4.0%	3.5%	3.7%
Result from operations (EBIT)	10.0%	4.1%	6.5%	8.6%	9.3%
Net result for the period	6.9%	1.6%	3.1%	5.0%	5.2%

Other key ratios	2015	2014	2013	2012	2011
Current ratio	1.4	1.1	1.3	1.3	1.2
Quick ratio	1.0	0.7	0.8	0.8	0.8
Equity ratio	47.6%	50.2%	49.9%	46.7%	42.5%
Return on owners' equity	13.0%	2.8%	5.0%	9.2%	9.6%
Return on total assets	6.0%	1.4%	2.4%	4.1%	3.9%

Key figures from Marel's core operations, normalised	2015	2014	2013	2012	2011
Revenue	818,602	712,554	661,536	713,960	668,357
Result from operations (EBIT)	99,895	48,778	42,909	61,081	73,152
EBIT as a % of sales	12.2%	6.8%	6.5%	8.6%	10.9%
Result before depreciation and amortisation (EBITDA)	135,751	83,666	69,444	85,963	97,992
EBITDA as a % of sales	16.6%	11.7%	10.5%	12.0%	14.7%
Leverage	1.05	2.08	3.13	2.83	2.56

GLOSSARY OF TERMS

Net debt

Interest bearing borrowings (current & non-current) - Cash & cash equivalents

Net cash

Cash and cash equivalents

Full time equivalents

Number of personnel, where part time employees are counted for the percentage of a full time job

EBITDA

Earnings before interest, tax, depreciation and amortization

Current ratio

Current assets / Current liabilities

Quick ratio

(Current assets - Inventories) / Current liabilities

Equity ratio

Total equity / (Total equity + Total Liabilities)

Return on owners' equity

Annualized result for the period / Average of total equity ((beginning balance + ending balance for the period) / 2)

Return on total assets

Annualized result for the period / Average of total assets ((beginning balance + ending balance for the period) / 2)

Leverage

Net interest bearing debt/ Last twelve months EBITDA

MAREL'S BUSINESS OPERATIONS

GLOBAL SUPPLY CHAIN AND MANUFACTURING

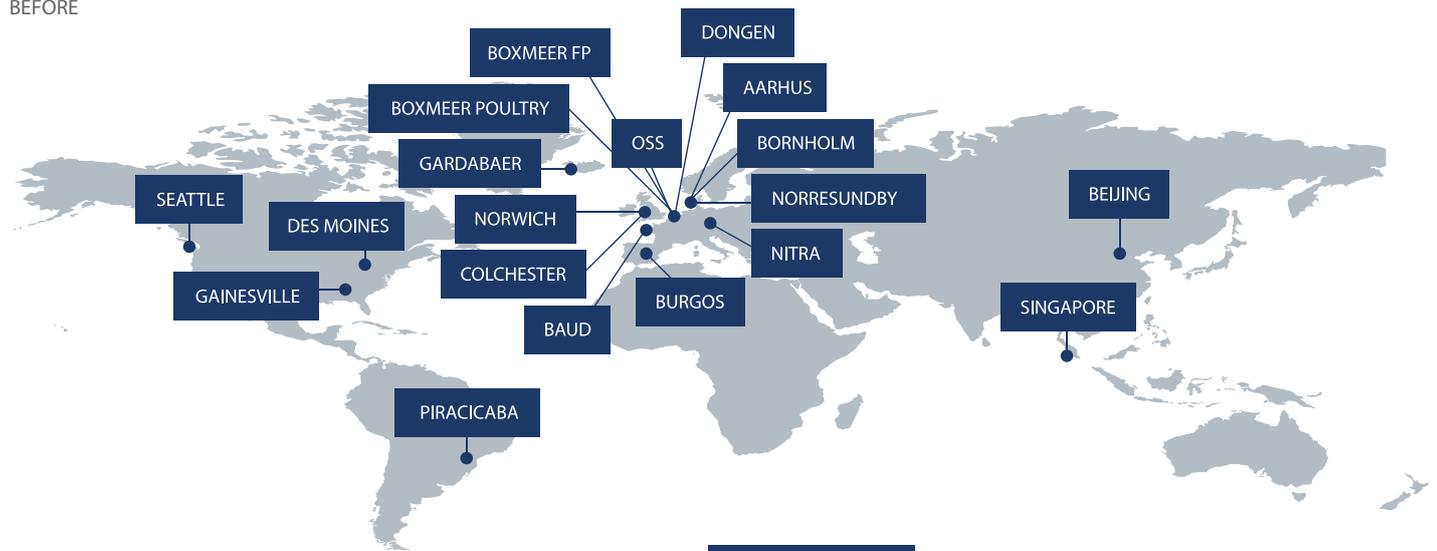
The Global Supply Chain organization at Marel is responsible for manufacturing and procurement within the company. The function creates a solid foundation for increased efficiency, the sharing of best practices and optimization of the use of resources throughout the company.

Some of the changes were executed in order to support the optimization of Marel's solution portfolio, while other manufacturing functions were transferred to existing facilities as part of the consolidation of the company's manufacturing platform into a few multi-industry sites.

The Simply, Smarter, Faster program had a significant impact on Marel's global manufacturing footprint in 2015. The program instigated a radical optimization of Marel's manufacturing facilities, which were reduced from 19 locations in 2014 to 11 by the end of 2015, including the MPS manufacturing locations.

MANUFACTURING FOOTPRINT OPTIMIZED

BEFORE



AFTER



INNOVATION

Innovation is and has always been the heart of the Marel organization. Marel's primary goal is to deliver market-driven innovation that changes the way food is processed and helps businesses to create and maintain value in a sustainable way. Marel's annual investment of approximately 7% of revenue in research and development is noticeably higher than the market average and has led to breakthrough innovations that have completely transformed the way food is processed.

As part of becoming Simpler, Smarter, Faster the innovation function has been working hard to define ways to improve how innovation is organized within Marel.

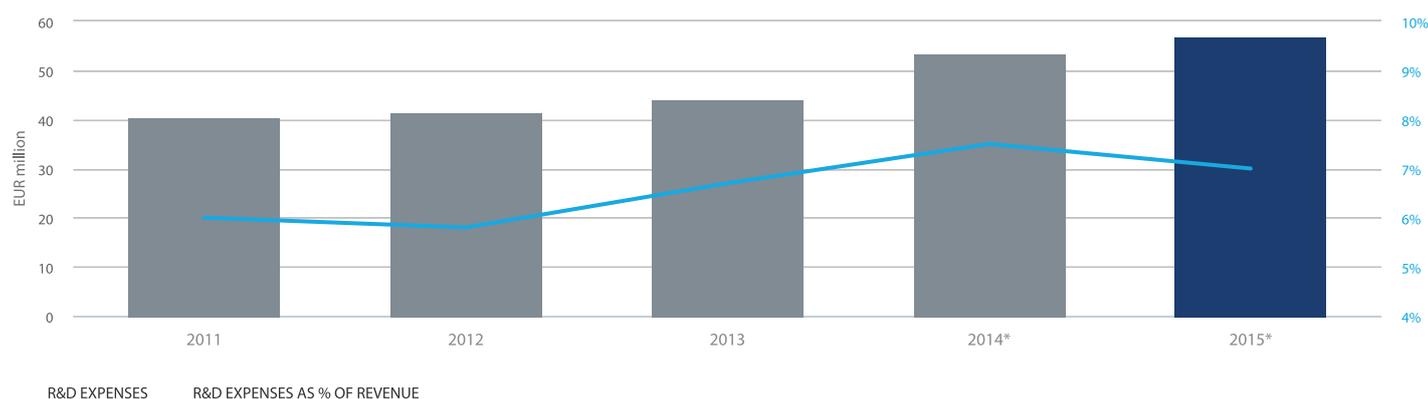
Projects and milestones the company achieved in 2015 include strengthening the innovation processes for new product development with the rollout of a global stage gate process, implementing a bidding process with the sales organization, and defining Marel's future technical platform in close cooperation with the supply chain team.

The company has also completed successful innovation projects elsewhere in the organization focusing on better understanding the total cost of bringing value to Marel's customers.

Many milestones have been reached during this journey that will make innovation stronger at Marel. Overall financial results have improved and investment in innovation is secured and seen as an important enabler for further growth.

Innovative technology and solutions were introduced in all industries during 2015 including the LegPositioner and the ACM-NT cut-up shackle in Marel Poultry, the MS1710 Salmon Skinner and the MS2730 filleting machine in Marel Fish and development of the DeboFlex pork deboning system in Marel Meat

RESEARCH AND DEVELOPMENT EXPENSES



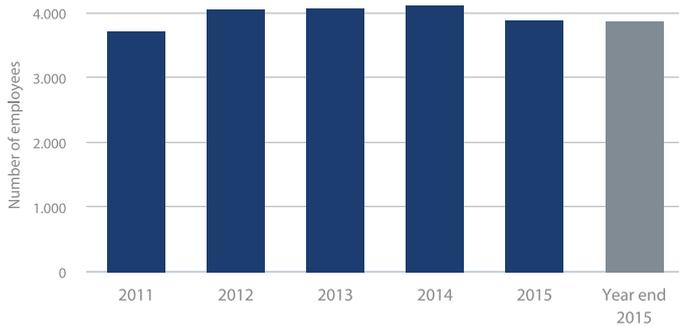
* Before refocusing and acquisition costs

OUR PEOPLE

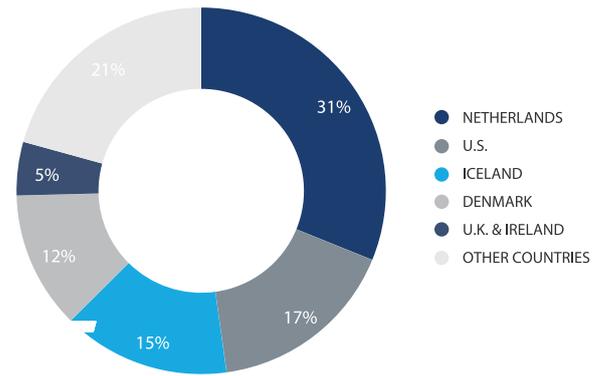
At the end of 2015, there were 3,873 full-time employees at Marel. There were approximately 3,600 employees with long-term contracts, compared with approximately 3,800 at the beginning of the year. After the acquisition of MPS in January 2016 employees of Three-quarters of employees is located in the Netherlands, Iceland, Denmark and the U.K. The majority of Marel's employees are located in Europe.

To manage fluctuations in demand, Marel uses temporary manufacturing resources, of which there were 272 resources at year end, compared with 214 at the beginning of the year, reflecting the increased business activity.

MAREL EMPLOYEES
AVERAGE NUMBER PER YEAR



NUMBER OF EMPLOYEES BY GEOGRAPHICAL LOCATION
FTEs AT YEAR END 2015



INNOVA

We are living in rapidly changing times. Important decisions have to be made quickly and to make the right decisions, our customers need the right information at the right time.

Marel is providing world class processing solutions and Innova Food Processing Software brings it all together. The Innova team wants to help its customers to get the most out of their investment and their production. To make the right decisions, production managers need reliable data presented visually and that is where Innova plays an important role.



1,500

INNOVA SOFTWARE SYSTEMS
BEING USED AROUND THE WORLD

Traceability is at the forefront of food safety

Consumers are increasingly demanding traceability when it comes to food origins, and governments are responding by introducing new regulations. Innova Food Processing Software helps meet these challenges by ensuring full traceability throughout the process. Innova’s slogan is “Control, Monitor, and Improve.” Innova allows food producers to control their production, monitor how that production is going and make the right decisions to improve the process.

Food processors are demanding more from Marel; they want the company to be an innovative system provider. The company’s solutions, which combine hardware and software, are unique in the market and allows Marel to help its customers to reach the next level. A big part of this is to continue building a strong setup around Innova to support its customers better. Regional teams take the company closer to its customers, facilitating continuous improvement and faster response times.

Marel offers fantastic solutions and a large installed base. In the coming years, Marel will build a stronger focus on current customers and offer them additional Innova modules to help ensure they stay ahead in a competitive environment.

EXCELLENCE

REAL-TIME OVERVIEW WITH INNOVA

Innova Food Processing Software enable you to maximize yield and throughput, conform to quality standards and ensure food safety. Einhamar Seafood uses Innova to plan their production so yield is maximized while avoiding waste. Having a real-time overview of the production is crucial when dealing with a large number of customers with specialized orders. This real-time with Innova is a true testimony to what Innovation, Unity and Excellence means to Marel.

GLOBAL SERVICES

As part of the Simpler, Smarter, Faster program, Marel set a target of becoming best in class service organization for its customers, employees and shareholders by improving overall performance by being a globally-aligned organization through processes, service offerings, management practices and infrastructure. In 2015, the company achieved some major milestones on this journey.

With the program coming to an end, global services will now be focus on reaching its full potential. By fully aligning and refocusing the service organization and processes – from installation throughout all service activities and customer care initiatives – global services see added value by improving utilization of the global service network for our customers. Service models are also being developed further to meet the customers' needs in the most efficient way and expanding the breadth of service offerings with clear focus on growing the service and maintenance contract portfolio. The goal is to serve customers better while continuously improving overall customer experience and business results.

SERVICE DELIVERY

In 2015, a new global service delivery model was designed and launched with the goal of meeting customer needs in a more efficient and simpler way by utilizing the company's extensive service network more effectively. To reach full potential with this model, Marel has deployed a new field service management system called ServiceMax.

With ServiceMax, Marel has improved its visibility in the installed base and mobilized all its field service engineers, giving them more information about the jobs they are assigned to as well as capturing additional field information faster and more reliably. This is a big enabler for Marel's service strategy, giving a complete transparency into the installed base and the workforce meeting objectives for the customers, especially the workforce in the field, who are delivering service to Marel's customers every day.

GROWTH

Service and preventive maintenance contracts are Marel's key service products.

In 2015, global services redefined service offerings to better meet the customer needs to reach maximum uptime and performance levels. More effort was put into service innovation to further develop the service and maintenance to ensure consistency across all industries, technology and regions. With a new modular model simpler contracting process and spare parts management is expected to meet the contractual commitments. It's important to work closely with the customers and continuously improve their performances with active preventive maintenance programs. It mitigates surprises for both sides and maintenance costs are more predictable.

ORGANIZATION

In 2015, Marel refocused and clarified reporting lines to better support the company's service objectives. The regions have been strengthened, with a strong focus on the first level support and field service operations close to the customer. Regional Service Managers now oversee additional regional teams to enable further utilization of resources and know how, across borders and across industries. Marel's industry and product teams in Europe are now more focused on enabling growth and efficiency in the company's service organization, supporting its regional teams.

Marel has approximately 1000 service representatives in its service network and it's important to leverage their extensive know how in an optimal way across the entire company. This is an ongoing process, and new tools and transparency are constantly giving new insights for further development. Unity is a value we embrace in service. To foster excellence for our customers, global services have established new roles to facilitate a more proactive approach and the customers are seeing the improvement.

STRATEGY

MAREL'S VISION

In partnership with our customers, we are transforming the way food is processed.

Our vision is of a world where food is produced sustainably and affordably.

LEADING GLOBAL PROVIDER

Marel is the leading global provider of advanced equipment, systems and services to the poultry, fish, meat, and further processing industries.

Marel operates in a dynamic growth market that is driven by a steady increase in the number of active consumers worldwide, urbanization and a change in dietary habits. Poultry, meat and fish consumption has been increasing by 2-3% annually for the past two decades and is expected to continue at a similar pace for the next 20 years.

Food processors worldwide are asking for increased yield and more valuable products while consumers demand safe and affordable food. This results in more focus on efficiency by using less water, energy and other resources. Processors are constantly automating and advancing their operations, leading to 4-6% annual growth in the market in which Marel is the leader — providing advanced equipment and innovative solutions for the animal protein processing industries. Marel's aim is to continue to grow faster than the market by leveraging its market presence and with continuous investments in innovation

SIMPLER, SMARTER, FASTER - KEY OBJECTIVES AND RESULTS

The two-year Simpler, Smarter, Faster refocusing program was successfully completed in 2015, and has resulted in increased sales and net profits, improved operational efficiency, and strong cash flow. The focus will now shift towards a full potential program with the aim of achieving further operational improvements, continuous innovation and focused investments to improve the business and support future growth and value creation.

During the two-year refocusing program Marel streamlined the general business, refocused its product portfolio, optimized its manufacturing footprint and invested in further growth through innovation and advanced business tools. During the program, Marel's manufacturing footprint was reduced from 19 to 9 locations and employees were reduced by 200, while at the same time revenue increased.

Taking into account the proceeds from sales of operations, the total cash-out cost of the refocusing program from start to finish is estimated at €16 million, with €35 million P/L effect for the same period. Further streamlining of operations will take place in 2016, such as the streamlining of the operations in Seattle, U.S. along with Marel's further processing activities, where the focus is on supporting poultry, meat and fish customers in further value creation.

KEY OBJECTIVES

Refocusing of product portfolio, leveraging our strengths, and focus on unique solutions

Optimize manufacturing footprint to balance utilization of resources within the company

Continuous focus on innovation and investments to advance the business to drive future value creation

AT THE CUSTOMER FOR THE CUSTOMER WHILE REFOCUSING

- ✓ Market approach strengthened and product portfolio rationalized - non-core businesses sold or discontinued
- ✓ Manufacturing footprint reduced from 19 to 9 sites leading to higher quality and more agile cost base
- ✓ Revenue increased by 25% in two years while number of employees decreased
- ✓ Adjusted EBIT of €100 million compared to €43 million in 2013
- ✓ Cash out in relation with the program is €16 million compared to an initial target of €20-25 million
- ✓ Simplifying and streamlining the operations was a prerequisite for further growth
- ✓ Marel has made strategic investments in innovation and IT-platforms to further advance the business

SIMPLER, SMARTER, FASTER: 2014-2015

MPS

GUIDANCE 2016



2014

2015

MPS

PRO FORMA 2015

Revenue growth 7.7%
Adj. EBIT €48.8 m
Free cash flow €75.5m

Revenue growth 15%
Adj. EBIT €99.9m
Free cash flow €80.5m

Revenue €977m
Adj. EBIT €133m
Order book €320m

Cash-out cost to date €16 million compared to estimated total cash-out cost of below €20-25 million throughout the program

INNOVATION DAYS WITHIN MAREL

On 9 and 10 December, 2015, the innovation cluster in Iceland celebrated innovation days in Marel.

“Curiosity, creativity and courage are the morals we want to grow in order to develop the products of tomorrow. This event is intended to strengthen these morals,” commented Vidar Erlingsson, Executive Vice President of Innovation.

The objective of the two-day workshop was to invent a viable product. No restrictions were placed on what projects people could work on. All ideas were welcome and everybody was free to place an idea on the idea wall in the days leading up to the event. Everybody selected an idea to work on in teams, with enthusiasm and energy. With broad skills sets among the various team members, there were no limitations on what could be achieved, and the end results were extremely impressive. Breaking up the daily routine in this way inspired co-operation and creativity and reminded all team members of how much fun innovation is.

MAREL BECOMES A FULL-LINE SUPPLIER TO THE MEAT INDUSTRY

Marel announced the closing of its acquisition of MPS meat processing systems on January 29, 2016. The purchase price is approximately €382 million on a debt and cash-free basis. Agreement of the acquisition was announced on November 21, 2015 and the closing was subject to anti-trust approvals that were obtained without reservation in January 2016.

United, the two companies will be at the forefront in developing full-line solutions and equipment for the meat processing industry. They have a good strategic and cultural fit with a highly complementary product portfolio and geographic presence, creating a strong platform to enhance further growth.

MPS is a leader in primary processing solutions for the pork and beef industry, as well as in innovative solutions in water treatment and food logistics. They have shown solid growth and profitability in recent periods as well as having one of the largest installed bases in the industry, along with a large global base of customers.

The MPS acquisition enhances Marel’s position as a leading global provider of advanced systems and solutions to the poultry, meat and fish industries and is fully in line with the company’s previously announced growth strategy. This step will contribute to a more balanced revenue split between industry segments and geographies. On a pro-forma basis, Marel Meat will now contribute close to 30% of Marel’s revenue and EBITDA.

Preliminary MPS results for 2015 show revenue of €158 million and EBITDA of €41 million. MPS accounts are based on Dutch GAAP and will be transferred to IFRS in 2016. The results of 2016 will be affected by purchase price allocation, which involves allocating the purchase price to various balance sheet items, including intangible assets. Orders received at MPS were strong and amounted to €190 million, resulting in an order book of close to €140 million at the end of the year.

Pro forma revenue in 2015 for the combined Marel and MPS is €977 million with estimated adjusted EBIT of €133 million. The combined order book is estimated about €320 million at the beginning of 2016, compared with around €280 million at the beginning of 2015.

ORDER INTAKE

>€1 BILLION

PRO FORMA MAREL & MPS

	MAREL	MPS	MAREL + MPS
ORDER INTAKE 2015	€825 MILLION	€190 MILLION	> €1.0 BILLION
REVENUE 2015	€819 MILLION	€158 MILLION	€977 MILLION
ADJUSTED EBIT 2015	€100 MILLION	€33 MILLION	€133 MILLION
EMPLOYEES 2015	3,900	700	4,600

* Based on audited Marel numbers and preliminary unaudited MPS numbers (based on Dutch GAAP)

INNOVATION

promotes the attitude to improve
EVERY DAY IN EVERY-WAY

MARKET OVERVIEW

MAREL POULTRY

Marel Poultry had an excellent year, with strong operational profit margins and volumes. Market conditions in poultry remained favorable throughout the year and projects were well distributed geographically and between different product types and sizes, including large projects in Germany, Italy, Poland, U.K. and Malaysia.

MAREL MEAT

Marel Meat continued to gradually improve from previous years and showed a significant improvement in 2015 with results fully in line with targets. In November, Marel announced the acquisition of MPS meat processing systems which makes Marel full line provider to the meat industry. After the acquisition Marel Meat will account for 30% of the total company revenue and profit.

MAREL FISH

Marel Fish saw good improvements throughout the year. Salmon and whitefish delivered good growth and results. The FleXicut Waterjet cutter continues to impress customers and has generated considerable attention following successful development projects in Iceland.

MAREL POULTRY

Marel Poultry had an excellent year, with strong operational profit margins and volumes.

Marel Poultry generated €451 million in revenue and an adjusted EBIT of €84.9 million (18.8% of revenue) in 2015. The poultry segment accounted for 55% of Marel's revenue in 2015. Market conditions in poultry remained favorable throughout the year. Projects were well distributed geographically and between different product groups and sizes of orders, including some large projects in Germany, Italy, Poland, U.K. and Malaysia.

POULTRY
55%
OF REVENUE

"In 2015 we managed to increase our market coverage and we are now well represented in all parts of the world. Our projects and orders during the year are well balanced both in size and geographically. In addition to projects in traditional markets we were active in Africa and Asia resulting in better coverage in these important emerging markets. Overall, we managed to strengthen and deepen our relationship with our customers and provided them with our innovative solutions."

Anton de Weerd, Managing Director (EVP) of Poultry

EXCELLENT YEAR FOR MAREL POULTRY

Marel Poultry continued to increase its strong worldwide presence in 2015. Market conditions remained favorable throughout the year resulting in good projects around the globe. Large orders came from Poland, Russia, U.K., Italy, Malaysia and Germany, along with large market share gains in Africa and Asia. In 2015 Marel Poultry participated in many exhibitions around the world showcasing Marel Poultry's newest developments and strengthening relationships with customers. At the VIV exhibitions in both Asia and Russia Marel Poultry received prestigious awards. Marel received an award for its innovative SmartWeigher grading solution at VIV Asia and at VIV Russia Marel Poultry was honored for 50 years of doing business in the Russian market.

The Poultry ShowHow in Progress Point, Denmark was held for the first time in 2015. The show was very well attended, and customers left inspired by the many ways in which Marel can help them improve their efficiency and product quality.

SUSTAINABLE SOLUTIONS FOR THE FUTURE

Marel has always focused on optimizing energy and water consumption in its solutions. A good example is the AeroScalder, which uses up to 75% less water and 50% less energy than competing solutions in the market.

STEADY STREAM OF INNOVATIVE SOLUTIONS

Many innovations were introduced to the market in 2015. The LegPositioner enables Marel's customers to create much better added value for legs than was previously possible. The in-line LegPositioner automatically unloads selected leg products from the ACM-NT cut-up shackle and positions them perfectly on a belt conveyor, always in the same orientation and pitch.

A number of overarching solutions were also brought into the market that can help Marel's customers to gain better overall control over the secondary processing, creating better value, insight into yields, and increased food safety.



**2ND LARGEST
CHICKEN PRODUCER**
BRAZIL OVERTOOK CHINA IN 2015

A new Innova solution called Overall Equipment Efficiency will also provide users with much better control over their production process, resulting in less waste, better yield and improved quality in production.

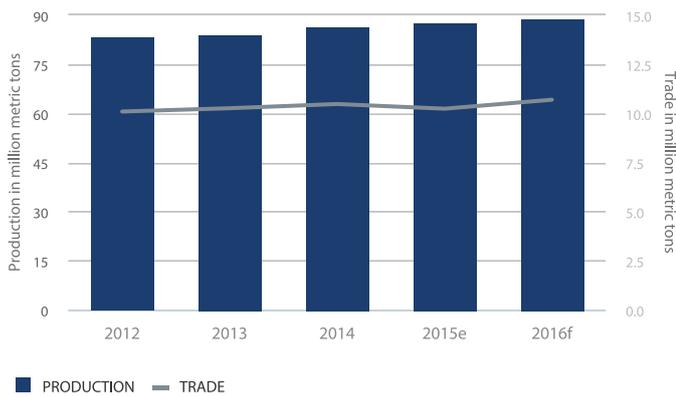
CUSTOMER STORY

A LONG PARTNERSHIP

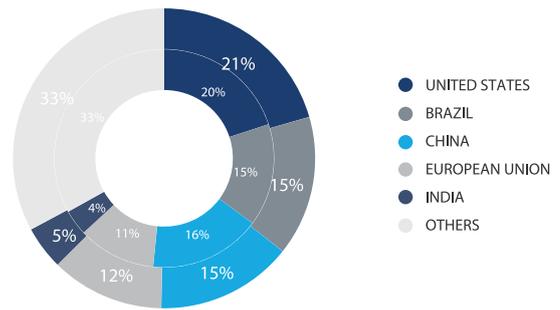
Faccenda Foods is Marel's longest standing U.K. customer. The two companies have been working together for more than 40 years; Marel supplied the original equipment at Faccenda's Telford and Dudley sites.

"As well as providing world class equipment, Marel has consistently worked with us to provide technology and methods of working that deliver true value. The company understands us and comes up with solutions that are right for our business. Their proposal for the new factory proved this yet again," says Philip Davidson, Operations Director at Faccenda.

GLOBAL CHICKEN PRODUCTION AND TRADE
CAGR OF 2% IN PRODUCTION AND 2% IN TRADE SINCE 2012



LARGEST CHICKEN PRODUCERS
FORECAST FOR 2016 COMPARED TO 2012



Source: USDA

MAREL FISH

Marel Fish saw improvements throughout the year.

Marel Fish saw improvements throughout the year, accounting for 17% of Marel's revenue in 2015. Marel Fish generated €140 million in revenue and adjusted EBIT of €11.7 million (8.3% of revenue) in 2015. While new solutions were well received by the market, the segment also saw a healthy increase in its market share of existing products, particularly in the case of standalone units.

FISH
17%
OF REVENUE

"We are excited about our innovations for the fish industry, and by the ongoing partnerships that make them possible. We work with processors of all sizes to ensure that our products help raise their efficiency, while optimizing yield and throughput and enhancing the overall quality and value of food. The challenges our customers face drive us to design the equipment and software solutions that will help them operate at peak productivity and create value, well into the future."

Sigurdur Olason, Managing Director (EVP) of Marel Fish.

GOOD PROJECTS AND FAVORABLE MARKET CONDITIONS

Marel Fish performed very well in 2015. Market conditions in the salmon industry remained favorable, particularly in Scandinavia and the UK, where producers benefited from improving margins. Conditions in whitefish were also positive, allowing producers to

invest in new equipment and innovative applications like Marel's FleXicut, a revolutionary pinbone detection and removal technology.

Several large projects were secured in Iceland, Norway, Chile, the Faroe Islands and Alaska during the year. As in previous years, Marel Fish successfully exhibited its latest innovations for the fish industry at various international tradeshows and events.



73%

CLOSE TO THREE QUARTERS
OF THE WORLD'S SALMON IS FARMED

STEADY FLOW OF NEW SOLUTIONS

Marel Fish introduced innovative new solutions in 2015, both through new technologies and updates of existing solutions. The emphasis was on labor reduction, yield increase and efficiency; all in order to help customers get the most out of valuable raw material.

Early in the year, Marel introduced the new MS1710 Salmon Skinner

which was very well received. The new skinner stands out for the way it can skin fillets head first, which greatly optimizes the flow of salmon processing lines.

The MS2730 filleting machine was upgraded with a new feature - the belly trimming tool. The integration of this unique feature is a game changer that greatly saves labor and improves yield. The back and belly trimming options have been very well received and truly elevate the MS2730 to being the best of its kind in the industry.

The FleXicut, including the new water-jet cutter – one of the company's flagship innovations – continues to impress customers and has generated considerable attention following successful development projects. It was showcased at the Seafood Expo Global in Brussels and later at Marel's Whitefish ShowHow in Progress Point, Copenhagen. The high level of technology and automation inherent in the FleXicut are the key elements that will transform the very nature of processing in the whitefish industry and enable producers to process the fish closer to source, which is highly valuable.

EMPHASIS ON SUSTAINABILITY

Marel Fish is constantly working on greater efficiency and quality in order to help producers become more sustainable. Salmon primary prices reached record highs in 2015, pressuring secondary processors to improve yield and quality. Energy and water consumption must also be taken into account, which is something Marel's solutions are designed to deal with in the most efficient way. By introducing the Flexicut machine to the market, Marel is also reducing producers' overall environmental footprint by helping them process the fish closer to the source, thereby drastically reducing the distance the fish has to travel before it reaches the end consumer.

CUSTOMER STORY

FLEXICUT

Marel has enjoyed a strong partnership with Vísir for many years. "For the seafood industry, working with a company like Marel can bring high value to the sector," says Pálsson the CEO of Vísir. "With Flexicut, Marel is bringing hi-tech to the heart of the fish processing factory and this will influence the entire process. This is one of the biggest steps towards automation that we've seen for a very long time in fish processing technology."

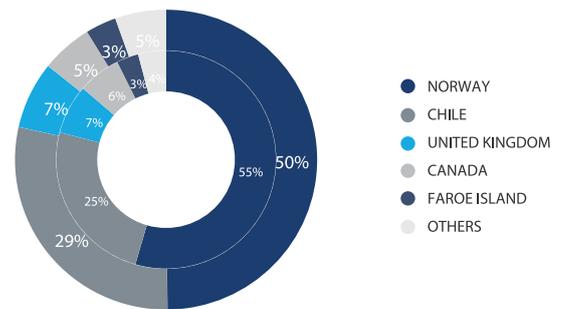
GLOBAL PRODUCTION OF FARMED SALMON

3% CAGR OF ATLANTIC SALMON, -3% OF COHO SALMON, SINCE 2012



LARGEST SALMON PRODUCERS

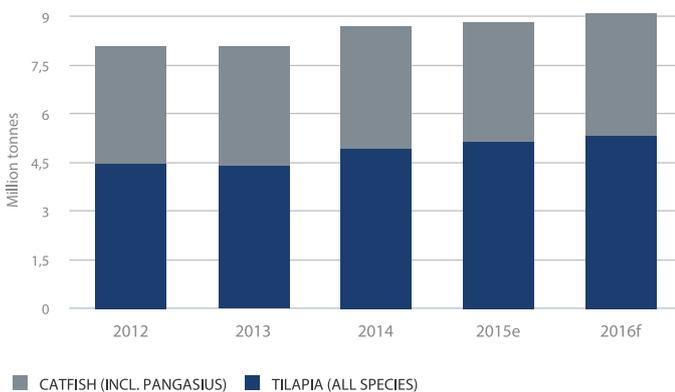
FORECAST FOR 2016 COMPARED TO 2012



Source: FAO and Groundfish Forum

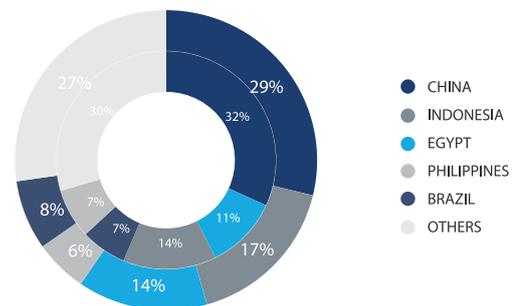
GLOBAL PRODUCTION OF TILAPIA AND CATFISH

4% CAGR OF TILAPIA, 1% OF CATFISH, SINCE 2012



LARGEST TILAPIA PRODUCERS

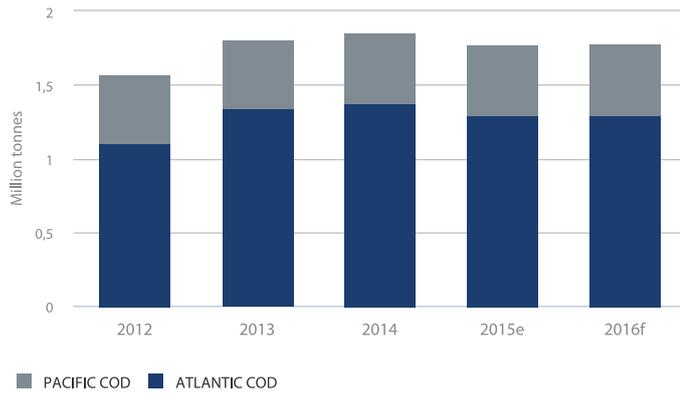
FORECAST FOR 2015 COMPARED TO 2011



Source: FAO and Ragnar Tveterås

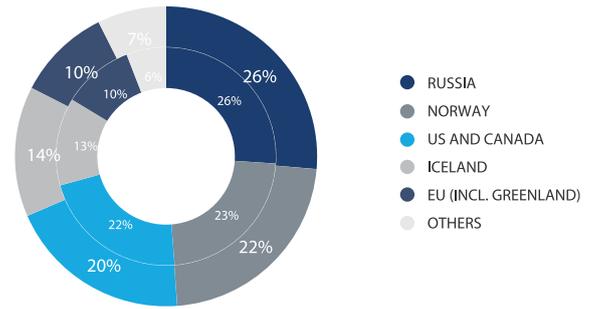
GLOBAL PRODUCTION OF COD

4% CAGR OF ATLANTIC COD, 3% OF PACIFIC COD, SINCE 2012



LARGEST COD PRODUCERS

FORECAST FOR 2016 COMPARED TO 2012



Source: FAO and Groundfish Forum

MAREL MEAT

Marel Meat saw a significant improvement in 2015.

Marel Meat generated €115 million in revenue and adjusted EBIT of €8.5 million (7.5% of revenue) in 2015. Marel Meat accounted for 14% of Marel's revenue in 2015.

MEAT
14%
OF REVENUE

"This was the best year ever for Marel Meat. We exceeded our targets for both revenues and EBIT. We are also happy with the good progress we achieved with the products that we brought to market during the year. We had some changes during the year including the relocation of meat activities from Oss to Boxmeer in the Netherlands and it is good to see that our people are happy at the new location."

David Wilson

EXCELLENT YEAR FOR MAREL

2015 was an excellent year for Marel Meat with good volume, order intake and improved profitability. Streamlining continued during the year following the relocation of activities from Oss to Boxmeer in the Netherlands and with the divestment of high speed slicing activities in the U.K. The strategy of establishing reference plants around the globe continued during the year with a number of successful installations, including DeboFlex in Brazil and beef deboning lines in Mexico and Nicaragua.

The improvement from previous years is due to good market conditions and streamlined operations. The mix between product groups and geographies was good throughout the majority of the year and some landmark orders were secured during the year.

Marel Meat participated in many international exhibitions during the year, including the IPPE Show in Atlanta, Anuga in Germany and the CFIA exhibition in France. Also during the year the 4th Meat ShowHow was held in Progress Point, Denmark. The event drew in 200 customers representing 140 companies based in over 70 countries.



**LARGEST EXPORTER
OF BEEF & VEAL**
INDIA OVERTOOK BRAZIL IN 2015

LEADING IN PROVIDING TECHNOLOGY TO THE MEAT INDUSTRY

Innovation highlights were closely connected to the continuous work with current solutions in deboning, trim handling and case-ready solutions. Marel Meat took significant steps in the development of the DeboFlex pork deboning system. The DeboFlex system is a semi-automatic deboning solution that is being automated incrementally, resulting in improved yields and efficiency. Deboning and trimming of higher-valued primals creates the opportunity for Marel's unique StreamLine solutions, which offer not only product traceability, but also yield monitoring and throughput improvements. Yield, traceability and efficiency can now be enhanced even further with the new Innova OEE module, which helps calculate Overall Equipment Effectiveness (OEE) and provides detailed information about process performance for its users.

SUSTAINABILITY, SAFETY AND IMPORTANCE OF TRACEABILITY

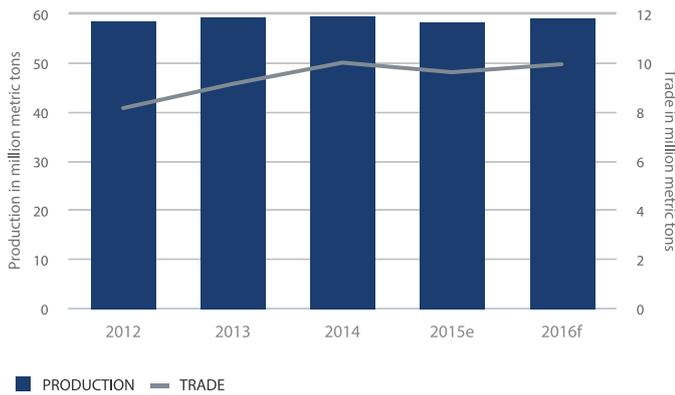
Marel Meat customers are facing many challenges. The last few years have been tough and margins continue to be challenged. This means that customers are looking for solutions that improve their margins. Marel can help with this by providing its customers with solutions that increase productivity and yield. Food safety is also becoming an increasingly important aspect of the meat processing industry. By combining Marel's current solutions with innovations, Marel Meat will be able to provide good traceability and help clients with compliance, as well as staying ahead of minimum requirements for food safety for many years to come.

FOOD SAFETY IS IMPORTANT TO CUSTOMERS

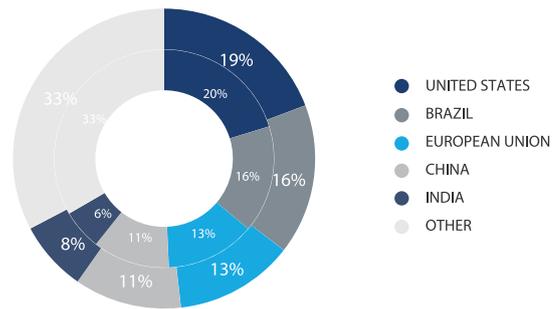
German company Haas GmbH is a medium-sized, family-owned company supplying meat and sausage pizza toppings to the further processing industry. The company recently installed Marel's Trim Inspection System for the checking of bone fragments in their products.

"In addition to taste, product safety is one of the most important issues for our customers," says Achim Haas, owner of Haas GmbH. "All of the products that are processed here are visually inspected by butchers. But to ensure that we remove absolutely all foreign material from the meat we decided to install the Trim Inspection System."

GLOBAL BEEF AND VEAL PRODUCTION AND TRADE
CAGR OF 0.3% IN PRODUCTION AND 5% IN TRADE SINCE 2012

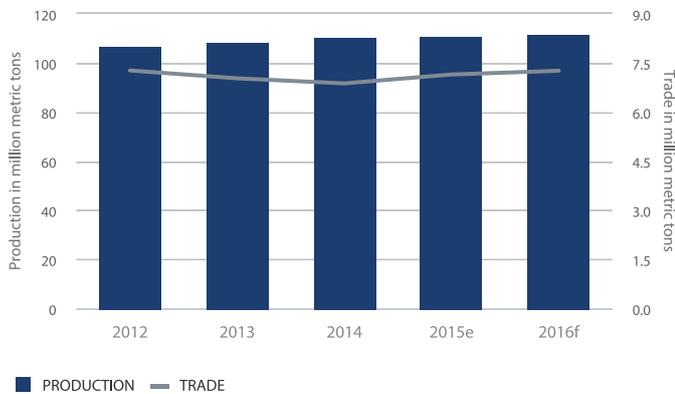


LARGEST BEEF AND VEAL PRODUCERS
FORECAST FOR 2016 COMPARED TO 2012

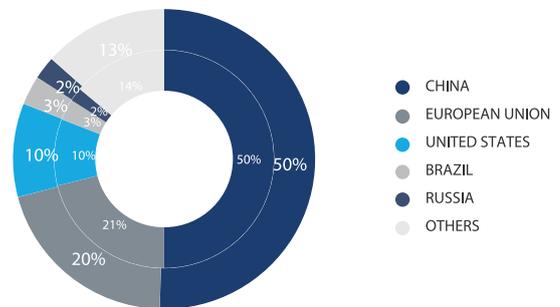


Source: USDA

GLOBAL PORK PRODUCTION AND TRADE
CAGR OF 1% IN PRODUCTION AND 0% IN TRADE SINCE 2012



LARGEST PORK PRODUCERS
FORECAST FOR 2016 COMPARED TO 2012



Source: USDA

SHARE PERFORMANCE

Since 1992, Marel's shares have been listed on the Nasdaq Iceland stock exchange under the symbol MARL.

Marel's share price stood at ISK 253.50 at the end of 2015, compared to ISK 138.00 at the end of 2014, an increase of 83.7%. In euros, the shares stood at €1.79 per share at year-end compared to €0.89 at the end of 2014.



CLOSE TO
2000
SHAREHOLDERS

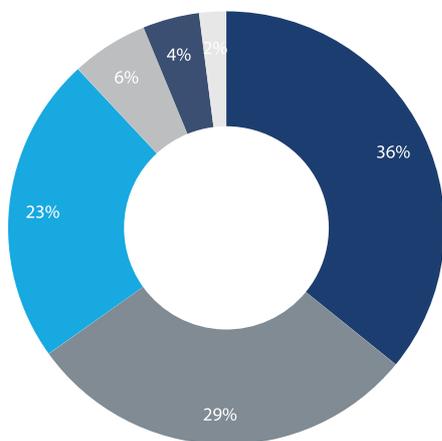
SHAREHOLDERS

As recorded in the shareholders' register, there were 1,987 Marel shareholders at year-end 2015, compared to 1,864 at year-end 2014. As of 31 December 2015, Marel held 30,902,550 treasury shares.

Eyrir Invest hf. is Marel's largest shareholder, with 29.3% of shares, followed by Lífeyrissjodur verzlunarmanna – the Pension Fund of Commerce (9.1%) and Gildi pension fund (6.5%).

The ten largest shareholders held 70.4% of the total shares. In total, Icelandic pension funds held 35.9% of Marel's share capital. International shareholders owned 2.0% at year-end 2015. The free float of Marel shares was 71% and free float adjusted market value of the company was €932 million.

HOLDINGS BY TYPE OF INVESTOR
AS OF 31 DECEMBER 2015



● PENSION FUNDS ● EYRIR INVEST ● OTHER ICELANDIC INSTITUTIONAL INVESTORS
● RETAIL INVESTORS, ICELANDIC ● TREASURY SHARES ● INTERNATIONAL INVESTORS

SHARE CAPITAL

At year-end 2015, there were 735.6 million Marel shares issued, all in one class. Of these, Marel holds 30.9 million treasury shares.

In 2015, Marel purchased 25 million shares for €32 million to be used as payment for potential future acquisitions. Marel purchased an addition 6 million shares for €6 million to fulfill future stock option obligations, and sold 7.1 million treasury shares for a total of €4.4 million to fulfill the employees' stock option schedules.

Stock options are granted to management and selected key employees. At the end of 2015 there were 10.5 million shares of granted and unexercised stock options, of which 3.2 million were exercisable at the end of 2015. The remainder will be vested between 2016 and 2021.

At the company's 2014 Annual General Meeting, the shareholders authorized the Board of Directors to increase the company's share capital by 35 million shares to fulfill stock option agreements. This authorization is valid for five years. No new shares according to this resolution were issued at the end of 2015.

UNITY

SALMON SHOWHOW

Over 200 customers from 28 countries representing 119 companies gathered at [Progress Point](#), Copenhagen, to see some of the major highlights of Marel's industry leading equipment for wild and farmed salmon processing. This was the 15th Salmon ShowHow, with Marel employees from all over the world collaborating closely to bring innovative solutions to the company's customers. The Salmon ShowHow is a true testimony to what Innovation, Unity and Excellence means to Marel.

LIQUIDITY OF SHARES

Marel has made agreements with Landsbankinn hf. and Kvika banki hf. regarding market making for the issued shares of Marel. The purpose of the agreements is to improve liquidity and to enhance transparent price formation in the company's shares on Nasdaq Iceland. The duration of these agreements is unspecified but they can be terminated with one month's notice.

Shares in Marel were traded 2.448 times in 2015 for a total market value of ISK 61.1 billion (up from ISK 32.6 billion in 2014), which corresponds to a turnover rate of 46%.

This gives Marel the second highest turnover on the Nasdaq Iceland exchange in 2015. Marel's average end-of-day spread was 0.84%. The market value of the company at year-end 2015 was ISK 186.5 billion (€1.3 billion) compared to ISK 101.5 billion (€656.8 million) at year end 2014, an increase of ISK 85.0 billion (€661.5 million). Since the company's shares are traded in ISK, fluctuations of the Icelandic krona during 2015 affected the market value when converted into euros.

SHARE PRICE IN 2015 COMPARED TO OMX ICELAND 8

NOTE: INDEXED NUMBERS, SET AT 100 AT BEGINNING OF YEAR 2015



DIVIDEND

The Board of Directors will propose to the 2016 Annual General Meeting that a dividend of 1.58 euro cents per share be paid for the operational year 2015. The total dividend payment will be approximately €11.3 million, corresponding to 20% of net profits. The proposed dividend is in line with Marel's targeted capital allocation and dividend policy.

**DIVIDENDS
FOR 2015**
20%
OF NET PROFIT

STOCK OPTIONS AS OF 31 DECEMBER 2015

Program initiated	Number of shares in thousands	Exercise price per share	Exercisable in
June 2012	5,874	EUR 1.066 - 1.138	2016 - 2018
December 2014	2,475	EUR 0.945 - 1.022	2018 - 2021
August 2015	2,200	EUR 1.477 - 1.598	2018 - 2021
Total	10,549		

DISTRIBUTION OF SHARES AS OF 31 DECEMBER 2015

Number of Shares	Shareholders	%	Shares	%	
1 -	9,999	1,283	64.57	4,560,893	0.62
10,000 -	99,999	536	26.98	15,813,201	2.15
100,000 -	199,999	55	2.77	7,296,964	0.99
200,000 -	799,999	54	2.72	20,753,849	2.82
800,000 -	1,399,999	14	0.70	15,447,702	2.10
1,400,000 -	2,999,999	15	0.75	29,364,088	3.99
3,000,000 -	9,999,999	16	0.81	91,009,414	12.37
10,000,000 -	99,999,999	13	0.65	335,956,048	45.67
100,000,000 -	>100,000,000	1	0.05	215,366,838	29.28
	1,987	100.00		735,568,997	100.00

TOP 10 SHAREHOLDERS AS OF 31 DECEMBER 2015

Shareholders		Number of shares	%
1 Eyrir Invest hf.	Investment company	215,366,838	29.3
2 Lifyrissjodur verzlunarmanna	Pension fund	66,979,042	9.1
3 Gildi lifyrissjodur	Pension fund	47,653,557	6.5
4 LSR A, B & S divisions and Lifyrissjodur hjukrunarfraedinga	Pension fund	41,000,000	5.6
5 Stefnir - IS 15	Asset management	39,770,375	5.4
6 Marel hf	Treasury shares	30,902,550	4.2
7 Stapi lifyrissjodur	Pension fund	22,813,347	3.1
8 Stefnir - IS 5	Asset management	21,215,934	2.9
9 Stafir lifyrissjodur	Pension fund	17,346,216	2.4
10 Sameinadi lifyrissjodurinn	Pension fund	14,815,511	2.0
	Top 10 total	517,863,370	70.4
	Others	217,705,627	29.6
	Total issued shares	735,568,997	100.0

INVESTOR RELATIONS

The central aim of the company's investor relations policy is to provide investors with equal access to timely and accurate information about Marel's operations and business environment.

Marel believes that timely distribution of honest, consistent, and transparent information, within the bounds of commercial sensitivity, is key to building trust with current shareholders and potential investors.

PUBLICATION OF FINANCIAL INFORMATION

Marel publishes financial information in English and Icelandic. All price-sensitive information, regulatory announcements about Marel, and announcements regarding performance and future prospects are published in a timely manner, initially on the website of Nasdaq Iceland, and subsequently on Marel's official website.

Financial results are issued quarterly in accordance with the requirements of Nasdaq Iceland.

4-6%
EXPECTED MARKET
GROWTH

**MAREL'S GOAL IS TO
OUTPERFORM THE
MARKET**

INNOVATION

SENSORX

Since its launch in 2006, the success of the Marel SensorX bone detection system has been remarkable. Ten years later over 500 SensorX solutions have been sold around the world, helping food producers guarantee bone free products for Marel's customers. The success of the Sensor X is built on Innovation, Unity and Excellence.

COMMUNICATION WITH SHAREHOLDERS AND THE INVESTOR COMMUNITY

Marel aims to be visible and accessible to existing and potential shareholders and other stakeholders. In addition to stock exchange and company announcements, the main channels of communication with investors and analysts are the regular investor meetings that follow the publication of the company's quarterly results and annual general meetings. Quarterly investor meetings are webcast and presentations from the meetings are published via the Nasdaq Iceland news system.

Additionally, several other meetings for investors and analysts are held on an ad-hoc basis. In April 2015, Marel participated in a Capital Markets Day event organized by Arion Bank in Iceland, where the company was presented to investors and analysts.

For further information, please see:

marel.com/investors
nasdaqomxnordic.com

WEBSITE AND ANNUAL REPORT

Marel's website contains detailed information about the company, its history, operations, and activities. Current and past press releases, presentations, and annual reports are archived in the Investor Relations section of the website and available for download. The company's current and historic share prices are available for review against key indices

Since 2014, the Annual Report has been only available online. Marel's Annual Reports can be accessed on desktop computer, tablet or mobile phone through marel.com/annualreport.

Financial Calendar for 2016

Annual General Meeting	2 March 2016
1st quarter 2016	25 April 2016
2nd quarter 2016	27 July 2016
3rd quarter 2016	26 October 2016
4th quarter 2016	1 February 2017

MAREL'S LONG TERM SHARE PRICE DEVELOPMENT



INVESTOR RELATIONS CONTACT

AUDBJORG OLAFSDOTTIR

Corporate Director of Investor Relations and Communications

Audbjorg.olafsdottir@marel.com

Phone (+354) 563 8626



CHAIRMAN OF THE BOARD

ASTHILDUR MARGRET OTHARSDOTTIR

Asthildur Margret Otharsdottir is an independent consultant a. She has extensive prior business experience as a Director of Treasury and Corporate Development at Össur hf. from 2006 to 2010, Senior Account Manager at Kaupthing Bank, now Arion Bank, from 2004 to 2006, and Consultant at Accenture from 1996 to 2000. She is a member of the Board of Directors of Icelandair Group and Marorka and Chairman of the Board of Frumtak II investment fund. Asthildur is on the board of the Research Center for Business Ethics at the University of Iceland and the Court of Arbitration of the Icelandic Chamber of Commerce.

EDUCATION

MBA, Rotterdam School of Management, The Netherlands, 1996; Cand. Oecon., University of Iceland, 1992.

ELECTED

2010, chairman of the board since November 2013

HOLDINGS IN MAREL

32,000

BOARD MEMBER

OLAFUR S. GUDMUNDSSON

Dr. Olafur S. Gudmundsson is currently Director of Pharmaceuticals at the Bristol-Myers Squibb Company, a global biopharma company. He has previously held various senior level management positions within R&D in the pharmaceutical industry, both for Bristol-Myers Squibb and Genentech Inc. He is also associated with the Pharmaceutical Chemistry department at Purdue University.

BOARD MEMBER

MARGRET JONSDOTTIR

Margret Jonsdottir is Managing Director of Operations of Eyrir Invest hf. Previously, she was Director of Finance at Edda Publishing from December 2001 until October 2002. She was Director of Finance at Kreditkort/MasterCard from August 2000 until December 2001, Manager of Accounts at FBA Investment Bank (now Islandsbanki) from January 1998 until June 2000, and Director of Finance at the Industrial Loan Fund (FBA Investment Bank predecessor) from September 1988 until January 1998.

EDUCATION

Ph.D. in Pharmaceutical Chemistry, University of Kansas, 1998; Cand. Pharm. in Pharmacy, University of Iceland 1994.

ELECTED

2014

HOLDINGS IN MAREL

1,705,427

BOARD MEMBER

ANN ELIZABETH SAVAGE

Since 2004, Ann Savage has been the Group Technical Director of Bakkavor Group and she serves as a member of the management board. She is mainly responsible for food safety, health and safety management, manufacturing excellence and environmental management at Bakkavor. Ann has held a variety of roles during her career, spanning over 30 years in technical and research and development departments within the retail and food industry, more specifically for Cooperative Wholesale Society (CWS), Northern Foods (1990-1999) and Geest (1999-2004).

EDUCATION

Studied at the Open University. Post Graduate Diploma in Management Studies, Nottingham University.

ELECTED

2013

HOLDINGS IN MAREL

0

BOARD MEMBER

HELGI MAGNUSSON

Helgi Magnusson is the Chairman of the boards of Blue Lagoon, Harpa Holding, and Husasmidjan. He is the Vice-Chairman of the Board of the Pension Fund of Commerce and also serves as board member of several other Icelandic companies, including N1 and Hofgardar. He served as a member of the Board of Directors and the Executive Board of the Confederation of Icelandic Employers from 2006 to 2013 and as Chairman of the Federation of Icelandic Industries from 2006 to 2012. Helgi has also been a board member of Islandsbanki hf, Framsyn Pension Fund and the Icelandic Chamber of Commerce. For several years, he was the Chairman of the Board of Harpa Sjöfn Paint Factory and Flugger Iceland Paint Factory.

EDUCATION

Business Administration, University of Iceland, 1974; CPA, 1975.

ELECTED

2005

HOLDINGS IN MAREL

4 305 044

*ALL HOLDINGS AT DECEMBER 31, 2015

EDUCATION

Master of Accounting and Auditing, University of Iceland, 2006; Cand. Oecon. in Business Administration, University of Iceland, 1983.

ELECTED

2006

HOLDINGS IN MAREL

193,184

BOARD MEMBER

ASTVALDUR JOHANNSSON

Astvaldur Johannsson has extensive International experience holding various senior management positions for Ossur hf., the global orthopedics company and as an Executive Director of International Division of Valitor hf., an e-commerce payment solutions- and services provider. Prior to that, he served as a member of the executive Team of the IT company Nyherji hf., as a Managing Director at Penninn, a retail chain organization and as System Analyst Expert within the IT sector focusing on process design and development.

EDUCATION

MBA, University of Iceland 2002, B.Sc. in Management Information Systems, Heriot-Watt University Scotland 1987.

ELECTED

2014

HOLDINGS IN MAREL

0

VICE-CHAIRMAN OF BOARD

ARNAR THOR MASSON

Arnar Thor Masson has extensive experience in reorganization, strategy and project management. He is currently Director General of the Department of Administrative Development at the Prime Minister's Office in Iceland and also serves as the Chairman of Marel's audit committee. His previous roles include Deputy Director General of the Financial Management Department at the Ministry of Finance. Arnar Thor was an adjunct lecturer at the Department of Political Science of the University of Iceland from 2000 until 2008.

EDUCATION

M.Sc. in Comparative Politics, the London School of Economics and Political Science, 1997; B.A. in Political Science, University of Iceland, 1996. Studied securities brokerage in 2007.

ELECTED

2001. Vice-Chairman since November 2013.

HOLDINGS IN MAREL

0

EXECUTIVE TEAM

EXECUTIVE TEAM

CEO

ARNI ODDUR THORDARSON

Arni Oddur has extensive international business experience within the industrial sector. Before taking up his current position as Marel's CEO in November 2013 he was the CEO of Eyrir Invest, which he co-founded in 2000. Arni Oddur served on the Board of Directors of Marel between 2005 and 2013, the majority of the time as Chairman.

EDUCATION

MBA, IMD, Switzerland, 2004; Cand. Oecon. in Business Administration, University of Iceland, 1993.

HOLDINGS IN MAREL

131,869

EXECUTIVE VICE PRESIDENT OF COMMERCIAL REGIONS

PETUR GUDJONSSON

Petur joined Marel in 1984 as a programmer in electronic design. Before taking up his current post in 2009, Petur served in numerous different positions for Marel, including General Manager for Marel in Canada and Sales Director for Marel Iceland and Denmark.

EDUCATION

B.Sc. in Electrical Engineering, University of Iceland.

HOLDINGS IN MAREL

219,430

CFO

LINDA JONSDOTTIR

Before taking up her current position in October 2014 Linda was Marel's Corporate Director of Treasury and Investor Relations. Before joining Marel, Linda worked in Treasury and Financing for Eimskip and Burdaras and Straumur investment banks. She also served as board member in the Enterprise Investment Fund (Framtakssjodur Islands) between 2010 and 2015

EDUCATION

M.Sc. in Finance, Reykjavik University and Cand.Oecon in Business Administration, University of Iceland.

HOLDINGS IN MAREL

62,500

MANAGING DIRECTOR (EVP) OF MAREL FURTHER PROCESSING

DAVID WILSON

David has been with Marel and its predecessors since 1998. Before taking up his current position in March 2016 he served as Managing Director (EVP) for Marel Meat and before that he served as Senior Vice President for the Marel Poultry Industry Center in Gainesville, Georgia, U.S.

EDUCATION

M.Sc. in Animal Science and Honours B.Sc. in Agricultural Business Management, Aberdeen University.

HOLDINGS IN MAREL

0

EXECUTIVE VICE PRESIDENT OF STRATEGY AND CORPORATE DEVELOPMENT

ARNI SIGURDSSON

Arni has extensive experience in the finance and investment management industry. Before joining Marel in January 2014 he worked for AGC Partners as Associate. Prior to that he worked at Landsbankinn, where he was instrumental in advising Marel on the acquisition of Stork Food Systems.

EDUCATION

MBA, Harvard Business School; B.Sc. in Industrial Engineering, University of Iceland.

HOLDINGS IN MAREL

100,000

MANAGING DIRECTOR (EVP) OF MAREL POULTRY

ANTON DE WEERD

Anton has been with Marel and its predecessors since 1982 and during that time has served in different sales and marketing positions and as Commercial Director, Managing Director, and President. He took up his current post in 2007.

EDUCATION

B.Sc. in Mechanical Engineering, Avans University.

HOLDINGS IN MAREL

0

MANAGING DIRECTOR (EVP) OF MAREL FISH

SIGURDUR OLASON

Sigurdur worked in Marel's product development department between 2001 and 2006. He took up his current position in May 2014. Before rejoining Marel, Sigurdur was Manager of Business Development with Samherji, one of Iceland's leading seafood companies.

EDUCATION

MBA, Brisbane Graduate School of Business; B.Sc. in Computer Science and B.Sc. in Mechanical and Industrial Engineering, University of Iceland.

HOLDINGS IN MAREL

0

EXECUTIVE VICE PRESIDENT OF INNOVATION

VIDAR ERLINGSSON

Vidar been with Marel's innovation team since 2000.

EDUCATION

M.Sc. in Engineering, DTU in Denmark; B.Sc. in Electrical and Computer Engineering, University of Iceland.

HOLDINGS IN MAREL

0

EXECUTIVE VICE PRESIDENT OF HUMAN RESOURCES

DAVID FREYR ODDSSON

David joined Marel in 2011 as HR Director in the International Sales and Service Network. He took up his current post in 2013. Before joining Marel, he worked at Straumur Investment Bank as Global Head of Human Resources and Corporate Services 2006-2011 and as an HR consultant at Capacent 1999-2006.

EDUCATION

MBA, Reykjavik University; Cand. Theologus from University of Iceland.

HOLDINGS IN MAREL

50,000

EXECUTIVE VICE PRESIDENT OF SUPPLY CHAIN

PAUL VAN WARMERDAM

Paul joined Marel as Director of Manufacturing and Materials Management in Poultry and was appointed to his current position in 2013. Before joining Marel, Paul worked in the semiconductor industry in various operations and business management roles.

EDUCATION

M.Sc. in Mechanical Engineering, Delft University of Technology.

HOLDINGS IN MAREL

0

MANAGING DIRECTOR (EVP) OF MAREL MEAT

REMKO ROSMAN

Remko has been with MPS as CEO since 2005. Before, Rosman served as President in Yageo Corporation (Taiwan) and held various positions in Philips Electronics, McKinsey & Company and Royal Dutch Shell.

EDUCATION

Honors M.Sc. in Applied Physics from Twente University and Honors PhD in Applied Physics of Delft University of Technology

HOLDINGS IN MAREL

0

RISK MANAGEMENT

Marel's activities expose the company to a variety of financial risks - market risk (including foreign exchange risk and price risk), credit risk, liquidity risk, cash flow risk, and fair-value interest rate risk.

The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the company's financial performance. The company uses financial derivatives instruments to hedge certain interest rate and foreign exchange risk exposure.

Risk management is carried out within the company, where applicable, under policies approved by the Board of Directors. Financial risk is monitored and managed centrally in Group Treasury.



53%

MORE THAN HALF
OF THE WORLD'S URBAN
POPULATION LIVES IN ASIA

FOREIGN EXCHANGE RISK

The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the EUR/USD, EUR/GBP, and EUR/ISK on the cost side. The general policy is to apply natural currency hedging to the extent possible and prohibit any speculative trading of financial instruments.

Company funding is denominated in the main operational currencies to create natural hedging in the balance sheet. Where needed, financial exposure is hedged in accordance with the company's general policy on permitted instruments and exposure limits.

CREDIT RISK

The company minimizes credit risk by monitoring credits granted to customers, and assigns collateral to cover potential claims. The company has policies in place to ensure that sales of products and services are made to customers with an acceptable credit history, and products are not delivered until payments are secured. Although one of Marel's manufacturing sites is located in Iceland, sales to domestic customers account for less than 1% of total sales and the company is exposed to very limited credit risk in Icelandic krona.

Marel has banking relations with a diversified set of financial institutions around the world. There are policies in place that limit the amount of credit exposure to any one financial institution.

MAREL ENTREPRENEURS

Like many other companies, Marel did not start out as a global enterprise. In fact, it did not even start as an actual company. Marel's roots lie in a research project led by a few men who were obsessed with electronics and wanted to change the way food was processed. These men realized very early on that their project would become larger than the people surrounding them dared to believe.

INSURANCE POLICIES

The company maintains global and local insurance policies. The coverage comprises property damage, business interruption, general and product liability, marine cargo/mounting, directors and officers liability, employers practice liability, business travel, and accidents. The company believes that its current insurance coverage is adequate.

CASH FLOW AND FAIR-VALUE INTEREST RATE RISK

The company's income and operating cash flows are substantially independent of changes in market interest rates. The interest rates of finance leases to which the company is lessor or lessee are fixed at inception of the lease. These leases expose the company to fair-value interest rate risk. The company's cash-flow interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the company to cash-flow interest rate risk, while borrowings issued at fixed rates expose it to fair-value interest rate risk.

LIQUIDITY RISK

Due to the dynamic nature of the underlying businesses, the company has prudent liquidity risk management to ensure sufficient flexibility in funding under the revolving part of the facilities agreement and current financial assets available.

The company manages its cash-flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. The company raises long-term borrowings at floating rates, and swaps a portion of them into fixed rates. The risk, measured as the potential increase in interest paid during the coming year based on a defined movement in interest rates, is monitored and evaluated regularly.

CORPORATE SOCIAL RESPONSIBILITY

Marel has been changing the way food is processed for a long time. But Marel doesn't only want to innovate the way food is processed; it is equally important to process it the right way.

Since the beginning of its operations, one of the company's main objectives has been to help the food industry create value while also responsibly managing limited resources such as water, energy and the product itself, thereby generating sustainable long term growth in the industry.

Although the importance of corporate social responsibility has been a part of the company's DNA from day one, there has been a lack of formal structure regarding the definition of what the concept entails and how this responsibility should be practiced. At the end of 2015, Marel devised an action plan that will be implemented over the next three years. This action plan will tackle the most important corporate social responsibility issues within the company and revolves around newly adopted corporate social responsibility guidelines which have pinpointed the following priorities:

Since the beginning of its operations, one of the company's main objectives has been to help the food industry create value while also responsibly managing limited resources such as water, energy and the product itself, thereby generating sustainable long term growth in the industry.



4 BILLION

OF THE WORLD'S POPULATION
LIVES IN TOWNS AND CITIES

MAREL WAY OF LIFE

TOUR DE MAREL

Money raised by employees during the annual Tour de Marel competition was used to build the Tour de Marel school. It provides high quality education to 200 children of primary school age and to 90 children of pre-school age.

The money raised was also used to support the community in Yamoussoukro, Ivory Coast, for example by building toilets and a water post complex at a public school. Funds were also donated to build a library that over 4,000 children in Yamoussoukro will have access to.

PEOPLE

Marel provides a safe and healthy working environment and equal opportunities. It fosters individual and team development and ensures the right to freedom of association for all its employees. Human rights violations and illegal labor conditions are not tolerated. Marel engages with local communities, where innovation and education serve as the main areas of social participation.

PLANET

Marel encourages efficient use of resources in its value chain and promotes positive environmental impact and environmental protection. Innovation is at the core of Marel's strategy, where the focus is on continuously creating new methods for improving yields and minimizing waste in food production, reducing the use of scarce resources such as energy and water, and promoting food safety and animal welfare.

PROFITS

Marel promotes long-term profitability, fair trade and good business practices in its value chain through transparency, innovation and collaboration with all its partners.

UNITED NATIONS GLOBAL COMPACT

To put a further emphasis on supporting sustainable development, Marel is becoming a signatory to the [United Nations Global Compact](#) and will be committing to the ten principles of the Global Compact.

These principles align with the UN's [sustainable development goals](#). By becoming a Global Compact signatory, Marel will commit itself to monitoring its impact in these fields.

MAREL HF. - CORPORATE GOVERNANCE STATEMENT

Marel hf. (also referred to as the “company”) is committed to the general principles of good corporate governance.

Icelandic law and the company’s corporate governance framework determine the duties of the various bodies within the company. Corporate governance defines and dictates the way in which the company is directed and controlled – it involves the broader inter-workings of the CEO, responsible for the day-to-day management, the Board of Directors, the shareholders at large, regulators and other stakeholders.

In 2015, Marel initiated an external audit of its corporate governance structure and procedures, followed by a certification of the same. In January 2016, the company received recognition as “Exemplary in Corporate Governance” from the Center for Corporate Governance at the University of Iceland.

1. CORPORATE GOVERNANCE FRAMEWORK

The company’s corporate governance consists of a framework of principles and rules, including its Articles of Association and the Guidelines on Corporate Governance issued in May 2015 by the Iceland Chamber of Commerce, Nasdaq Iceland and the Confederation of Icelandic Employers, accessible on the website of the [Iceland Chamber of Commerce](#).

In general, the company is in compliance with the Guidelines on Corporate Governance, with the following exemption:

The company does not have a nomination committee. Marel’s Board of Directors regularly evaluates its work, composition and directors’ independence to ensure the members of the Board jointly have the relevant knowledge, experience and skills to fulfill the Board’s roles and responsibilities in the best interest of the company. The Board initiates discussions with the company’s largest shareholders on board composition and long term succession planning.

2. MAIN ASPECTS OF INTERNAL CONTROLS AND THE COMPANY’S RISK MANAGEMENT IN CONNECTION WITH THE PREPARATION OF FINANCIAL STATEMENTS

The CEO is responsible for ensuring sufficient internal control and risk management in connection with financial reporting. The Board of Directors has an ongoing dialogue with the CEO on the identification, description and handling of the business risks to which the company may be exposed. Material risks are discussed in the Consolidated Financial Statements 2015.

Internal audit and control

The company’s risk management and internal controls, in relation to financial processes, are designed with the purpose of effectively controlling the risk of material misstatements in financial reporting. The company’s internal auditor reports to the Board’s Audit Committee and plays a key role in relation to internal control.

External audit

An independent auditing firm is elected at the Annual General Meeting (AGM) for a term of one year. The external auditors examine the company’s annual accounts in accordance with generally accepted accounting standards, and for this purpose inspect accounting records and other material relating to the operation and financial position of the company. The external auditors report any significant findings regarding accounting matters and any significant internal control deficiencies via the Audit Committee to the Board of Directors.

KPMG ehf. was elected as the company’s auditor at the company’s AGM held on 4 March 2015. Auditors on KPMG’s behalf are Kristrun H. Ingolfssdottir and Hrafnhildur Helgadóttir, both State Authorized Public Accountants. They have audited and signed without reservation Marel’s consolidated financial statements for 2015

3. THE COMPANY'S VALUES, CODE OF CONDUCT AND SOCIAL RESPONSIBILITY POLICY

Values

Marel's company values are shared ideals and standards that provide direction in day to day operations. The company's employees had a direct hand in defining the values, which are unity, excellence and innovation. The values are continuously promoted in daily operations.

Code of Conduct

The Board of Directors of Marel approved a Code of Conduct with global application in October 2012. It is closely linked with Marel's company values and is built on four pillars, i.e. employees' (including officers and directors) commitment to: (i) each other; (ii) customers and marketplace; (iii) shareholders and (iv) partners, communities and the environment.

Marel's Code of Conduct can be found on the company's website:

Corporate Social Responsibility

Being a responsible corporate citizen means going beyond statutory legal requirements to aligning all business operations with socially accepted principles and contributing to society in a positive way. Marel acknowledges its social responsibility and, as stated above, a specific social responsibility policy for the company has been implemented by the company as further discussed elsewhere in this Annual Report.

MAREL WAY OF LIFE

HEALTHY LIVING IN MAREL

Marel encourages all of its employees to exercise and eat healthily, because the company believes that a healthy company with healthy people is invaluable. Marel is extremely proud of its employees and has established various programs to help facilitate healthy lifestyles:

- Some locations contain fitness rooms with weight lifting equipment, bikes, treadmills, yoga, boot camp, and spinning classes
- There are various biking activities around the sites
- There are various running competitions
- The Boxmeer site in the Netherlands runs the program "Marel being healthy together"
- All employees can sign up for a preventive medical examination once a year
- Each Marel location offers healthy food in their cafeterias.
- Some locations have offered courses on quitting smoking
- Tour de Marel

4. COMPOSITION AND ACTIVITIES OF THE BOARD OF DIRECTORS, ITS SUB-COMMITTEES, THE CEO AND EXECUTIVE TEAM

The company has a two-tier management structure consisting of the Board of Directors and Executive Team, led by the CEO. The two bodies are separate, and no person serves as a member of both.

BOARD OF DIRECTORS

The company's Board of Directors is the supreme authority in the affairs of the company between shareholders' meetings. It is elected by shareholders at the AGM for a term of one year and operates in accordance with applicable Icelandic law and regulation, the

The Board of Directors convened 20 times in 2015, with a weight average attendance of 95%.

The Board of Directors has made an assessment on which Board members are independent according to the Guidelines on

company's Articles of Association and the Board's Rules of Procedure. The Board currently comprises seven Board members who were elected at the company's AGM on 4 March 2015.

The Board of Directors is responsible for the organization of the company, for promoting the development of its long-term performance and ensuring the proper conduct of its operation at all times. The Board of Directors decides on all matters regarded as extraordinary or of major consequence, as defined by the decision making authorities and division of responsibilities between the Board, the CEO and the Executive Team. The Board shall establish goals for the company in accordance with the company's objectives and formulate the policy and strategy required to achieve these goals.

Regular board meetings are held with management over the course of the year, including quarterly financial results meetings, a two day strategy session, a two day human resource and remuneration session and a next-year operational planning meeting. Company site visits as well as visits to customers are conducted each year. In addition, the Board of Directors meets at least once a year without the management to structure the Board's agenda and conduct a self-assessment. Additional meetings are convened as needed. All matters brought before a Board meeting shall be decided by majority vote, provided that the Board meeting has been lawfully convened. In the event of a tie vote, the Chairman of the Board casts the deciding vote. However, important decisions shall not be taken unless all members of the Board have had the opportunity to discuss the matter, if possible.

SUB-COMMITTEES

The Board's work is supported by its working sub-committees: Remuneration Committee and Audit Committee.

REMUNERATION COMMITTEE

The Remuneration Committee is composed of three members of the Board of Directors, unless the Board decides otherwise. The majority of the Remuneration Committee shall be independent of the company. The members of the Remuneration Committee shall possess the knowledge and expertise needed to perform the tasks of the Committee. The Remuneration Committee shall assist the Board in ensuring that compensation arrangements support the strategic aims of the company and enable the recruitment, motivation and retention of senior executives while also complying with legal and regulatory requirements. The committee is responsible for ensuring that the Board's and CEO's performances are evaluated annually and that succession planning is conducted.

AUDIT COMMITTEE

The Audit Committee is composed of either three or four members of the Board of Directors, unless the Board decides otherwise. The majority of the Audit Committee shall be independent of the company and its external auditors. At least one member of the Audit Committee shall be independent of shareholders that hold 10% or more of the total share capital of the company. The

Corporate Governance. All seven Board members are considered independent of the company: Ann Elizabeth Savage, Arnar Thor Masson, Asthildur Margret Otharsdottir, Helgi Magnusson, Marg Jonsdottir, Astvaldur Johannsson and Olafur S. Gudmundsson. Furthermore, five of the Board members are considered independent of the company's major shareholders: Ann Elizabeth Savage, Arnar Thor Masson, Asthildur Margret Otharsdottir, Helgi Magnusson and Astvaldur Johannsson.

Once a year, the Board of Directors evaluates the work, results, size and composition of the Board and the Board's sub-committees. Furthermore, the Board evaluates the work and results of the CEO according to previously established criteria, including whether the CEO has prepared and carried out a business strategy, that is consistent with the established goals. The Board discusses the results of the assessment and decides which actions are to be taken, if any.

Profiles of the Board members can be found here:

The rules of procedures for the Board of Directors as well as for the Board's sub-committees can be found on the company's website

Sub-committee members are appointed by the Board of Directors for a term of one year, in accordance with the rules of each sub-committee adopted by the Board.

The members of the Remuneration Committee are Asthildur Margret Otharsdottir (Chairman), Ann Elizabeth Savage and Arnar Thor Masson.

The Remuneration Committee convened four times in 2015. The meetings were all fully attended.

The members of the Audit Committee are Arnar Thor Masson (Chairman), Astvaldur Johannsson and Margret Jonsdottir. All

members are independent of the company and its auditors, Arnar and Astvaldur are independent of large shareholders.

The Audit Committee convened five times in 2015 and held one seminar. The meetings were all fully attended.

expertise needed to perform the tasks of the Audit Committee. At least one Member of the Audit Committee shall have solid knowledge and experience in the field of financial statements or auditing. Its field of work includes monitoring Marel's financial status and evaluating the company's internal monitoring and risk management systems, management reporting on finances, whether laws and regulations are followed, and the work of the company's internal and statutory auditors.

CEO

Arni Oddur Thordarson took over as CEO of Marel in November 2013. He has extensive international business experience within the industrial sector. Thordarson has served on the Board of Directors of Marel since 2005, majority of the time as Chairman. He has an MBA degree from IMD Business School in Switzerland and a Cand.Oecon degree in Business Administration from the University of Iceland.

Thordarson is an Icelandic citizen, born in 1969. Thordarson and related parties hold 131,869 shares in Marel. He is a major shareholder of Eyrir Invest, which on 3 February 2016 held 215,366,838 shares in Marel hf. (29.28% of total issued shares)

The principal duties of the CEO are as follows:

- I. The CEO is responsible for daily operations and is obliged to follow the Board's policy and instructions in that regard. The daily operations do not include measures, which are unusual or extraordinary. The CEO may only take such measures if specially authorised by the Board, unless it impossible to wait for the Board's decision without substantial disadvantage to the company's operations. In such an event, the CEO shall inform the Board of his/her measures, without delay.
- II. The CEO shall act as chairman in the company's material subsidiaries that are connected with the sales and manufacturing activities and/or the core activities of the company, unless the Board decides otherwise.

EXECUTIVE TEAM

The company's Executive Team is composed of 11 members:

- **Arni Oddur Thordarson**, *Chief Executive Officer (CEO)*
- **Linda Jonsdottir**, *Chief Financial Officer (CFO)*
- **Arni Sigurdsson**, *EVP Strategy and Corporate Development*
- **Anton de Weerd**, *Managing Director (EVP) of Poultry*
- **David Wilson**, *Managing Director (EVP) of Further Processing*
- **Sigurdur Olason**, *Managing Director (EVP) of Fish*
- **Remko Rosman**, *Managing Director (EVP) of Meat*

- III. The CEO is responsible for the work and results of the Executive Team.
- IV. The CEO shall ensure that the accounts of the company conform to law and accepted practices and that the treatment of company assets is secure. The CEO shall provide any information that may be requested by the company's Auditors.

At least once a year the CEO shall evaluate the work and results of the Executive Team, for which he is responsible, according to previously established criteria. The CEO shall discuss the results of the assessment with each member of the Executive Team and decide which actions shall be taken, if any.

At least once a year, the Chairman and the CEO shall have a meeting to discuss the results of the Board's assessment of the CEO's work and results and the proposed actions to be taken, if any. The CEO shall inform the Chairman of the results of his/her evaluation of the Executive Team and which actions will be taken, if any. The Chairman shall inform the Board of Directors of the discussions with the CEO as he/she deems necessary and appropriate.

- **Petur Gudjonsson**, *EVP Commercial*
- **Paul van Warmerdam**, *EVP Supply Chain*
- **Vidar Erlingsson**, *EVP Innovation*
- **David Freyr Oddsson**, *EVP Human Resources*

Profiles of the Executive Team members can be found here:

5. COMMUNICATION BETWEEN SHAREHOLDERS AND THE BOARD OF DIRECTORS

Shareholders' meetings, within the limits established by the company's Articles of Association and statutory law, are the supreme authority in Marel's affairs as well as the primary communication between shareholders and the Board of Directors.

The Chairman initiates communication with the company's largest shareholders on an annual basis with the objective of establishing trust and understanding. All communication with shareholders is governed by rules and regulations on price sensitive

The AGM is scheduled once a year, before the end of August, and other shareholders' meetings are convened when necessary. The AGM is advertised publicly with at least three weeks' notice, in accordance with Icelandic law.

The Chairman is the authorized spokesperson for the Board of Directors. The Board of Directors does not engage in communication regarding details of the company's financial results, which is the responsibility of authorized members of management.

and non-public information (insider information) and other sensitive business information, which may compromise the company's competitive position.

Further information on communication with shareholders can be found in the company's Investor Relations Policy: