



MINUTES

33rd Annual General Meeting 2016 of Marel hf.

The Annual General Meeting 2016 of Marel hf. was held at the Company's headquarters, Austurhraun 9, 210 Garðabær, Iceland on Wednesday, 2nd March, 2016 at 16:00.

Agenda

1. The report of the Board of Directors on the activities of the Company during the preceding year of operation.
 2. CEO's operational report.
 3. Submission of the annual accounts of the Company for the preceding year for confirmation.
 4. Decision on how to address the profit or loss from the Company's operations for the year.
 5. Decision on remuneration to the members of the Board of Directors for the next year of operation and of the Auditor for the preceding year of operation.
 6. Report on the execution of the Company's remuneration policy
 7. Proposal on the Company's remuneration policy.
 8. Elections to the Board of Directors.
 9. Election of an auditor or auditing firm.
 10. Proposal on an authorisation for the Company to buy treasury shares.
 11. Any other business, lawfully presented.
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The Chairman of Marel's Board of Directors, Ásthildur Margrét Otharsdóttir, announced the Annual General Meeting open. She welcomed the shareholders to the meeting.

The Chairman proposed that Árni Sigurjónsson be elected to Chair the Meeting. The proposal was agreed unanimously. The Chair proposed that Kristján Þorsteinsson be elected Secretary of the meeting to keep the Records of Minutes. The proposal was agreed unanimously.

The Chair reviewed the meeting's calling and announced the meeting to be in accordance with the Company's Articles of Association.

The meeting was announced according to rules.

According to received ballots shareholders holding 530,162,025 shares of 715,466,447 outstanding shares attended the meeting, equal to 74.1% of the Company's voting share.

The Annual Report for 2015 was formally released in an interactive form and is available on the Company's website: <http://ar2015.marel.com/>

The Consolidated Financial Statements, 31 December 2015 was distributed at the meeting. The agenda and all proposals presented to the meeting were distributed to the attendants in Icelandic. The meeting was conducted in English.

Passing to the Agenda.

1. The report of the Board of Directors on the activities of the Company during the preceding year of operation

The Chairman of the Board of Directors, Ásthildur Margrét Otharsdóttir addressed the meeting. A recording of the Chairman's speech is available on the following webpage: <http://marel.com/aggm>

The Chairman discussed Marel's powerful growth drivers during her presentation. Population growth, urbanization, sustainability and environment are all trends that will drive global economic development in the future and benefit Marel's business directly. She then summarized Marel's performance and main achievements during 2015 including the successful completion of the refocusing program "Simpler, Smarter, Faster" and the MPS acquisition.

The Chairman talked about the proposal to pay dividend, corresponding to 20% of net profits for the operational year 2015 or 1.58 euro cents per share. "The Board of Directors is pleased to propose to the Annual General Meeting today that a dividend of EUR 11.3 million is paid to shareholders, corresponding to 20% of net profits. This is fully in line with our dividend policy" she said.

Asthildur also talked about the challenges that face Marel, consumers and companies worldwide today. "The colossal social challenge of fulfilling rising consumption demands in an environmentally, economically and socially sustainable way represents a wealth of opportunities for Marel and its customers. Our job is to work with our customers on finding innovative ways of minimizing waste in the production process and new technologies to enable more and higher quality food production with less use of scarce

resources. In 2015, we set out to sharpen our vision, values and brand identity as well as formalize our approach to corporate Social responsibility”, she said.

The Chairman discussed that the long term targets disclosed at the Marel’s AGM 2006 have been reached.

The Chairman thanked the shareholders of the company for their support and the employees for their dedication and good contribution to the company.

A video highlighting Marel’s operation was presented.

2. CEO’s operational report

Marel’s CEO, Árni Oddur Þórðarson discussed the operational results 2015, the Simpler, Smarter, Faster program, strategic moves and marel as a leading global provider of systems and services for the poultry, meat and fish industries. A recording of the CEO’s speech and his presentation is available on the following webpage: <http://marel.com/agm>

The CEO said “We know where we are and where we are going”. Marel is commercially strong with around 40% of its revenues as recurring, i.e. service and spare part sales.

“The year 2015 was a great one 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.” said the CEO. Arni then talked about the successful conclusion of the refocusing program “Simpler, Smarter Faster.”

The CEO recapped the highlights of the audited Consolidated Financial Statements for 2015. Revenues were EUR 819 million, up by 15%. The adjusted EBIT was EUR 100 million. The net result was EUR 57 million and the free cash flow was EUR 81 million. Orders received during the year 2015 amounted to EUR 825 million leading to an increase of the order book up to EUR 181 million at end of the year with good geographical split.

The total assets of the company amounted to EUR 938 million at end of the year 2015. The total liabilities were EUR 491 million and the ratio, net interest bearing debt against EBITDA was 1.05. The target is a ratio within 2 – 3 times EBITDA.

The CEO then talked about the strategic move that was taken in 2015 with the acquisition of MPS meat processing systems. This action is fully in line with Marel’s strategy of providing full line solutions to the poultry, meat and fish industries. The CEO also talked about the changes in Marel’s corporate identity that was launched today, but now all 4,600 employees of Marel worldwide are united under one clear and strong Marel brand with one logo and redefined vision. Finally the CEO talked about the changes that were announced regarding Marel’s organizational structure and the Executive Team earlier today. The changes will simplify and clarify the market approach and position Marel for future growth and success.

Marel's management is redefining how it views and manages the business and serves the customer needs. The company will from now on report sales and operational results in poultry, meat and fish industries. Further processing will operate as a business unit within Marel that works across all aforementioned industries. Marel Poultry, Marel Meat and Marel Fish will focus on standard solutions as well as full line offering throughout the processes of primary, secondary, and further processing.

A video was presented explaining the changes in Marel Meat, after the acquisition of MPS and the future development of it.

3. Submission of the annual accounts of Marel for the preceding year for confirmation

The Chair submitted Marel hf audited Consolidated Financial Statements of 2015, for approval of the meeting.

The attendants were invited to speak about the address of the Chairman, the CEO's presentation and the Company's Financial Statements. No one commented.

The Annual Report 2015 is available on the Company's website in an interactive format: <http://ar2015.marel.com>

The Consolidated Financial Statements for 2015 and the proposal to carry over the Company's net profit of the year to the following year were subsequently approved with all casted votes.

4. Decision on how to address the profit or loss from the Company's operations for the year.

The following proposal on payment of dividends for the year 2015 was brought before the Meeting:

The Board of Directors proposes that a dividend of 1.58 euro cents per share be paid for the operational year 2015. The estimated total dividend payment will be approximately 11.3 million euro corresponding to approximately 20% of profits for the year which amounted to 56.7 million euro. The proposed dividend is in line with Marel's targeted capital allocation and dividend policy.

If approved by Marel's shareholders, the Company's shares traded on and after 3 March 2016 (Ex-date) will be ex-dividend and the right to a dividend will be constricted to shareholders identified in the Company's shareholders registry at the end of 4 March 2016, which is the proposed record date. The board will propose that payment date of the dividend is 23 March 2016.

The Board of Directors otherwise refers to the annual accounts as regards how to address the profit for the year 2015 and proposes that the profit will be carried over to the following year.

The proposal was agreed by all casted votes.

5. Decision on remuneration to the members of the Board of Directors for the next year of operation and of the Auditor for the preceding year of operation

The following proposal on remuneration to the members of the Board of Directors for the next year of operation and of the Auditor for the preceding year of operation was brought before the Meeting:

The Board of Directors proposes that the remuneration to Board members for the year 2016 will be as follows: the Chairman will receive €8,250 per month and other members of the Board of Directors will receive €2,750 per month. Members of sub-committees of the Board will further receive remuneration in the amount of €750 per month. The chairman of the audit committee receives remuneration in the amount of €2,750 per month. The remuneration will be paid on the 15th day of each month. Furthermore, the Board of Directors proposes that the Auditor's fees will be paid against their invoices approved by the Company.

No requests to comment on the proposal were put forward and subsequently the proposal was agreed by all casted votes.

6. Report on the execution of the Company's remuneration policy

The Chairman of the Board of Directors reported on the main topics regarding execution of the remuneration policy. This is a new item on the AGM agenda where Marel is responding to the increased requirements of transparency regarding remuneration matters and good dialogue with its shareholders.

The Remuneration Policy, which is presented at Marel's web page, is applicable to the CEO and other members of the Executive Team as well as the Board of Directors.

For the CEO and Executive Team, Marel uses benchmarking information from internationally recognized compensation consultancies providing a very wide range of data. Executives are assigned to a specific remuneration category, based on certain criteria. Marel's aim is to be in the median of the benchmark range – making sure that the company offers competitive but not excessive salaries.

The mid-range approach applies to the three main components of the total compensation, i.e.; 1) fixed salaries; 2) short-term incentives; and 3) long-term incentives, which have been in the form of stock options. The most recent stock option agreements include a requirement to hold shares corresponding to the after tax profit of the options at exercise, for further aligning the interest of the shareholders and the executive management.

Then the Chairman explained each aforementioned component in more detail.

Pension and severance payments at Marel are in accordance with local labour regulations and practices in each country. All Marel's pension agreements are defined contribution, which means that the company is not accumulating any pension liabilities.

Regarding compensation of the Board of Directors the Chairman explained that the Board receives a fixed monthly fee according to the decision of the Annual General Meeting and there are no incentive schemes.

7. Proposal on the Company's remuneration policy

Proposal on Marel's remuneration policy according to Article 79a of the Act No 2/1995 respecting Public Limited Companies, was brought before the Meeting. The Board of Directors proposed that the Remuneration Policy for the year 2015 will be approved unamended for the year 2016.

The proposed Policy is as follows:

The Remuneration Policy of Marel hf. and its subsidiaries (the "Company"), is designed to attract, motivate and retain exceptional employees in a competitive and international market. The policy reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders.

The Remuneration Policy applies to the Company's senior management, including its Executive Team and Board of Directors.

Executive Team Remuneration

The remuneration of Marel's Executive Team is proposed by the Remuneration Committee and subsequently approved by the Board of Directors. It is evaluated annually against performance and a benchmark of international companies, which in size and complexity are similar to Marel. Benchmark information is obtained from internationally recognized compensation service consultancies.

Total remuneration shall be comprised as follows:

- *A **fixed base salary**, set at a level aimed at attracting and retaining executives with professional and personal competences required to drive the Company's performance.*
- ***Short-term incentives**, based on the achievement of a number of individual, pre-defined financial and strategic business targets approved by the Board of Directors. Short-term incentives cannot exceed 40% of the fixed base salary, and are partly related to financial targets and partly to non-financial, strategic business targets. Short-term incentive payments are subject to recovery, provided that they have clearly been based on data, which proved to be manifestly misstated, false or misleading.*
- ***Long-term incentives** in the form of **stock options**, promoting a balance between short-term achievements and long-term thinking. The Company's stock option program is further specified below.*
- ***Pension contributions**, made in accordance with applicable laws and employment agreements.*
- ***Severance payments** in accordance with termination clauses in employment agreements. Severance payments shall comply with local legal framework.*

Long Term Incentive Stock Option Program

Marel has implemented stock option programs with the objective of aligning interests of the executive management and selected key employees with the long-term goals of the Company and its shareholders.

The Company's stock option program is designed with the intention of providing program participants with annual stock options for which the calculated estimated future gain equals up to a maximum of 20% of annual based salary at the date of issue. The stock options plan is long term for five to seven years with the first vesting time three years. Exercise price is adjusted annually with a hurdle rate as well as future dividend payments.

The Company's stock option program does not include any commitments for future issues and can be cancelled at any time. The program shall be reassessed annually and the structure of future issues can be changed, subject to shareholders' approval.

Board of Directors

Members of the Board of Directors shall receive a fixed, monthly payment in accordance with the decision of the Annual General Meeting of the Company. The Board shall submit a proposal on the fee for the upcoming operating year, taking into account the extent of responsibilities and time commitment, the results of the Company and benchmark data on fees paid by European peer companies, which in size and complexity are similar to Marel.

Board members are not offered stock options or participation in incentive schemes.

Individual board members may take on specific ad hoc tasks outside their normal duties assigned by the Board. In each such case, the Board may determine a fixed fee for the work carried out related to those tasks, which shall be disclosed in the Company's annual financial statements.

Disclosure of Information

Information on the total remuneration of members of the Company's Board of Directors, Executive Team and senior management accountable for more than 10% of the assets or earnings of the Company, shall be disclosed in the Company's annual financial statements. This includes any deferred payments and extraordinary contracts during the preceding financial year.

Approval of the Remuneration Policy

This Remuneration Policy shall apply to all future employment agreements with members of Company's Executive Team and Board of Directors.

The Remuneration Policy is binding for the Board of Directors as regards its provisions on stock options. In other respects, the Remuneration Policy shall be of guidance for the Board. Any departure from the policy shall be recorded and reasoned in the Board's minutes.

This Remuneration Policy has been approved by the Board of Directors of Marel hf. in accordance with article 79a of the Icelandic Companies Act No. 2/1995, taking into consideration the NASDAQ OMX Iceland Rules for Issuers of Financial Instruments and the Icelandic Guidelines on Corporate Governance. The Remuneration Policy is reviewed annually and shall be approved by the Company's Annual General Meeting, with or without amendments.

The Company's Remuneration Policy shall be published on its website.

There were no further discussions about the remuneration policy.

The proposal was agreed by all casted votes.

8. Elections to the Board of Directors

The deadline for submitting valid candidacy declarations for the Board of Directors to be elected on the AGM 2016 expired on 26 February 2016 at 16:00 (GMT), in accordance to Marel's Articles of Association.

The Board of Directors proposed that the Company's shareholders elect seven Directors to serve on the Board of Directors. The proposal was agreed by all casted votes.

Following candidacy had been declared before the above deadline:

Ann Elizabeth Savage, Spalding, Englandi

Arnar Þór Másson, Reykjavík

Ásthildur Margrét Otharsdóttir, Reykjavík

Ástvaldur Jóhannsson, Reykjavík

Helgi Magnússon, Seltjarnarnes

Margrét Jónsdóttir, Seltjarnarnes

Ólafur S. Guðmundsson, Reykjavík

No further proposals to Board of Directors were submitted, resulting in the above-mentioned candidates chosen without election. The condition stipulated in Article 5.2 of the Articles of Association regarding gender ratio of Directors was satisfied as the new Board consists of four males and three females. The Chair declared them rightfully elected to the Board of Directors of Marel hf. for the next twelve months and congratulated them on the election.

9. Election of an auditor or auditing firm

The following proposal on auditor was presented before the Meeting:

The Board of Directors proposes that the auditors KPMG ehf. will be the Company's auditors.

No requests to comment on the proposal were put forward and subsequently the proposal was agreed by all casted votes.

10. Proposal on an authorisation for the Company to buy treasury shares.

The following proposal on an authorisation for the Company to buy treasury shares was brought before the Meeting:

The Board of Directors proposes that the Company is authorized to acquire up to 10% of its own shares. Requirements pursuant to Article 55 of the Icelandic Companies Act No. 2/1995 shall be taken into consideration when own shares are purchased on the basis of this authorization.

It is furthermore proposed, that this authorization is effective for the next 18 months from approval. Earlier authorization shall be withdrawn.

No requests to comment on the proposal were put forward and subsequently the proposal was agreed by all casted votes.

11. Any other business, lawfully presented

The Chair informed that no other matters had been rightfully proposed to the Company's Board of Directors before the Meeting but invited attendants to speak about the Company's matters or bring forward questions.

Arnþjótur Bjarki Bergsson thanked the management for the performance of the company. He asked about the waste water treatment equipment produced by MPS and whether it could be used outside the meat industry. The CEO said that the equipment is now mainly used in the meat and poultry industries. It is of interest to analyse further extended scope for the waste water equipment.

The Meeting approved that the Chair and the Secretary will conclude the minutes of this AGM.

The Meeting was closed at 17:30.

Garðabær, 2nd March 2016

Chair:



Árni Sigurjónsson

Secretary:



Kristján Þorsteinsson