Advancing food processing

FY2017
Financial Results

February 8, 2018

ARNI ODDUR THORDARSON

Chief Executive Officer

LINDA JONSDOTTIR

Chief Financial Officer

A GREAT CLOSE OF A GREAT YEAR

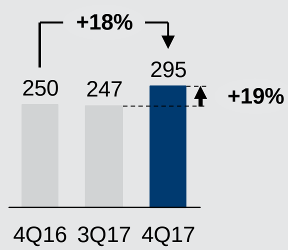
Strong earnings growth with healthy profit margin of around 15% EBIT for eight quarters in a row, the order book is at an all-time high and successful management of production ramp up in 4Q17

4Q17 HIGHLIGHTS

- 4Q17 was a record quarter in terms of revenues and profitability
- Production ramp up was well managed in 4Q17
- All industries delivered higher revenues compared to 3Q17
- Orders received were robust
- Order book signifiantly higher than 4Q16

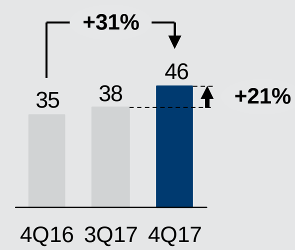
REVENUES

EUR
295m



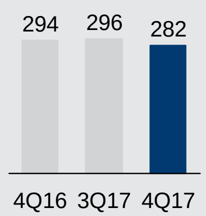
ADJUSTED EBIT

EUR
46m



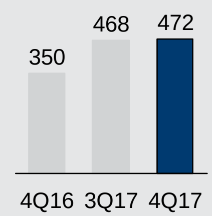
ORDERS RECEIVED

EUR
282m



ORDER BOOK

EUR
472m



ANNUAL REVENUES OF EUR 1 BILLION

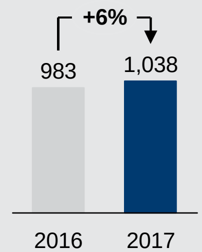
For the full year, revenues were over EUR 1 billion with 15% EBIT. In light of the good results delivered in 2017 and robust order book, we expect strong organic revenues growth in 2018.

2017 HIGHLIGHTS

- Orders received increased by 13% over the year
- Revenues increased by 6%
- Operational EBIT increased 10%
- Earnings Per Share was up 29%
- Strong operational cash flow and leverage at x1.9 net debt/EBITDA
- Marel starts 2018 with a strong order book, at EUR 472m, or x0.45 of trailing twelve month revenues

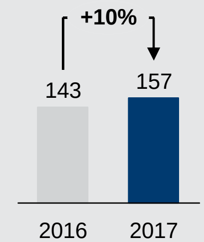
REVENUES

EUR
1,038m



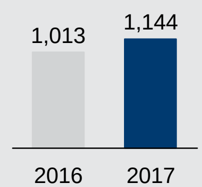
ADJUSTED EBIT

EUR
157m



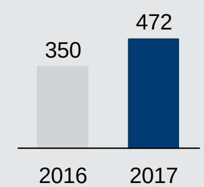
ORDERS RECEIVED

EUR
1,144m



ORDER BOOK

EUR
472m



BALANCED REVENUE MIX

Good market conditions and overall balanced product mix. Focus on the three industries to counterbalance fluctuations in operations. Long term outlook is good for all industries.

POULTRY

54% of revenues
19.5% EBIT margin

- Very strong full year with robust order intake, strong volume and solid operational performance
- Good market conditions and strong competitive position

Marel is reaping the benefits of a steady flow of innovative products with standard blocks and full line offering

All financial numbers relate to the 2017 Annual Consolidated Financial Statements. Other segments account for 1% of the revenues.

MEAT

32% of revenues
11.5% EBIT* margin

- Good first half of the year, however 2H17 was affected by product mix and timing of deliveries of large orders, soft outlook expected to continue in the short term
- Marel is strengthening its position in South America with the acquisition of Brazilian meat processor Sulmaq

Focus going forward on increased standardization and modularization

** Operating income adjusted for amortization of acquisition-related intangible assets*

FISH

13% of revenues
4.3% EBIT margin

- Marel Fish is on track and delivered good order intake and improved margins in core business while discontinuing customized onboard solutions in Seattle
- Operational performance below long term targets

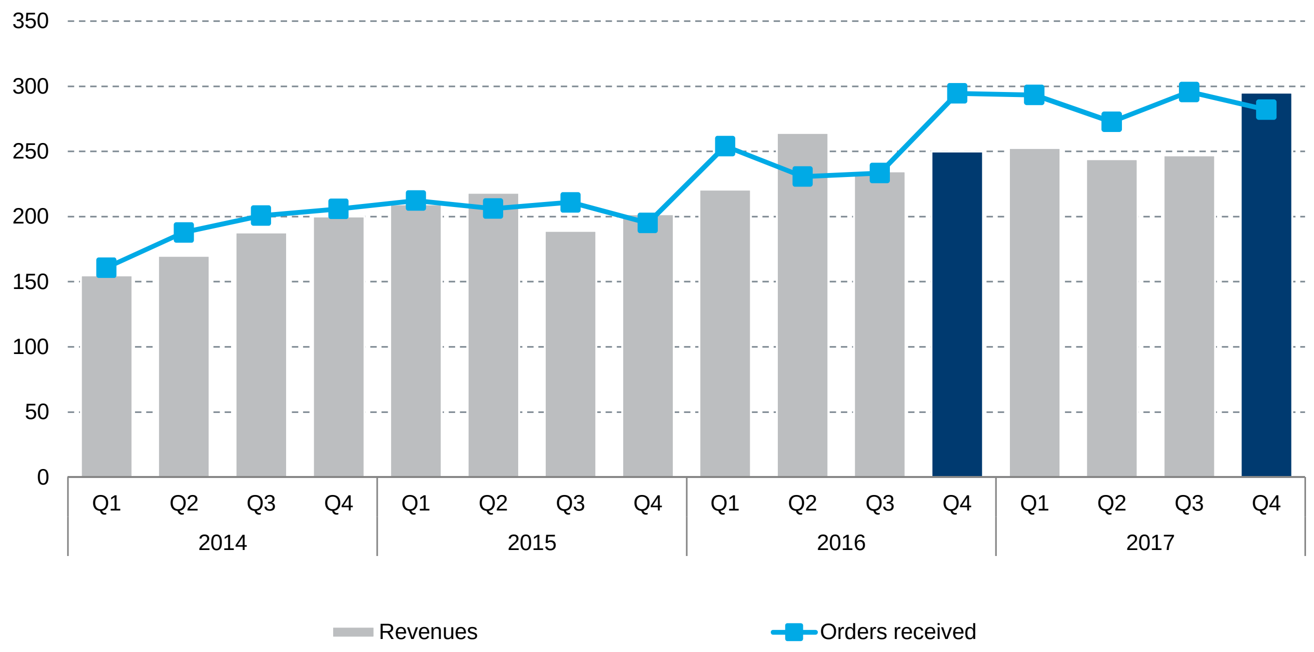
Focus on full line offering for wild whitefish, farmed salmon and farmed whitefish

ORDERS RECEIVED

Orders received in 2017 were robust amounting to EUR 1,144 million, compared to revenues of EUR 1,038 million

- At year-end, the order book was x0.45 of trailing twelve months revenues
- Greenfields and projects with long lead times constitute the vast majority of the order book
- Standard equipment and spare parts run with shorter cycles than larger projects
- Maintenance, spare parts and services, now close to 40% of revenues

REVENUES AND ORDERS RECEIVED
EUR m



SOLID OPERATIONAL PERFORMANCE

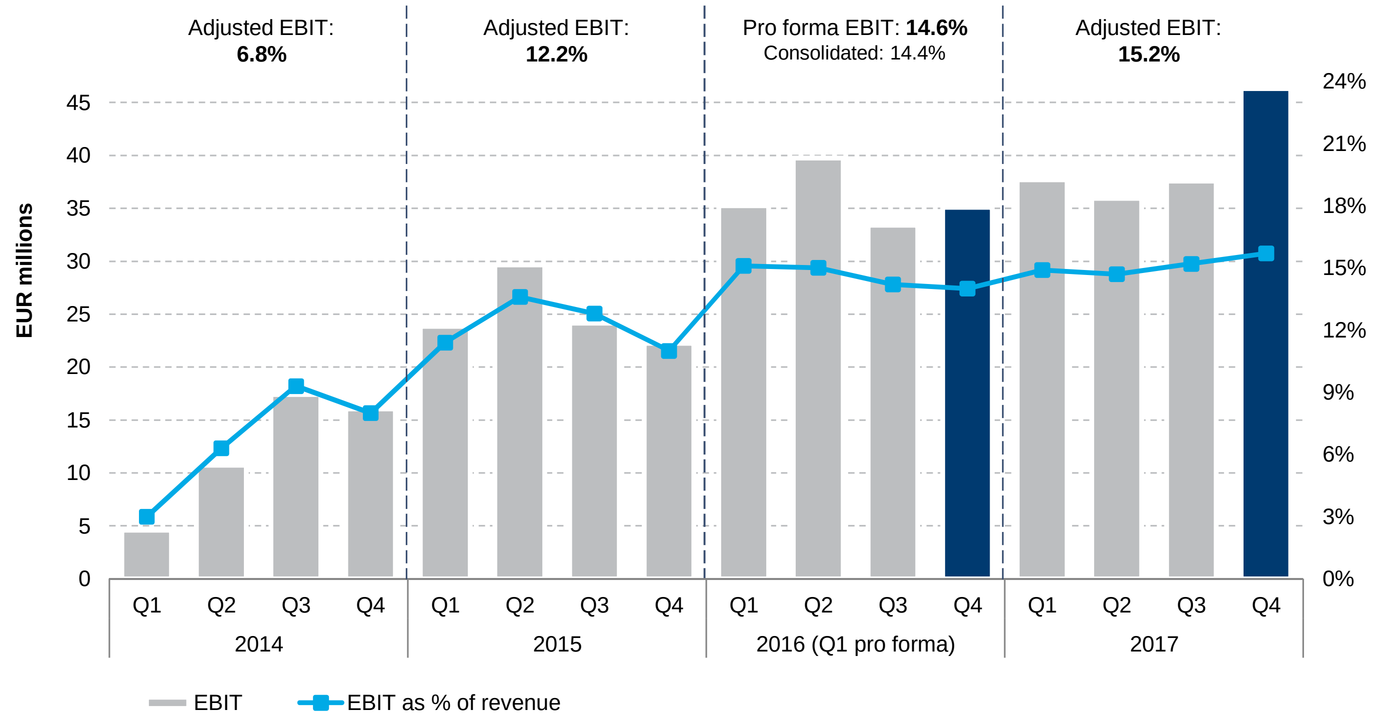
LINDA JONSDOTTIR

Chief Financial Officer

FIRM STEPS TAKEN TO IMPROVE PROFITABILITY

Strong earnings growth with healthy profit margin of around 15% EBIT margin for eight consecutive quarters

- Ramp up of production well managed in 4Q17 with higher revenues and operational costs rising at slower pace, leading to higher EBIT
- Improved flexibility with more scalable operations following ‘Simpler, Smarter, Faster‘ and strategic investments in innovation and infrastructure
- Ongoing and continued investment in future platform to serve customers needs better and sustain competitive edge



Note: Operating income adjusted for amortization of acquisition-related intangible assets (PPA) in 2016-2017. 2014-2015 EBIT adjusted for refocusing cost and acquisition costs.

INCOME STATEMENT: Q4 2017

Revenues in Q4 2017 were EUR 294.8m with an adjusted EBIT of EUR 46.2m or 15.7% EBIT margin. Gross profit was EUR 116.9m or 39.6% of revenues.

In EUR million unless stated otherwise	Q4 2017	Of revenues	Q4 2016	Of revenues	Change
Revenues	294.8		250.0		+18%
Cost of sales	(177.9)		(148.8)		+19%
Gross profit	**116.9**	**39.6%**	**101.2**	**40.5%**	**+15%**
Selling and marketing expenses	(32.2)	10.9%	(36.0)	14.4%	-11%
Research and development expenses	(16.7)	5.7%	(13.5)	5.4%	+24%
General and administrative expenses	(21.8)	7.3%	(16.6)	6.6%	+31%
Adjusted result from operations	**46.2**	**15.7%**	**35.1**	**14.0%**	**+32%**
Amortization of acquisition-related (in)tangible assets	(2.4)		(6.7)		-64%
Result from operations	**43.9**	**14.9%**	**28.4**	**11.4%**	**+55%**
Net finance costs	(4.4)		(3.9)		+13%
Result before income tax	**39.5**		**24.5**		**+61%**
Income tax	(5.7)		(1.8)		+217%
Net result	**33.8**	**11.5%**	**22.7**	**9.1%**	**+49%**

INCOME STATEMENT: FULL YEAR 2017

Revenues in 2017 reached the EUR 1bn mark with an adjusted EBIT of EUR 157m or 15.2% EBIT margin. Gross profit was EUR 407m or 39.2% of revenues.

In EUR million unless stated otherwise	FY 2017	Of revenues	FY 2016	Of revenues	Change
Revenues	1,038.2		969.7		+7%
Cost of sales	(631.5)		(572.7)		+10%
Gross profit	**406.7**	**39.2%**	**397.0**	**40.9%**	**+2%**
Selling and marketing expenses	(120.5)	11.6%	(128.5)	13.2%	-6%
Research and development expenses	(57.8)	5.6%	(63.1)	6.5%	-8%
General and administrative expenses	(71.0)	6.8%	(66.2)	6.8%	+7%
Other operating income	-	-	0.2	0.0%	-
Adjusted result from operations	**157.4**	**15.2%**	**139.4**	**14.4%**	**+13%**
Amortization of acquisition-related (in)tangible assets	(17.1)		(24.6)		-30%
Result from operations	**140.3**	**13.5%**	**114.8**	**11.8%**	**+22%**
Net finance costs	(20.3)		(25.4)		-20%
Result before income tax	**120.0**		**89.4**		**+34%**
Income tax	(23.1)		(13.6)		+69%
Net result	**96.9**	**9.3%**	**75.8**	**7.8%**	**+28%**

ORDER BOOK

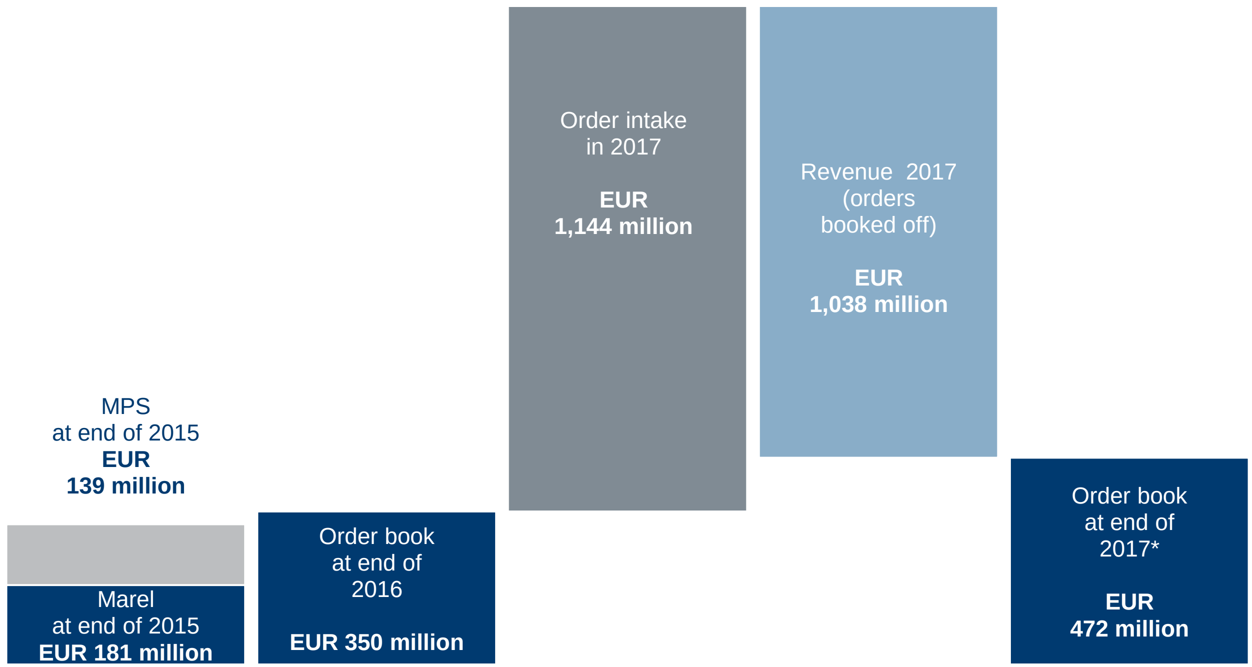
Market condititions are good and the order book grew EUR 100m in 2017 to an all-time high of EUR 472m, projects were well distributed geographically and between the poultry, meat and fish industries

HIGHLIGHTS

- Order book of EUR 472m at year-end*
- Orders received in 2017 were higher than revenues
- The strong order book provides a good foundation going into the 2018 operational year
- Order book mix is different per industry, in particular the level of service revenues
- Largest orders include Greenfield projects with Costco and Lincoln in the US (poultry), and Leroy in Norway (fish), large orders in Australia and Russia (meat)

ORDER BOOK

EUR m



* Including acquired order book of Sulmaq of EUR 17m.

BALANCE SHEET: ASSETS

2017 Consolidated Financial Statements

HIGHLIGHTS

- Marel is advancing the manufacturing and innovation facilities and improving the working environment across the company, as reflected in PP&E
- Goodwill is increasing because of the acquisition of Sulmaq that adds EUR 13m to goodwill
- Working capital items are impacted by increased volume
- Overall working capital is decreasing compared to 2016, primarily caused by down payments on projects

ASSETS

In EUR million	**2017**	**2016**	**Change**
Property, plant and equipment	144.7	119.0	+22%
Goodwill	643.9	635.2	+1%
Intangible assets (excluding goodwill)	262.7	277.5	-5%
Other non-current assets	9.3	7.9	+18%
Non-current assets	**1,060.6**	**1,039.6**	**+2%**
Inventories	124.4	122.2	+2%
Production contracts	48.2	37.0	+30%
Trade receivables	128.9	115.3	+12%
Other receivables and prepayments	46.6	32.7	+42%
Derivative financial instruments		0.1	
Cash and cash equivalents	31.9	45.5	-31%
Current assets	**380.0**	**352.8**	**+8%**
TOTAL ASSETS	**1,440.6**	**1,392.4**	**+3%**

BALANCE SHEET: EQUITY AND LIABILITIES

2017 Consolidated Financial Statements

HIGHLIGHTS

- Borrowings are going down between years despite purchase of EUR 63.4m worth of treasury shares and the acquisition of Sulmaq
- Working capital items affected by volume
- Production contracts reflect down payments from customers on projects that will be produced

EQUITY AND LIABILITIES

In EUR million	2017	2016	Change
Group equity	**541.9**	**525.6**	**+3%**
Borrowings	370.7	425.0	-13%
Deferred income tax liabilities	61.3	63.5	-3%
Provisions	8.6	7.4	16%
Other liabilities	3.6		
Derivative financial instruments	2.7	4.9	-45%
Non-current liabilities	**446.9**	**500.8**	**-11%**
Production contracts	209.6	150.8	39%
Trade and other payables	195.9	168.9	16%
Current income tax liabilities	11.0	9.1	21%
Borrowings	26.2	24.1	9%
Provisions	9.1	13.1	-31%
Current liabilities	**451.8**	**366.0**	**23%**
Total liabilities	**898.7**	**866.8**	**+4%**
TOTAL EQUITY AND LIABILITIES	**1,440.6**	**1,392.4**	**+3%**

IMPACT OF IFRS ON THE FINANCIAL STATEMENTS

Standards 16, 9 and 15 to be implemented in 2018 with limited effect on Marel
Marel decided to adopt IFRS 16 early

IFRS 16 – Operating Lease
Impact from January 1, 2018

- Only 2,5% of total assets added to assets and liabilities in the balance sheet, EUR 36 m
- No effect on opening retained earnings in equity
- Operating expenses will decrease by EUR 9m and depreciation will increase by EUR 9m. Non material impact on EBIT
- Finance costs will increase by around EUR 1m in the first year
- EBITDA will increase and net debt increase – net impact on leverage minimal

IFRS 9 – Financial Instruments
Impact from January 1, 2018

- Profit and loss from amended financial liability recognized upfront
- Limited change on doubtful debt provision
- EUR 4.1m increase in opening retained earnings in equity
- Finance cost will increase by around EUR 1m for the live time of the financing facility

IFRS 15 Revenue Recognition
Impact from January 1, 2018

- Slight delay in revenue recognition but total margin will not change, P&L impact in 2018 estimated close to zero
- Revenues from standard equipment will be recognized when control of the equipment is moved to the customer instead of over time
- For large projects IFRS requires us to classify large projects as one customer contract instead of two previously (equipment and installation) with average margin
- EUR 8.9m reduction in opening of retained earnings in equity
- Order book is estimated to increase by EUR 16m, a one time effect

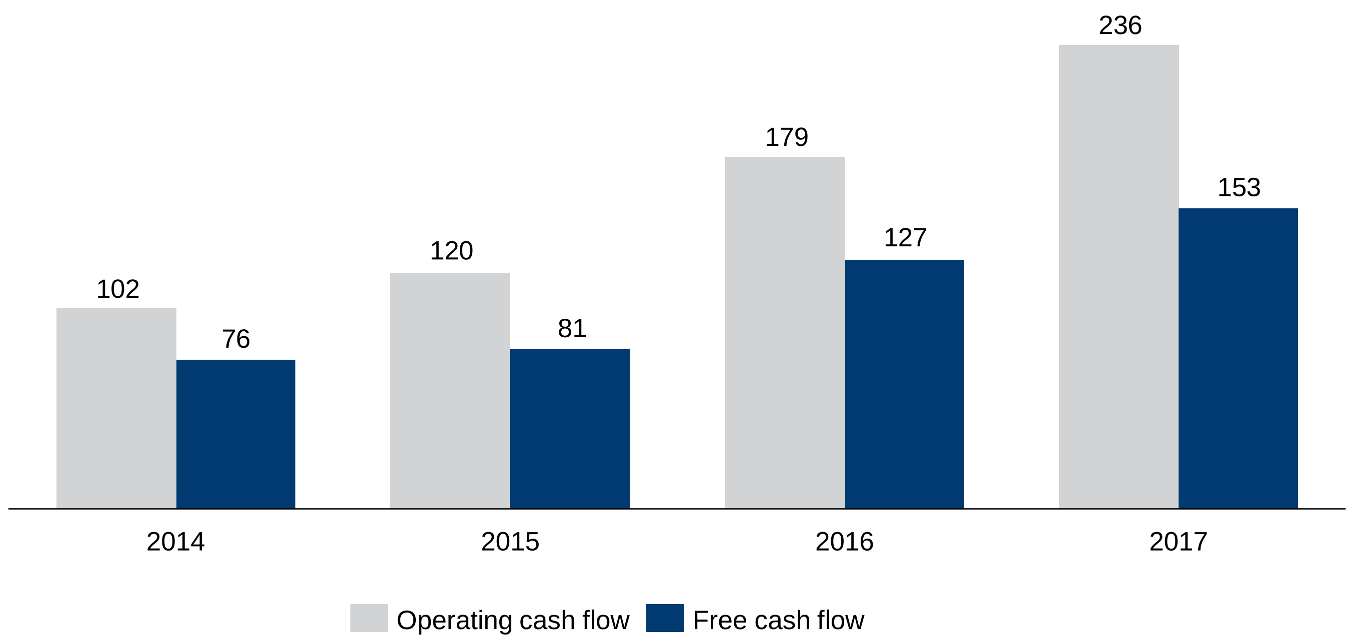
The estimated effects for new standards are based on a detailed investigation by the company. This is estimated to have minimal impact for the total operations in 2018. The impact of recognition of revenues and net profit could fluctuate quarter by quarter.

STRONG CASH FLOW

Strong cash flow enabled both deleveraging and the undertaking of strategic acquisitions, free cash flow in 2017 amounted to EUR 153 million

- Free cash flow growing with operational improvement and revenue growth
- Strong order book results in working capital improvements
- Good cash conversion despite focus on investments to grow the business

CASH FLOW
EUR m



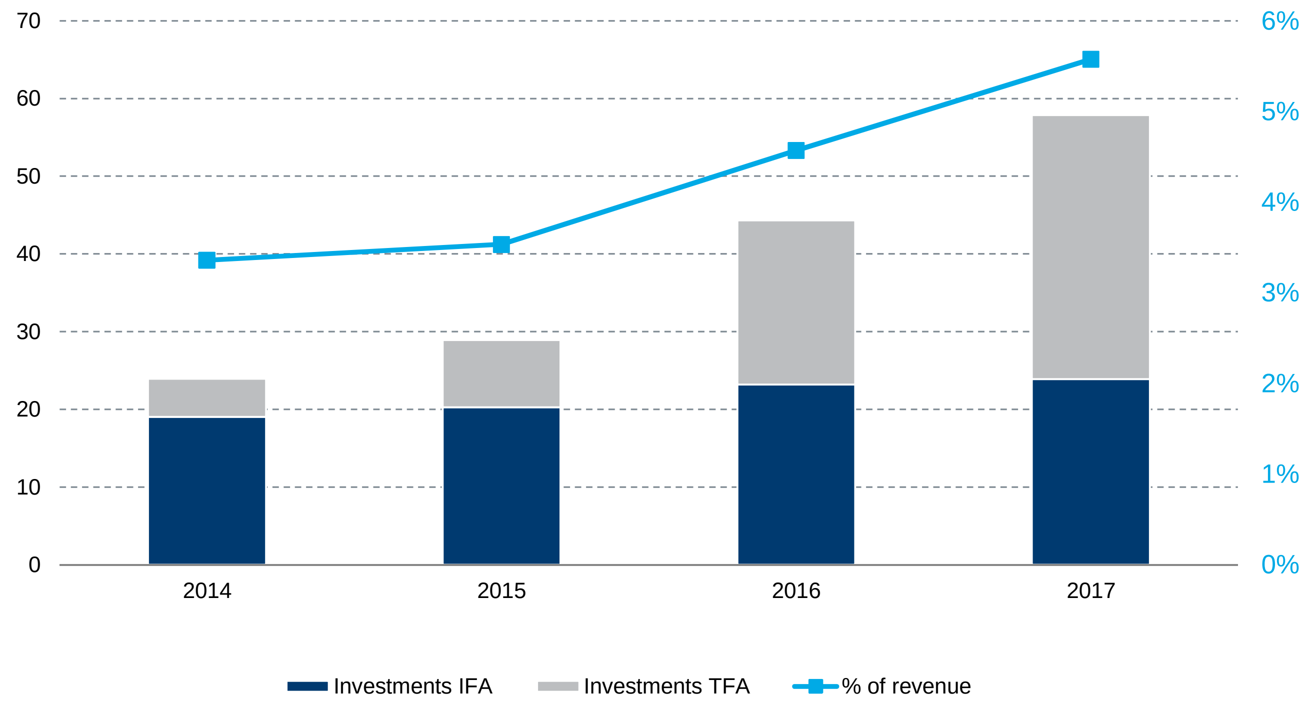
INVESTING IN THE BUSINESS TO SUPPORT FUTURE GROWTH

Strong cash flow enables substantial investments in innovation and the future platform to the advantage of Marel and our customers

- Objective to use part of the cash flow to invest in innovation and the business, strengthening the platform to support future growth
- Advancing our manufacturing and innovation facilities
- Investing in our IT platform

CAPEX 2014 – 2017

EUR m

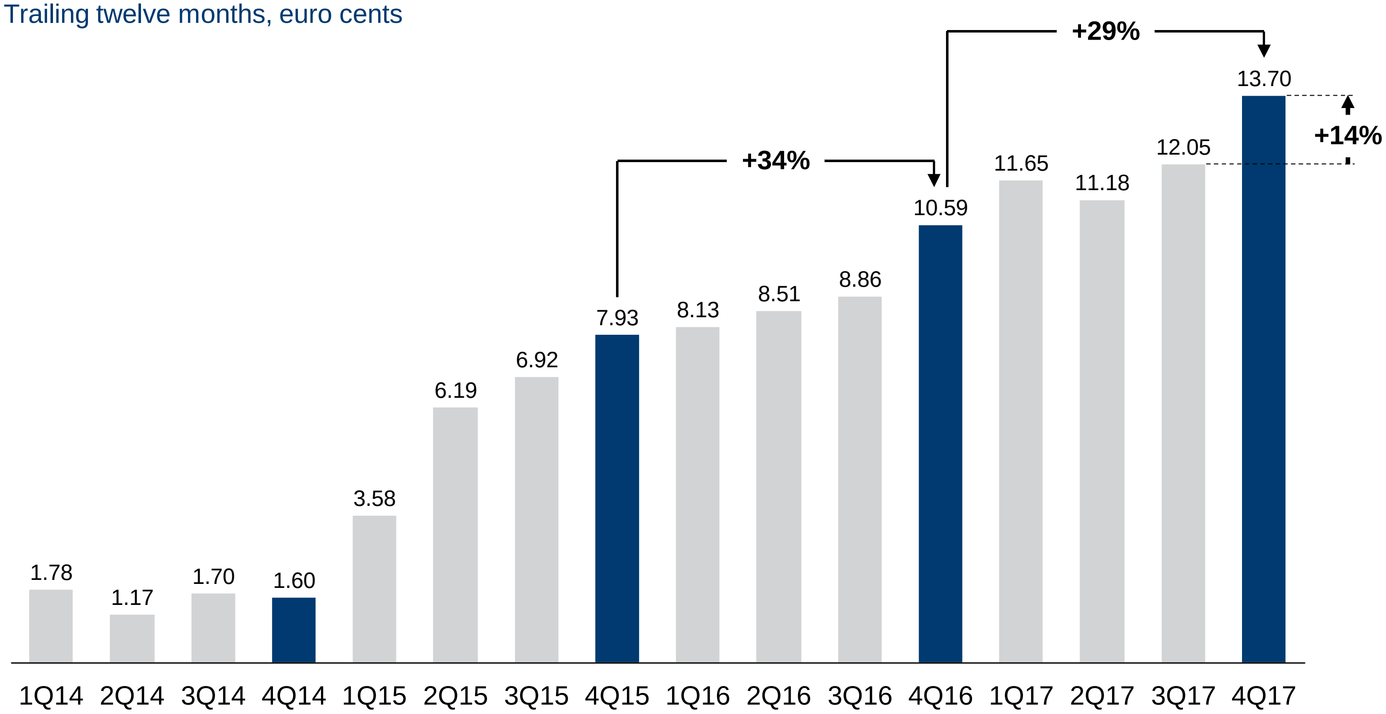


EARNINGS PER SHARE

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

- The Board of Directors has proposed a dividend of EUR 4.19 cents per share for the operating year 2017, the equivalent to 30% of 2017 net results
- This is proposed in accordance to Marel's dividend policy
- Dividends or share buy-backs are targeted at 20-40% of the net result
- Board of Directors has authorized management to purchase own shares for nominal value of 20 million

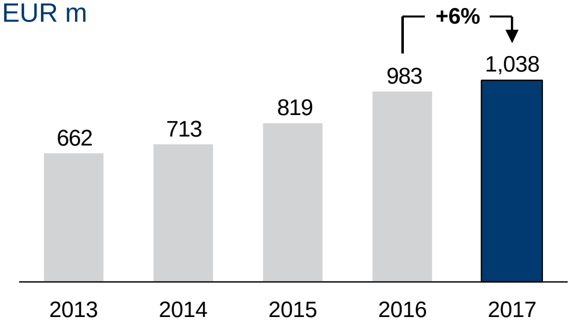
EARNINGS PER SHARE (EPS)
Trailing twelve months, euro cents



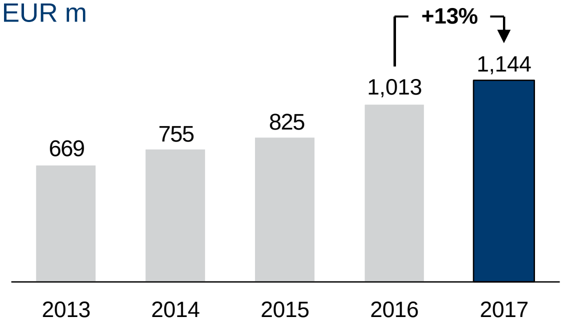
KEY FIGURES YOY

Comparison of the Annual Consolidated Financial results year-on-year (YOY)

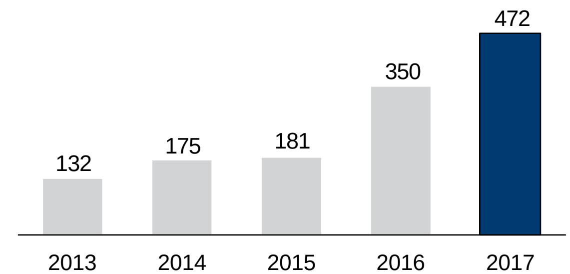
REVENUES
EUR m



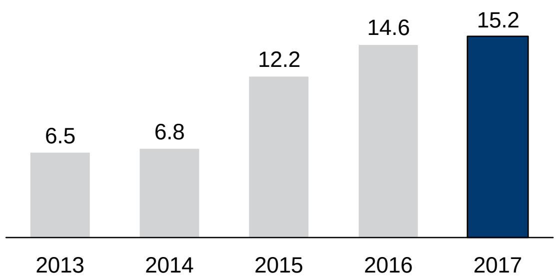
ORDERS RECEIVED
EUR m



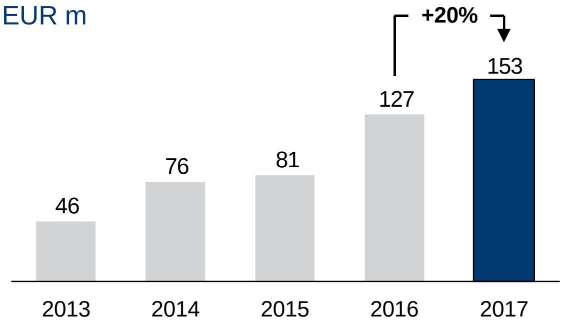
ORDER BOOK
EUR m



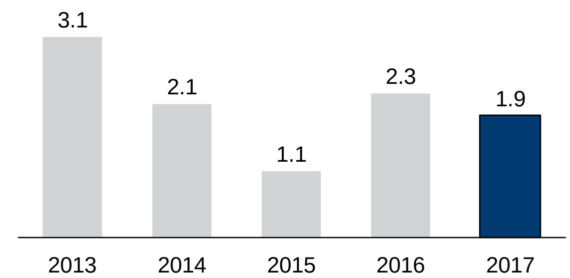
EBIT
%



FREE CASH FLOW
EUR m



LEVERAGE
Net debt/EBITDA



BUSINESS & OUTLOOK

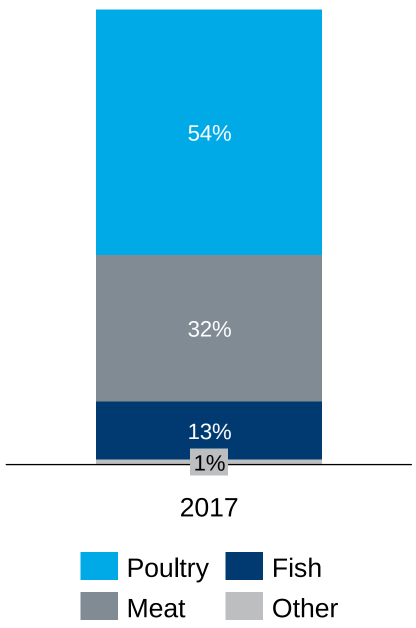
ARNI ODDUR THORDARSON

Chief Executive Officer

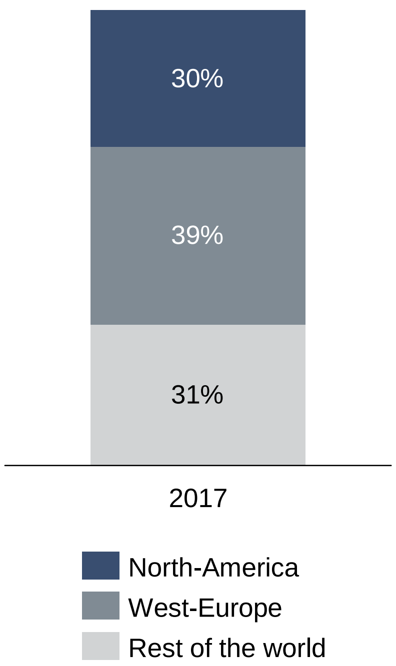
GOOD QUALITY OF EARNINGS

Good market conditions in all industries, strong track record of a well diversified revenue structure across business segments and geographies

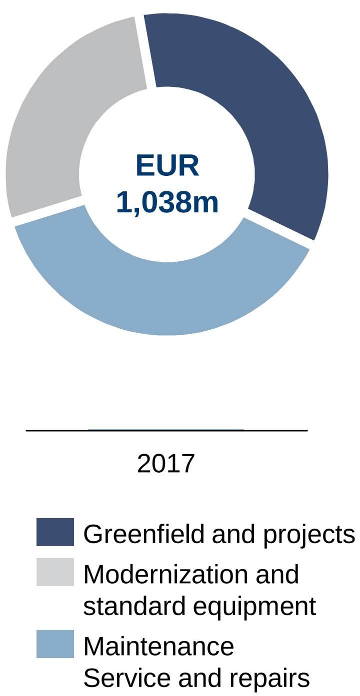
REVENUES BY INDUSTRY
%



REVENUES BY GEOGRAPHY
%



REVENUES BY BUSINESS MIX
%



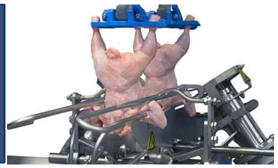
AT THE FOREFRONT OF INNOVATION

Marel invests ~6% of its revenue in product development and launched several new or improved products last year alone

ATLAS
Live bird handling system

VentCutter
VC 20

Second Joint Wing Cutter - HY



TREC
High speed transfer

AMF-i
Breast cap filleting system

SingleFeed

Strip Positioner

SensorX SmartSort

Multihead Weigher
20 heads

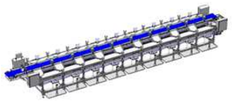
DeboFlex

Handheld Skinner

StreamLine
Next generation

FleXicut
Production of high value portions

Pre-Trim Line



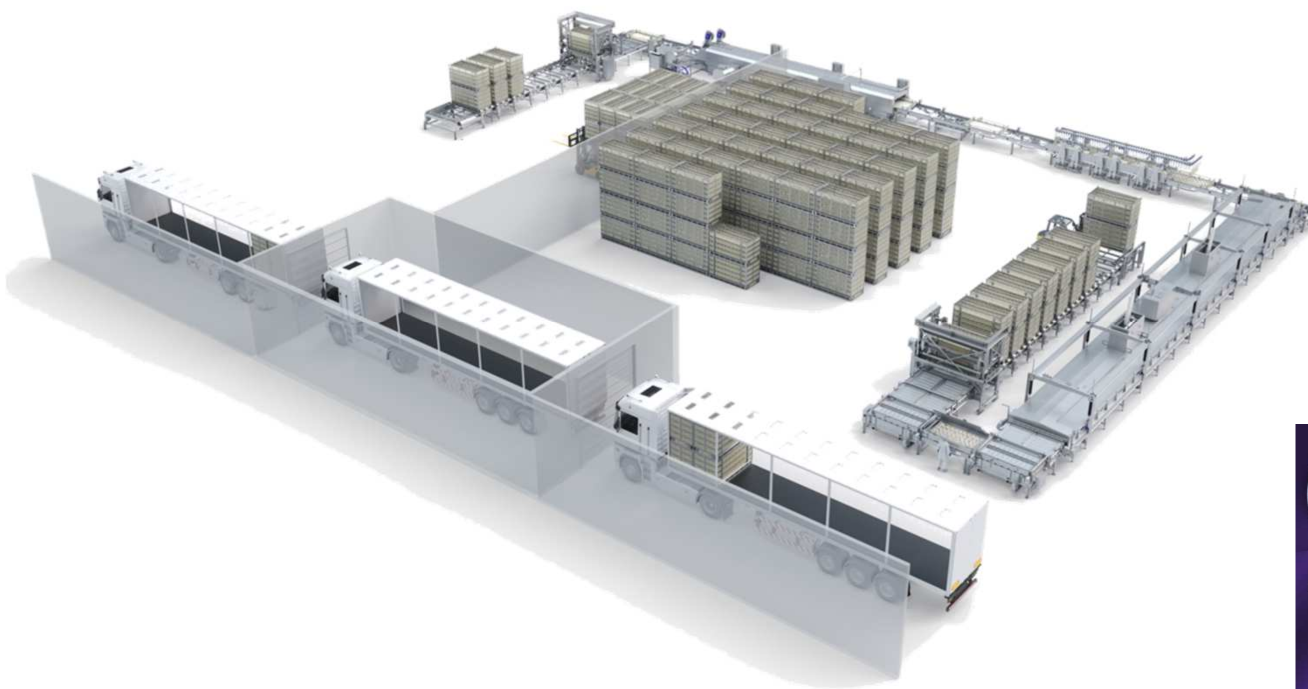
M360 Labeler
Flexible high speed linerless

I-Cut 130 Portion Cutter

ATLAS LIVE BIRD HANDLING SYSTEM

Featuring a high tech loadable pallet with a variable number of trays, the ATLAS not only gives high attention to animal welfare but also increases efficiency considerably

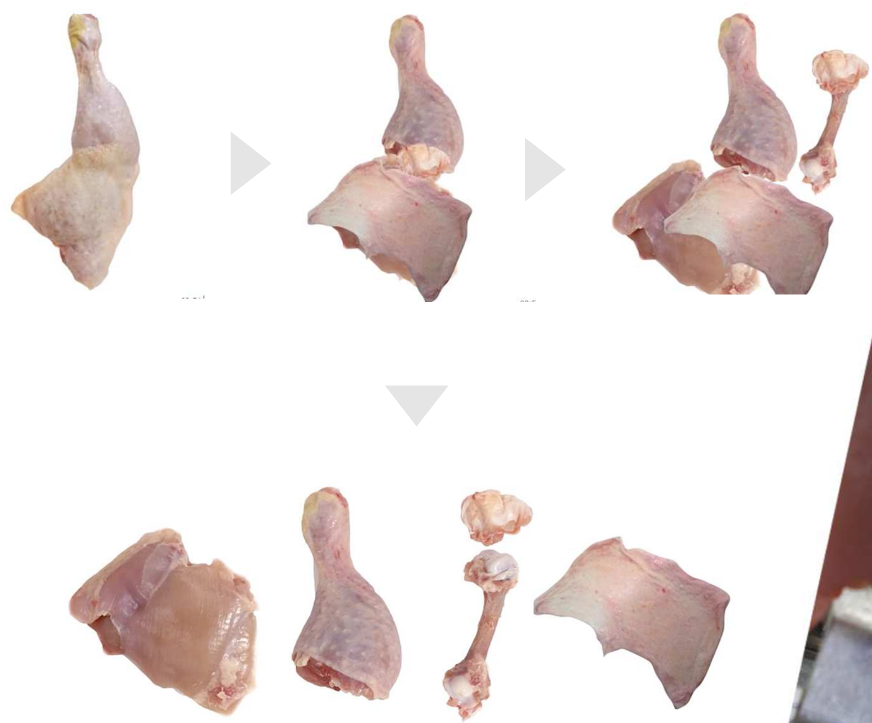
- Improved efficiency (loading, transport, cleaning and uptime)
- Loading capacity can increase up to 38%, which means fewer truck movements and less CO2 emission
- Avoids additional handling and human contact until after stunning
- Optimal cleaning sets new benchmark in the industry
- Robust design for high capacities
- Innova production control platform



THIGH FILLET SYSTEM

The Thigh Fillet System reproduces the work of a skilled manual operator in an industrial way, ensuring a retail quality thigh fillet and a more stable process

- Ability to create the highest added value out of thigh meat
- Guaranteed highest yield in the market
- Retail quality products
- In-line solution, high volume
- Low bone content
- Kneecap harvesting
- Labor saving (no loading, less trimming)
- Integrated with the ACM-NT cut-up system



INTEGRATED PRODUCT OFFERING

Two great examples of products that were developed for one industry, but have been successfully adapted for all of Marel's key industries

SENSOR X

Originally developed for the fish industry,
now a great success in the poultry and meat industries

ROBO BATCHER

Originally developed for the poultry industry,
now available to the fish industry

INNOVATION ACROSS INDUSTRIES

In the secondary and further processing parts of the value chain, the processing steps become more homogenous across industries, e.g. portioning, batching, weighing and marinating

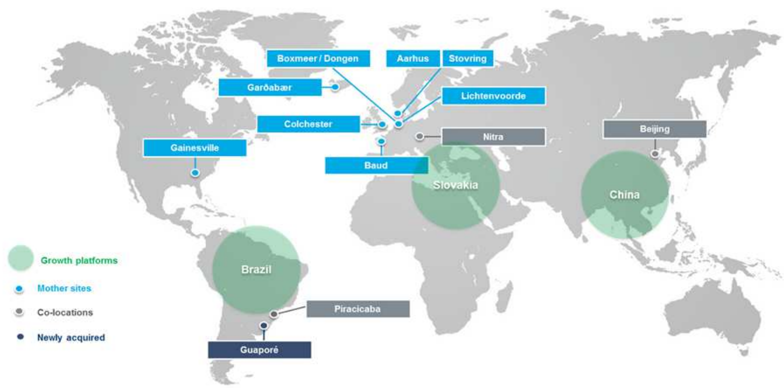
- Same technology is used in all I-Cut portion cutters across industries, with slight variations
- For poultry, meat or fish products
- Poultry needs more capacity, so they use two lane machines and smaller knives
- Meat needs the machine to handle larger products so it has wider belts and larger knives

The I-Cut PortionCutter uses a **3D scanner** to calculate product weight and decide where to cut to gain the best **possible yield**

NITRA – EXPANDING FACILITIES

A good example of business platform investment that will support further growth - reshuffling operational capacity to best-cost geographies and provide access to talent at competitive cost

- A manufacturing facility in Nitra opened in 2005 and a new facility was built in 2008
- An extension has been built and formally opened in January 2018
- The new facility adds 9,000 m^2, bringing all employees under one roof of 17,500 m^2
- Will enable Nitra to increase its production capacity and to take on further growth
- 20% of the Marel manufacturing footprint



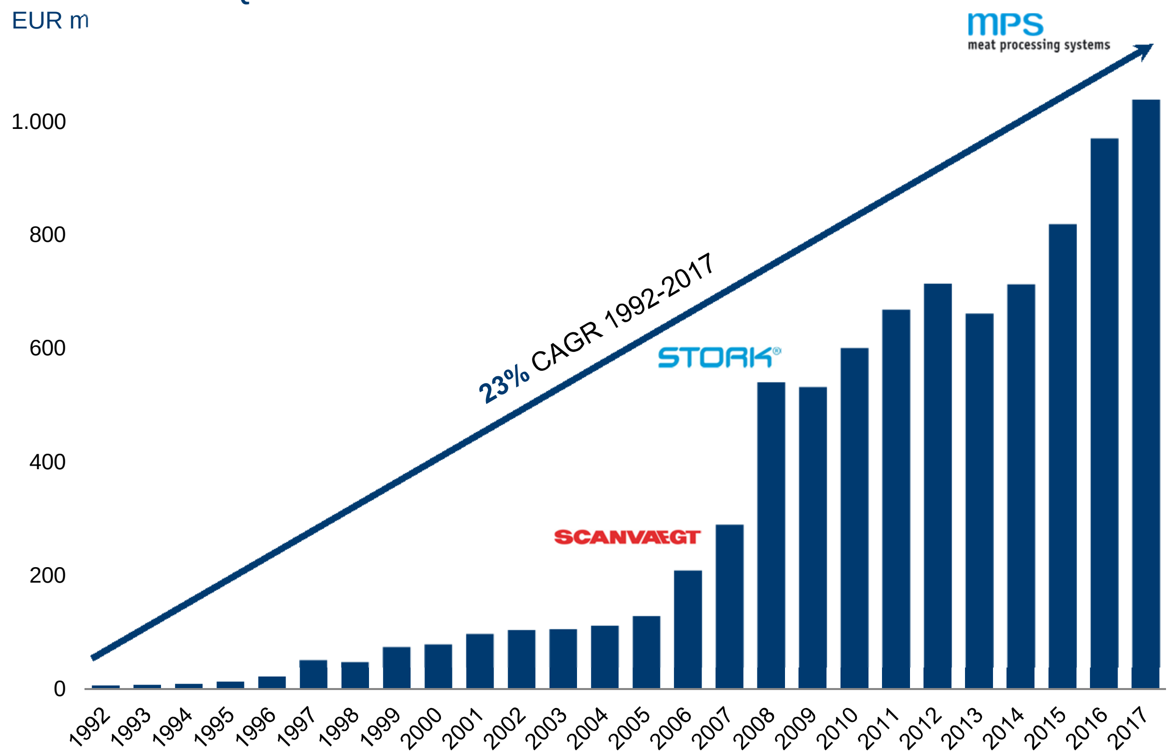
FROM START UP TO A GLOBAL LEADER

At year-end 2017, Marel had 5,400 employees working in over 30 countries and EUR 1,038m in revenues, a stark contrast to its 45 employees and revenues of EUR 6m at time of listing in 1992

- Good support from shareholders since listing on Nasdaq Iceland in1992
- Growth strategy announced and agreed in the 2006 AGM
- Acquistions of Scanvaegt and Stork Food Systems with equity contribution of EUR 268 million
- MPS and Sulmaq acquisitions financed with support from banking partners, strong operational results and cash flow
- To further advance its global vision and drive continued shareholder returns, Marel is currently in the process of engaging an independent international advisor to evaluate potential listing alternatives

LISTED ON NASDAQ ICELAND STOCK EXCHANGE SINCE 1992

EUR m



ORGANIC GROWTH

1/3 average annual organic revenue growth

ACQUIRED GROWTH

2/3 average annual acquired revenue growth

FINANCIAL TARGETS

The growth strategy laid out in 2017 states goal of achieving 12% average annual revenue growth in the next ten years

	TARGET	FY17	FY16	FY15	
REVENUE GROWTH	12% average annual revenue growth in 2017-2026	6%	20%	15%	Marel's management expects 4-6% average annual market growth in the long term*. Marel aims to grow organically faster than the market, driven by innovation and market penetration. Solid operational performance and strong cash flow to support 5-7% revenue growth on average by acquisition**.
INNOVATION INVESTMENT	~6% of revenues	5.5%	6.5%	7%	To support new product development and ensure continued competitiveness of existing product offering
EPS (euro cent)* **	EPS to grow faster than revenue	13.7	10.6	7.9	Marel's management expects Earnings per Share (EPS) to grow faster than revenue
LEVERAGE	Net debt/ EBITDA x 2-3	x1.90	x2.25	x1.05	The leverage ratio is estimated to be in line with the targeted capital structure of the company
DIVIDEND POLICY	20-40% of net profit	30%	20%	20%	Dividend or share buy-back targeted at 20-40% of net profits. Excess capital used to stimulate growth and value creation, as well as paying dividends

**Growth will not be linear but based on opportunities and economic fluctuations.*

***Operational results may vary from quarter to quarter due to general economic developments, fluctuations in orders received and timing of deliveries of larger systems.*

****Trailing twelve months, EUR cents*

Q&A

ÁRNI ODDUR THORDARSON
CEO

LINDA JONSDOTTIR
CFO

APPENDIX

IMPACT OF IFRS ON FINANCIAL STATEMENTS

Standards 16, 9 and 15 implemented in 2018. Limited effect on Marel. Early adoption on IFRS 16

IFRS 16 – OPERATING LEASE

IMPACT FROM JANUARY 1, 2018

- No effect on opening retained earnings in equity and minimal impact on leverage
- Operating expenses will decrease by EUR 9m, while depreciation increases by EUR 9m and non material impact on EBIT
- Finance costs increase by around EUR 1m

- Marel's conservative approach has been to buy assets and keep them on the balance sheet
- The effect of IFRS 16, is therefore limited, only EUR 36m or around 2,5% of total assets will be added to the balance sheet as assets and as a lease liability
- Marel decided to adopt IFRS 16 early and start as of January 1, 2018, using the cumulative catch up approach and not restating comparatives
- The current annual operating expenses of these operating leases are around EUR 9m, which will be replaced with estimated depreciation of around EUR 9m resulting in non material impact on operational EBIT
- Marel will need to recognize and separate the interest component of the lease. Estimated at around EUR 1m on an annual basis, this will result in EUR 1m lower operating profit in the first year
- As depreciation will rise, EBITDA will increase as well by EUR 9m on an annual basis, the effect on leverage ratio, net debt/EBITDA is minimal

IFRS 9 – FINANCIAL INSTRUMENTS

IMPACT FROM JANUARY 1, 2018

- EUR 4.1m increase in opening retained earnings in equity
- Finance cost will increase by around EUR 1m

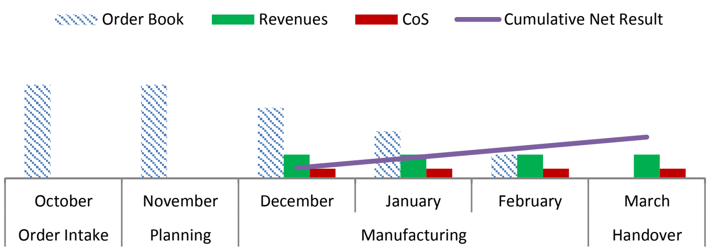
- IFRS 9 main effects for Marel is on the treatment of the amendment done on Marel's loan facilities in 2017
- Marel has decided to adopt IFRS 9 using the modified retrospective approach which means that the cumulative impact of the adoption will be recognized in retained earnings as of January 1, 2018 and comparatives will not be restated
- IFRS requires revaluation of the carrying amount of financial liabilities if there is an amendment in the expected cash flows of the liability and to book the difference as profit/loss at the date of amendment. For Marel this means revaluation of the liabilities that were amended already in 2017. This will increase retained earnings by approximately EUR 3.7m.
- IFRS 9 also requires companies to look holistically on the debtor portfolio and apply estimated credit losses. This has limited impact for Marel and will only be a minor adjustment to the opening balance sheet, decreasing debtor provisions and increasing retained earnings by EUR 0.4m.

IFRS 15 – REVENUE RECOGNITION

IFRS 15 has a limited impact on Marel

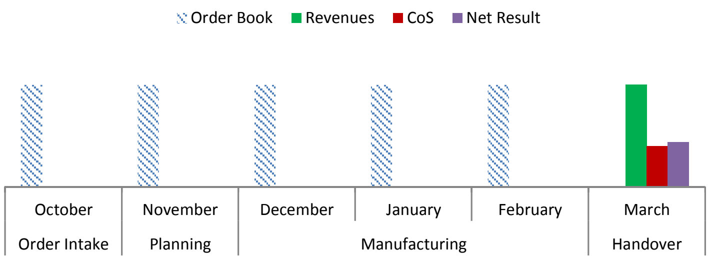
CURRENT METHOD – STANDARD EQUIPMENT

Revenues are recognized over time, in relation to realized cost, using percentage of completion (POC)



NEW IFRS 15 METHOD – STANDARD EQUIPMENT

Revenues are recognized when the customer has taken control of the asset



IMPACT FROM JANUARY 1, 2018

- EUR 8.9m reduction of opening retained earnings in equity
- Order book will increase by EUR 16m, one time impact
- P&L impact in 2018 estimated close to zero

- Marel decided to adopt IFRS 15 using the modified retrospective approach. This means that the cumulative impact of the adoption will be recognized in retained earnings as of January 1, 2018 and comparatives will not be restated
- Main change in the principles of IFRS 15 is that the current method used (IAS 11/18) is based on risk and reward and in the new standard (IFRS15) we are looking at who has control of the equipment. This means that from January 1, 2018 Marel will recognize revenues from standard equipment at the moment of transfer of control to customer rather than of over time (percentage of completion)
- For large projects, that entail customized equipment solutions for customers, Marel will continue to recognize revenues as before based on percentage of completion. In terms of large projects, previously there were two contracts made, one for equipment and one for installation. According to IFRS 15, Marel now needs to look at this as one total contract with average margins. Installation margins has been different to equipment margins, but now it is necessary to use the same margin across the whole contract

THANK YOU