

ANNUAL REPORT 2014

INNOVATION THROUGH PARTNERSHIP

CHAIRMAN'S ADDRESS



Asthildur Otharsdottir, Chairman of Marel's Board of Directors



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

THE BIG PICTURE

Population growth — combined with urbanization and rising incomes — is expected to result in a more than 50% increase in food demand by 2030. The challenge of fulfilling rising consumption demands in an environmentally, economically and socially sustainable way – providing safe and healthy food for all – is what drives us at Marel to constantly seek new ways of doing more with less.

Innovation is the cornerstone of our strategy. It is in our DNA; it is our heartbeat. We partner with our customers to continuously create new methods for improving yields and minimizing waste in food production, reducing the use of scarce resources such as energy and water and improving the handling of raw materials.

Together, we contribute to making quality food more affordable and safe while protecting the environment.

Further modernization of food production is essential to enable feeding a global population of 9 billion people by 2050. This creates a wealth of opportunities for both Marel and our customers.

INNOVATION THROUGH PARTNERSHIP

During the past year, I had the privilege of meeting many of our employees and customers.

It has been extremely rewarding to experience first hand the real meaning of innovation through partnership. I have seen our employees' relentless dedication to creating value for our customers. And I have witnessed our customers' trust and commitment to Marel.

Joining forces is a necessary route to success in today's interconnected world. This also applies to our own organization.

We have opportunities to create value by further fostering partnership within our own ranks. Increased collaboration, transferring technologies across segments, breaking barriers and sharing best practices will enrich our culture and strengthen our competitive position. The broadening of Marel's executive management team at the end of 2013 was an important step in this direction.

BUILDING A STRONGER MAREL

At the beginning of 2014, we launched the Simpler, Smarter, Faster refocusing program with the aim of building a stronger Marel. We are now halfway through the program and have taken important steps in simplifying our structure and driving down fixed costs while at the same time improving service and customer value. We had to make some tough decisions involving our employees when combining units and addressing underperforming businesses, but these were necessary in order to create a stronger foundation for sustainable growth.

We gained momentum throughout the year and ended by delivering two consecutive quarters with record revenues and orders received, while also investing and building for long-term success and value creation. Our net results for 2014 are colored by significant investments in refocusing actions but our cash flow remained strong and the balance sheet healthy. At the end of the year, we increased and extended the maturity of our loan facilities to support both operational and strategic flexibility, enabling eventual bolt-on acquisitions to close strategic gaps.

DIVIDENDS
FOR 2014 **30%** OF NET PROFIT

The Board of Directors has proposed to the Annual General Meeting that a dividend payment of €3.5 million, corresponding to 30% of net profits, is paid to shareholders. This is in line with Marel's targeted capital allocation and dividend policy.

We are fully committed to improving our earnings. Solid economic performance creates value for all our stakeholders. It allows us to serve our customers better, provide employment opportunities, provide satisfactory returns to our shareholders and pursue an active role in our communities. As we enter the second year of the Simpler, Smarter, Faster program we will continue streamlining our operations, while focusing on innovation and investing in our business for the future. We expect organic revenue growth in 2015, with a solid increase in both operational and net profit. Our aim continues to be achieving profit from operations of over €100 million in 2017.

COMMITMENT TO GOOD CORPORATE GOVERNANCE

The Board of Directors of Marel is committed to good corporate governance and ethical business practices, which promote the long-term interest of shareholders and helps 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.

BRIGHT FUTURE

On behalf of the Board of Directors of Marel, I would like to give my sincere thanks to our employees for their commitment, dedication and hard work and to our shareholders for their trust and continuing support. We are also grateful to our customers, who buy and use our solutions as well as help drive our innovation.

We are optimistic for the future. With our strong team, innovative products and global presence we are in a great position to secure future growth and value creation.

YEAR OF PROGRESS AND TRANSFORMATION

2014 was a year of progress and transformation for Marel. The year started off slowly, but in the spring we changed the game and we have managed to be at the customer, for the customer while refocusing our operations.

With good tailwind in the market and a focused market approach, Marel delivered record order intake and sales in the second half of the year; the operational results also improved over the course of the year. Marel achieved 7.7% revenue growth in 2014 and an adjusted EBIT of €49 million, in line with management guidance. Free cash flow was €75 million leading to strong capital structure with net debt/EBITDA x2.1 within corporate targets.

AT THE CUSTOMER, FOR THE CUSTOMER WHILE REFOCUSING

Marel is at the forefront of the industry of innovating and delivering advanced equipment, software and solutions to the poultry, meat, and fish industries. Our customer base ranges from small family-owned businesses to leading global food processors. The Marel team is committed and passionate about serving the needs of the processors to operate at peak productivity, and directly enhancing the overall quality and value of food. Our customers constantly strive for better yield and throughput, with increased focus on sustainability and lower costs, with less use of resources such as water and energy.



Arni Oddur Thordarson, CEO

We had good order intake in 2014, with orders received at €755 million compared with revenues of €713 million, leading to a stronger order book while we enter 2015. Marel is a truly global company with a good geographical mix in sales.

In the U.S. and Europe, we worked on expansion and modernization projects with our long-term customers. We also saw the customer base expanding, with various greenfield projects in growing markets such as Africa, Asia and South America.

Maintenance remains the backbone of the business, delivering 40% of revenues in good and bad times. We see the service and spare part business as a clear growth opportunity and a value driver for both customers and shareholders. We are now moving in a systematic way from reactive services to more proactive ones, with long-term service contracts to serve the needs of processors that want to secure limited downtime of factories and peak productivity at all times.

REFOCUSING ON TRACK

In January 2014, we launched our two-year refocusing plan Simpler, Smarter, Faster. The aim of the program is to become more efficient in serving our customers' needs, to reduce costs, and to increase overall efficiency in the company. The program is fully on track and several actions have already been taken to simplify Marel's structure and reduce the annual recurring cost base.

An essential part of the refocusing program is to focus the product portfolio and optimize the manufacturing footprint.

In order to continue to advance the global food industry and to create significant and sustainable value for our customers, we want to leverage our strengths and focus on our unique and innovative solutions to drive further growth and value creation. The other side of the coin is that we will discontinue some product families or partner up with other providers in fields such as freezing and packaging to bring world-class turn-key solutions to our customers.

Marel is moving from a diverse manufacturing footprint to a few multi-industry sites to deliver higher and more consistent quality products with more speed at lower cost. With fewer and larger sites, Marel can attract further talents to the company with much better utilization of manpower and capital investments.

In addition to streamlining, we are also investing in future growth through innovation and we are advancing our business with investments in business tools and IT systems that enable us to better manage our most valuable assets; customers and install base as the development of our people – the Marel team. Marel's aim is to be the preferred partner. In fact, we are doing the same as our suppliers and our forward looking customers; Streamlining the business, innovating and investing in future growth and value creation to enhance the whole value chain.

INNOVATION THROUGH PARTNERSHIP

Marel operates in a dynamic growth market and our customers are facing increased demand for more convenience and practicality. Marel is driven by the constant challenges our customers face in delivering food more efficiently and always ensuring food safety with minimal usage of resources such as water and energy.

Our commitment to innovation and to providing sustainable value has led to continuous advancement in food processing, benefitting consumers around the world. Our partnerships with customers keep the wheels of innovation turning at Marel and we will continue to deliver the new processing technology that enables processors to accommodate the increased volume, as well as the greater demand for value-added processing.

READY FOR THE FUTURE

My first year as Marel's CEO proved to me what I already knew — that Marel has endless possibilities and potential. We are commercially strong, with exceptional products and systems, a strong global network, and talented, dedicated employees.

We are on a journey to change a good company into a great one. Many of the steps that have been taken to streamline our operations have not been easy ones, involving manufacturing optimization and general reduction of employees. It has been truly inspiring to see the commitment of the Marel team and to learn that people are willing to embrace and adapt to necessary changes.

Marel's future is bright. We have endless potential and opportunities ahead of us. The destination of our journey is a Simpler, Smarter and Faster Marel that will be better equipped to increase value to customers and shareholders. We are moving in the right direction and on track to deliver best in class profitability in line with our competitive position and potentials.

EBIT GOAL
FOR 2017 > €100 MILLION

WHO WE ARE

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

Marel's state-of-the-art equipment and systems help food processors of all sizes, in all markets, to operate at peak productivity.



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

MAREL'S MISSION

Marel's mission is to be the customers' choice in supplying integrated systems, products and services to the fish, meat, and poultry industries.

GLOBAL PRESENCE

With around 4,000 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.



4,000
EMPLOYEES



30
COUNTRIES



100
PARTNERS

ONE COMPANY SERVING FOUR INDUSTRIES

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

Marel's brands – Marel, Stork Poultry Processing and Townsend Further Processing, – are among the most respected in the industry. United in one company, Marel offers its customers the convenience of a single source for products to meet their every need.

POULTRY PROCESSING

Marel offers integrated systems for processing broilers, turkeys, and ducks under the brand name of Stork Poultry Processing.

FISH PROCESSING

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

MEAT PROCESSING

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

FURTHER PROCESSING

Marel offers an extensive range of products for portioning, coating, heat treatment, and sausage-making under the brand name of Townsend Further Processing.

MAREL'S FINANCIAL RESULTS

2014 was a year of progress and transformation for Marel. We managed to be at the customer, for the customer, while refocusing our operations.

REVENUE

€713

MILLION

ADJUSTED EBIT

€48.8

MILLION

ORDER INTAKE

€755

MILLION

FREE CASH FLOW

€75.5

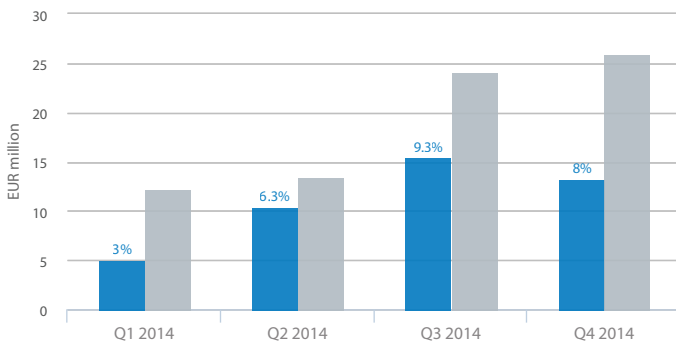
MILLION

GOOD OPERATIONAL IMPROVEMENT WITH SOLID CASH FLOW

"We are satisfied with our performance in 2014. Our revenues grew by 8% and at the same time adjusted EBIT was €49 million and in line with management guidance. Cash flow was solid and the order book grew around 30%. Although this is good improvement from the previous year, there is still room to get even better. We now find ourselves in a financially strong position to continue our journey towards becoming a Simpler, Smarter, Faster company that can return increased value to all stakeholders going forward."

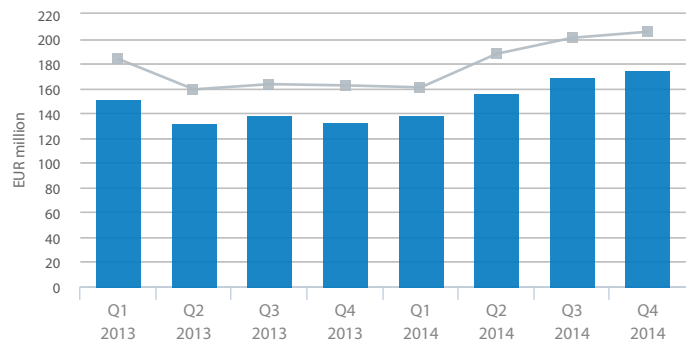
Linda Jonsdottir, CFO

OPERATIONAL IMPROVEMENT WITH STRONG CASH FLOW



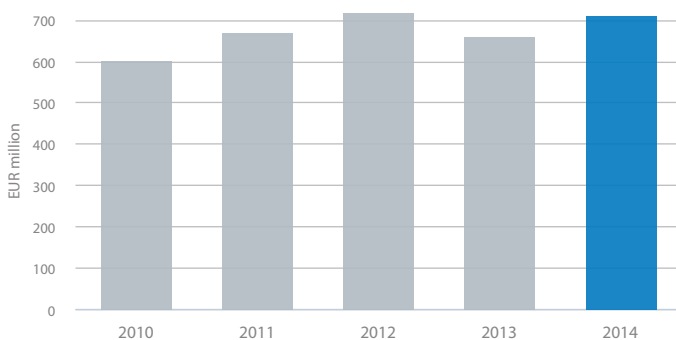
ADJUSTED EBIT FREE CASH FLOW

ORDER BOOK AT A GOOD LEVEL AT THE START OF 2015



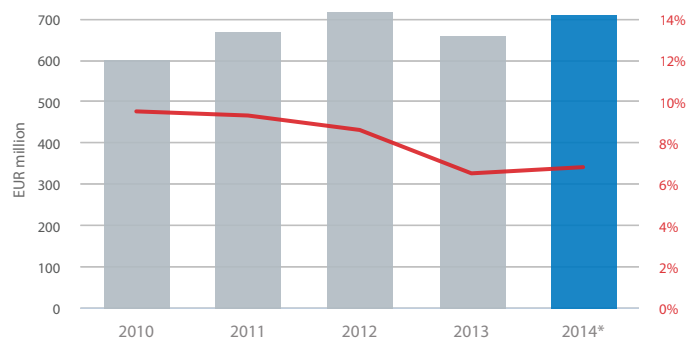
ORDER INTAKE ORDER BOOK

REVENUE



EBIT

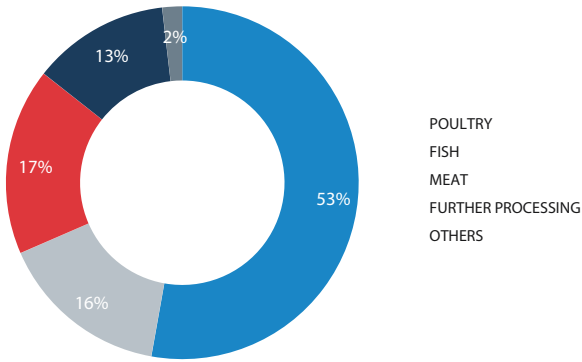
AS PERCENTAGE OF REVENUE



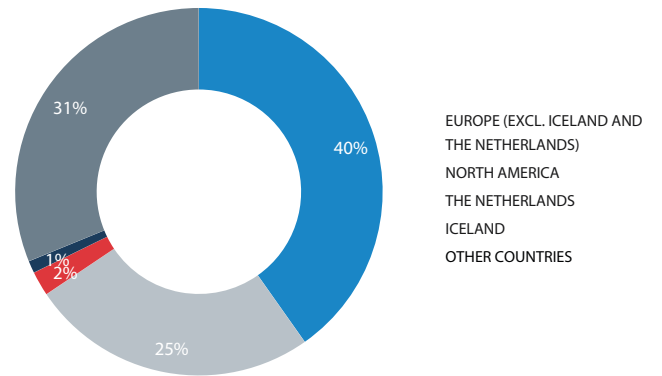
REVENUE EBIT AS % OF REVENUE

* Before refocusing costs

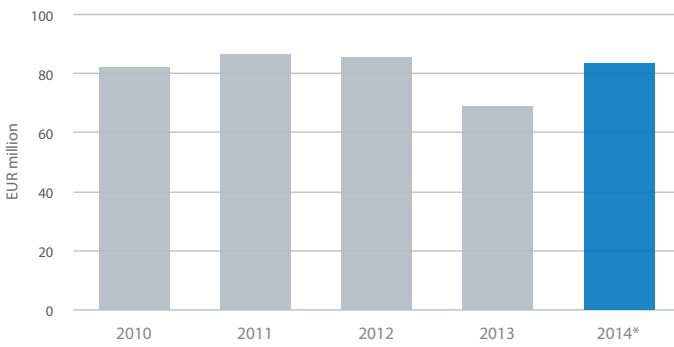
REVENUE BY BUSINESS SEGMENT IN 2014



REVENUE BY GEOGRAPHICAL LOCATION IN 2014

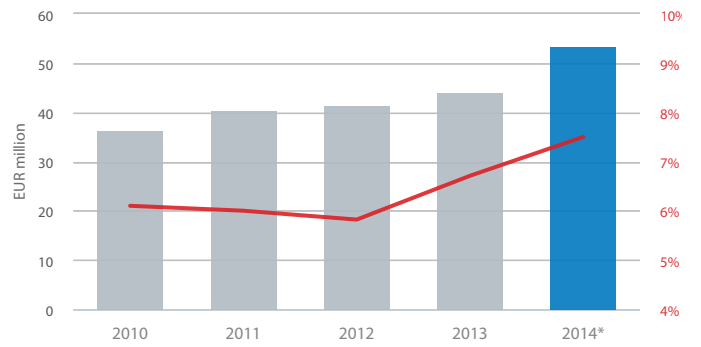


EBITDA



* Before refocusing costs

RESEARCH AND DEVELOPMENT EXPENSES

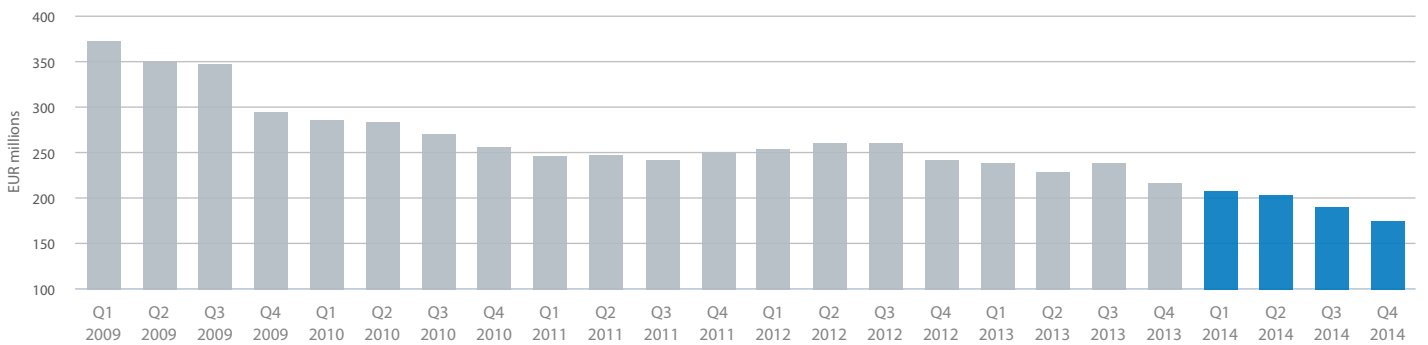


R&D EXPENSES R&D EXPENSES AS % OF REVENUE

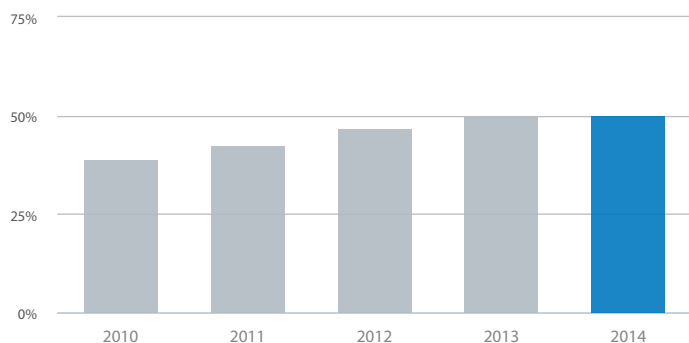
* Before refocusing costs

DEVELOPMENT OF NET INTEREST BEARING DEBT

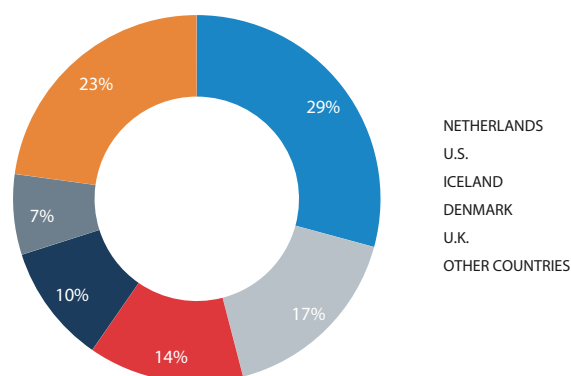
REDUCTION OF EUR 43 MILLION IN 2014, EUR 205 MILLION SINCE THE END OF 2008



EQUITY RATIO



NUMBER OF EMPLOYEES BY GEOGRAPHICAL LOCATION FTES AT YEAR END 2014



Results	2014	2013	2012	2011	2010
Revenue	712,554	661,536	713,960	668,357	600,421
Gross profit	247,710	233,644	249,226	247,289	227,074
Result before depreciation (EBITDA)	66,698	69,444	85,963	87,006	82,177
Result from operations (EBIT)	29,178	42,909	61,081	62,166	57,334
Net result for the period	11,731	20,620	35,609	34,463	13,626

Order Book	2014	2013	2012	2011	2010
Orders Received*	754,996	668,584	650,493	702,419	638,453
Order Book	174,880	132,438	125,390	196,218	162,155

* Includes service revenues.

Cash flow statement	2014	2013	2012	2011	2010
Cash generated from operating activities, before interest & tax	102,201	80,320	65,569	63,716	114,881
Net cash from (to) operating activities	85,601	64,552	49,095	43,183	78,986
Investing activities	(28,395)	(32,418)	(37,294)	(28,690)	(16,757)
Financing activities	(55,623)	(26,461)	(26,486)	(47,120)	(67,453)

Financial position	2014	2013	2012	2011	2010
Total assets	851,440	839,568	865,128	877,818	877,623
Working capital	25,650	49,041	59,076	52,487	78,114
Equity	427,498	419,339	403,748	373,471	343,269
Net debt	174,347	217,130	243,242	250,489	256,741

Various figures in proportion to sales	2014	2013	2012	2011	2010
Gross profit	34.8%	35.3%	34.9%	37.0%	37.8%
Selling and marketing expenses	14.5%	14.4%	12.6%	11.9%	11.8%
Research and development expenses	7.8%	6.7%	5.8%	6.0%	6.1%
Administrative expenses	8.4%	7.8%	8.0%	8.0%	9.1%
Wages and benefits	37.6%	37.9%	33.9%	31.4%	31.7%
Result before depreciation (EBITDA)	9.4%	10.5%	12.0%	13.0%	13.7%
Depreciation/amortisation	5.3%	4.0%	3.5%	3.7%	4.1%
Result from operations (EBIT)	4.1%	6.5%	8.6%	9.3%	9.5%
Net result for the period	1.6%	3.1%	5.0%	5.2%	2.3%

Other key ratios	2014	2013	2012	2011	2010
Current ratio	1.1	1.3	1.3	1.2	1.4
Quick ratio	0.7	0.8	0.8	0.8	1.0
Equity ratio	50.2%	49.9%	46.7%	42.5%	39.1%
Return on owners' equity	2.8%	5.0%	9.2%	9.6%	4.1%
Return on total assets	1.4%	2.4%	4.1%	3.9%	1.5%

Key figures from Marel's core operations, normalised	2014	2013	2012	2011	2010
Revenue	712,554	661,536	713,960	668,357	582,130
Result from operations (EBIT)	48,778	42,909	61,081	73,152	64,144
EBIT as a % of sales	6.8%	6.5%	8.6%	10.9%	11.0%
Result before depreciation and amortisation (EBITDA)	83,666	69,444	85,963	97,992	88,060
EBITDA as a % of sales	11.7%	10.5%	12.0%	14.7%	15.1%
Leverage	2.08	3.13	2.83	2.56	2.92

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 MISSION

Marel's mission is to be the customers' choice in supplying integrated systems, products and services to the fish, meat, and poultry industries.

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 on a dynamic growth market that is driven by urbanization, a steady increase in the number of active consumers worldwide, 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 the same growth rate for the next 20 years.

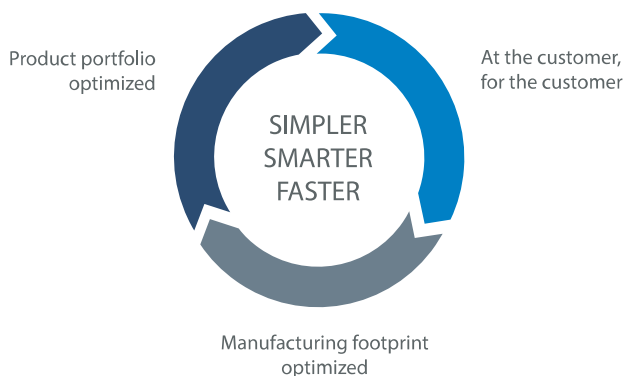
Food processors worldwide are asking for increased yield and more valuable products, with less usage of water, energy and other resources. They are constantly automating and advancing their operations, leading to 4-6% annual growth in the market in which Marel is leader — providing advanced equipment and solutions for the protein processing industries.

4-6%
EXPECTED MARKET GROWTH

MAREL'S GOAL IS TO OUTPERFORM THE MARKET

ALIGNING EXECUTION AND STRATEGY

In order to further align execution with strategy, reduce the fixed cost base and simplify Marel's organizational structure, the two-year refocusing program "Simpler, Smarter, Faster" was launched in the beginning of 2014.



Marel is stimulating further revenue growth and solid operational improvements:

- ✓ Streamlining the business
- ✓ Continuous innovation
- ✓ Investing in the business



2014
 Revenue growth 7.7%
 Adj. EBIT 48.8 m
 Free cash flow 75.5m

2015
 Organic growth
 Solid operational improvement
 Good cash conversion

2016
 Organic growth
 Solid operational improvement
 Good cash conversion

2017
 Organic growth
 > 100 million EBIT
 Good cash conversion

Total estimated cash-out cost of refocusing €25 million

SIMPLER, SMARTER, FASTER

The Simpler, Smarter Faster program is fully on track. The Marel team has managed to be at the customer, for the customer while refocusing, resulting in greater customer satisfaction, increased order intake, and improved operational results during the second half of 2014.

Marel is strategically and commercially strong, with a solid portfolio of unique solutions. In order to increase the quality of Marel solutions further, and drive down the fixed cost base, Marel is refocusing its product portfolio and moving from a diverse manufacturing footprint to a few multi-industry sites on global scale.

REFOCUSING ON TRACK

The Simpler, Smarter, Faster refocusing program is a two-year journey, with the first half already completed. The streamlining of the operation is fully on track and many important milestones have been achieved already.

The following refocusing actions have been completed:

At the customer, for the customer while refocusing. Marel has managed to increase the order intake and order book throughout the year while simplifying and streamlining the organization.

The consolidation of several different business units in Marel's meat segment, resulting in better utilization of resources and increased synergies in Marel's meat activities.

The transfer of salmon activities from Norresundby to a larger and modernized facility in Stovring, Denmark. The transfer was finalized in Q2 and as of Q3, Marel's salmon operation has been running with increased efficiency.

The transfer of Marel's operations from Oss to the multi-industry site in Boxmeer was completed before year end and will return increased synergies in innovation and sales going forward.

The streamlining of Marel's activities in Further Processing resulting in better utilization of resources and increased synergies in innovation.

NEW ORGANIZATIONAL BLUEPRINT

During 2015, a new organizational blueprint for Marel will be implemented step by step. The new structure will simplify Marel and strengthen innovation, supply chain and sales and service activities across the company. In the new structure, the poultry, fish, meat, and further processing industries will remain the four pillars of the company. These four industries will be supported by the company's global functions: Supply Chain, Commercial, and Innovation.

At the same time as Marel is streamlining its business, the company continues to invest in innovation and business tools to advance the business. Key growth drivers remain innovation and market penetration that will be supported with "bolt on acquisitions." Marel's strongest position is in the poultry and salmon segments, where the company can deliver turn-key solutions. The company will place an emphasis on closing strategic gaps in the white fish and meat segments in order to create further value for customers. Further Processing focuses on the poultry, meat and fish segments, and in these segments Marel supports customers as they transition from volume to more valuable products.

The company also announced the following refocusing actions:

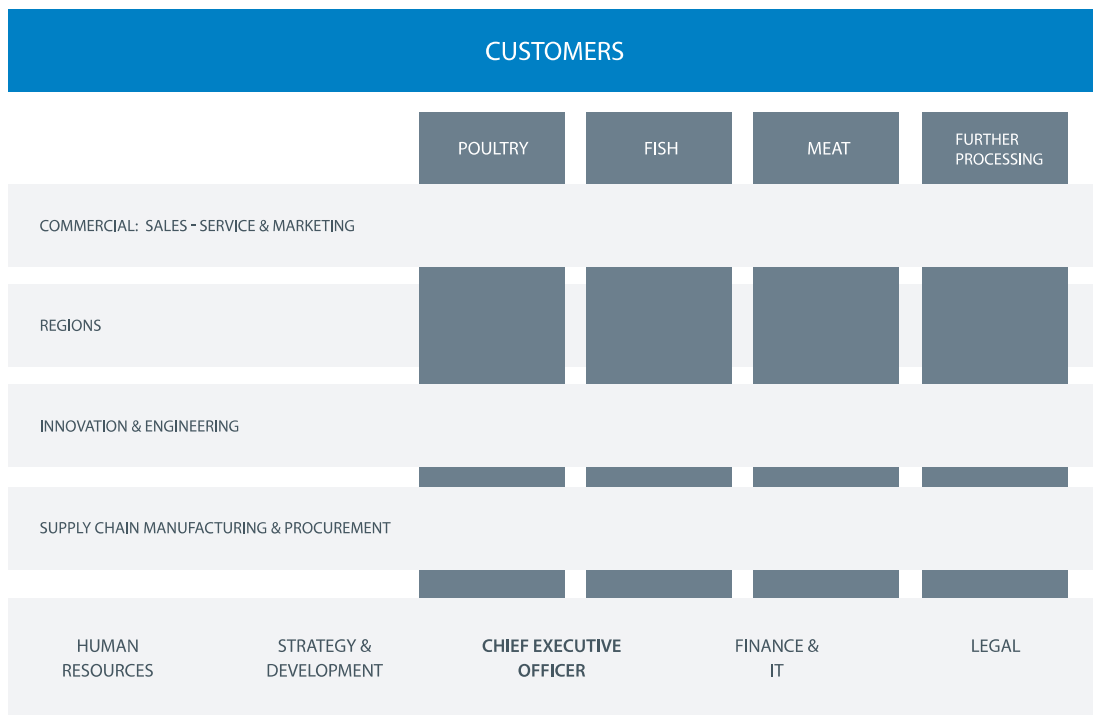
In January 2015, Marel announced the consolidation of its Des Moines, Iowa manufacturing operation to an existing facility in Gainesville, Georgia. The aim is to capture synergies and increase Marel's competitiveness by consolidating its manufacturing platform into a few multi-industry manufacturing sites. The transition process began in January 2015, with completion before year end 2015.

In February 2015, Marel announced the divestment of its High Speed Slicing business, in particular the bacon and deli slicing businesses based in Norwich, United Kingdom. Marel will retain the frozen portioning and robotics product families, which remain of strategic importance to Marel.

The ceasing of manufacturing production in Singapore will be finalized before mid-year 2015 and will increase operational profit during the second half of 2015 and onwards. Marel is entering into partnership to continue to provide freezing solutions for integrated solutions to its customers.

These divisions operate across the industries, creating a solid foundation for increased efficiency, sharing of best practices and optimization of the use of resources. The aim is to serve the customer better, reduce time to market and penetrate markets faster and more efficiently.

The new organizational structure will enable Marel to achieve its goal of becoming a simpler, smarter, faster company.



€100 MILLION EBIT IN 2017

Marel is entering the second half of the refocusing program and will take further actions in 2015. Management guidance for 2015 is organic revenue growth, with solid increases in operational and net profit. The full focus remains on strengthening the market approach and operational improvement, with the aim of achieving an EBIT of over €100 million in 2017.

EBIT GOAL FOR 2017 **>€100** MILLION

MAREL'S BUSINESS OPERATIONS

GLOBAL SALES

Marel's sales and service network is spread across the globe with offices in more than 30 countries on all continents. Marel's extensive sales and service network is one of its key competitive advantages, and has enabled the company to penetrate new markets and expand the customer base, as well as strengthen partnerships with new and existing customers. The global sales and service network is Marel's first line of contact for customers at local level, and brings first-rate service, consistency, and continuity to its partnership with clients.

Building on their knowledge of the market and customer needs, the company's local teams sell, market, distribute, install and service Marel's standard products. In 2015, Marel will be adopting a new structure that will further support and strengthen the company's sales and service activities. Under the new structure, Marel's sales activities will be among four main industry lines; poultry, fish, meat and further processing, supported by a commercial department. The aim is to reduce time to market, penetrate markets faster and more efficiently, and increase service and support to customers worldwide.

GLOBAL SERVICE

After sales service is the backbone of Marel's businesses. Marel's aim is to constantly improve customer service and fulfil customer needs and expectations in the best possible way. The importance of the maintenance business is increasing, with almost 40% of the company's revenue coming from service and spare parts.

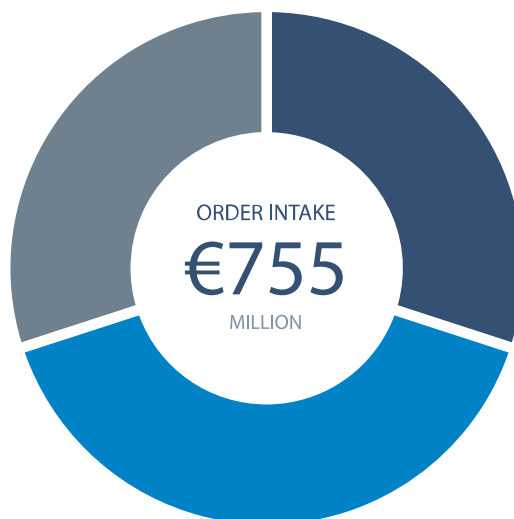
In 2015 and onwards, Marel will continue to improve in the area of service. Increased focus will be on proactive rather than reactive services and service level agreements will be rolled out in a systematic way through the products portfolio. The customer wants to secure limited downtime of factories and with service agreements in place, Marel can better organize tailor-made services for each customer. Marel is investing in the service business with investments in advanced business tools and IT systems to make the whole organization more efficient in serving the customers' needs.

MODERNIZATION AND STANDARD EQUIPMENT

Investment in expansion and modernization projects picking up, especially in the Americas

GREENFIELD PROJECTS

Several large Greenfield projects in Poultry, Fish, and Further Processing sectors



MAINTAINANCE

Marel has the largest installment base in its industry
Recurring service and spare parts revenues increasing steadily
and are currently around 40% of total revenues

THINK GLOBAL, ACT LOCAL

"The key to Marel's approach is to think global and act local. Our customers are located around the world and they all face local market conditions and challenges that we as a global company need to be aware of. Therefore, we have built up local teams around the globe. They have extensive market knowledge and are open to establishing partnerships on a solid foundation. This strong local presence is a critical success factor for Marel and will continue to be a cornerstone of our operations."

Petur Gudjonsson, Managing Director of Marel's Global Sales and Service

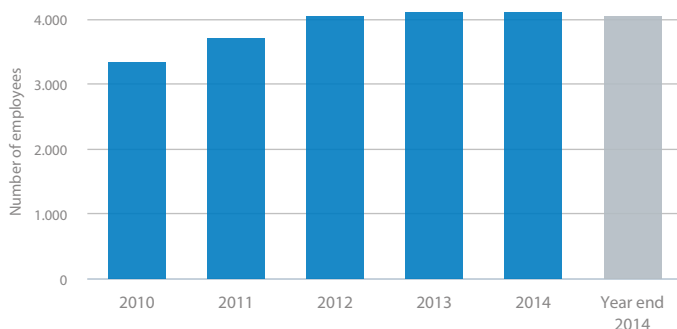
OUR PEOPLE

At the end of 2014, there were 4,053 full-time employees at Marel. There were approximately 3,800 employees with long-term contracts, compared with approximately 4,000 at the beginning of the year.

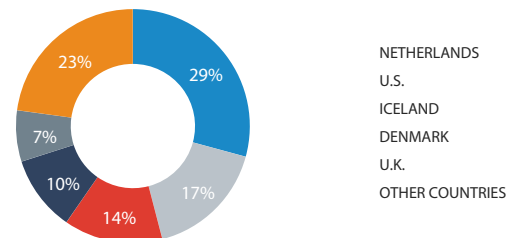
To manage fluctuations in demand, Marel uses temporary manufacturing resources, of which there were 210 resources at year end, compared with 140 at the beginning of the year, reflecting the increased business activity and positive changes to the order book.

The largest number of employees is located in the Netherlands, followed by the U.S., Iceland, Denmark and the U.K. Just over 70% of Marel's employees are located in Europe

MAREL EMPLOYEES
AVERAGE NUMBER PER YEAR



NUMBER OF EMPLOYEES BY GEOGRAPHICAL LOCATION
FTES AT YEAR END 2014



PREPARING THE TEAM FOR FUTURE SUCCESS

"Marel employees are a diverse group of people who are spread around the globe. The role of Human Resources is to provide value-added services to our employees so they can support our customers. We offer our employees an abundance of learning opportunities, workshops and development programs so they can get better at what they do best and are prepared for future competence and success."

David Freyr Oddsson, Corporate Director of Human Resources

INNOVATION

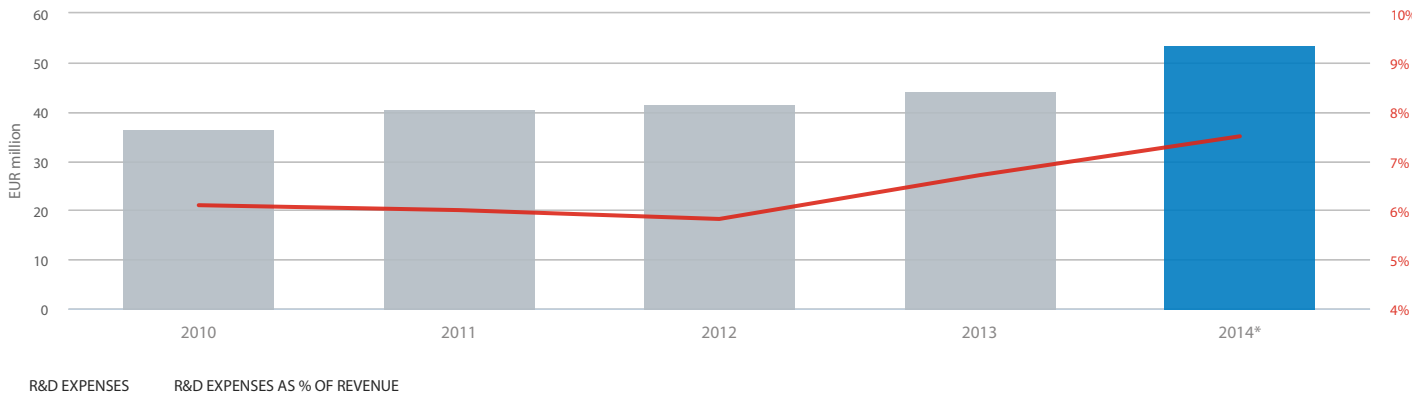
Innovation is the heart of the Marel organization. Marel's primary goal is to deliver market-driven innovation that serves its customers and helps them to create further value in a sustainable way, whether they are small family-owned businesses or leading global producers of poultry, meat, and fish. Marel's annual investment of 5-

During the year, Vidar Erlingsson was appointed the company's first Head of Global Innovation. The creation of this position demonstrates Marel's ongoing commitment to innovation. The Head of Global innovation is responsible for driving and implementing Marel's global innovation vision and strategy across

7% of revenue in research and development has led to breakthrough innovations that have transformed the way food is processed around the world. Marel operates in a dynamic and competitive market and to maintain the company's leadership in the industry it is essential to nurture the company's innovative spirit and strengths. In 2014, many important milestones were reached in strengthening and streamlining Marel's innovation activities.

the organization, prioritizing further innovation activities and shortening the time to market. Marel's operations in innovation have also been streamlined during the year in order to increase efficiency and synergies. Global Innovation operates across the company, serving the business units by developing unique solutions and products that create value for Marel's customers and support the company's long-term strategy.

RESEARCH AND DEVELOPMENT EXPENSES



* Before refocusing costs

INNOVATION IS THE KEY TO MAREL'S FUTURE GROWTH

"Marel is an innovative company and innovation has played a key role in the making of Marel as global leader in its field. It is clear that innovation is key to Marel's future growth. We believe that our new model will enable us to serve customers' needs better and provide the solutions that the market demands."

Vidar Erlingsson, Head of Global Innovation

GLOBAL SUPPLY CHAIN AND MANUFACTURING

The Global Supply Chain organization at Marel is responsible for manufacturing and procurement within the company. The function creates solid foundation for increased efficiency, the sharing of best practices and optimization of the use of resources throughout the company. Marel is moving away from a diverse manufacturing base of 18 manufacturing centers in the beginning of the year 2014 to a few multi-industry sites. This will make Marel better equipped to take on growth and fluctuations in utilization.

During the year several steps were taken to optimize and streamline Marel's manufacturing footprint in line with Marel's ongoing Simpler, Smarter, Faster refocusing program. During 2014 manufacturing activities were streamlined and consolidated in Denmark and the Netherlands and a decision was taken to cease manufacturing in Singapore and Beijing. In 2015 the manufacturing optimization will continue and, as was announced in January 2015, Marel is merging its Des Moines, Iowa manufacturing operation to an existing facility in Gainesville, Georgia.

"The new Global Supply Chain organization at Marel will help us to improve our support to innovation. By strategically planning purchasing on a global level we are gaining a higher level of expertise and are harmonizing processes and procedures. We will get faster by doing things in a smarter way."

Paul van Warmerdam, Head of Global Supply Chain

MARKETS

POULTRY

Operational profit margins and volumes in Marel's poultry segment improved gradually throughout the year and closed the year at a good level. Poultry secured many medium and large projects around the world during the year and the order book is at a healthy level entering 2015.

POULTRY
53%
OF REVENUE

FISH

The year was good for Marel's fish segment. For the second consecutive year, Marel's salmon activities returned healthy results and increased activity was also seen in whitefish projects throughout the year. Marel is the leading global provider of advanced systems to the global salmon industry.

FISH
16%
OF REVENUE

MEAT

During the year, Marel took several steps to streamline operations in the company's meat segment. Business units and operations were consolidated, which will result in increased synergies in sales and innovation. Landmark sales were finalized during 2014 in all continents and reference projects have been established around the globe. Further Processing

MEAT
17%
OF REVENUE

FURTHER PROCESSING

The year began slowly for Marel's Further Processing segment, but order intake picked up to a good level during the second half of the year. Positive signals were visible in various markets and important sales were finalized. A strong driver is the positive economic situation in the U.S.

FURTHER
PROCESSING
13%
OF REVENUE

NEW PARTNERSHIPS AND GREATER INNOVATION

"In 2014, we successfully launched several innovative solutions. Visitors to the VIV Europe tradeshow were receptive to the new products, and positive about the ongoing upgrades of existing solutions, confirming our approach to continued innovation. Our slogan presented at VIV, 'We love processing,' captured the passion behind the market-focused innovation that is part of our DNA".

Anton de Weerd, Managing Director of Marel's Poultry Industry Center

GRADUAL IMPROVEMENTS THROUGH THE YEAR

Operational profit margins and volumes in Marel's poultry segment improved gradually throughout the year and closed the year at a good level. Poultry secured many medium and large projects around the world during the year and the order book is at a healthy level entering 2015. The poultry segment accounted for 53% of the company's revenue in 2014.



1,344

NEW RESTAURANTS OPENED BY KFC LAST YEAR OUTSIDE OF THE U.S.

MARKET-FOCUSED INNOVATION

Many innovative solutions were brought to the market during 2014. The new **IRIS EV quality assessment system** for the evisceration process is a good example of Marel's market focused innovation. The quality grade of each product can now be determined before pre-chilling, giving processors more time for an optimum match between production and customer orders to maximize profit per product. Marel's new solutions for stunning, **CAS SmoothFlow** and the **Water Bath Stunner PureSine**, have also been enthusiastically embraced by the market.

Another very well received solution is the company's 8" shackle pitch concept for processing bigger birds of up to 4.5 kg. The main drivers behind this solution are higher yields, better efficiency and increased automation. The solution, launched in the U.S., is already a huge success. In the U.S. generally, Marel has experienced a good level of investment as a result of increased profitability of the poultry market.

Marel operates in a dynamic marketplace and with today's challenges and developments the difference between Marel and its competitors is often in the detail. The new and improved **MCheck 2 Checkweigher** and the new **SmartLine grader**, for example, have been completely updated with a heavier emphasis on hygiene. Both efficiency and product quality benefit from the updates, particularly when combined with Marel's successful **Innova control software**.

Combining the right individual equipment into smart solutions is clearly one of Marel's strengths, for example with the in-line fixed weight batching solutions with **RoboBatcher Flex**, or the **SensorX with SmartSort**. In a highly competitive market, these solutions reduce giveaway and improve product flow, resulting in higher efficiency. There are great opportunities for these smart solutions, especially in markets like Europe, where there is a strong focus on cutting costs and making processes more efficient, often leading to an increased level of automation.

PARTNERSHIP WITH CUSTOMERS

2014 has seen an increasing number of companies opt for Marel poultry processing solutions, with many new customers from different parts of the world. Additional equipment was also supplied to existing and new customers in China, Indonesia, the Middle East and Central and West Africa. In India, a breakthrough greenfield project was realized, feeding the new trend of higher capacities and higher automation levels in evisceration, cut-up and deboning.

Exciting new greenfield projects were commissioned around the globe, with production capacities ranging from 1,000 to 13,500 birds per hour per line. Each project combines the best and most

Demand for Marel's customers' product is increasing and production cost is decreasing due to a drop in energy and feed prices. Upscaling and more automation are important themes. In Asia, food safety, automation, process control and traceability are increasingly important issues.

International food service companies and a young urban population boost the demand for the final product.

In several parts of Africa, the growing young urban population is influencing demand. Marel supports markets with several greenfield projects. Expectations for poultry meat as a healthy,

suitable innovative new technologies for the production of a wide variety of top-quality broiler, turkey and duck products, produced with ever-growing levels of automation. Local market requirements are entwined into profitable processing solutions; the company's strong local presence and good developed service network pays off.

affordable source of protein are very positive. Marel's processing knowledge and experience, dedication and drive, good service and local presence are highly appreciated.

PARTNERSHIP WITH CUSTOMERS

GREENFIELD FOR AGROSUPER: FROM PLAN TO PRODUCTION IN EIGHT MONTHS

The partnership between Marel and Agrosuper in Chile has existed for 15 years, during which Marel has provided Agrosuper with processing technology and support. Agrosuper is Chile's largest food processing company, active in producing broiler meat, turkey, pig, salmon, wine and even dried fruits. When a fire engulfed one of their poultry processing plants during Christmas 2013, an international team from both companies met the next day and decided to completely rebuild the high capacity broiler processing plant in Lo Miranda.

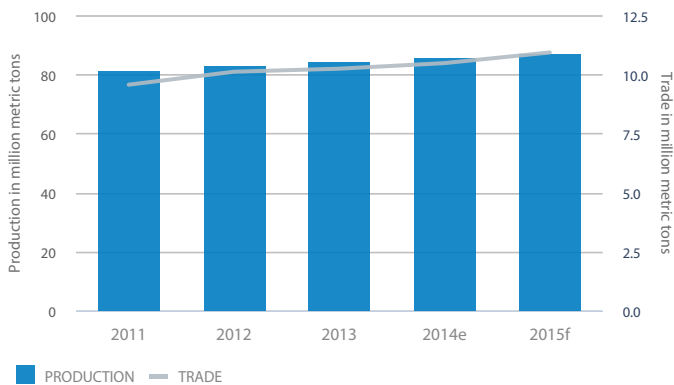
By the end of January 2014, the terrain in Lo Miranda was prepared for construction. On September 1, 2014 the first broilers were processed. The quick work was proof of the excellent partnership and is another successful project and a great example of the fact that close partnership is the key to success.

"WE LOVE PROCESSING"

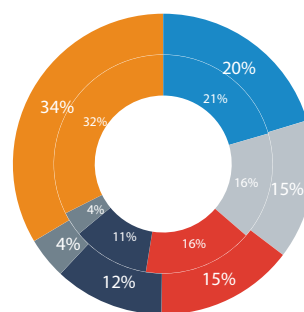
Marel participated in the VIV Europe 2014 show with the theme "We love Processing." The company expressed its passion for the industry, and drive to innovate constantly. The innovative solutions Marel showcased there were well received; the division won two innovation awards, for the Stork SmartWeigher Grading and Distribution Line, and as the most innovative company overall.

Marel's innovative character was also highlighted when Marel Stork was named winner of the sector 'food industry' at the Dutch National Business Success awards and one of the 10 finalists for the overall award.

GLOBAL BROILER PRODUCTION AND TRADE
CAGR OF 2% IN PRODUCTION AND 3% IN TRADE SINCE 2011

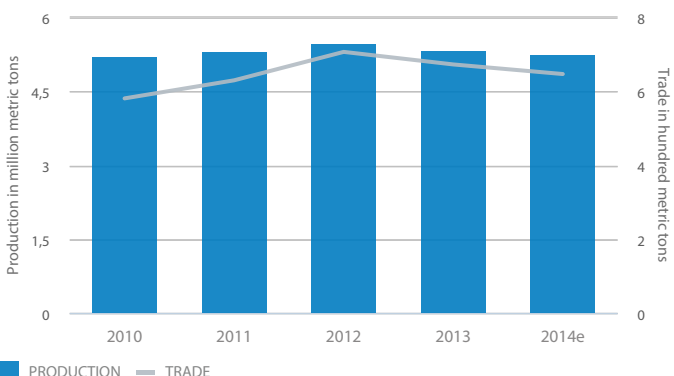


LARGEST BROILER PRODUCERS
FORECAST FOR 2015 COMPARED TO 2011

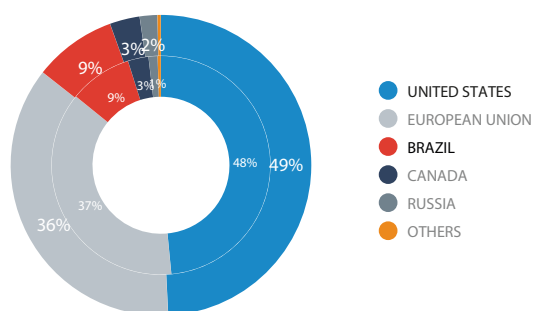


Source: USDA

GLOBAL TURKEY PRODUCTION AND TRADE
CAGR OF 0.3% IN PRODUCTION AND 3% IN TRADE SINCE 2011



LARGEST TURKEY PRODUCERS
2014 ESTIMATE COMPARED TO 2010 (2015 FORECAST NOT AVAILABLE)



Source: USDA

CREATING VALUE FOR OUR CUSTOMERS

"At Marel, 2014 was characterized by our innovations for the fish industry, by new and ongoing partnerships and investments, and by positive trends in the industry as a whole. We have succeeded in creating value for our customers, and this success is the key to our own bright future in 2015 and beyond."

Sigurdur Olason, Managing Director Marel's Fish Industry Center

GOOD YEAR FOR SALMON PROCESSORS

The year was good for Marel's fish segment. For the second consecutive year, Marel's salmon activities returned healthy results and increased activity was also seen in whitefish projects throughout the year. The fish segment accounted for 16% of Marel's revenue in 2014.

Marel performed well in the **salmon** industry in 2014, and it was a good year for salmon processors overall. The company entered a huge project with Bakkafrost, the largest salmon producer in the Faroe Islands, confirming Marel's position as the leading global provider of advanced systems to the global salmon industry.

The company's move to the modern cross-industry manufacturing facility in Stovring will facilitate further growth and increase operational efficiency.

Marel was very active in **whitefish** projects throughout the year, making significant sales and developing important strategic partnerships with customers. The company is also seeing ongoing investments in the onboard sector worldwide, as customers take advantage of lower fuel prices and increased profitability to upgrade their vessels.

KEY INNOVATIONS

Early in 2014, Marel introduced the **FleXicut** water-jet cutter with high-precision bone detection that removes pinbones in whitefish. The automation of the bone removal process is set to transform the whitefish industry as it reduces the need for skilled labor while greatly improving product handling and yields. This innovation highlights Marel's contribution to adding value to processes throughout the value chain and marks an important cornerstone in the future development of whitefish processing, opening up yet unforeseen opportunities.

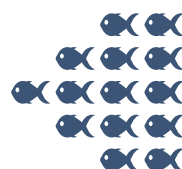
Throughout 2014, the **MS 2730 Filleting Machine** has proven itself as one of the most advanced salmon filleting machines on the market today. The Filleting Machine optimizes yield and has an impressive filleting performance at up to 25 fillets/minute. Its trimming functions make it unique and save on labor costs by reducing the need for manual trimming.

More than 50 have been installed in nearly 20 countries around the globe since it was launched in 2012.

Marel's **Innova Software Solutions** constantly deliver the tools that enable seafood processors to meet increasingly stringent rules and regulations regarding traceability, product recalls, and proof of origin, as well as content labeling. In 2014, Marel launched **Innova Labeling** software that meets the need for control and automation of the labeling process from receiving to dispatch. The labeling software enables seafood processors to comply with the new EU legislative requirements that came into force in Q4, affecting labels for all fishery and aquaculture products for EU consumers. The legislation includes changes to mandatory nutrition information on processed seafood, and mandatory labeling of catch area or country of production, to provide better information and protection for consumers.

PRIZES & AWARDS

The FleXicut water-jet cutter won the Innovation Prize at the Nor-Fishing exhibition in Norway. Marel also won the Icelandic Fisheries Exhibition awards for Overall Outstanding Supplier and Outstanding Icelandic Supplier – Processing.



49%

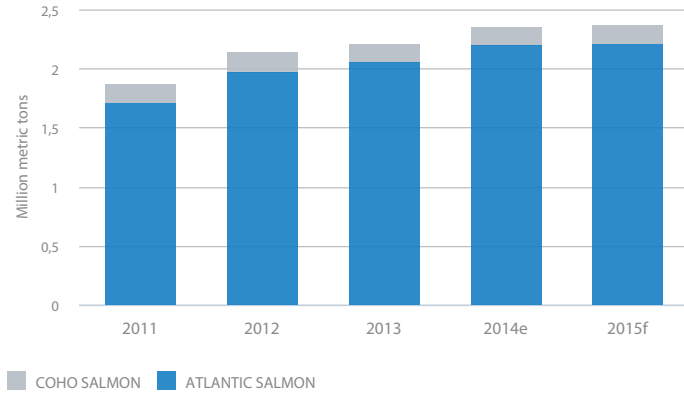
AQUACULTURE PROVIDES
CLOSE TO HALF OF ALL SEAFOOD

SHAPING THE FUTURE OF FISH PROCESSING

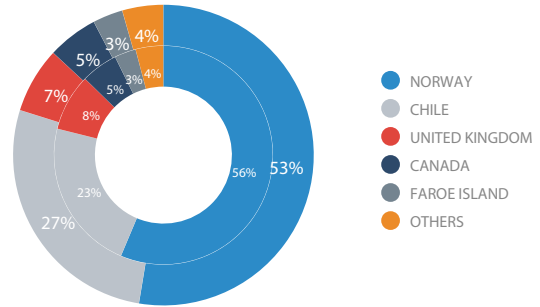
From small, family-owned businesses to giant processing enterprises, Marel's cutting-edge equipment and software solutions help fish processors operate at peak productivity, and the company's products positively and directly enhance the overall quality and value of food.

Marel is driven by the constant challenges its customers face in delivering seafood products more efficiently, offering customers a greater variety, and always ensuring food safety.

GLOBAL PRODUCTION OF FARMED SALMON
7% CAGR OF ATLANTIC SALMON, -0.5% OF COHO SALMON, SINCE 2011

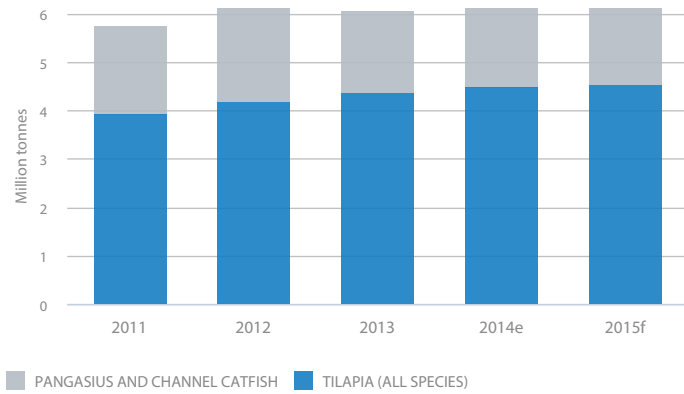


LARGEST SALMON PRODUCERS
FORECAST FOR 2015 COMPARED TO 2011

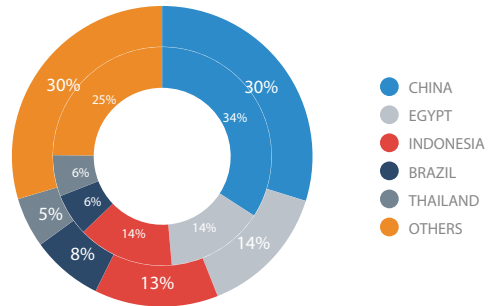


Source: FAO and Groundfish Forum

GLOBAL PRODUCTION OF TILAPIA AND PANGASIUUS
4% CAGR OF TILAPIA, -1% OF PANGASIUUS, SINCE 2011

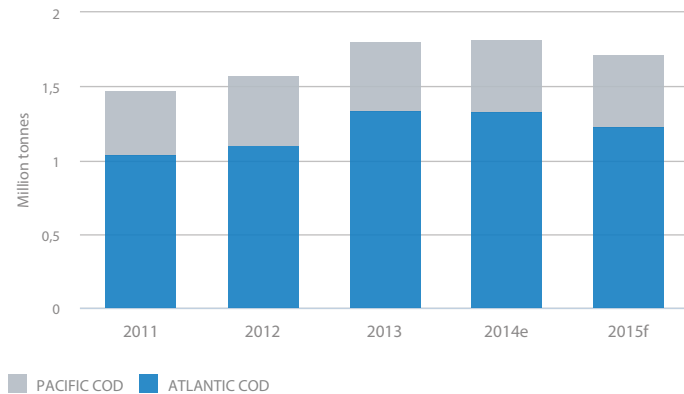


LARGEST TILAPIA PRODUCERS
FORECAST FOR 2015 COMPARED TO 2011

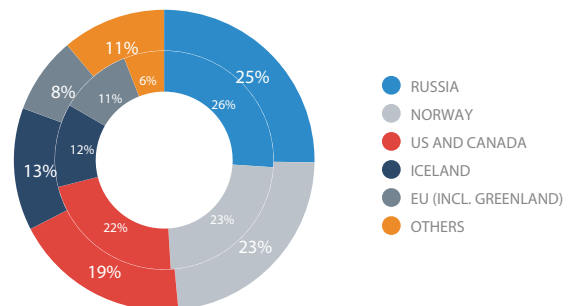


Source: FAO and Tveteraas

GLOBAL PRODUCTION OF COD
4% CAGR OF ATLANTIC COD, 3% OF PACIFIC COD, SINCE 2011



LARGEST COD PRODUCERS
FORECAST FOR 2015 COMPARED TO 2011



Source: FAO and Groundfish Forum

“Marel Meat’s revenues almost doubled over 2014, a significant improvement on previous years. Moving from customized solutions to modularized has been an important factor in advancing Marel’s meat operations. Some landmark sales were finalized during 2014 and reference projects have also been established around the globe.”

David Wilson, Managing Director of Marel’s Meat Industry Center.

YEAR OF INTEGRATION AND STREAMLINING OF BUSINESS

During the year, Marel took several steps to streamline operations in the company’s meat activities. Business units and operations were consolidated, which will result in increased synergies in sales and innovation. Landmark sales were finalized during 2014 in all continents and reference projects have been established around the globe. The meat segment accounted for 17% of Marel’s revenue in 2014.



BRAZIL

HAS BEEN THE WORLD’S
LARGEST EXPORTER OF BEEF
SINCE 2011

Market conditions had a significant effect on the division’s business. In both the U.S. and Europe, the pork sector has been struggling. In Europe, prices for pork products have been very low over the past 18 months. The company saw continued investment outside Europe and the U.S., especially in South America, where a number of large projects are taking place.

PREPARING FOR THE FUTURE

During the course of 2014, Marel Meat successfully integrated the business units of Product Center Meat Harvesting / Fresh Value Added and Product Center Preparation (the former Carnitech business, which was acquired in 2013). This was a strategic action to strengthen Marel’s core meat activities, and find the synergies of business units within Marel that are operating within the same sector. A strategic decision was also taken to transfer the activities in the Oss facility to Boxmeer in the Netherlands, and ultimately close the Oss location. This was also successfully completed by December, without any disruption to customers.

The segment’s manufacturing activities were absorbed within the manufacturing facility in Boxmeer, and a new building was erected to house the relocated Meat activities.

Following these improvements, Marel’s Meat Industry Center is ready to tackle future challenges and create increased value for its customers. The future remains bright, with a fresh Marel approach to the global red meat industry and with a number of key projects in strategic markets.

OPPORTUNITIES THROUGHOUT THE WORLD

Marel has worked in partnership with hundreds of red meat processors globally, in developing and supplying equipment of the highest standard. “Innovation through partnership” sums up the philosophy and the way the company has worked with the red meat industry for many years. By working closely with its customers and partners, Marel creates the best solutions for red meat processing, primary or case ready. The market potential is huge, with many opportunities throughout the world. Marel will continue to focus on selected product / market combinations, and continue its development within key products – such as deboning (**StreamLine** and **DeboFlex**), and its program for product modularization. The segment will also focus on Case Ready activities, where Marel will create the necessary solid foundations to capitalize on the enormous opportunity in this sector.

High expectations exist for further growth in South America, particularly in the pork industry in Brazil. 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. Trim is becoming an increasingly valuable product, and Marel now offers four unique solutions to support its customers with optimizing the value of this product.

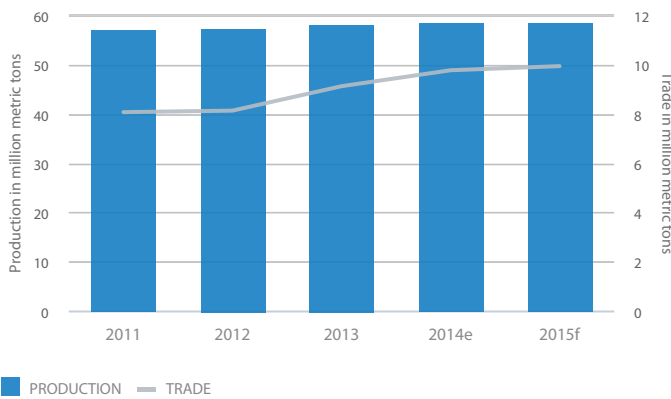
KEPAK GROUP INTRODUCES BEEF TRIM MANAGEMENT

Between 30% and 40% of each beef carcass goes to value-added products at Irish meat processor Kepak Group – a percentage that compares well with other European beef processing plants. To handle the trim for further processing effectively, Kepak partnered with Marel to design a state-of-the-art Trim Management System specifically tailored to their needs.

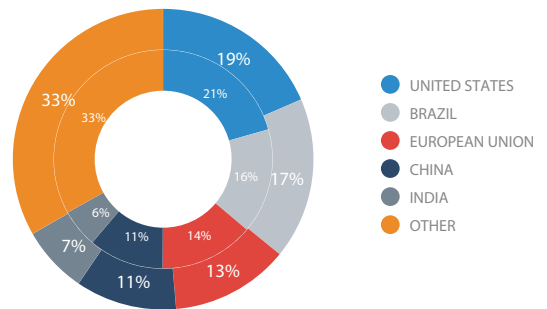
Kepak focused primarily on the trimming part of the production, aiming to produce and manage trim for specific mince and burger recipes as effectively as possible.

“Accurate manual sorting of large amounts of trim, based on the human eye to decide on the accurate fat percentage, is extremely difficult and requires very skilled employees,” explains John Walsh, Site Manager at Kepak in Ballymahon. “So automation was an obvious choice for us. The Trim Management System that Marel and Kepak developed automates the analysis of trim for the fat/lean ratio, and better enables Kepak to manage their trim and hit target fat percentages.”

GLOBAL BEEF AND VEAL PRODUCTION AND TRADE
CAGR OF 0.3% IN PRODUCTION AND 5% IN TRADE SINCE 2011



LARGEST BEEF AND VEAL PRODUCERS
FORECAST FOR 2015 COMPARED TO 2011

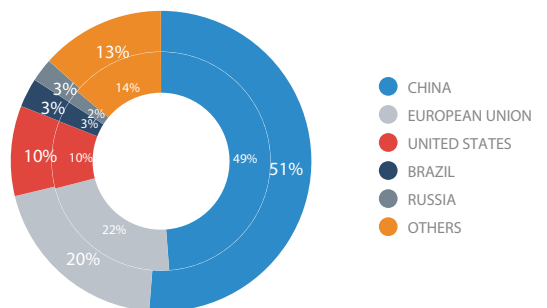


Source: USDA

GLOBAL PORK PRODUCTION AND TRADE
CAGR OF 2% IN PRODUCTION AND 1% IN TRADE SINCE 2011



LARGEST PORK PRODUCERS
FORECAST FOR 2015 COMPARED TO 2011



Source: USDA

"In 2014, Marel strengthened its position as a world player in the field of processing equipment of cooked products. The year began slowly but order intake and operational results improved during the latter half of the year. The division finalized some important sales and numerous markets continue to look positive."

Gerrit den Bok, Managing Director of Marel's Further Processing Industry Center

IMPROVED MARKET SITUATION AND PROVEN STRATEGY



70 MILLION
DAILY CUSTOMERS OF MCDONALD'S
OUTNUMBER THE POPULATION OF
FRANCE

The year began slowly for Marel's Further Processing segment, but order intake picked up to a good level during the second half of the year. Positive signals were visible in various markets and important sales were finalized. A strong driver is the positive economic situation in the U.S.

Operations in Further Processing were streamlined in Q4 and the team and market approach strengthened. The Further Processing segment accounted for 13% of Marel's revenue in 2014.

A strong driver is for the segment's success the more positive economic situation in the United States. With some exceptions, Europe was still reluctant to invest. Parts of Asia and Oceania also showed positive developments.

The segment's strategy to focus on different product lines has proven to be successful. Product groups **Fresh** and **Linkers & Peelers** showed successful results in equipment, service, and spare parts.

The product group **CoExtrusion Technology** created an increased interest in 2014. The newly developed and introduced high capacity solution was very well received.

During the year, the segment took considerable measures to bring the innovation expenses in line with the company benchmark. These actions have put Further Processing activities in a far healthier position, supported by the refocusing program **Simpler, Smarter, Faster**, which Marel introduced at the beginning of 2014.

GROWTH SUPPORTED BY STRONG TRENDS

The trend of increasing wealth in many emerging markets will further stimulate the consumption of value added, convenience products. People have more money to spend and will consume more convenience products, in and outside the home.

In more mature markets, people are so busy that cooking times need to be further reduced, thus stimulating the purchase of easy-to-prepare products, heavily influenced by the will to eat more healthy.

Marel has the perfect solutions for these trends, as is evidenced by the repeat business that the division had last year from market leading customers in emerging and mature markets. Many customers expanded their production with a second or third production system.

NEW JOINT VENTURE FOR FURTHER PROCESSING

Wayne Farms is one of the largest fully integrated poultry companies in the U.S., producing over 2.5 billion lbs. of poultry products each year. In December 2013, Wayne Farms and Salm Partners, an innovative company producing high volumes of ready-to-eat sausage products and one of Marel's close partners, started a joint venture. The goal was to produce high volumes of affordable, innovative, high quality, and, above all, tasty gourmet poultry sausages, as an answer to the market's rapidly growing demand. Marel provided a sophisticated high capacity, highly

automated system that was adapted, installed and implemented for the specific requirements of the new products that the joint venture wanted to bring to the market. As a result of this partnership, great products are now being produced, opening up profitable possibilities for the customers and new chances for Marel to further promote this advanced technology.

The project is a perfect example of the company's philosophy of Innovation Through Partnership.

MAREL'S INNOVATIVE FOCUS

The segment can clearly see its convenience solutions being increasingly recognized as innovative solutions that bring its customers higher yields, reduced labor requirements and lower costs. The MOS (**Modular Oven System**) had a breakthrough in the U.S. in 2014. Various well-known processors purchased this top-of-the-line solution.

Another important development is the entry of the **RevoPortioner** into red meat and fish, building on its past success in poultry. Fish processors are increasingly interested in the company's RevoPortioner technology and in 2014 HB Grandi, one of the largest fishing companies in Iceland and a leader in its field, finalized its investment in a RevoPortioner. HB Grandi, which places great emphasis on using the very latest in fish processing technology, recognized the system was a unique opportunity for them to add value to their fish products, turning trimmings into profitable opportunities.

The RevoPortioner technology for processing red meat has also made major inroads into the market. Marel sold the first RevoPortioner for fresh red meat in the demanding French market, a good indicator of future successes. In early 2015, the segment will launch a new development in the market. This will further stimulate the RevoPortioner as the successful and most innovative low pressure portioning solution available today.

The product group Linkers & Peelers launched the **2800 Sausage Peeler** in 2014. This new high capacity peeler has been improved based on market requirements.

Product group Fresh has a clear focus to bring the developments of last year to the market, such as the fresh sausage line and the **CoexSkin**.

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 138.00 at the end of 2014, compared to ISK 133.00 at the end of 2013, an increase of 3.8%.

In euros, the shares stood at 89 cents per share at year-end compared to 84 cents at the end of 2013.



CLOSE TO
2000
SHAREHOLDERS

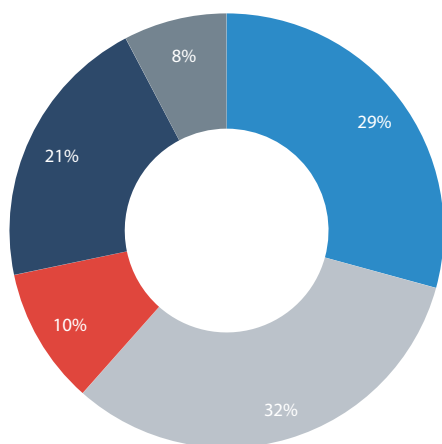
SHAREHOLDERS

As recorded in the shareholders' register, there were 1,864 Marel shareholders at year end 2014, compared to 1,846 at year end 2013. As of December 31 2014, Marel held 6,957,850 treasury shares.

Eyrir Invest hf. is Marel's largest shareholder, with 29.3% of shares, followed by Lífeyrissjóður verzlunarmanna – the Pension Fund of Commerce (9.1%) and Grundtvig Invest A/S (8.4%).

The ten largest shareholders held 70.6% of the total shares. In total, Icelandic pension funds held 32.3% of Marel's share capital. International shareholders owned 10.2% at year end 2014. The free float of Marel shares was 71% and free float adjusted market value of the company was €464 million.

HOLDINGS BY TYPE OF INVESTOR
AS OF 31 DECEMBER 2014



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

SHARE CAPITAL

At year end 2014, there were 735.6 million Marel shares, all in one class. Of these, Marel holds 7 million treasury shares.

In 2014, Marel purchased 9.0 million shares for €6.8 million to fulfill stock option obligations, and sold 2.2 million treasury shares for a total of €1.2 million to fulfill the employees' stock option program.

Stock options are granted to management and selected key employees. At the end of 2014 there were 16.8 million shares of granted and unexercised stock options, of which 6.4 million were exercisable at the end of 2014. The remainder will become exercisable between 2015 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 2014.

LIQUIDITY OF SHARES

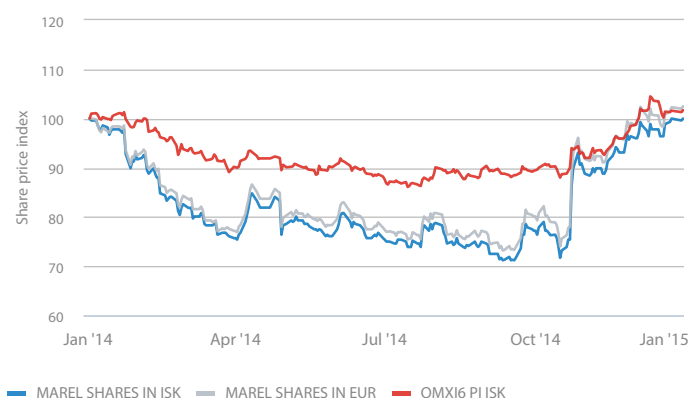
Marel has made agreements with Landsbankinn hf. and MP banki hf. regarding market making for the issued shares of Marel. The purpose of the agreements is to improve liquidity and to enhance transparent price formation in the company's shares on Nasdaq Iceland. The duration of these agreements is unspecified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

Shares in Marel were traded 1,958 times in 2014 for a total market value of ISK 32.6 billion (up from ISK 28.8 billion in 2013), which corresponds to a turnover rate of 37%.

This places Marel with the second highest turnover on the Nasdaq Iceland exchange in 2014. Marel's average end-of-day spread was 1.04%. The market value of the company at year end 2014 was ISK 101.5 billion (€656.8 million) compared to ISK 97.8 billion (€612.8 million) at year end 2013, an increase of ISK 3.7 billion (€44.0 million). Since the company's shares are traded in ISK, the fluctuations of the Icelandic krona during the year 2014 affect the market value when converted into euros.

SHARE PRICE IN 2014 COMPARED TO OMX ICELAND 6

NOTE: INDEXED NUMBERS, SET AT 100 AT BEGINNING OF YEAR 2014



DIVIDEND

The Board of Directors will propose to the 2015 Annual General Meeting that € cents 0.48 dividend per outstanding share will be paid for the operational year 2014, corresponding to approximately €3.5 million or 30% of net profit of the year 2014, and refers to the financial statements regarding appropriation of the profit for the year and changes in shareholders' equity.

**DIVIDENDS
FOR 2014**
30%
OF NET PROFIT

STOCK OPTIONS AS OF 31 DECEMBER 2014

Program initiated	Number of shares in thousands	Exercise price per share	Exercisable in
May 2010	6,388	EUR 0.572	2015
June 2012	7,908	EUR 1.056 - 1.143	2015 - 2018
December 2014	2,475	EUR 0.949 - 1.027	2018 - 2021
Total	16,771		

DISTRIBUTION OF SHARES AS OF 31 DECEMBER 2014

Number of Shares	Shareholders	%	Shares	%
1 - 9,999	1,192	63.95%	4,318,203	0.59%
10,000 - 99,999	507	27.20%	15,255,139	2.07%
100,000 - 199,999	50	2.68%	6,424,177	0.87%
200,000 - 799,999	60	3.22%	22,179,180	3.02%
800,000 - 1,399,999	7	0.38%	7,608,305	1.03%
1,400,000 - 2,999,999	16	0.86%	29,622,020	4.03%
3,000,000 - 9,999,999	19	1.02%	104,464,383	14.20%
10,000,000 - 99,999,999	12	0.64%	330,330,752	44.91%
100,000,000 - >100,000,000	1	0.05%	215,366,838	29.28%
	1,864	100.00%	735,568,997	100.00%

TOP 10 SHAREHOLDERS AS OF 31 DECEMBER 2014

	Shareholders.		Number of shares	%
1	Eyrir Invest hf.	Investment company	215,366,838	29.3%
2	Lifeyrissjodur verslunarmanna	Pension fund	66,979,042	9.1%
3	Grundtvig Invest A/S	Investment company	61,560,494	8.4%
4	Stefnir - IS 15	Asset management	37,941,197	5.2%
5	Lifeyrissj.starfsm.rik A & B deild	Pension fund	34,254,000	4.7%
6	Gildi lifeyrissjodur	Pension fund	32,217,979	4.4%
7	Stafir lifeyrissjodur	Pension fund	20,512,255	2.8%
8	Stapi lifeyrissjodur	Pension fund	19,763,347	2.7%
9	Stefnir lifeyrissjodur	Asset management	15,615,550	2.1%
10	Sameinadi lifeyrissjodurinn	Pension fund	15,337,293	2.1%
		Top 10 total	519,583,995	70.6%
		Others	215,985,002	29.4%
		Total issued shares	735,568,997	100.0%

INVESTOR RELATIONS

Providing investors with equal access to timely and accurate information about Marel's operations and business environment is the central aim of the company's Investor Relations policy.

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.



LIVE VIDEO WEBCASTING FROM MAREL EVENTS

MAREL WAY OF LIFE

MYMAREL COMMUNICATIONS

Marel emphasizes the importance of open and transparent communications. In order to promote communication between the company's 4,000 employees around the world, Marel operates many different communication channels under the brand MyMarel. Through these different channels, information is being made available to all Marel employees at all times.

MyMarel Intranet is the company's hub of internal communications. It was re-launched in 2014. The new intranet provides employees with place to catch up with company news from around the world and contains a clear overview of all the tools that make their jobs easier.

MyMarel Stream broadcasts intranet-generated news to strategically-placed public screens, including TVs, touch screens and other interactive stations.

Marel Live TV presents the latest Marel products and solutions to employees around the globe.

MyMarel Mobile is the latest communication channel of Marel and was introduced during the summer of 2014. Employees can now be connected to the MyMarel Intranet everywhere and receive the latest news and internal information wherever in the world they are located.

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 2014, Marel participated in a Capital Markets Day event organized by Arion Bank in Iceland, where the company was presented to investors and analysts.

In October 2014, Marel participated in an investor event in Stockholm organized by the Nasdaq OMX Stock exchange in Sweden and Iceland.



For further information, please see:

marel.com/investors
nasdaqomxnordic.com

Financial Calendar for 2015

1st quarter 2015	29 April 2015
2nd quarter 2015	29 July 2015
3rd quarter 2015	28 October 2015
4th quarter 2015	3 February 2016

MAREL'S LONG TERM SHARE PRICE DEVELOPMENT



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.



CHAIRMAN OF THE BOARD

ASTHILDUR MARGRET OTHARSDOTTIR

Asthildur Margret Otharsdottir is an independent consultant with 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, Marorka, and Jör. Otharsdottir 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

VICE-CHAIRMAN OF BOARD

ARNAR THOR MASSON

Arnar Thor Masson has extensive experience in reorganization, strategy and project management. He is currently the Director General of the Department of Administrative and Social 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. Masson was an adjunct lecturer at the Department of Political Science of the University of Iceland from 2000 until 2008. He does not sit on the board of any other company.

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

BOARD MEMBER

ANN ELIZABETH SAVAGE

Since 2004, Ann Savage has been the Technical Director of Bakkavör Group and also serves as its Member of Management Board. She is mainly responsible for Food Safety, Health and Safety management, Manufacturing Excellence and Environmental management at Bakkavör. Savage 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).

BOARD MEMBER

HELGI MAGNUSSON

Helgi Magnusson is the Chairman of the boards of Blue Lagoon, Harpa Holding, and Husasmiðjan. 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, Hofgardar and Skipti. 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. Magnusson has also been a board member of Íslandsbanki 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 Flúgger Iceland Paint Factory.

EDUCATION

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

ELECTED	HOLDINGS IN MAREL
2005	5,305,044

BOARD MEMBER

ASTVALDUR JOHANNSSON

Astvaldur Johannsson has extensive international experience. He has served as Executive Director for Valitor hf. (an Online and e-Commerce Payment Solutions- and Services Provider) by leading the development- and progress of the organisation international activities for the last three years, but recently stepped down from that position. Prior to that he worked in various management positions including for Össur, the global orthopedics company during 2002-2011. Before that he was a member of the Executive Team at Nyherji hf., Managing Director at Penninn, a retail chain in Iceland and as a System Analyst- and Process Design and Development Expert within the IT Division of SIS (Icelandic Coop's Association).

EDUCATION

Education: MBA from the University of Iceland 2002.B.Sc. in Management Information Systems from Heriot-Watt University Scotland 1987.

ELECTED	HOLDINGS IN MAREL
2014	0

EDUCATION

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

ELECTED

2013

HOLDINGS IN MAREL

0

BOARD MEMBER

MARGRET JONSDOTTIR

Margret Jonsdottir is the Managing Director of Operations of Eyrir Invest hf. Previously, she was the 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 Íslandsbanki) 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

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

ELECTED	HOLDINGS IN MAREL
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2006	200,419
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BOARD MEMBER

OLAFUR S. GUDMUNDSSON

Olafur S. Gudmundsson has held various senior 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.

EDUCATION

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

ELECTED

2014

HOLDINGS IN MAREL

1,705,427



CEO

ARNI ODDUR THORDARSON

Arni Oddur Thordarson is Marel's CEO. He 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. Thordarson served on the Board of Directors of Marel between 2005 and 2013, the majority of the time as Chairman. Thordarson also serves as non-executive director in Fokker Technologies

EDUCATION

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

HOLDINGS IN MAREL

215,498,707

COO

SIGSTEINN GRETARSSON

Sigsteinn Gretarsson is Marel's Chief Operating Officer. He joined Marel in 1997 as Sales Manager and Consultant in sales and marketing. In 2001 he moved to Brisbane, Australia, where he served as Managing Director of Marel's Australian subsidiary until 2005. He then worked on mergers and investment projects before being appointed Managing Director of Marel ehf. in June 2007. Gretarsson was appointed the Chief Operating Officer of Marel in October 2011.

EDUCATION

B.Sc. in Mechanical Engineering from Bradley University, Illinois, and M.Sc. in Mechanical Engineering from the University of Illinois at Urbana-Champaign. Gretarsson has completed Executive Education business programs at Insead and Reykjavik University.

HOLDINGS IN MAREL

25,997

CFO

LINDA JONSDOTTIR

Linda Jonsdottir is the CFO of Marel. She has been Marel's Corporate Director of Treasury and Investor Relations since 2009. Before joining Marel, Linda worked in Treasury and Financing for Eimskip, Burdaras and Straumur Investment Bank. She has also served as board member in the Enterprise Investment Fund (Framtakssjodur Islands) since 2010.

EDUCATION

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

HOLDINGS IN MAREL

0

GERRIT DEN BOK

Gerrit den Bok is the Managing Director of Marel's Further Processing Industry Center. He has been with Marel and its predecessors since 1989. Before taking up his current position in 2013 he was responsible for Marel Stork Poultry service globally. Previous positions within the company include Food Technologist in the service department of Stork PMT and a coach of the Technology department.

EDUCATION

B.Sc. in Food Technology from HAS University.

HOLDINGS IN MAREL

0

SIGURDUR OLASON

Sigurdur Olason is the Managing Director of Marel's Fish Industry Center. Olason worked in Marel's product development department between 2001 and 2006. He started his current position in May 2014. Before rejoining Marel, Olason was Manager of Business Development with Samherji, one of Iceland's leading seafood companies.

EDUCATION

MBA from the Brisbane Graduate School of Business; B.Sc. in Computer Science and B.Sc. in Engineering from the University of Iceland.

HOLDINGS IN MAREL

0

PAUL VAN WARMERDAM

Paul van Warmerdam is the Head of Marel's Global Supply Chain. He joined Marel as Director of Manufacturing and Materials Management Industry Center Poultry and was appointed to his current position in 2013. Before joining Marel, he worked in the semiconductor industry in various operations and business management roles.

EDUCATION

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

HOLDINGS IN MAREL

0

PETUR GUDJONSSON

Petur Gudjonsson is the Managing Director of Marel's Global Sales and Service Network. He joined Marel in 1984 as a Programmer in electronic design. Before taking up his current post in 2009 he 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 from the University of Iceland.

HOLDINGS IN MAREL

154,430

DAVID FREYR ODDSSON

David Freyr Oddsson is Marel's Corporate Director of Human Resources. He 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 from Reykjavik University, Cand. Theologus from University of Iceland.

HOLDINGS IN MAREL

50,000

ANTON DE WEERD

Anton de Weerd is the Managing Director of Marel's Poultry Industry Center. He has been with Marel and its predecessors since 1982 and during that time has served in many different positions including Sales Engineer, Area Sales Manager, Regional Sales Manager, General Sales Manager, Commercial Director, Managing Director, and President. He took up his current post in 2007.

EDUCATION

M.Sc. in Mechanical Engineering from Avans University.

HOLDINGS IN MAREL

0

DAVID WILSON

David Wilson is the Managing Director of Marel's Meat Industry Center. He has been with Marel and its predecessors since 1998. Before taking up his current position in March 2012 he served as Senior Vice President for Marel's Poultry Industry Center in Gainesville, U.S.

EDUCATION

M.Sc. in Animal Science and Honors B.Sc. in Agricultural Business Management from Aberdeen University.

HOLDINGS IN MAREL

0

ARNI SIGURDSSON

Arni Sigurdsson is the Head of Strategy and Development. Sigurdsson 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 from Harvard Business School and a B.Sc. in Industrial Engineering from the University of Iceland.

HOLDINGS IN MAREL

78,580

VIDAR ERLINGSSON

Vidar Erlingsson is the Head of Global Innovation. Erlingsson has been with Marel's innovation team since 2000 and has led the Product Center Inspection for the last four years.

EDUCATION

M.Sc. in Engineering from DTU in Denmark and B.Sc. in Electrical and Computer Engineering from the University of Iceland.

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.



NORWAY
ACCOUNTS FOR 50% OF
THE WORLD PRODUCTION
OF FARMED SALMON

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 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.

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.

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.

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.

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 GOVERNANCE STATEMENT

Marel 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 Executive Team, responsible for the day-to-day management, the Board of Directors, the shareholders at large, regulators and other stakeholders.

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 March 2012 by the Iceland Chamber of Commerce, Nasdaq OMX Iceland hf. and the Confederation of Icelandic Employers (accessible on the website of the Iceland Chamber of Commerce, www.chamber.is).

In general, the company is in compliance with the Guidelines on Corporate Governance. The Board of Directors evaluates the performance of the CEO at least once a year, but not specifically the performance of the other members of the Executive Team.

The CEO is responsible to the Board of Directors for the performance of the Executive Team. The Board of Directors has not established a nomination committee. The Rules of Procedure for the Board of Directors clearly stipulate what items shall be taken into consideration when preparing the nomination of Directors. The Board of Directors has not issued a specific social responsibility policy for the company but such a policy is under development.

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 Annual Report.

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 shall examine the company's annual accounts in accordance with generally accepted accounting standards, and shall 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 hf. was elected as the company's auditor at the company's AGM held on 5 March 2014. Auditors on KPMG's behalf are Kristrun H. Ingolfsdottir and Hrafnhildur Helgadóttir, both State Authorized Public Accountants. They have audited and signed without reservation Marel's consolidated financial statements for the year 2014.

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: commitment, partnerships with customers, diversity, teamwork, learning and excellence, open communication, humor and fun, and success. The values are continuously promoted in daily operations.

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 is currently under development.

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.

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 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 5 March 2014.

The Board of Directors is responsible for the organization of the company and for ensuring the proper conduct of its operation at all times. The Board of Directors shall decide on all matters regarded as extraordinary or of major consequence, including major borrowing requiring pledging of properties or assets of the company. The Board shall establish goals for the company in accordance with the company's objectives and shall 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 Auditing Committee.

REMUNERATION COMMITTEE

The Remuneration Committee is composed of either three or four 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. Its field of work involves

The Board of Directors convened 13 times in 2014, with a weighted average attendance of 95%.

The Board of Directors has made an assessment on which Board members are independent according to the Guidelines on Corporate Governance. All seven Board members are considered independent of the company: Ann Elizabeth Savage, Arnar Thor Masson, Asthildur Margret Otharsdottir, Helgi Magnusson, Margret Jonsdottir, Astvaldur Johannesson 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 Johannesson.

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, which is consistent with the established goals. The Board discusses the results of the assessment and decides which actions are to be taken, if any.

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, Ann Elizabeth Savage and Arnar Thor Masson.

The Remuneration Committee convened 4 times in 2014. The meetings were all fully attended except for one where two of the three members attended.

negotiating wages and other benefits for the CEO, overseeing and approving setting of management performance targets, and framing the company's remuneration policy, including wage incentives and stock option rights for company shares.

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 members of the Audit Committee shall possess the knowledge and 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 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 from IMD Business School in Switzerland and a Cand.Oecon in Business Administration from the University of Iceland.

Thordarson is an Icelandic citizen, born in 1969. He serves as non-executive Board Member in Fokker Technologies in the Netherlands.

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 authorized 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 which 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 12 members:

- **Arni Oddur Thordarson**, Chief Executive Officer (CEO)
- **Linda Jonsdottir**, Chief Financial Officer (CFO)
- **Sigsteinn P. Gretarsson**, Chief Operating Officer (COO)
- **Anton de Weerd**, Managing Director of Poultry
- **David Wilson**, Managing Director of Meat
- **David Freyr Oddsson**, Corporate Director of Human Resources
- **Gerrit den Bok**, Managing Director of Further Processing

Members of the Auditing Committee are Arnar Thor Masson, Helgi Magnusson and Margret Jonsdottir. All members are independent of the company and its auditors, Arnar and Helgi are independent of large shareholders.

The Audit Committee convened 5 times in 2014. The meetings were all fully attended.

- 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.

- **Sigurður Olason**, Managing Director of Fish
- **Petur Gudjonsson**, Managing Director of the Sales and Service Network
- **Paul van Warmerdam**, Head of Global Supply Chain
- **Vidar Erlingsson**, Head of Global Innovation
- **Arni Sigurdsson**, Head of Strategy and Business Development

5. INFORMATION ON VIOLATIONS OF LAWS AND REGULATIONS THAT THE APPROPRIATE SUPERVISORY OR RULING BODY HAS DETERMINED

The Icelandic Financial Surveillance Authority (FME) launched an inquiry of the alleged leakage of insider information regarding proposed change of Marel's CEO on 1 November 2013. The company fully cooperated with the FME during that process.

FME's position was that Marel should have disclosed information on the aforementioned matter without delay when learning of the leakage and/or rumor. Immediate suspension of transactions in Stock Exchange of the company's shares for less than two hours, requested by the company, until the disclosure of the announcement was not considered sufficient in this respect.

Thus, it was FME's opinion that Marel violated the Act on Securities Transactions and other regulations concerning immediate disclosure of insider information and immediate reactions in case of leakage or rumors on the market.

Nevertheless, as the violation was not considered significant by the FME, Marel was invited to offer a settlement to finalize the matter, resulting in a lower fine of ISK 3,300,000 (approximately €20,000), to which the company agreed.

6. 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 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.

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

February 10, 2015