

Q3 2019

Investor meeting

24 October 2019

ÁRNI ODDUR THÓRDARSON

Chief Executive Officer



LINDA JÓNSDÓTTIR

Chief Financial Officer



Q3 2019 FINANCIAL HIGHLIGHTS

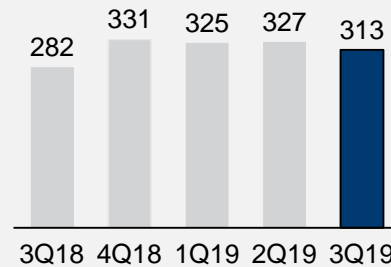


Solid operations and service revenues at all-time high

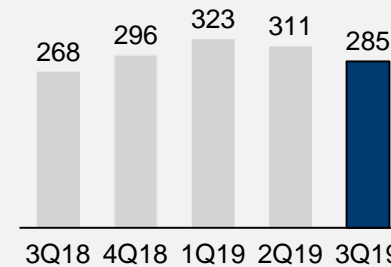
HIGHLIGHTS

- Orders received were EUR 285m, up 6.5% YoY
- Revenues were EUR 313m, up 10.8% YoY
- Recurring service and spare parts revenues were 37% of total revenues
- EBIT¹ up by 10.8% YoY. EBIT¹ margin of 14.2%
- Book-to-bill ratio was 0.91 and order book stands at 33% of 12 months trailing revenues
- Net profit was up 25.1% YoY. EPS increased by 11% YoY
- Leverage ratio at 0.5x

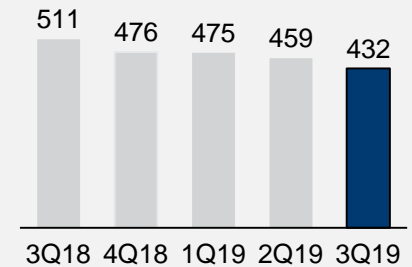
REVENUES
EUR m



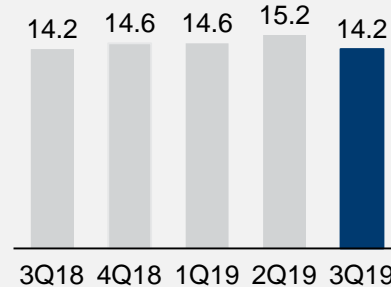
ORDERS RECEIVED
EUR m



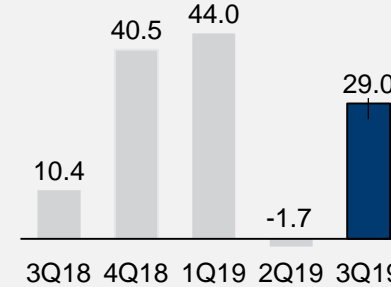
ORDER BOOK
EUR m



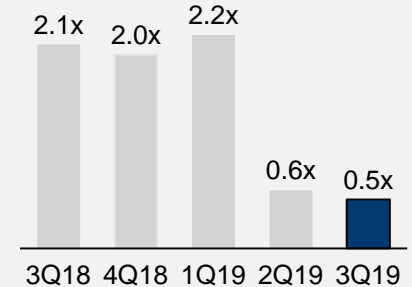
EBIT¹ MARGIN
%



FREE CASH FLOW
EUR m



LEVERAGE
Net debt/EBITDA



¹ Operating income adjusted for purchase price allocation (PPA) costs related to acquisitions

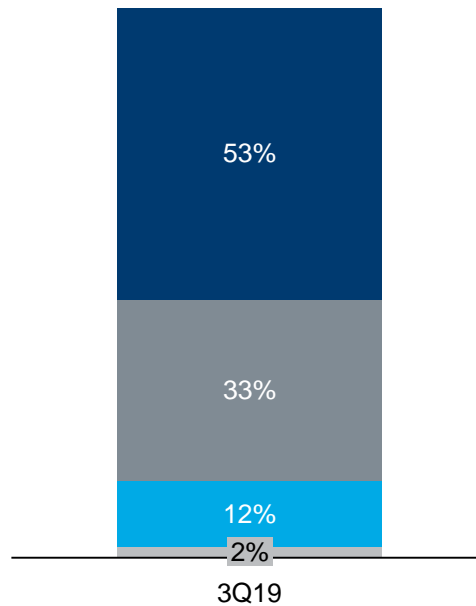
GOOD QUALITY OF EARNINGS



Strong track record of a well diversified revenue structure across industries, geographies and business mix

REVENUES BY INDUSTRY

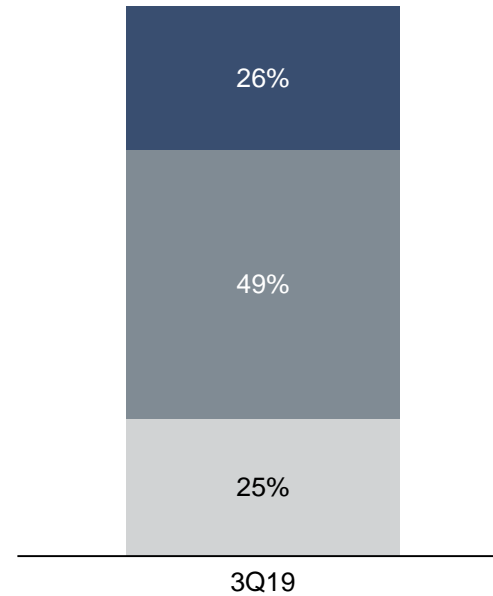
%



- Poultry
- Meat
- Fish
- Other

REVENUES BY GEOGRAPHY

%



- North-America
- Europe
- Rest of the world

REVENUES BY BUSINESS MIX

%



- Greenfield and large projects
- Modernization and standard equipment
- Maintenance Service and repairs

BALANCED REVENUE MIX

Global reach and focus on full-line offering across the poultry, meat and fish industries counterbalance fluctuations in customer demand

POULTRY



EUR 166.8m revenues 3Q19
17.8% EBIT margin 3Q19
18.6% EBIT margin YTD 2019

- Revenues up 12.1% year-on-year, and Marel Poultry continues to deliver strong growth and operational performance as the most advanced industry within Marel
- Large orders booked in France, Taiwan, China and the US, with the US showing a shift in mix from primary processing investments to secondary processing
- The order book for Marel Poultry is on the softer side, as large projects are being finalized and new large projects are being delayed due to current trade constraints and uncertainty about trade agreements

Full-line offering with one of the largest installed bases world-wide, focus on roll-out of innovative products and market penetration through cross-selling of secondary and further processing solutions

MEAT



EUR 104.1m revenues 3Q19
10.6% EBIT¹ margin 3Q19
11.5% EBIT¹ margin YTD 2019

- Revenues up 13.5% year-on-year
- The order book for Marel Meat remains robust, with large orders booked in Netherlands, Germany, Mexico and Poland
- Introduction of revolutionary solutions for secondary processing that will transform the pork and beef value chains
- Strengthening ties with meat processors in Oceania with the acquisition of Cedar Creek Company
- Management is targeting medium and long term EBIT¹ margin expansion for Marel Meat

Full-line offering since 2016, focus going forward on strong product development, increased standardization, modularization and market penetration and further cross-selling and up-selling

FISH



EUR 36.6m revenues 3Q19
7.9% EBIT margin 3Q19
6.0% EBIT margin YTD 2019

- Revenues down 3.9% year-on-year
- Order book has been stable with the majority of orders received from the salmon segment. Step up in orders from Latin America
- With the acquisition of Curio, Marel is a step closer to becoming a full-line provider to the global fish industry
- Management is targeting medium and long-term EBIT margin expansion for Marel Fish
- The fourth quarter started strong with two large projects secured in October (Brim and Australis)

Aim to fill certain primary processing applications with innovation and / or M&A to accelerate full-line offering of data-driven processing focused on salmon, wild whitefish and farmed whitefish

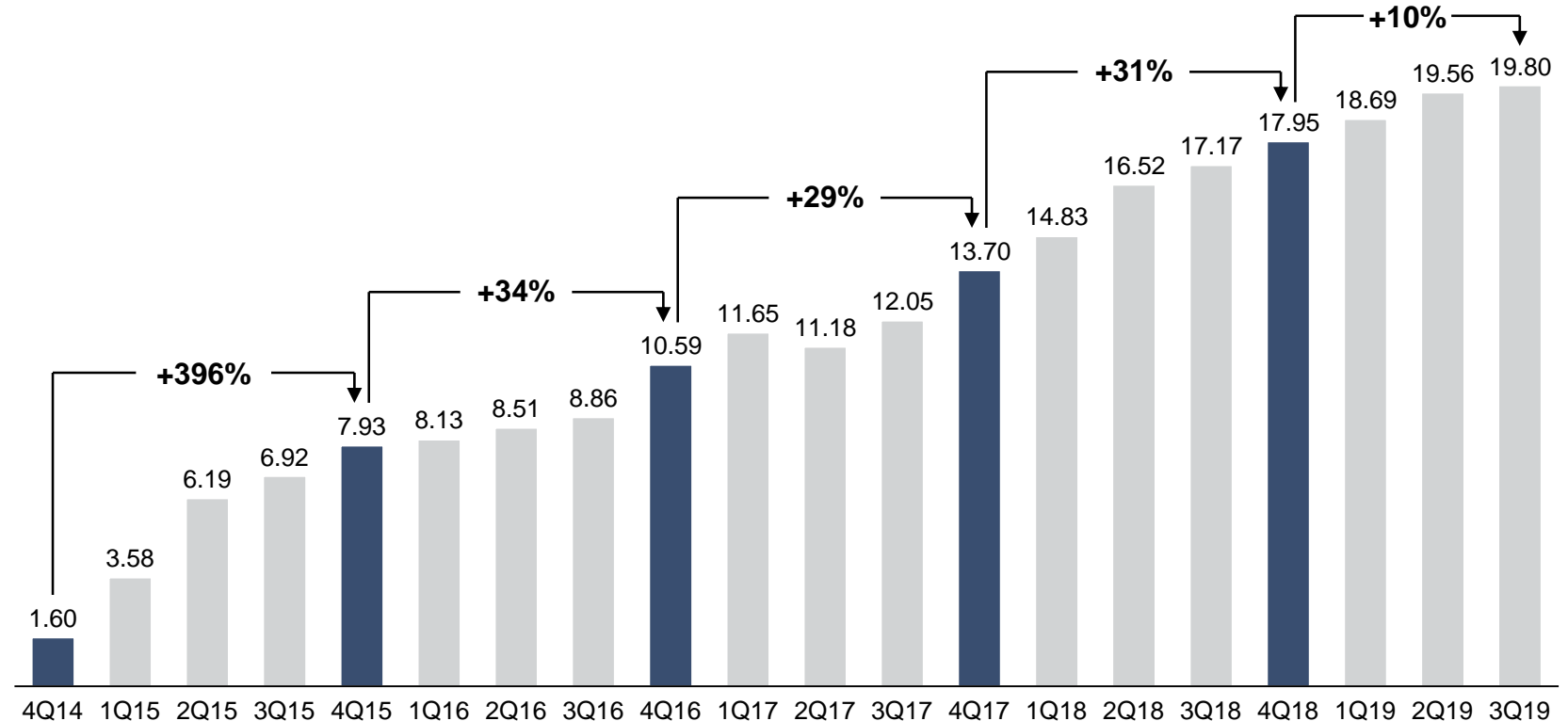
EARNINGS PER SHARE



Favorable development in Earnings per Share (EPS) over recent quarters

- Year-to-date revenues increased by 11.1% while EBIT¹ increased by 11.3%
- Robust growth and operational improvements with best in class cash flow
- Cash flow reinvested in innovation, infrastructure and global reach to sustain growth and value creation
- An offering of 100 million shares issued and sold in connection with the dual listing in 2Q19, increasing the total share capital to 771 million shares
- Dividends paid out in recent years within the targeted dividend policy of 20-40% of net profit

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



¹ Operating income adjusted for purchase price allocation (PPA) costs related to acquisitions.

FINANCIAL PERFORMANCE

LINDA JÓNSDÓTTIR

Chief Financial Officer

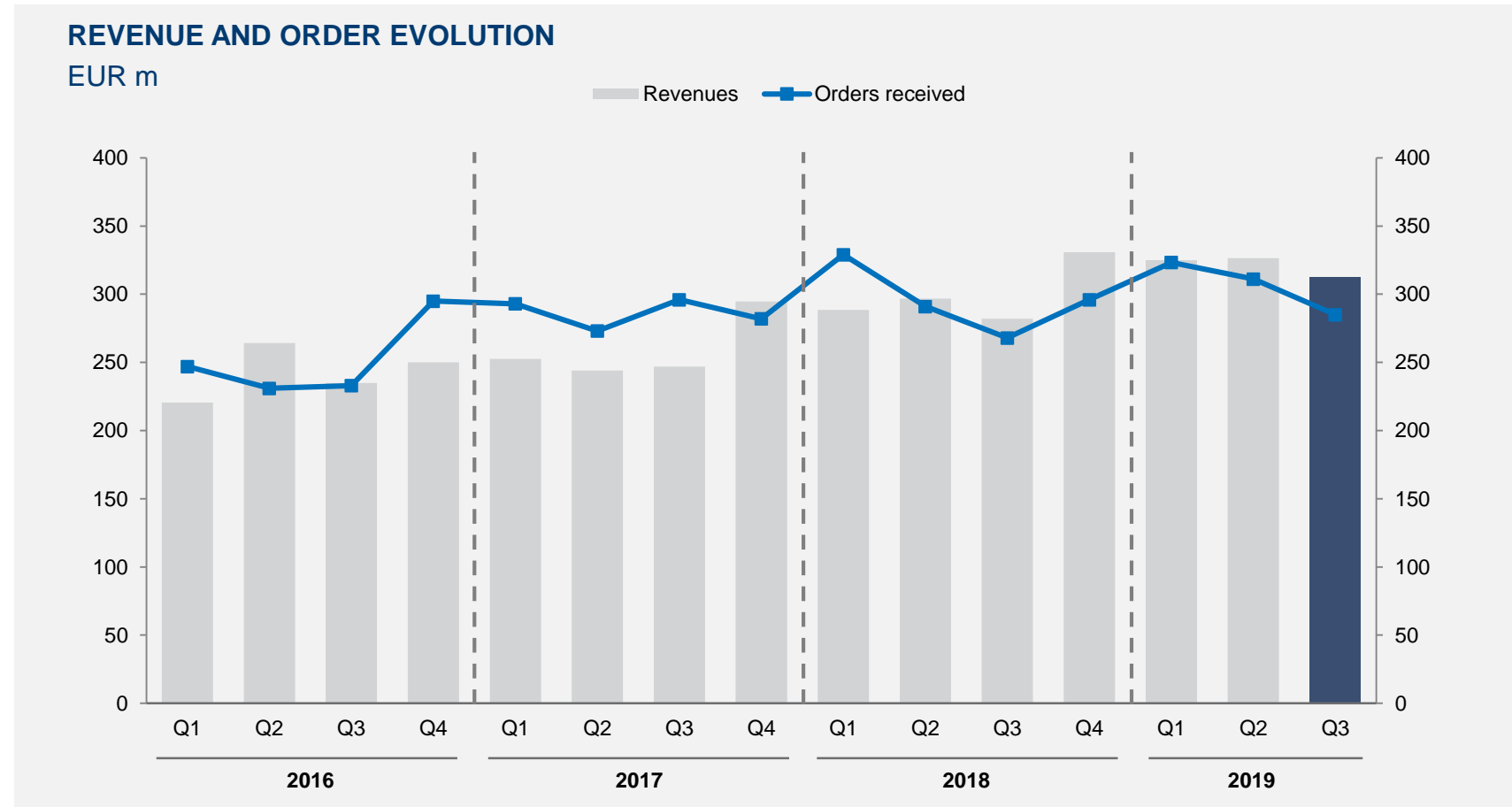


SEASONAL QUARTER WITH SOLID REVENUES



Healthy mix of revenues deriving from greenfields, modernization, and standard equipment, around 37% of revenues derive from service and spare parts sales on the installed base worldwide

- Orders received were EUR 285m, slightly below what we aimed for, up 6.5% YoY
- Revenues in 3Q19 were EUR 313m, up 10.8% YoY
- Book-to-bill ratio was 0.91 in the quarter compared to 0.95 in 2Q19
- Order book was 33% of trailing 12 months revenues
- The order book primarily constitutes greenfield projects and projects with long lead times
- Significant proportion of Marel's revenues derived from the service and spare parts business, in total around 37% of 3Q19 revenues

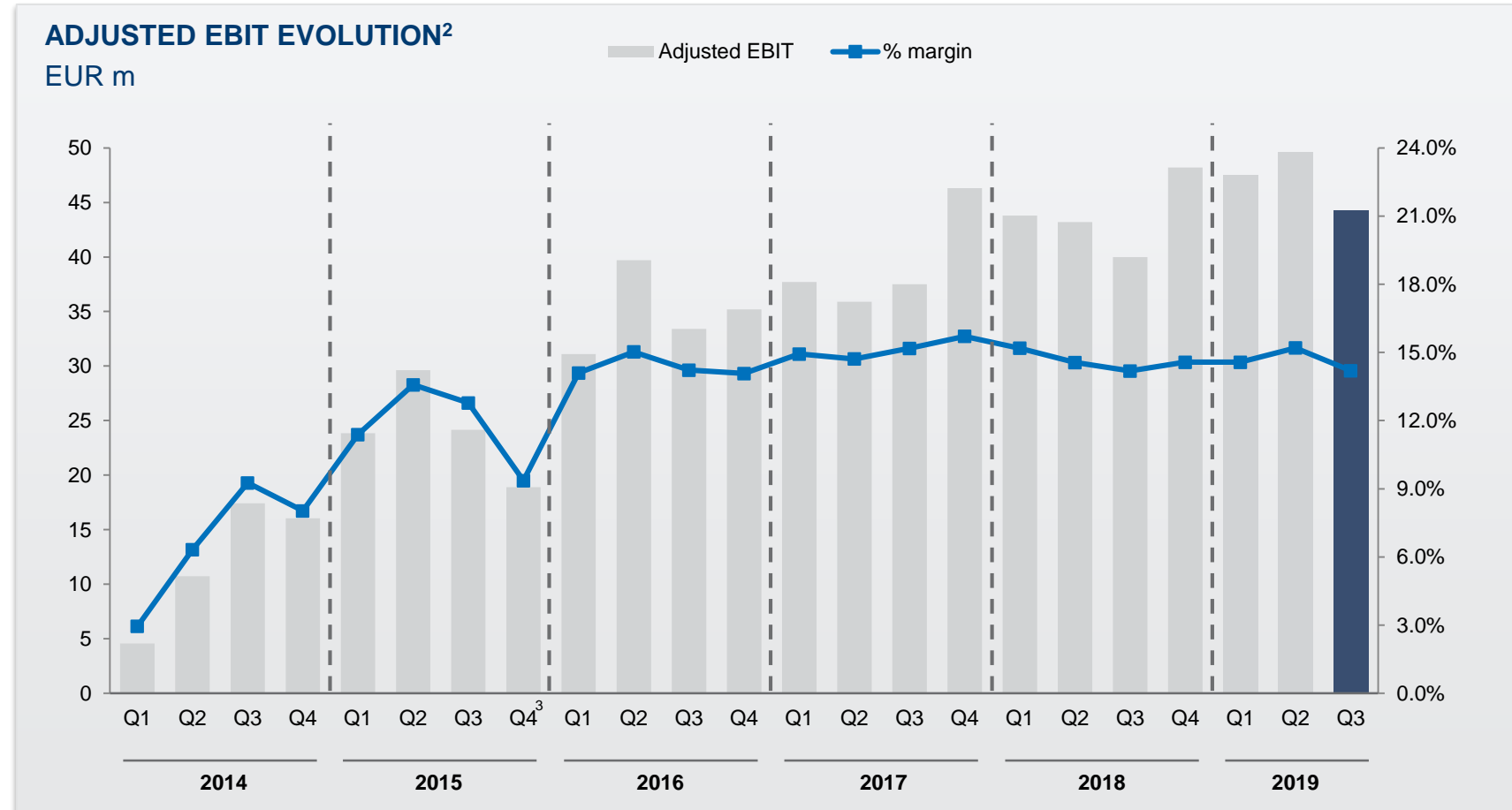


STEADY OPERATIONAL PERFORMANCE



Double-digit revenue growth year-on-year with a solid profit margin of 14.2% EBIT¹

- Revenues increased by 10.8% YoY in 3Q19
- Gross profit margin at 38.2% (3Q18: 39.3%)
- Operational expenses
 - S&M at 11.4% (3Q18: 11.3%)
 - R&D at 6.3% (3Q18: 6.5%)
 - G&A at 6.4% (3Q18: 7.2%)
- EBIT¹ margin of 14.2% in 3Q19 (3Q18: 14.2%). EBIT¹ increasing by 10.8% YoY.
- Fluctuation in adjusted EBIT margins quarter on quarter can be expected, due to product mix and timing of large projects



Source: Company information.

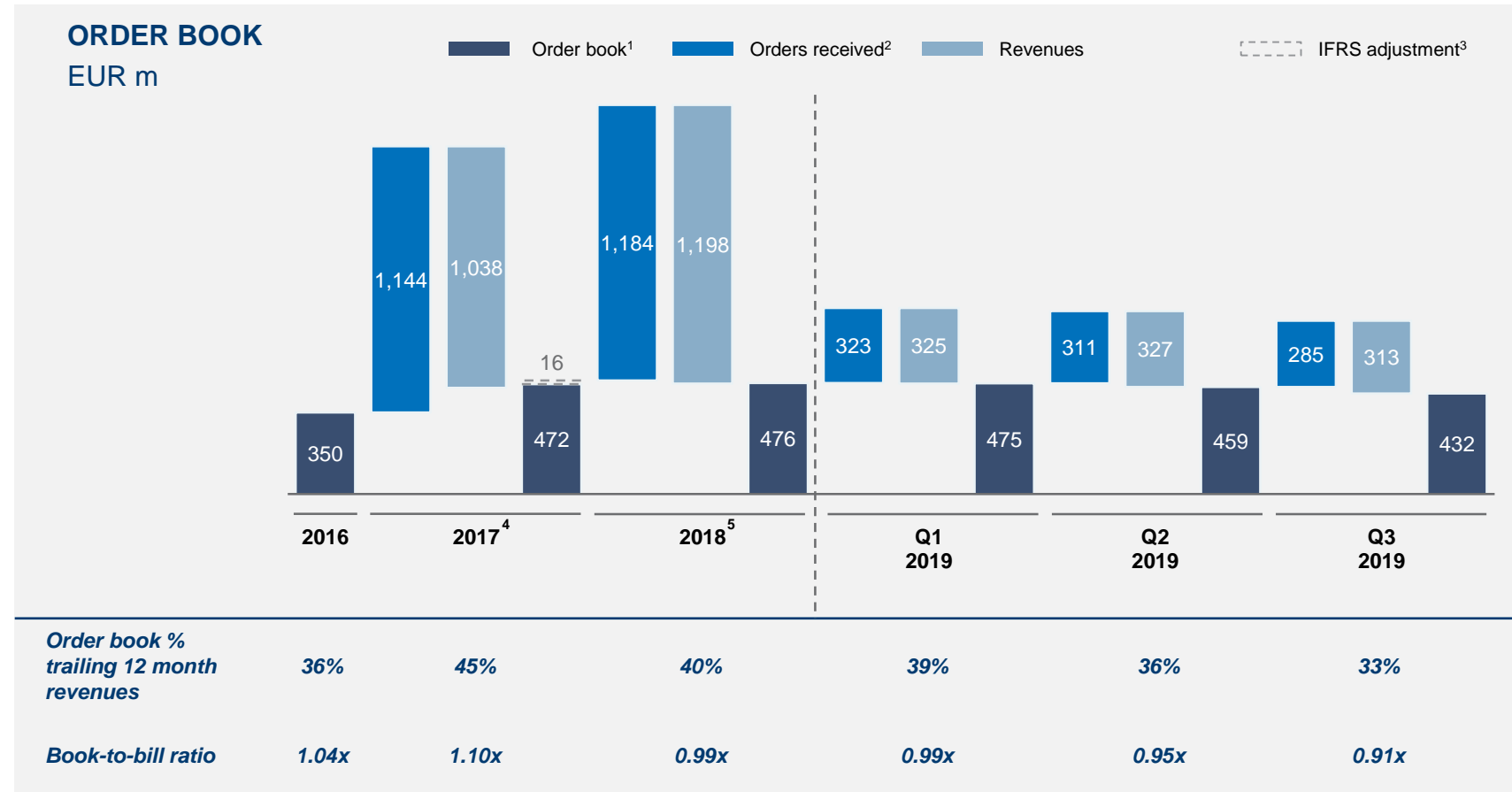
Note: ¹ Operating income adjusted for purchase price allocation (PPA) costs related to acquisitions. ² Adjusted for PPA costs related to acquisitions, from 2016 – 2019 and refocusing costs in 2014 and 2015 relating to “Simpler, Smarter, Faster” programme. PPA refers to amortisation of acquisition-related. (in) tangible assets. ³ Adjusted EBIT in Q4 2015 is not adjusted for 3.3m cost related to the MPS acquisition, which was described in the Company’s Q4 2015 report and recorded in general and administrative expenses.

ORDER BOOK AT THE LEVEL OF EUR 432 MILLION



Orders received were EUR 285 million, up 6.5% year-on-year while revenues were up by 10.8%

- Year-to-date orders received were EUR 920m, up 3.5%
- Order book consists of orders that have been signed and financially secured with down payments and / or letters of credit for the outstanding amount
- Increase in orders in markets where it's more difficult to estimate the timing of fully financially secured orders
- Vast majority of the order book are greenfield projects while spare parts and standard equipment run faster through the system
- Well diversified order book by size with widely spread delivery times



Source: Company information. Note: ¹ The order book reflects Marel's estimates, as of the relevant order book date, of potential future revenues to be derived from contracts for equipment, software, service and spare parts which have been financially secured through down payments and/or letters of credit in line with the relevant contract terms. These estimates reflect the estimated total nominal values of amounts due under the relevant contracts less any amounts recognised as revenues in Marel's financial statements as of the relevant order book date. ² Orders received represents the total nominal amount, during the relevant period, of customer orders for equipment, software, service and spare parts registered by Marel. ³ One-time effect related to the adoption of IFRS 15. ⁴ Including acquired order book of Sulmaq of EUR 17m. ⁵ Including acquired order book of MAJA of EUR 2m.

INCOME STATEMENT: Q3 2019



Gross profit was EUR 119.5 million or 38.2% of revenues and net result was EUR 33.4 million

In EUR million	Q3 2019	Of revenues	Q3 2018	Of revenues	Change
Revenues	312.5		282.0		+10.8%
Cost of sales	(193.0)		(171.3)		+12.7%
Gross profit	119.5	38.2%	110.7	39.3%	+7.9%
Selling and marketing expenses	(35.5)	11.4%	(32.0)	11.3%	+10.9%
Research and development expenses	(19.6)	6.3%	(18.4)	6.5%	+6.5%
General and administrative expenses	(20.1)	6.4%	(20.3)	7.2%	-1.0%
Adjusted result from operations¹	44.3	14.2%	40.0	14.2%	+10.8%
PPA related costs	(2.7)		(2.4)		+12.5%
Result from operations	41.6	13.3%	37.6	13.3%	+10.6%
Net finance costs	(2.0)		(2.9)		-31.0%
Result before income tax	39.6		34.7		+14.1%
Income tax	(6.2)		(8.0)		-22.5%
Net result	33.4	10.7%	26.7	9.5%	+ 25.1%

Note: The income statement as presented above provides an overview of the quarterly Adjusted result from operations, which management believes to be a relevant Non-IFRS measurement.

¹Operating income adjusted for purchase price allocation (PPA) costs related to acquisitions

BALANCE SHEET: ASSETS



Q3 2019 Condensed Consolidated Interim Financial Statements

HIGHLIGHTS

- Total operating working capital in 2019 decreased EUR 5.1m over the quarter
- Inventories rising partly because of increase in fast moving and critical parts
- Cash balance high because of the equity issuance around the listing

ASSETS

In EUR million	30/09 2019	31/12 2018	Change
Property, plant and equipment	178.2	175.6	+1.5%
Right of use assets	35.5	33.3	+6.6%
Goodwill	644.6	641.3	+0.5%
Intangible assets (excluding goodwill)	255.1	267.0	-4.5%
Investments in associates	1.8	-	+100.0%
Trade and other receivables	3.0	3.2	-6.3%
Derivative financial instruments	1.6	1.3	+23.1%
Deferred income tax assets	13.8	10.2	+35.3%
Non-current assets	1,133.6	1,131.9	+0.2%
Inventories	169.7	149.9	+13.2%
Contract assets	58.5	44.0	+33.0%
Trade receivables	132.7	138.8	-4.4%
Other receivables and prepayments	56.7	45.0	+26.0%
Cash and cash equivalents	294.6	56.3	+423.3%
Current assets	712.2	434.0	+64.1%
TOTAL ASSETS	1,845.8	1,565.9	+17.9%

BALANCE SHEET: EQUITY AND LIABILITIES



Q3 2019 Condensed Consolidated Interim Financial Statements

HIGHLIGHTS

- Leverage ratio at 0.5x following the share capital increase in connection with the dual listing
- Leverage well under the targeted capital structure of 2-3x net debt / EBITDA
- Financial strength to support strategic growth in line with the company's growth targets
- Contract liabilities decreased in the quarter due to a decrease in the order book

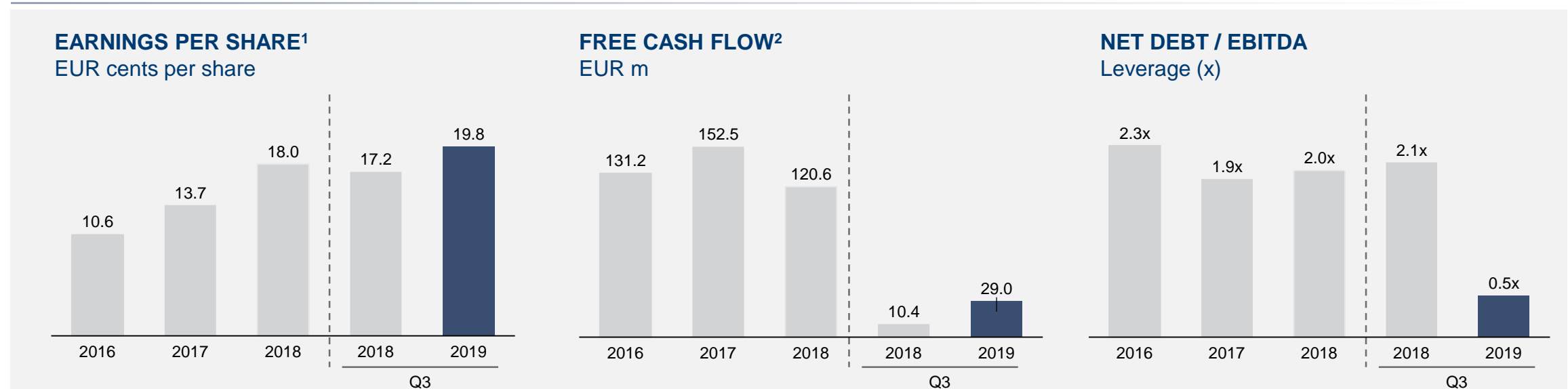
EQUITY AND LIABILITIES

In EUR million	30/09 2019	31/12 2018	Change
Group equity	946.8	560.9	+68.8%
Borrowings	346.4	429.3	-19.3%
Lease liability	27.7	27.1	+2.2%
Deferred income tax liabilities	55.5	57.3	-3.1%
Provisions	10.7	9.2	+16.3%
Other liabilities	3.0	3.0	-
Derivative financial instruments	0.6	1.4	-57.1%
Non-current liabilities	443.9	527.3	-15.8%
Contract liabilities	198.1	212.1	-6.6%
Trade and other payables	211.3	217.0	-2.6%
Current income tax liabilities	4.0	9.3	-57.0%
Borrowings	24.8	24.8	-
Lease liability	8.6	6.7	+28.4%
Provisions	8.3	7.8	+6.4%
Current liabilities	455.1	477.7	-4.7%
Total liabilities	899.0	1,005.0	-10.5%
TOTAL EQUITY AND LIABILITIES	1,845.8	1,565.9	+17.9%

KEY PERFORMANCE METRICS



Proven track record of financial performance and value creation



EPS expected to increase faster than revenue growth

- Consistent and high EPS growth trajectory
- Focus on margin expansion in Marel Meat and Marel Fish and overall operational improvement and value creation
- Basic earnings per share in EUR 4.38 cents in 3Q19, compared to EUR 3.94 cents in 3Q18

Solid cash flow in the quarter

- Solid operational and free cash flow
- Free cash flow was EUR 29.0m compared to EUR 10.4m in 3Q18
- Taxes paid were EUR 11.5m in 3Q19, compared to EUR 6.0m in 3Q18
- Marel continues to invest in the business to prepare for future growth with the objective to achieve its full potential

Capacity for further growth

- Net debt / EBITDA at 0.5x at the end of 3Q19 following the 15% share capital increase in connection with the dual listing
- Financial strength will facilitate future strategic moves in line with the company's growth strategy

Source: Company information.

Note: ¹ Basic earnings per share, trailing twelve months. ² Free cash flow defined as cash generated from operating activities less tax and net investments.

BUSINESS & OUTLOOK

ÁRNI ODDUR THÓRDARSON

Chief Executive Officer





 EXECUTIVE VICE-PRESIDENT OF MAREL POULTRY

ROGER CLAESSENS

Roger Claessens joined the Executive Team in September 2019, taking over from Anton de Weerd. Roger has been with Marel and its predecessors since 2001, most recently as Director of Innovation Marel Poultry.

Roger has extensive knowledge of poultry processing and innovation, having also served as Product Specialist and Manager Process Technology for Marel.

SUCCESSFUL OPENING OF COSTCO'S NEW PLANT



Costco's Lincoln Premium Poultry plant has opened in Nebraska, USA. A great example of how Marel is transforming food processing in partnership with its customers

MILESTONE PROJECT IN MAREL'S HISTORY

- Among the most technologically advanced plants in the world, equipped throughout with high tech full-line solutions from Marel
- Focus on highly automated plant operations that raise animal wellbeing to the highest standard within the industry. Will be a reference and a show-case plant for Marel, providing a great opportunity to introduce Marel's capabilities to clients
- The plant will supply premium poultry products which include the iconic Costco's \$4.99 rotisserie chicken and various fresh chicken products such as thighs, wings and breasts
- Costco's sales of whole roast chicken is reaching the volume of 100 million per year in the US

POSITIVE EFFECT ON THE LOCAL COMMUNITY

- The Nebraska region is the base of significant soya and corn production, important ingredients to chicken farming
- The Lincoln plant will attract investments in wider agricultural activities, logistics and distribution services, boosting the local economy and providing new jobs

WITH LATEST TECHNOLOGIES AND SOFTWARE INSTALLED

- Three parallel processing lines installed, with full-line seamless flow, allowing the plant to process over two million chickens per week in a 360,000 square-foot facility
- With the latest technology, the Lincoln plant will raise yields and quality while reducing waste, making an important contribution towards more sustainable poultry production
- Marel's Innova Food Processing Software provides full traceability throughout the plant, connecting with infeed of supplies as well as products that are traced from farm to fork



FURTHER GROWTH INITIATIVES



With acquisitions, strategic partnerships and investments in innovation, Marel continues to maintain technological industry leadership, secure competitive advantage and support organic growth



ACQUISITION OF CEDAR CREEK COMPANY

- Cedar Creek Company¹ offers proprietary software solutions and hardware, primarily focused on primary processing of meat
- The acquisition will strengthen Marel's software offering and market position in Oceania
- Cedar Creek's innovative solutions and technical know-how are complementary to Innova
- A good long-standing relationship with some of the largest meat and poultry processors in Australia and New Zealand
- Annual revenues around EUR 3m, majority of revenues are recurring²



Flagship product



STRATEGIC PARTNERSHIP WITH TOMRA FOOD

- Strategic partnership on sensor-based sorting and processing technologies to optimize value, reduce waste and increase food safety
- Collaboration on sales and R&D to optimize existing offerings and develop innovative new solutions for the market
- The partners will access each other's distribution and sales networks and develop commercial prospects throughout the supply chain
- Marel will become a sales channel for TOMRA's QVision fat, protein and collagen analyzer

QVision



Source: Company information. Note: ¹ The transaction is subject to customary closing conditions and is expected to close in the fourth quarter of 2019.

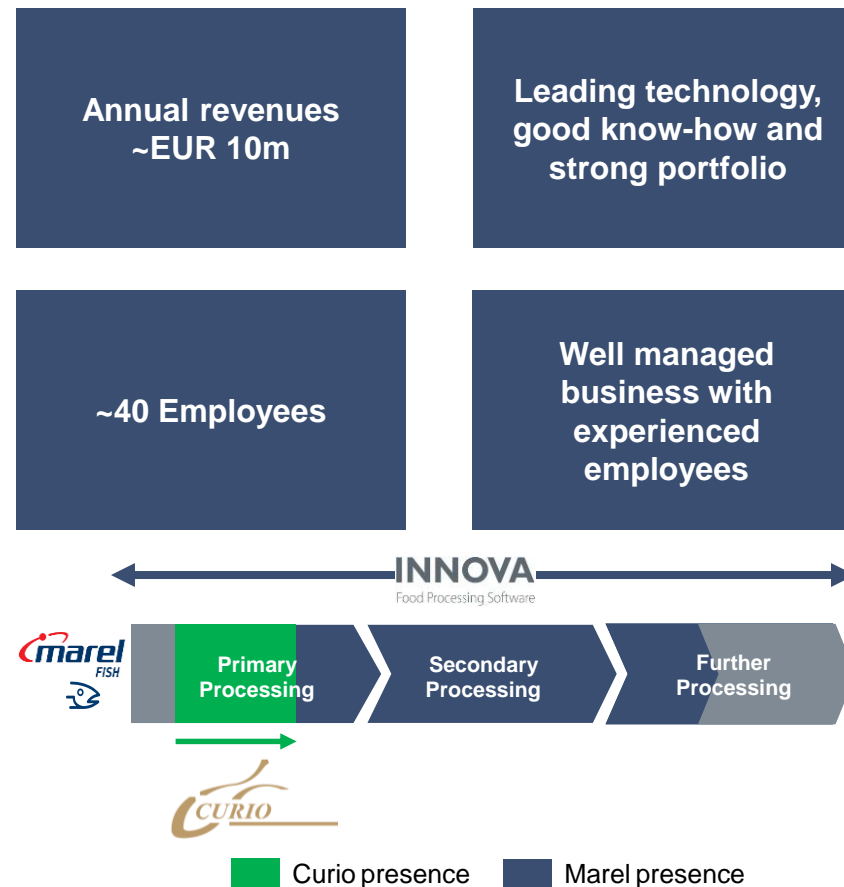
² Majority of service revenues come from service contracts that provide for upgrades and support to customers and service of carcass grading solution

MAREL FISH A STEP CLOSER TO BECOMING A FULL-LINE PROVIDER



Curio is an innovative provider of primary whitefish processing equipment

- Marel enters into an agreement¹ to acquire 50% in Curio with an option to acquire the remaining 50% in four years
- Curio is a leading provider of high-end filleting, deheading and skinning equipment to the whitefish industry
- A family owned company based in Iceland
- Highly complementary product portfolio that strengthens Marel's product offering
- Marel and Curio have worked together before on full-line projects, including Marel's software to enable seamless flow across all processing stages
- Annual revenues of EUR 10m with more than 80% of revenues coming from the Nordics and the UK



Deheading



Filleting



Skinning



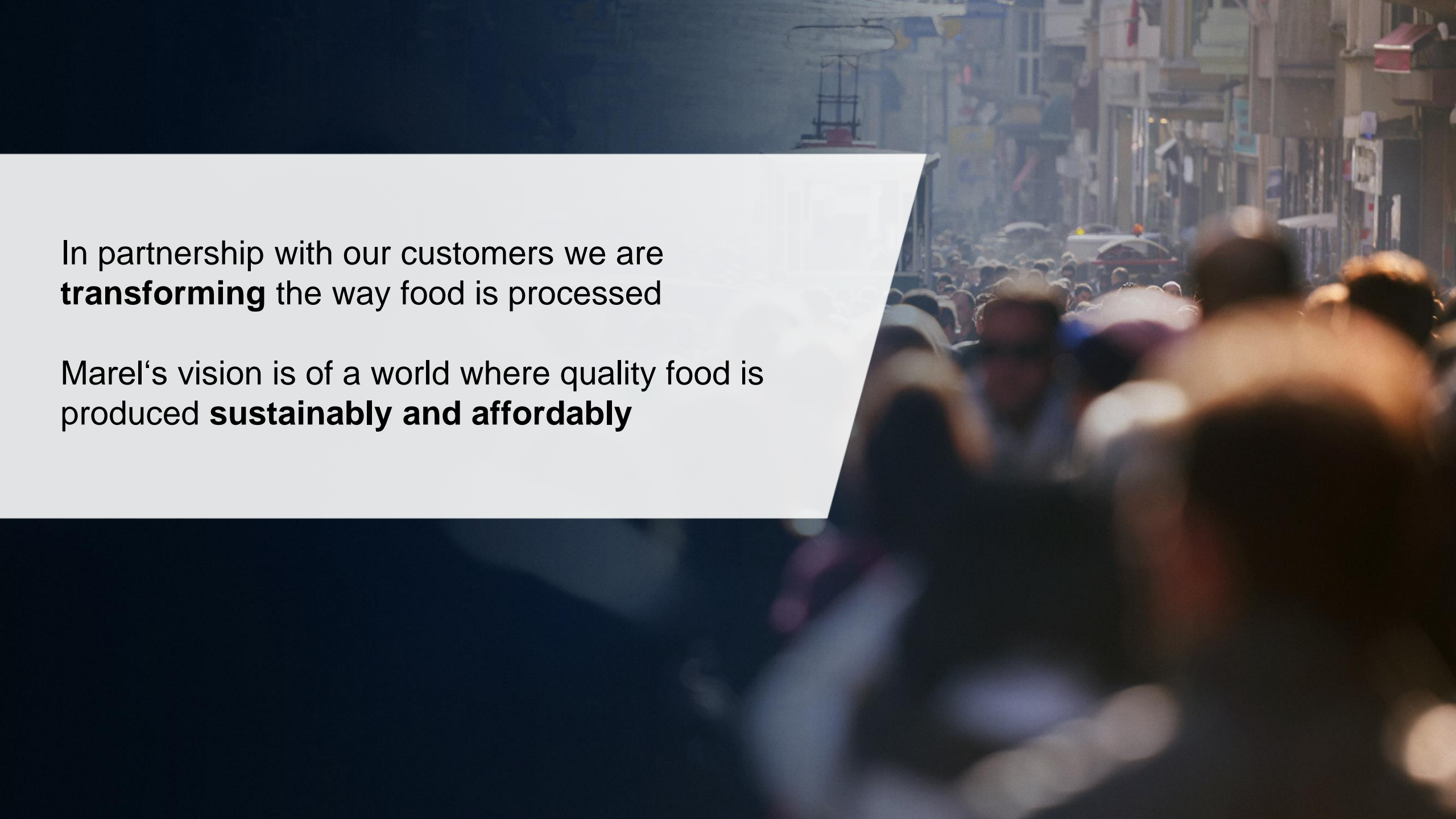
FINANCIAL TARGETS AND DIVIDEND POLICY



Marel is targeting 12% average annual revenue growth from 2017-2026 through market penetration and innovation, complemented by strategic partnerships and acquisitions

	FY17	FY18	9M19	TARGET	
Revenue growth¹	Organic	5.0%	12.5%	-	<p>Market conditions have been exceptionally favorable in recent years but are currently more challenging in light of geopolitical uncertainty. Marel enjoys a balanced exposure to global economies and local markets through its global reach, innovative product portfolio and diversified business mix</p> <p>In the period 2017-2026, Marel is targeting 12% average annual revenue growth through market penetration and innovation, complemented by strategic partnerships and acquisitions</p> <p>Up to 2026, management forecasts 4-6% average annual market growth. Marel aims to grow organically faster than the market, driven by innovation and growing market penetration</p> <p>Solid operational performance and strong cash flow is expected to support 5-7% revenue growth on average by acquisitions</p>
	Acquired	2.1%	2.9%	-	
	Total	7.1%	15.4%	11.1% YoY	
Innovation investment	5.6%	6.2%	6.3%	~6% of revenues	To support new product development and ensure continued competitiveness of existing product offering
Earnings per share (EUR cent)²	13.7	18.0	14.19	EPS to grow faster than revenues	Marel's management targets Earnings per Share to grow faster than revenues
Leverage	1.9x	2.0x	0.5x	Net debt / EBITDA 2-3x	The leverage ratio is targeted to be in line with the targeted capital structure of the company
Dividend policy	30%	30%	-	20-40% of net profit	Dividend or share buyback targeted at 20-40% of net profits. Excess capital used to stimulate growth and value creation, as well as payment of dividends / funding share buybacks

Source: Company information. Note: ¹ Growth is not expected to be linear but based on opportunities and economic fluctuations. Operational results may vary from quarter to quarter due to general economic developments, fluctuations in orders received and timing of deliveries of larger systems. ² Trailing twelve months, EUR cents for fiscal years 2017 and 2018, YTD earnings per share for 2019.



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

Marel's vision is of a world where quality food is produced **sustainably and affordably**

Q&A

ÁRNI ODDUR THÓRDARSON
CEO

LINDA JÓNSDÓTTIR
CFO



THANK YOU



FORWARD-LOOKING STATEMENTS

Statements in this press release that are not based on historical facts are forward-looking statements. Although such statements are based on management's current estimates and expectations, forward-looking statements are inherently uncertain.

We therefore caution the reader that there are a variety of factors that could cause business conditions and results to differ materially from what is contained in our forward-looking statements, and that we do not undertake to update any forward-looking statements.

All forward-looking statements are qualified in their entirety by this cautionary statement.

MARKET SHARE DATA

Statements regarding market share, including those regarding Marel's competitive position, are based on outside sources such as research institutes, industry and dealer panels in combination with management estimates.

Where information is not yet available to Marel, those statements may also be based on estimates and projections prepared by outside sources or management. Rankings are based on sales unless otherwise stated.