

Q2 2019

Investor meeting

25 July 2019

ÁRNI ODDUR THÓRDARSON

Chief Executive Officer



LINDA JÓNSDÓTTIR

Chief Financial Officer



Q2 2019 FINANCIAL HIGHLIGHTS

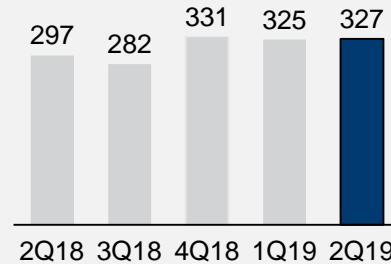


Revenues increased by 10% year-on-year and 15% increase in EBIT¹

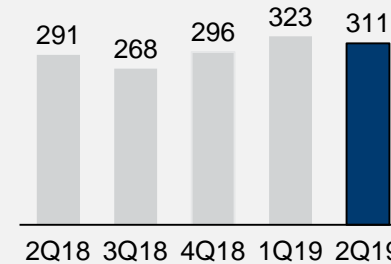
HIGHLIGHTS

- Orders received were EUR 311m, up 6.9% YoY
- Revenues in 2Q19 were EUR 327m, up 10.0% YoY
- EBIT¹ up by 14.8% YoY. EBIT¹ margin of 15.2% in 2Q19
- Book-to-bill ratio was 0.95, and order book stands at 36% of 12 month trailing revenues
- Net profit in 2Q19 was up 16.3% YoY
- Timing impacted cash flow in the quarter, mostly due to work in progress and taxes paid
- Leverage at 0.6x at the end of 2Q19 following the 15% share capital increase

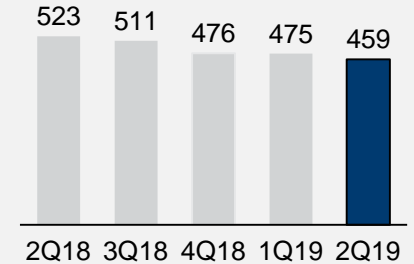
REVENUES
EUR m



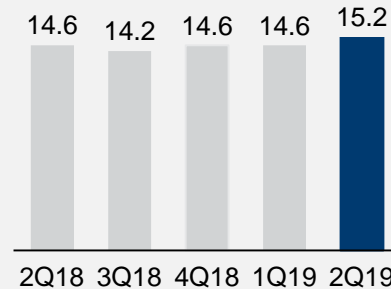
ORDERS RECEIVED
EUR m



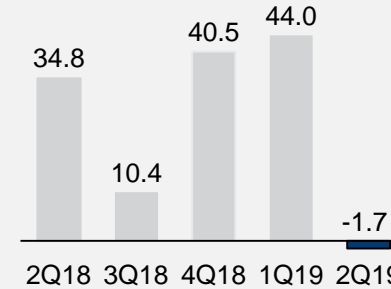
ORDER BOOK
EUR m



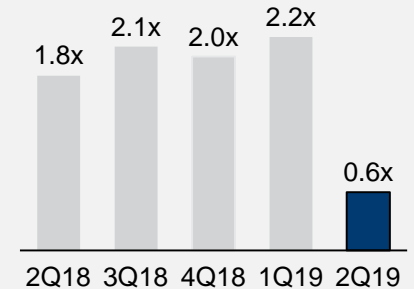
EBIT¹ MARGIN
%



FREE CASH FLOW
EUR m



LEVERAGE
Net debt/EBITDA



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

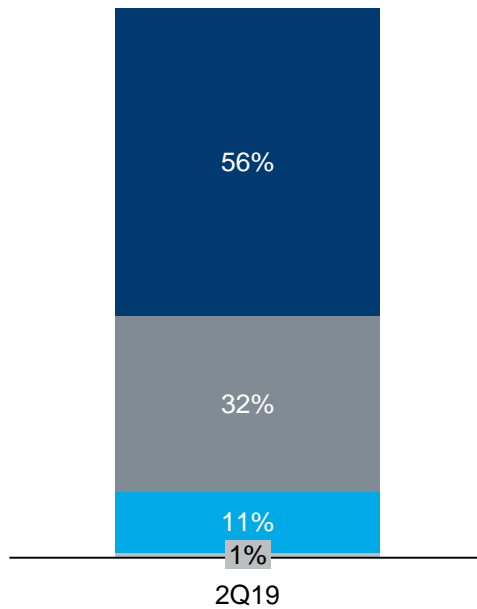
GOOD QUALITY OF EARNINGS



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

REVENUES BY INDUSTRY

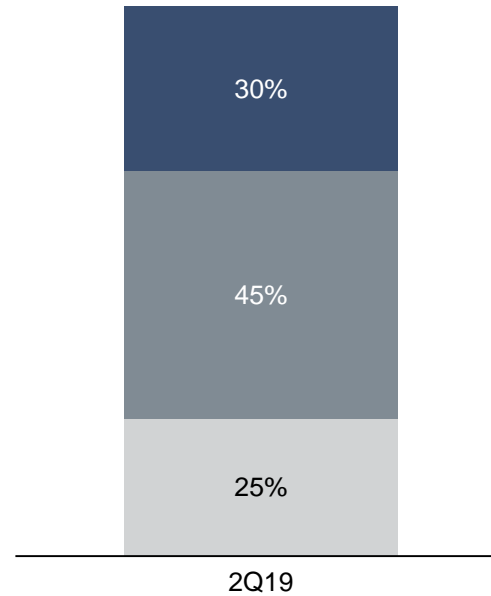
%



- Poultry
- Meat
- Fish
- Other

REVENUES BY GEOGRAPHY

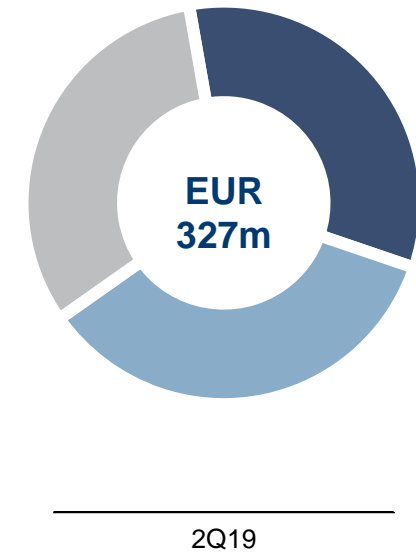
%



- 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 182.5m revenues 2Q19
20.2% EBIT margin 2Q19
18.9% EBIT margin YTD 2019

- Revenues up 17.9% year-on-year, and Marel Poultry continues to deliver strong growth and operational performance as the most advanced industry within Marel
- High growth in maintenance revenues and pipeline building up in standard equipment to advance and modernize existing plants
- Large orders booked in Vietnam, China, Canada and the US. Europe and North America market is softer in new greenfields while demand has shifted to Asia, in particular to China

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 2Q19
11.2% EBIT¹ margin 2Q19
11.9% EBIT¹ margin YTD 2019

- Revenues up 10.5% year-on-year, in part due to strong growth in Russia, Asia and Oceania
- Orders received in the quarter was strong in Meat, specially in primary processing, with large projects booked in the quarter coming from the Netherlands, Russia and Brazil
- Total order book for Marel Meat remains robust with strong momentum in Europe as well as Russia
- Management is targeting medium and long term EBIT¹ margin expansion for Marel Meat

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

FISH



EUR 35.2m revenues 2Q19
2.3% EBIT margin 2Q19
5.0% EBIT margin YTD 2019

- Revenues down 21.3% year-on-year, mainly due to soft orders received in 2H18.
- EBIT is low in the quarter, at a level of 2.3%. Main reason being lower volume to cover operational expenses, although gross profit is at good level. In addition to changes in product mix delay revenue and profit recognition.
- Standard equipment sales at good level and large projects activities picking up in the Nordics and both North and South America
- Management is targeting medium and long-term EBIT margin expansion for Marel Fish

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

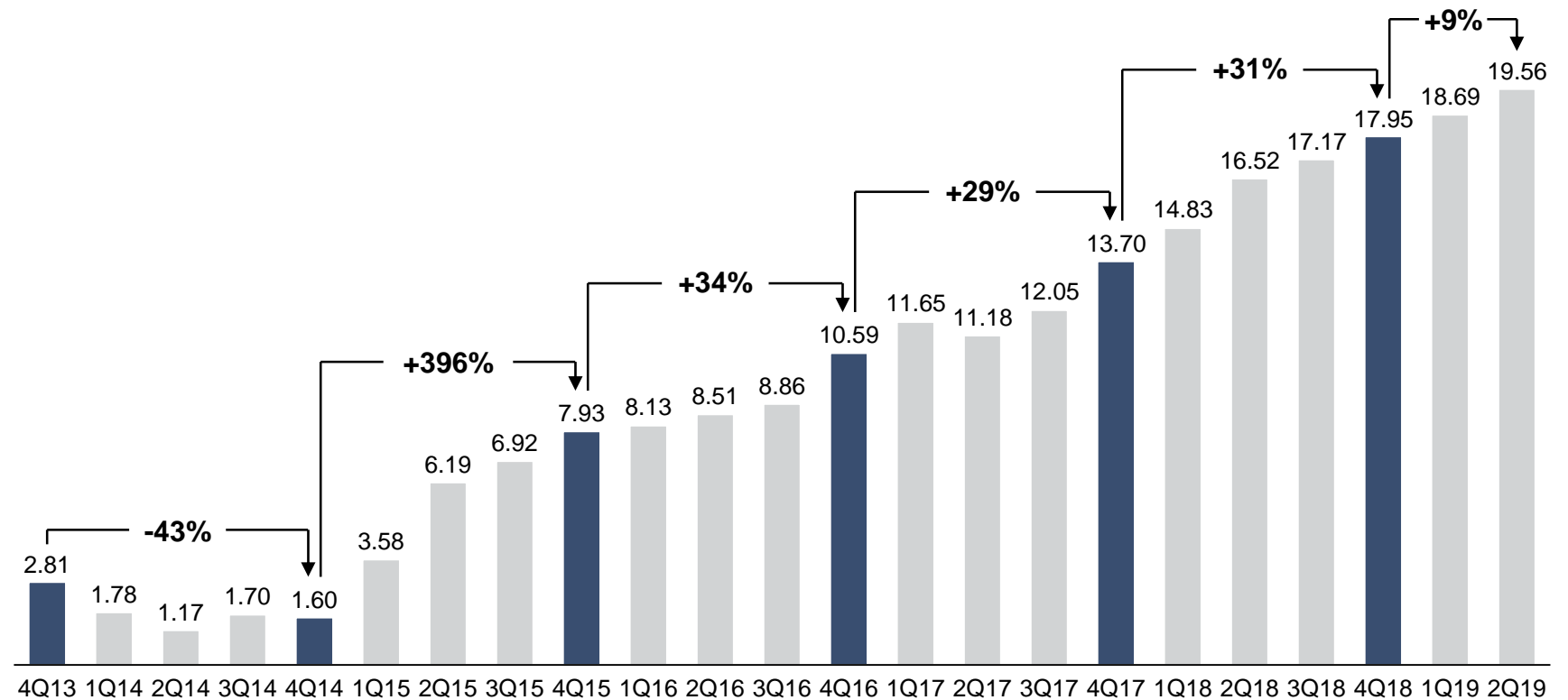
EARNINGS PER SHARE



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

- EBIT¹ increased by 11.6% in 1H19 compared to 11.3% revenue growth over the same period
- 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, 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

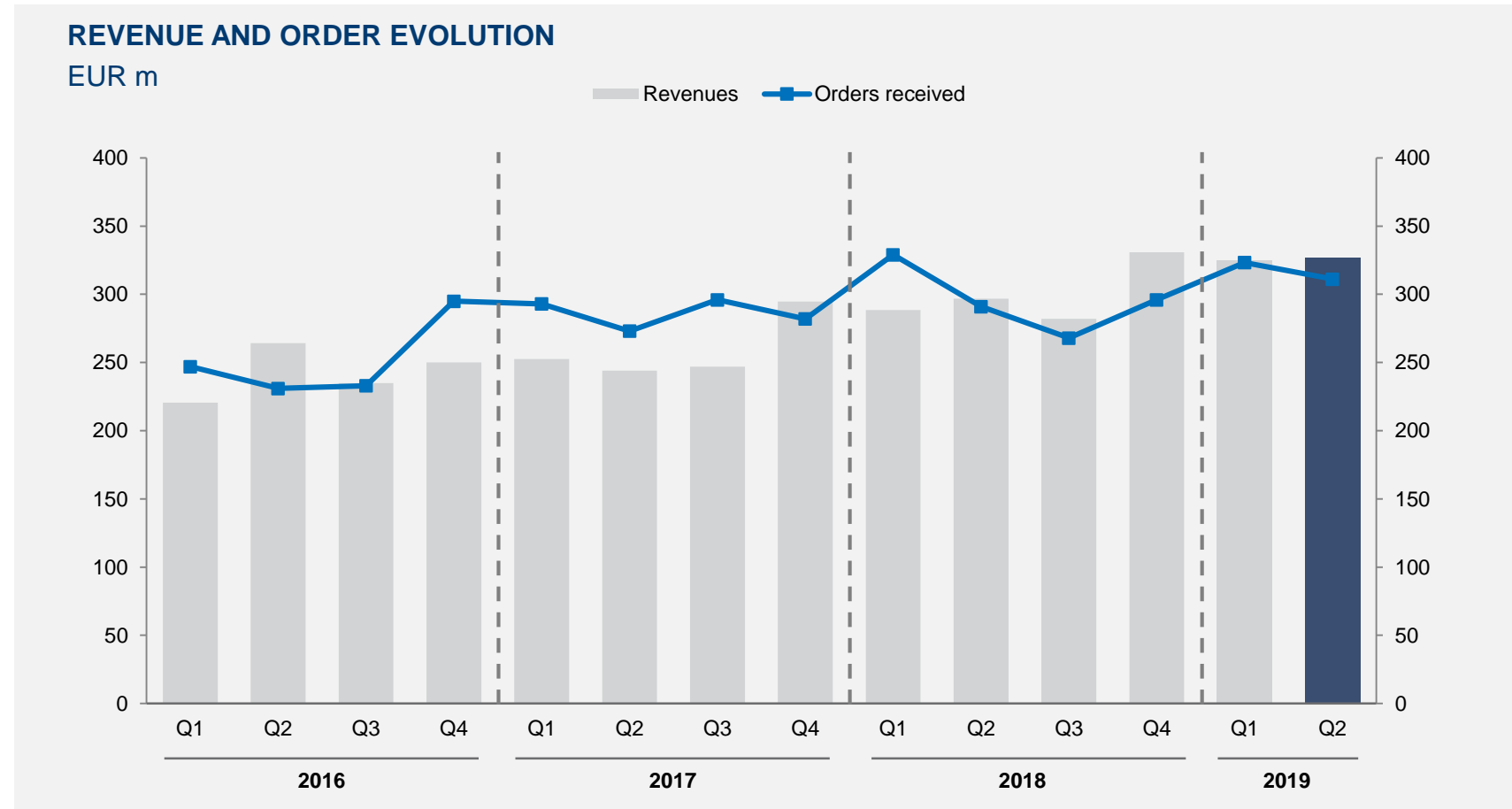


STRONG TOP-LINE GROWTH AND SOLID ORDERS RECEIVED



Healthy mix of revenues deriving from greenfields, modernisation, and standard equipment, around 35% of revenues derive from service and spare parts sales on the installed base world-wide

- Orders received were EUR 311m, up 6.9% YoY
- Revenues in 2Q19 were EUR 327m, up 10.0% YoY
- Book-to-bill ratio was 0.95 in the quarter compared to 0.99 in 1Q19
- Order book was 36% of trailing 12 months revenues and primarily constitutes greenfield projects and large projects with long lead times
- Significant proportion of Marel's revenues derived from the service and spare parts business, in total around 35% of 2Q19 revenues
- A dynamic shift in greenfield orders with growth in Asia, in particular in China, while Europe and North America were softer

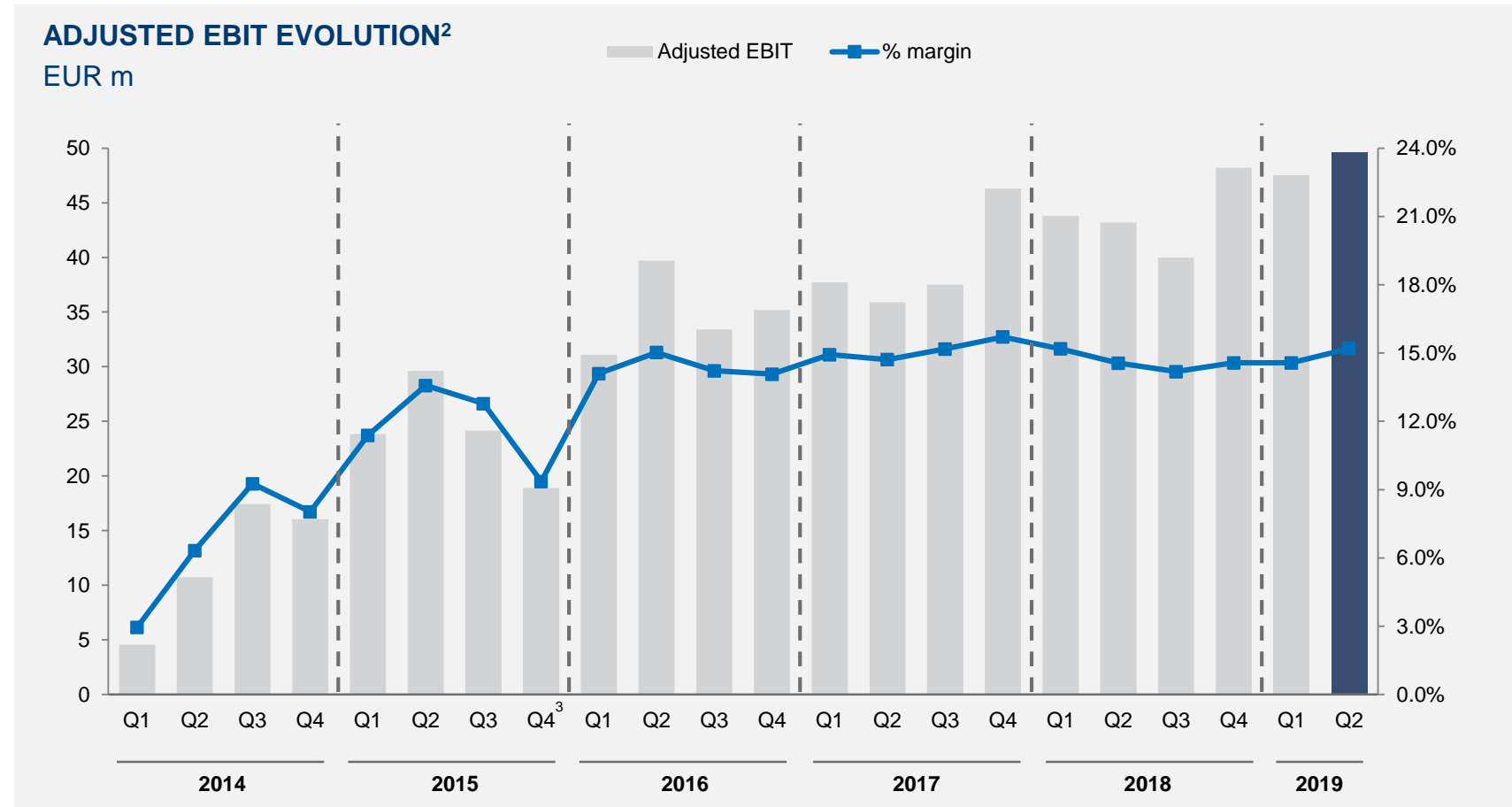


ROBUST OPERATIONAL PERFORMANCE



Strong revenue growth in the quarter of 10.0% YoY with a healthy profit margin of 15.2% EBIT¹

- Revenues increased by 10.0% YoY in 2Q19
- Gross profit margin at 39.9% (2Q18: 38.8%)
- Operational expenses
 - R&D at 6.2% (2Q18: 5.6%)
 - S&M at 12.2% (2Q18: 11.3%)
 - G&A at 6.3% (2Q18: 7.3%)
- EBIT¹ increasing by 14.8% YoY. EBIT¹ margin of 15.2% in 2Q19 (2Q18: 14.6%)
- Fluctuation in adjusted EBIT margins quarter on quarter can be expected as timing of big projects and product mix can have an effect



Source: Company information.

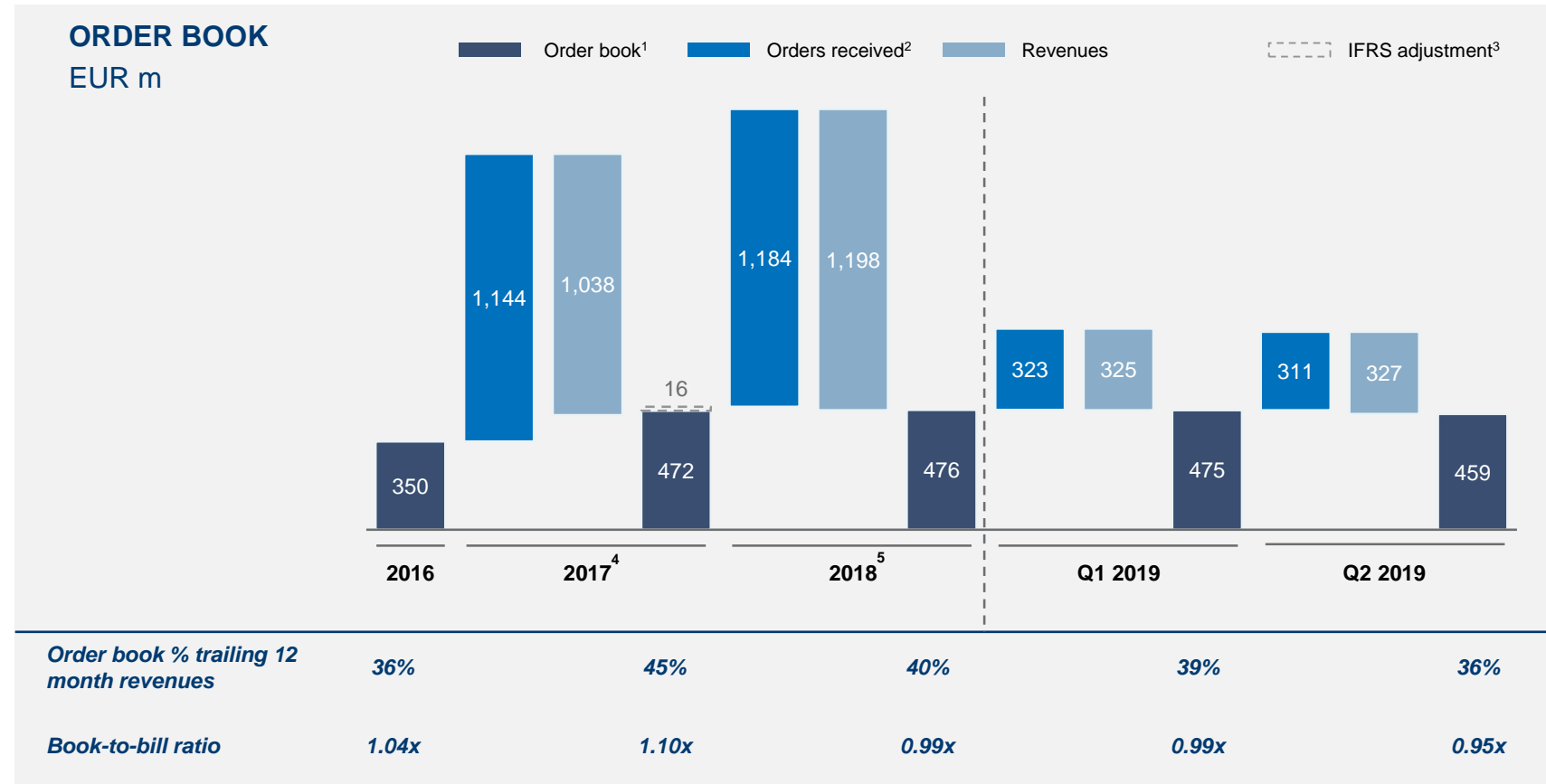
Note: ¹ Operating income adjusted for purchase price allocation (PPA) costs related to acquisitions. ² Adjusted for PPA costs related to acquisitions, from 2016 – 2019 and refocusing costs in 2014 and 2015 relating to “Simpler, Smarter, Faster” programme. PPA refers to amortisation of acquisition-related. (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.

SOLID ORDERS RECEIVED AND REVENUES CLOSE TO RECORD



Order book at 36% of trailing 12 months revenues

- Order book consists of orders that have been signed and financially secured with down payments and / or letters of credit for the outstanding amount
- Meat projects have in general longer lead times than poultry, while fish projects have shorter cycles
- Vast majority of the order book are greenfield projects while spare parts and standard equipment run faster through the system
- Low customer concentration with no customer accounting for >5% of the total revenues
- 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: Q2 2019



Gross profit was EUR 130.2 million or 39.9% of revenues and net result was EUR 34.3 million

In EUR million	Q2 2019	Of revenues	Q2 2018	Of revenues	Change
Revenues	326.5		296.7		+10.0%
Cost of sales	(196.3)		(181.7)		+8.0%
Gross profit	130.2	39.9%	115.0	38.8%	+13.2%
Selling and marketing expenses	(39.7)	12.2%	(33.5)	11.3%	+18.5%
Research and development expenses	(20.4)	6.2%	(16.7)	5.6%	+22.2%
General and administrative expenses	(20.5)	6.3%	(21.6)	7.3%	-5.1%
Adjusted result from operations¹	49.6	15.2%	43.2	14.6%	+14.8%
PPA related costs	(2.7)		(2.3)		+17.4%
Result from operations	46.9	14.4%	40.9	13.8%	+14.7%
Net finance costs	(2.5)		(3.1)		-19.4%
Result before income tax	44.4		37.8		+17.5%
Income tax	(10.1)		(8.3)		+21.7%
Net result	34.3	10.5%	29.5	9.9%	+16.3%

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. The income statement as presented in the Condensed Consolidated Financial Statements is shown in the appendix.

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

BALANCE SHEET: ASSETS



Q2 2019 Condensed Consolidated Interim Financial Statements

HIGHLIGHTS

- Total operating working capital in 2019 changed close to EUR 34m over the quarter mostly due to increase in contract assets and inventories
- Inventories rising partly because of volume and partly because of increase in fast moving parts to secure shorter delivery times
- The work-in-progress (contract assets) build up in the quarter is a timing matter while the inventory build up is a special initiative to shorten lead times in spares and standard equipment
- Cash balance increasing because of the equity issuance around the listing, part of the funds used to repay revolving facilities

ASSETS

In EUR million	30/06 2019	31/12 2018	Change
Property, plant and equipment	178.5	175.6	+1.7%
Right of use assets	35.7	33.3	+7.2%
Goodwill	644.1	641.3	+0.4%
Intangible assets (excluding goodwill)	259.3	267.0	-2.9%
Investments in associates	1.8	-	+100.0%
Trade and other receivables	3.2	3.2	-
Derivative financial instruments	1.4	1.3	+7.7%
Deferred income tax assets	15.7	10.2	+53.9%
Non-current assets	1,139.7	1,131.9	+0.7%
Inventories	165.3	149.9	+10.3%
Contract assets	59.4	44.0	+35.0%
Trade receivables	142.2	138.8	+2.5%
Other receivables and prepayments	61.8	45.0	+37.3%
Cash and cash equivalents	276.7	56.3	+391.5%
Current assets	705.4	434.0	+62.5%
TOTAL ASSETS	1,845.1	1,565.9	+17.8%

BALANCE SHEET: EQUITY AND LIABILITIES



Q2 2019 Condensed Consolidated Interim Financial Statements

HIGHLIGHTS

- Leverage ratio 0.6x net debt / EBITDA at end of 2Q19 following the share capital increase
- Financial strength to support strategic growth in line with the company's growth targets
- Contract liabilities (production contracts) reflect down payments from customers on projects that will be produced

EQUITY AND LIABILITIES

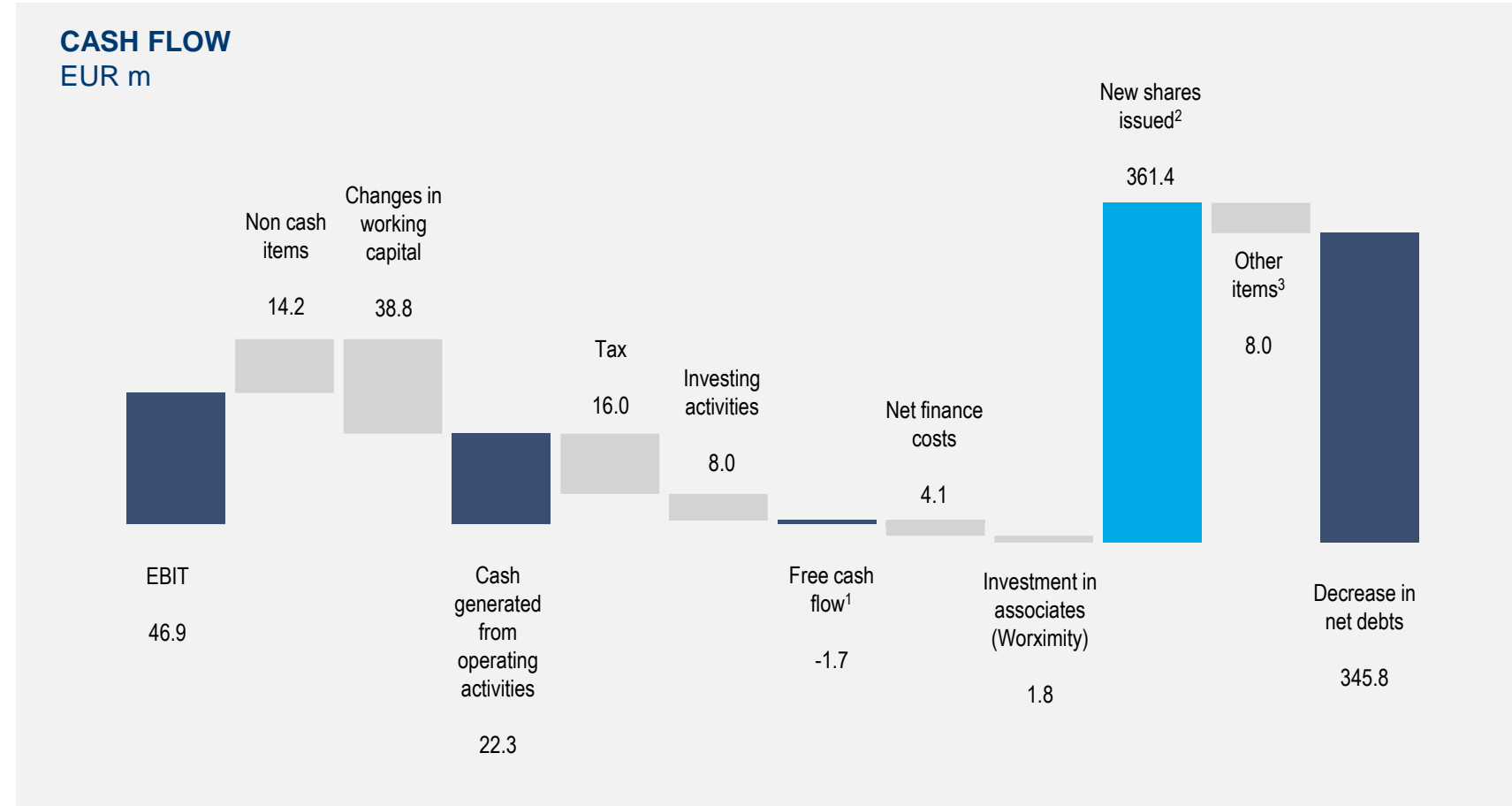
In EUR million	30/06 2019	31/12 2018	Change
Group equity	911.7	560.9	+62.5%
Borrowings	342.6	429.3	-20.2%
Lease liability	27.5	27.1	+1.5%
Deferred income tax liabilities	56.9	57.3	-0.7%
Provisions	10.4	9.2	+13.0%
Other liabilities	3.1	3.0	+3.3%
Derivative financial instruments	0.4	1.4	-71.4%
Non-current liabilities	440.9	527.3	-16.4%
Contract liabilities	210.1	212.1	-0.9%
Trade and other payables	222.7	217.0	+2.6%
Current income tax liabilities	18.3	9.3	+96.8%
Borrowings	24.8	24.8	0.0%
Lease liability	8.5	6.7	+26.9%
Provisions	8.1	7.8	+3.8%
Current liabilities	492.5	477.7	+3.1%
Total liabilities	933.4	1,005.0	-7.1%
TOTAL EQUITY AND LIABILITIES	1,845.1	1,565.9	+17.8%

CASH FLOW



In the quarter, main impact on cash flow was due to timing of work in progress and taxes paid

- Cash flow, both operational and free cash flow unusually low in the quarter
- Investments were at a lower level than previous quarters with EUR 9.8m (2Q18: EUR 12.6m) as facility investments are scaling down after a period of significant investments
- Book-to-bill ratio of 0.95 and timing of work in progress negatively impact cash flow
- Net debt decreased by EUR 345.8m between quarters and part of the cash from the equity issue was used to repay revolving loan facilities
- In June 2019, Marel signed an agreement to acquire a minority stake in Canadian software company Worximity Technology Inc.



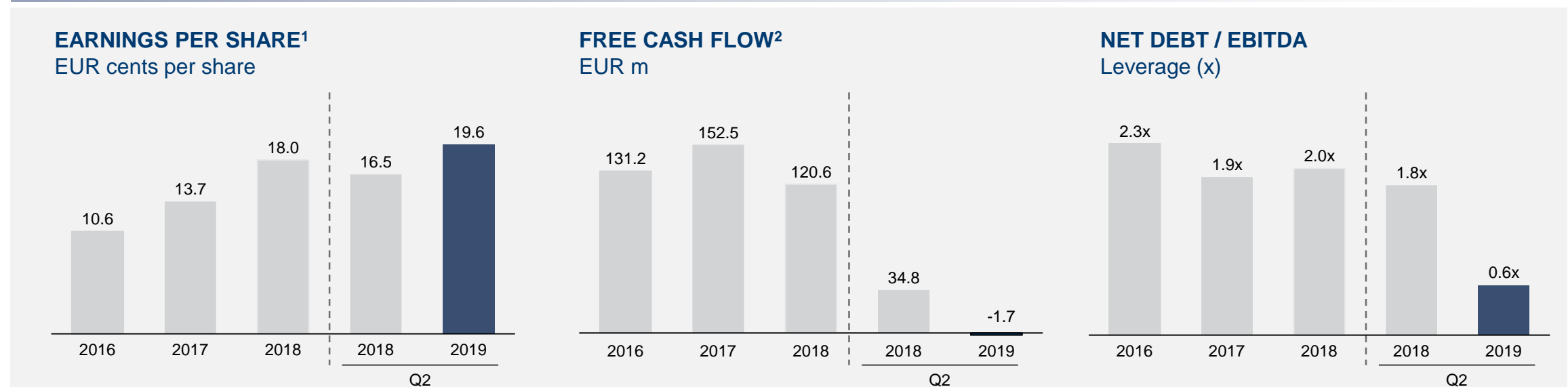
Note: ¹ Free cash flow defined as cash generated from operating activities less tax and net investments.

² Excluding transaction costs of EUR 8.6m. ³ Currency effect, change in capitalized finance charges and cost of lease liabilities.

KEY PERFORMANCE METRICS



Proven track record of earnings results and value creation



Consistent and high EPS growth trajectory

- Earnings per share expected to increase faster than revenue growth subject to continuing operational improvement and value creation

Free cash flow was EUR -1.7m (2Q18: EUR 34.8m)

- Operational cash flow before taxes and investment is at low level mainly due to increase in work-in-progress and the increase in inventories
- Taxes paid was EUR 16m in 2Q19, compared to EUR 9m in 2Q18
- Marel continues to invest in the business to prepare for future growth with the objective to achieve its full potential

Stable leverage in recent years

- Net debt / EBITDA at 0.6x at the end of 2Q19 following the share capital increase in connection with the dual listing
- Financial strength to support strategic growth in line with the company's growth targets

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





Listed since 1992



EURONEXT

Listed since June 2019



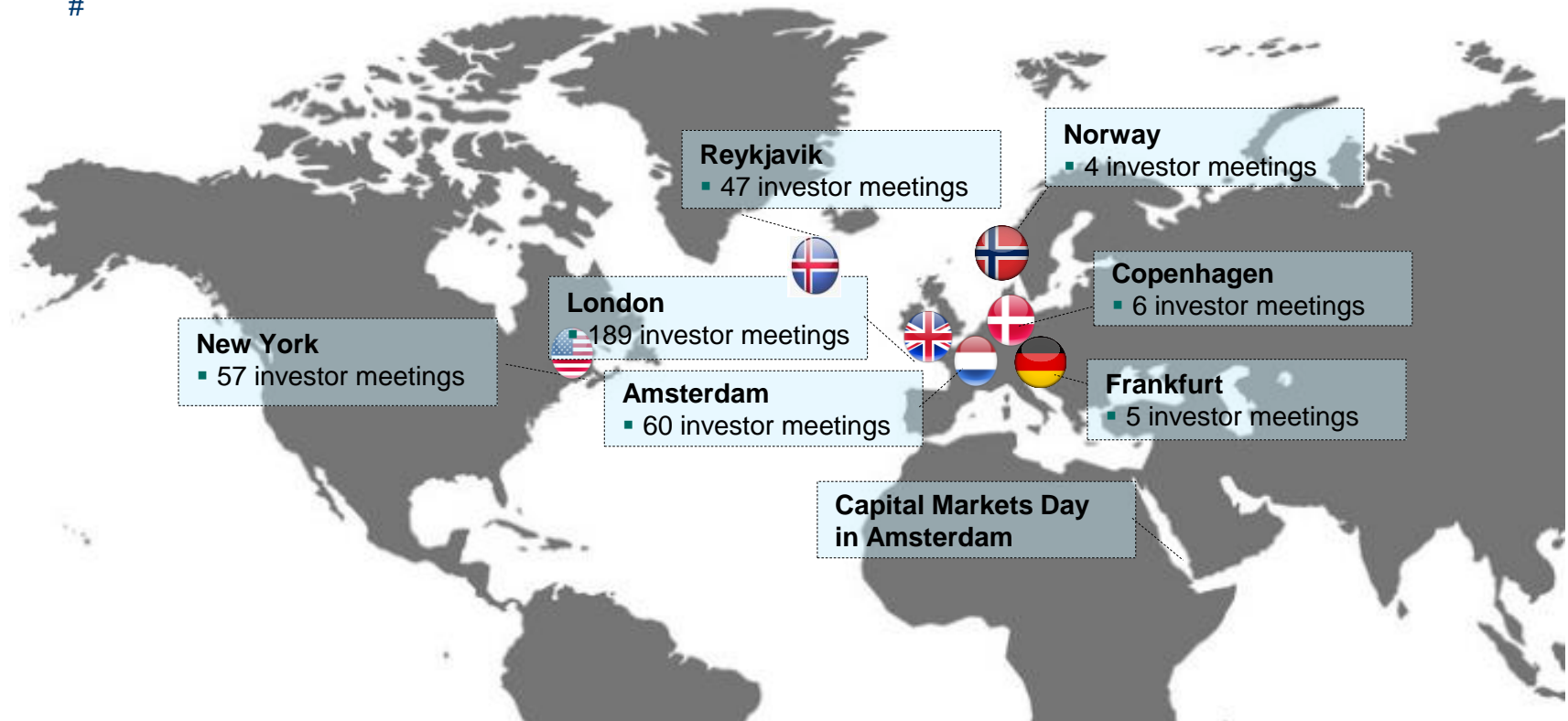
EXTENSIVE INVESTOR EDUCATION

The proportion of international shareholders now around 30%, compared to 3% at 2018 AGM when the review of the possible listing alternatives was announced

- A high quality Management investor education program including cornerstone commitment of EUR 100m enabled a first day book coverage and momentum into the book building process
- The IPO engaged a wide global investor audience, anchored by some of the largest tier 1 long only investors
- Well-attended Capital Markets Day held in May 2019, including a customer site visit and continuous updates during results periods
- After the Euronext listing, the free float is 75%
- One class of shares fully fungible between the two markets, 19% of total shares currently listed on Euronext

EXTENSIVE INVESTOR EDUCATION ACROSS EUROPE AND US

#



ALL KEY OBJECTIVES MET



Goal was to expand the international investor base, increase brand awareness, realize a more liquid aftermarket and provide an acquisition currency to support long term growth ambition

	Access to international investor base	<ul style="list-style-type: none">• High quality order book with long only institutional investors, including cornerstone investors were allocated around 79% of shares, hedge funds around 16% and 5% retail investors from Iceland and the Netherlands• More than 4,700 investors participated in the offering, compared to the approximate 2,500 shareholders in Marel prior to the dual-listing and international shareholdings of Marel rose from 3% at 2018 AGM to 30% after listing
	Improved liquidity and fair trading	<ul style="list-style-type: none">• The Euronext Amsterdam listing will support the next phase of our growth, as liquid and tradable shares are an important acquisition currency• Share price was set at EUR 3.70 and opened at EUR 3.85 with a close on the first day of trading at EUR 3.90• Shares are trading well in the aftermarket, shares on NASDAQ Iceland moved in line with the Euronext Amsterdam shares.
	Acquisition currency	<ul style="list-style-type: none">• Many of our potential acquisition targets are well-run family-owned companies and by offering them Marel shares listed in EUR on an international stock exchange, they can become a part of the Marel growth story going forward
	Analyst coverage	<ul style="list-style-type: none">• Six international equity analysts are actively following Marel, in addition to Icelandic analysts• Marel stock is not yet included in any global indices
	Fungibility of shares	<ul style="list-style-type: none">• Share fungibility is working with one class of shares across Euronext Amsterdam and NASDAQ Iceland• Free market arbitration stabilizing price levels between markets• Net 30 million of shares have transferred from Nasdaq Iceland to Euronext Amsterdam post dual listing

INVESTING IN GROWTH



Target of 12% average annual revenue growth in 2017-2026, capitalizing on R&D investments and strengthening the value chain organically and via strategic investments

INNOVATION

R&D
commitment of
~6%
of revenues

ORGANIC

Annual market growth
expected at
4-6%

...driven by innovation and
market penetration, Marel
aims to grow faster than
market

STRATEGIC

Annual revenue growth
expected at
5-7%

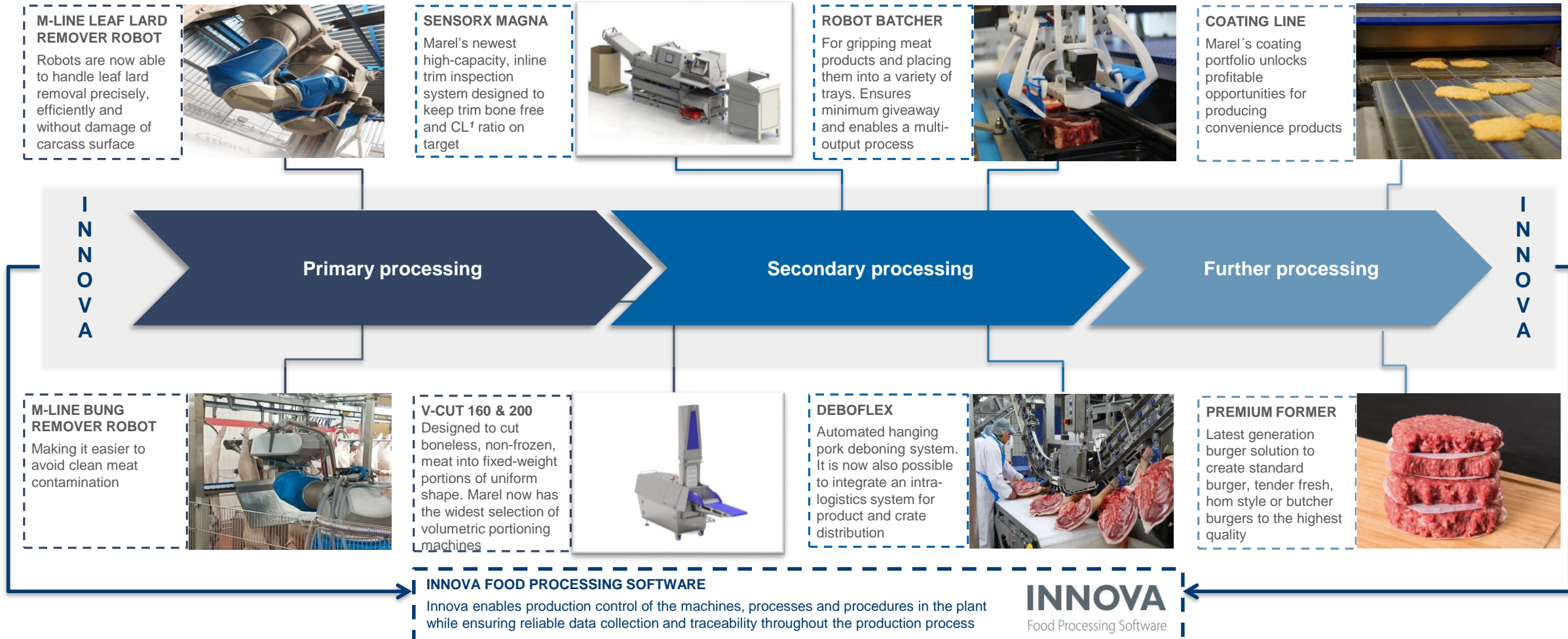
...acquisition growth
to accelerate full line offering
and market penetration

Growth is not expected to be linear but based on
opportunities and economic fluctuations

INNOVATION IN MAREL MEAT



At IFFA Marel Meat introduced 20 new solutions covering the meat processing value chain, setting standards for flexibility, efficiency, food safety, traceability and product diversity.



Source: Company information. Note: ¹ Chemical lean ratio.

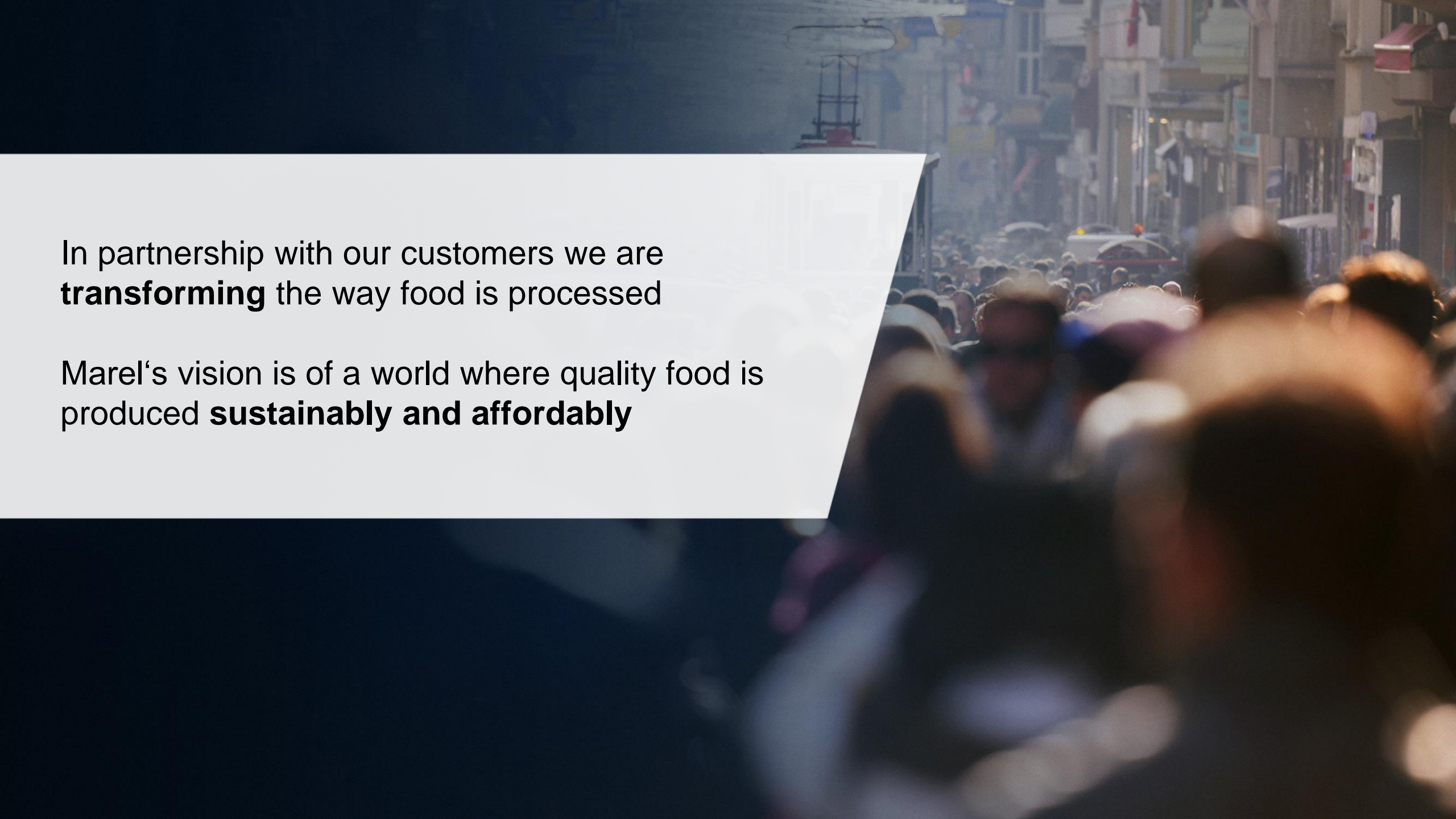
FINANCIAL TARGETS AND DIVIDEND POLICY



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

		FY17	FY18	1H19	TARGET			
Revenue growth¹	Organic	5.0%	12.5%	-	12% average annual revenue growth in 2017-2026¹	<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%	11.3% 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	9.9			EPS to grow faster than revenues	Marel's management targets Earnings per Share to grow faster than revenues
Leverage		1.9x	2.0x	0.6x	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.



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.