

Marel Q4 2017 results

(All amounts in EUR)

Strong close of a great year

Q4 2017 – Good execution led to higher volumes and EBIT

- Orders received were EUR 282m (3Q17: 296m and 4Q16: 294m).
- Revenues were EUR 295m (3Q17: 247m and 4Q16: 250m).
- EBIT* was EUR 46m (3Q17: 38m and 4Q16: EUR 35m), translating to an EBIT* margin of 15.7% (3Q17: 15.2% and 4Q16: 14.0%).
- Cash flow from operating activities before interest and tax in the quarter was EUR 65m (4Q16: 74m).
- Earnings per share (EPS) were EUR 4.81 cents in the quarter (4Q16: 3.17 cents).

Full year 2017 – Above EUR 1bn in revenues and 15% EBIT

- Orders received were EUR 1,144m in 2017 (2016: 1,013m pro forma).
- Revenues were EUR 1,038m (2016: 983m pro forma).
- EBIT* was EUR 157m, translating to an EBIT margin of 15.2% (2016: 143m pro forma and 14.6% respectively).
- The order book was EUR 472m at year-end (2016: 350m).
- Cash flow from operating activities before interest and tax over the year was EUR 236m (2016: 179m).
- Net debt/EBITDA was x1.9 at year-end (YE16: x2.3) which is fully in line with the targeted capital structure of x2-3 net debt/EBITDA. In 2017, Marel purchased EUR 63.4m worth of treasury shares and finalized the acquisition of Sulmaq for an amount equal to the enterprise value of EUR 26m.
- Earnings per share (EPS), trailing twelve months, were EUR 13.70 cents (2016: 10.59 cents).

The Board of Directors has proposed a dividend of EUR 4.19 cents per share for the operating year 2017, the equivalent of approximately 30% of 2017 net results. In addition, the Board of Directors has authorized management to purchase own shares for nominal value of 20 million.

Since listing on Nasdaq Iceland in 1992, Marel has with good support from shareholders delivered compounded average annual growth of over 20% and created excellent value for its stakeholders. As part of Marel's ambitious growth strategy, the Company has decided to evaluate potential listing alternatives to further advance its global vision and drive continued shareholder returns. Marel is currently in the process of engaging an independent international advisor for this purpose.

Arni Oddur Thordarson, CEO:

"We had a strong close of a great year. In 2017, we had record orders received of EUR 1,144 million, up 13% between years. Our business is about advancing food processing. In recent years we have also been advancing Marel. We have prioritized investments and strengthened processes to be able to deliver complex solutions to customers at the right time and quality. We have also been adding resources to cope with the increased load. Today, we are team of 5,400 dedicated members in over 30 countries.

Our committed team delivered record revenues of EUR 295 million in the fourth quarter, an 18% increase in revenues compared with the same period last year. Volumes and revenues increased faster than costs, leading to robust operational results. For the full year, revenues were over EUR 1 billion with 15% EBIT. In light of the good results delivered in 2017 and robust order book, we expect strong organic revenues growth in 2018.

We drive organic growth and value creation with innovation and market penetration, supported by strategic partnerships and acquisitions. In partnership with our customers, we are transforming the way food is processed."

Key figures from Marel's operations in millions of EUR unless stated otherwise

Proforma figures ¹⁾	Q4	Q4	Change	YTD	YTD	Change
	2017	2016		2017	2016	
Revenues	294.8	250.0	17.9%	1,038.2	983.0	5.6%
Gross profit	116.9	101.2	15.5%	406.7	404.6	0.5%
Gross profit as a % of Revenues	39.6%	40.5%		39.2%	41.2%	
Adjusted result from operations (EBIT) ²⁾	46.2	35.1	31.8%	157.4	143.5	9.7%
Adjusted EBIT as a % of Revenues ²⁾	15.7%	14.0%		15.2%	14.6%	
EBITDA	56.0	47.3	18.2%	192.0	179.7	6.8%
EBITDA as a % of Revenues	19.0%	18.9%		18.5%	18.3%	
Adjustment for amortization of acquisition-related (in)angible assets	(2.4)	(6.7)		(17.1)	-	
Result from operations (EBIT)	43.9	28.4	54.6%	140.3	118.9	18.0%
EBIT as a % of Revenues	14.9%	11.4%		13.5%	12.1%	
Orders Received	281.5	294.5	-4.4%	1,143.7	1,012.8	12.9%
Order Book				472.1	349.5	35.1%

¹⁾ Proforma figures include MPS for the full first quarter in 2016.

²⁾ Operating income adjusted for amortization of acquisition-related (in)angible assets (PPA)

As per financial statements	Q4	Q4	Change	YTD	YTD	Change
	2017	2016		2017	2016	
Revenues	294.8	250.0	17.9%	1,038.2	969.7	7.1%
Gross profit	116.9	101.2	15.5%	406.7	397.0	2.4%
Gross profit as a % of Revenues	39.6%	40.5%		39.2%	40.9%	
Adjusted result from operations (EBIT) ²⁾	46.2	35.1	31.8%	157.4	139.4	13.0%
Adjusted EBIT as a % of Revenues ²⁾	15.7%	14.0%		15.2%	14.4%	
EBITDA	56.0	47.3	18.2%	192.0	175.4	9.4%
EBITDA as a % of Revenues	19.0%	18.9%		18.5%	18.1%	
Adjustment for amortization of acquisition-related (in)angible assets	(2.4)	(6.7)		(17.1)	(24.6)	
Result from operations (EBIT)	43.9	28.4	54.6%	140.3	114.8	22.3%
EBIT as a % of Revenues	14.9%	11.4%		13.5%	11.8%	
Net result	33.7	22.5	49.7%	96.9	75.8	27.9%
Net result as a % of revenues	11.4%	9.0%		9.3%	7.8%	
Orders Received	281.5	294.5	-4.4%	1,143.7	1,006.1	13.7%
Order Book				472.1	349.5	35.1%

²⁾ Operating income adjusted for amortization of acquisition-related (in)angible assets (PPA).

Cash flows	Q4	Q4	YTD	YTD
	2017	2016		
Cash generated from operating activities, before interest & tax	65.2	74.4	236.2	179.0
Net cash from (to) operating activities	50.8	65.2	195.6	137.1
Investing activities	(18.1)	(13.5)	(77.7)	(408.1)
Financing activities	(26.6)	(32.5)	(122.2)	220.4
Net cash flow	6.2	19.2	(4.3)	(50.6)
Financial position			YTD	YTD
Net Interest Bearing Debt			365.1	403.6
Operational working capital ³⁾			1.8	50.6

³⁾ Third party Debtors, Inventories, Net Work in Progress and Third party Creditors.

Key ratios	Q4	Q4	YTD	YTD
	2017	2016		
Current ratio			0.8	1.0
Quick ratio			0.6	0.6
Number of outstanding shares (millions)			693.8	714.0
Market cap. in billions of Euros based on exchange rate at end of period			1.9	1.5
Return on equity	25.3%	18.5%	18.2%	15.6%
Earnings per share in euro cents	4.81	3.17	13.70	10.59
Leverage adjusted result ⁴⁾			1.9	2.2

⁴⁾ Net Interest Bearing Debt / LTM EBITDA

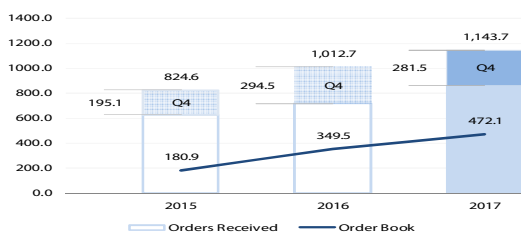
Performance of Marel

- **Orders received at an all-time high**
- **Production load was well managed in 4Q17**
- **Strong earnings growth and healthy profit margin**
- **Strong cash flow enables substantial investments in innovation and the future platform**

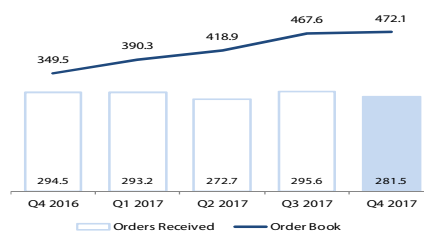
Orders received at an all-time high

Order Book & Orders Received

Full year 2017



Q4 2017



Marel is reaping the benefits of a steady flow of innovative products with standard building blocks and a full line offering. Orders received in 2017 reached EUR 1,144m over the course of the year, up 13% compared to EUR 1,013m in 2016. Despite the EUR 282m of orders received in the fourth quarter, QoQ was down 4% which reflects the strong development of orders received over the last few quarters.

The order book was EUR 472m at year-end, or close to 0.45 of trailing twelve month revenues. The order book includes the acquired order book of Sulmaq for EUR 17m. Greenfields and projects with long lead times constitute the vast majority of the order book. The strong order book provides a good foundation for the operational year 2018.

Production load was well managed in 4Q17

Revenues & adjusted operating result

Full year 2017

	2017	2016	Change
Revenues	1038.2	983.0	5.6%
Adjusted result from operations (EBIT) ¹⁾	157.4	143.5	9.7%
Adjusted EBIT as a % of Revenues ¹⁾	15.2%	14.6%	

Q4 2017

	Q4 2017	Q4 2016	Change
Revenues	294.8	250.0	17.9%
Adjusted result from operations (EBIT) ¹⁾	46.2	35.1	31.8%
Adjusted EBIT as a % of Revenues ¹⁾	15.7%	14.0%	

¹⁾ Operating income adjusted for amortization of acquisition-related (in) tangible assets (PPA).

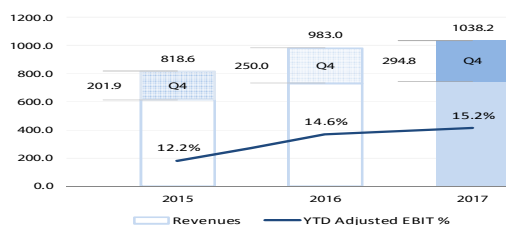
Ramp up of production was well managed in 4Q17 delivering high revenues of EUR 295m.

In order to deliver the right quality at the right time, production was ramped up in 4Q17 and more focus is being placed on Sales and Operational Planning (S&OP) internally. The recently implemented co-location product strategy has allowed for better production management of equipment load fluctuations. Outsourcing was a key success factor in improved management of the production load in 4Q17. Our recently extended Nitra facility (Slovakia) will also enable for improvements to production load management going forward.

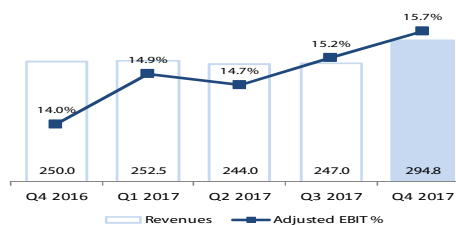
Strong earnings growth and healthy profit margin

Revenues & Adjusted EBIT %

Full year 2017



Q4 2017



We continue to deliver strong earnings growth with a healthy profit margin of approximately 15% EBIT* for eight quarters in a row. Revenues in 2017 were EUR 1,038m with an adjusted EBIT of EUR 157m or 15.2% EBIT* margin. In comparison, pro forma revenues in 2016 were EUR 983m with an adjusted EBIT of EUR 143m or 14.6% EBIT* margin.

The fourth quarter was one of the best ever for Marel, mainly due to the ramp up of production capacity in poultry. At the same time, operational costs rose at a slower pace, leading to higher EBIT*. This resulted in an increase in EBIT* to EUR 46m in 4Q17 from EUR 35m in 4Q16. All industries delivered higher revenues in 4Q17 compared with previous quarters.

Strong cash flow enables substantial investments in innovation and the future platform

Cash flow was exceptionally good in 2017. Free cash flow amounted to EUR 153m in 2017, and EUR 37m in 4Q17. Marel continues to invest in the business to prepare for future growth and full potential. Investment activities are expected to be, on average, above normalized levels for the coming period.

Net interest bearing debt decreased by EUR 39m in 2017, despite the fact that Marel acquired Sulmaq for an amount equal to the enterprise value of EUR 26m and purchased EUR 63.4m worth of treasury shares, thereof EUR 6.8m was in order to fulfill obligations of stock option agreements and the remainder to facilitate future acquisitions. Net debt/EBITDA was x1.9 at YE17, compared to x2.3 at YE16, fully in line with the targeted capital structure of x2-3 net debt/EBITDA.

Net result in 4Q17 was EUR 34m, up 50% from EUR 23m in 4Q16, translating to Earnings per share (EPS, trailing 12 months) of EUR 4.81 cents in 4Q17 (4Q16: EUR 3.17 cents).

Net result in 2017 was EUR 97m, up 28% compared to EUR 76m in 2016, rendering EPS of EUR 13.70 cents (2016: EUR 10.59 cents).

In Q2 2017, Marel secured an extension to and amendments of its long term financing at favorable terms and conditions reflecting its financial strength and current market conditions. The all senior loan facilities are approximately 640 million EUR with initial interest terms EURIBOR/LIBOR +185 bps that will vary in line with Marel's leverage ratio (Net debt/EBITDA) at the end of each quarter. The final maturity is in May 2022. This provides Marel with increased strategic and operational flexibility to support the ambitious growth plan introduced at Marel's Annual General Meeting in March 2017.

Marel Poultry - full year 2017

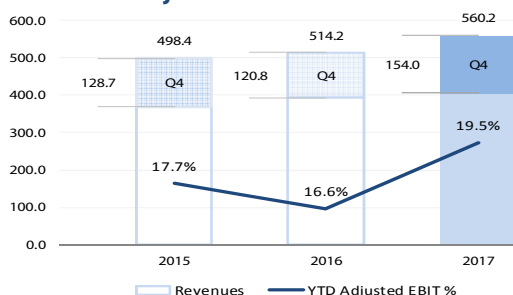
Key figures

in millions of EUR

	2017	2016	Change
Revenues	560.2	514.2	8.9%
Adjusted result from operations (EBIT) ¹⁾	109.5	85.3	28.4%
Adjusted EBIT as a % of Revenues ¹⁾	19.5%	16.6%	

¹⁾ Operating income adjusted for amortization of acquisition-related (in) tangible assets (PPA).

Revenues & Adjusted EBIT in millions of EUR



Marel Poultry - Q4 2017

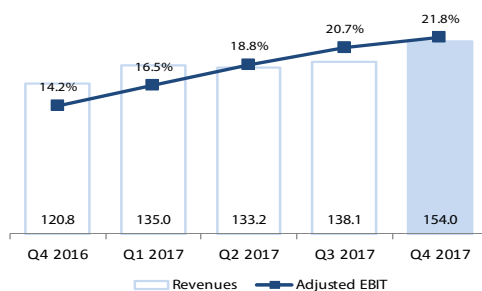
Key figures

in millions of EUR

	Q4 2017	Q4 2016	Change
Revenues	154.0	120.8	27.5%
Adjusted result from operations (EBIT) ¹⁾	33.6	17.2	95.5%
Adjusted EBIT as a % of Revenues ¹⁾	21.8%	14.2%	

¹⁾ Operating income adjusted for amortization of acquisition-related (in) tangible assets (PPA).

Revenues & Adjusted EBIT in millions of EUR



Marel Poultry

Full year 2017

Marel Poultry delivered very strong results in 2017 after introducing a steady flow of innovative solutions that strengthens the full line offering through standardized building blocks. Its solid operational performance was positively impacted by good market conditions, a balanced product mix, robust orders received and volumes.

Marel Poultry accounted for 54% of Marel's total revenues in 2017. Marel Poultry generated EUR 560m in revenues and EUR 110m in EBIT (19.5% EBIT margin) for the full year 2017. This is a 9% increase in revenues and 28% increase from the EBIT of EUR 85m in 2016 (16.6% EBIT margin). Facilitated by good flexibility in the supply chain organization, orders booked off as revenues were at the highest level ever in Poultry.

Q4 2017

Orders received in 4Q17 included some large orders from the US and Italy. Projects were well distributed geographically and between different products.

Revenues in 4Q17 were the highest ever for Poultry at EUR 154m, up 27% (4Q16: EUR 121m). Due to the record high revenues, the order book decreased over the quarter and still shows a strong level going into 2018. These high revenues ensured that the EBIT was very high for the quarter or EUR 34m, up 95% YoY (4Q16: 17m). The EBIT margin was 21.8%, compared to 14.2% in 4Q16 and is positively impacted by the high margin orders booked off.

Marel Meat - full year 2017

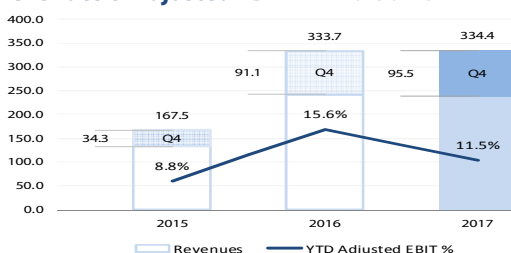
Key figures

in millions of EUR

	2017	2016	Change
Revenues	334.4	333.7	0.2%
Adjusted result from operations (EBIT) ¹⁾	38.5	51.9	-25.8%
Adjusted EBIT as a % of Revenues ¹⁾	11.5%	15.6%	

¹⁾ Operating income adjusted for amortization of acquisition-related (in) tangible assets (PPA).

Revenues & Adjusted EBIT in millions of EUR



Marel Meat - Q4 2017

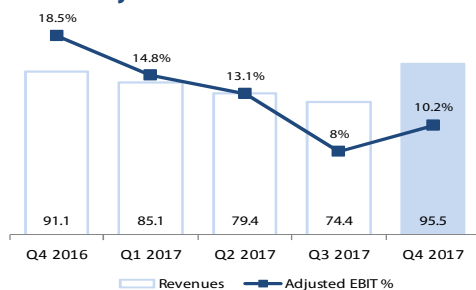
Key figures

in millions of EUR

	Q4 2017	Q4 2016	Change
Revenues	95.5	91.1	4.9%
Adjusted result from operations (EBIT) ¹⁾	9.8	16.9	-42.2%
Adjusted EBIT as a % of Revenues ¹⁾	10.2%	18.5%	

¹⁾ Operating income adjusted for amortization of acquisition-related (in) tangible assets (PPA).

Revenues & Adjusted EBIT in millions of EUR



Marel Meat

Full year 2017

Marel Meat had a good first half of the year with solid operational profit margins, strong volume and good orders received. The second half of 2017 was colored by product mix and timing of deliveries of large orders. A soft outlook is expected to continue in the short term. More focus will be placed on standardization to improve scalability, continued integration and realize operational synergies going forward.

The acquisition of MPS made Marel a full-line supplier to the meat industry by closing the value chain gaps previously existing in the primary processing segment. Marel strengthened its position in South America with the acquisition of Brazilian primary meat processor Sulmaq in 2017.

Marel Meat accounted for 32% of Marel's total revenues in 2017. Marel Meat generated EUR 334m in revenues and EUR 39m in EBIT (11.5% EBIT margin) for the full year 2017. Revenues were on par with 2016, with EBIT of EUR 52m (15.6% EBIT margin).

Projects were well distributed geographically, with large orders booked in Australia and Russia in 4Q17. Marel Meat now covers the entire value chain; from live animal intake to finished consumer product. Marel Meat's projects in 2017 reflect this scope, as larger installations and Greenfield projects became more prominent, e.g. in Spain, France, Mexico and Korea.

Marel Fish - full year 2017

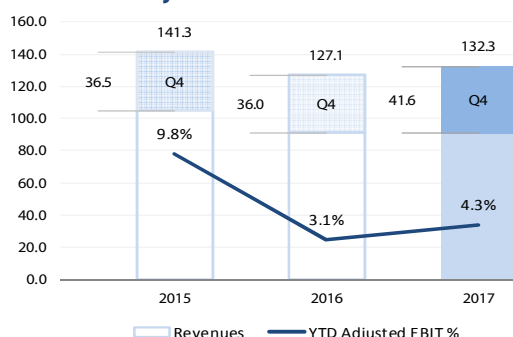
Key figures

in millions of EUR

	2017	2016	Change
Revenues	132.3	127.1	4.2%
Adjusted result from operations (EBIT) ¹⁾	5.6	3.9	45.1%
Adjusted EBIT as a % of Revenues ¹⁾	4.3%	3.1%	

¹⁾ Operating income adjusted for amortization of acquisition-related (in) tangible assets (PPA).

Revenues & Adjusted EBIT in millions of EUR



Marel Fish - Q4 2017

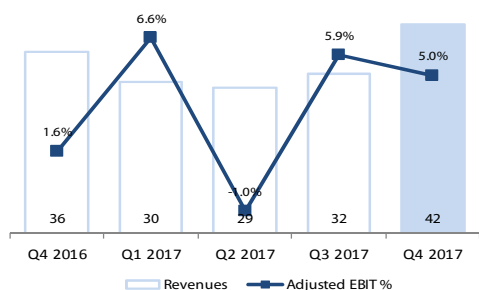
Key figures

in millions of EUR

	Q4 2017	Q4 2016	Change
Revenues	41.6	36.0	15.5%
Adjusted result from operations (EBIT) ¹⁾	2.1	0.6	251.6%
Adjusted EBIT as a % of Revenues ¹⁾	5.0%	1.6%	

¹⁾ Operating income adjusted for amortization of acquisition-related (in) tangible assets (PPA).

Revenues & Adjusted EBIT in millions of EUR



Marel Fish

Full year 2017

Fish is on the right track in standardizing the business, delivering good orders received and improved margins. However, operational performance is below long term targets, and the focus going forward will be on providing full line offerings for wild whitefish, farmed salmon and farmed whitefish.

Marel Fish accounted for 13% of Marel's total revenues in 2017. Marel Fish generated EUR 132m in revenues and EUR 6m in EBIT (4.3% EBIT margin) for the full year 2017. This is a 4.2% increase in revenues and a 45.1% increase from the EBIT of EUR 4m in 2016 (3.1% EBIT margin).

It is worth noting that Marel Fish is close to reaching the same level of revenues as before discontinuing its onboard customized solutions in Seattle that accounted for approximately a third of total revenues in 2015.

Orders received for Service Level Agreements (SLAs) was very strong over the year which is in line with our increased focus on customer care. In fact, an SLA was integrated with every Flexicut sold in 2017.

Projects were well distributed geographically and between different products. In the first half of the year, a Greenfield project was secured in Russia and large orders were also secured in Europe and the US. In the second half of the year, Marel secured large orders in the US, Norway, S-Africa and Iceland.

Q4 2017

In 4Q17 revenues started to materialize on some of the largest orders as they progress, such as Leroy and Primex, resulting in revenues of EUR 42m in the quarter, up 16% YoY (4Q16: 36m). The EBIT margin was 5.0% in the quarter, still below the long term profitability target for Marel.

Impact of changes in IFRS

As of 1 January 2018 Marel will adopt the following new IFRS standards:

- IFRS 9 Financial Instruments;
- IFRS 15 Revenues from contract with customers;
- IFRS 16 Lease. Marel decided to early adopt IFRS 16 as per 1 January 2018.

The impact of implementing the new standards will be reflected in the opening balance sheet as per 1 January 2018. The impact is:

- IFRS 9: increase in retained earnings of EUR 4.1m largely offset by a reduction in carrying amount of borrowings.
- IFRS 15: decrease in retained earnings of EUR 8.9m largely offset by a decrease in production contracts.
- IFRS 16: no impact on retained earnings. Assets and liabilities will increase by EUR 36m to capitalize the right to use assets and the corresponding liabilities.

For further details of the changes relating to these new IFRS standards, please refer to the Consolidated Financial Statements and the presentation on the financial results..

Dividend

The Board of Directors will propose at the 2018 Annual General Meeting that EUR 4.19 cents dividend per outstanding share will be paid for the operating year 2017, corresponding to approximately 30% of net result attributable to Shareholders of the Company of EUR 97m for the year 2017, and refers to the Consolidated Financial Statements regarding appropriation of the profit for the year and changes in Shareholders' equity. This is proposed in accordance to Marel's dividend policy, disclosed at Marel's Annual General Meeting in March 2011. The target is that the net debt/EBITDA ratio is x2-3 net debt/EBITDA, with excess capital to be used to stimulate growth and value creation as well as pay dividends. Dividends or share buy-backs are targeted at 20-40% of the net result.

Outlook

In light of the good results delivered in 2017 and robust order book, we expect strong organic revenues growth in 2018.

Marel is targeting 12% average annual revenue growth in the period 2017-2026, by market penetration and innovation, complemented by strategic partnerships and acquisitions.

- Marel's management expects 4-6% average annual market growth in the long term. Marel aims to grow organically faster than the market, driven by innovation and market penetration.
- Maintaining solid operational performance and strong cash flow supports average 5-7% revenues growth annually by acquisition.
- Marel's management expects Earnings per Share (EPS) to grow faster than revenues.

Growth will not be linear but based on opportunities and economic fluctuations. Operational results may vary from quarter to quarter due to general economic developments, fluctuations in orders received and timing of deliveries of larger systems.

Investor meeting and webcast

On Thursday February 8, 2018, at 8:30 am (GMT), market participants are invited to an investor meeting where CEO Arni Oddur Thordarson and CFO Linda Jonsdottir will give an overview of the financial results and operational highlights. The meeting is conducted in English and will be held at the company's headquarters in Iceland.

Please note that the meeting will also be webcast on www.marel.com/webcast.

Financial calendar

Marel will host its Annual General Meeting and publish its interim and annual Consolidated Financial Statements according to the below financial calendar:

- Annual General Meeting March 6, 2018
- Q1 2018 results April 23, 2018
- Q2 2018 results July 25, 2018
- Q3 2018 results October 31, 2018
- Q4 2018 results February 6, 2019

Financial results will be disclosed and published after market closing.

Investor relations:

Tinna Molphy, Manager in Investor Relations, investors@marel.com and tel: (+354) 563 8603.

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.