CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

31 March 2019

ADVANCING
FOOD PROCESSING

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Contents Condensed Consolidated Interim Financial Statements

The Board of Directors' and CEO's Report

Marel is a leading global provider of advanced equipment, systems and services for the Poultry, Meat and Fish industries. Marel has offices and subsidiaries in 32 countries and a global network of more than 100 agents and distributors.

The Condensed Consolidated Interim Financial Statements for the three-month period ended 31 March 2019 comprise the financial statements of Marel hf. ("the Company") and its subsidiaries (together "the Group" or "Marel"). The Condensed Consolidated Interim Financial Statements are prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Group's Annual Consolidated Financial Statements as at and for the year ended 31 December 2018.

The Condensed Consolidated Interim Financial Statements do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to understand the changes in the Group's financial position and performance from year end 2018.

Acquisition of MAJA Maschinenfabrik Hermann Schill GmbH & Co. KG

On 14 August 2018, Marel concluded the acquisition of the limited partner interest in the company of MAJA Maschinenfabrik Hermann Schill GmbH & Co. KG to get transferred all business assets and liabilities. As part of this transaction Marel also acquired 100% of the shares of related companies in France and the United States ("MAJA"). Further information is provided in note 5 of the Condensed Consolidated Interim Financial Statements.

Operations in the three-month period ended 31 March 2019

The consolidated revenues for Marel for the three-month period ended 31 March 2019 are EUR 324.6 million (2018: EUR 288.4 million). The adjusted result from operations for the same period is EUR 47.5 million or 14.6% of revenues (2018: EUR 43.8 million or 15.2% of revenues).

The bridge between Adjusted result from operations and Result from operations as shown in the Consolidated Statement of Income is as follows:

	YTD 2019	YTD 2018
Adjusted result from operations	47.5	43.8
PPA related costs	(2.6)	(2.3)
Result from operations	**44.9**	**41.5**

At 31 March 2019 the Company's order book amounted to EUR 474.7 million (at 31 December 2018: EUR 476.0 million).

Based on the decision taken at the Company's 2019 Annual General Meeting, a dividend of EUR 36.7 million (EUR 5.57 cents per share, corresponding to 30% of net result for the year 2018) was declared for the operational year 2018 of which EUR 32.6 million was paid in Q1 2019 and EUR 4.1 million will be paid in Q2 2019 (in 2018: a dividend of EUR 28.7 million, EUR 4.19 cents per share, corresponding to 30% of net result for the year 2017, was declared and paid out to shareholders for the operational year 2017).

Capital reduction, share buy-back –program and articles of association

During the extraordinary shareholders' meeting on 22 November 2018 it was resolved to authorize the Board of Directors of Marel to initiate a share buy-back program that complies with the provisions of the Icelandic Act on Securities Transactions No. 108/2007 and appendix to Regulation on Insider Information and Market Manipulation No. 630/2005. The main purpose of the program is to reduce the Company's share capital, where the shares purchased may also be used to meet the Company's obligations under share incentive programs with employees. The number of shares to be acquired under the buyback program shall be up to 34.1 million, which amounts to 5% of issued share capital of the Company.

As part of the share buy-back program, as approved in the extraordinary shareholders' meeting on 22 November 2018, Marel has purchased 16.2 million shares (EUR 48.8 million) in the period 5 December 2018 to 5 March 2019. No buy-back of shares has taken place after the Annual General Meeting of Shareholders on 6 March 2019.

At the Annual General Meeting of Shareholders on 6 March 2019 it was resolved to reduce the Company's share capital by 11.6 million shares, from 682.6 million shares to 671.0 million shares. The reduction was executed by way of cancelling 11.6 million of the Company's own shares of ISK 1 each, in accordance with the provisions of the Icelandic Act No. 2/1995 on Public Limited Companies. The Company's share capital was reduced in connection with the preparation of a potential dual listing of the Company, for the benefit of shareholders. Marel's Articles of Association were changed accordingly.

At the same shareholders' meeting it was resolved to authorize the Board of Directors to increase share capital by as much as ISK 100 million nominal value by issuing new shares. Shareholders waived their pre-emptive rights to subscribe for these new shares, which shall be used in an offering of shares in connection with the dual listing of the company's shares. The Board of Directors was authorized to make necessary changes to the company's Articles of Association resulting from the issue.

At 31 March 2019 Marel's issued shares totaled 671.0 million (31 December 2018: 682.6 million).

During the Annual General Meeting of Shareholders the preparation process for dual listing, which started around a year ago, was explained. At the meeting the Company announced its decision to seek a dual listing of Marel's shares on Euronext Amsterdam in addition to its listing in Iceland. The objective of the dual listing is to facilitate trade and ensure fair pricing of Marel shares for the benefit of all shareholders.

Statement by the Board of Directors and the CEO

According to the Board of Directors' and CEO's best knowledge, the Condensed Consolidated Interim Financial Statements give a true and fair view of the consolidated financial performance of the Group for the three-month period ended 31 March 2019, its assets, liabilities and consolidated financial position as at 31 March 2019 and its consolidated cash flows for the three-month period ended 31 March 2019

Furthermore, in our opinion the Condensed Consolidated Interim Financial Statements and the endorsement of the Board of Directors and the CEO give a fair view of the development and performance of the Group's operations and its position and describe the principal risks and uncertainties faced by the Group.

The Board of Directors and the CEO have today discussed the Condensed Consolidated Interim Financial Statements of Marel hf. for the three-month period ended 31 March 2019 and ratify them with their signatures.

Garðabær, 29 April 2019

Board of Directors

Ásthildur Margrét Otharsdóttir
Chairman of the Board

Arnar Þór Másson

Ann Elizabeth Savage

Ástvaldur Jóhannsson

Margrét Jónsdóttir

Ólafur S. Guðmundsson

Ton van der Laan

Chief Executive Officer

Árni Oddur Þórðarson

Consolidated Statement of Income

In EUR million unless stated otherwise	Notes	YTD 2019	YTD 2018
Revenues	6 & 7 & 8	324.6	288.4
Cost of sales	6 & 9	(199.2)	(176.9)
Gross profit	6	**125.4**	**111.5**
Selling and marketing expenses	6 & 9	(39.0)	(34.2)
Research and development expenses	6 & 9	(21.4)	(18.1)
General and administrative expenses	6 & 9	(20.1)	(17.7)
Result from operations	6	**44.9**	**41.5**
Finance costs	10	(4.6)	(6.4)
Finance income	10	0.8	0.4
Net finance costs	10	(3.8)	(6.0)
Result before income tax		**41.1**	**35.5**
Income tax	11	(8.9)	(7.2)
Net result		**32.2**	**28.3**
Of which:			
- Net result attributable to Shareholders of the Company	12	32.2	28.3
- Net result attributable to non-controlling interests	20	0.0	0.0
Earnings per share for result attributable to Shareholders of the Company during the period (expressed in EUR cent per share):			
- basic	12	4.85	4.11
- diluted	12	4.82	4.09

The notes on pages 9-33 are an integral part of the Condensed Consolidated Interim Financial Statements

Consolidated Statement of Comprehensive Income

In EUR million	Notes	YTD 2019	YTD 2018
Net Result		**32.2**	**28.3**
Items that are or may be reclassified to profit or loss:			
Currency translation differences	20	4.8	(2.0)
Cash flow hedges	20	(0.1)	0.6
Income tax relating to cash flow hedges	18 & 20	(0.1)	(0.1)
Other comprehensive income / (loss) for the period, net of tax		4.6	(1.5)
Total comprehensive income for the period		**36.8**	**26.8**
Of which:			
- Comprehensive income attributable to Shareholders of the Company		36.8	26.8
- Comprehensive income attributable to non-controlling interests	20	0.0	0.0

The notes on pages 9-33 are an integral part of the Condensed Consolidated Interim Financial Statements

Consolidated Statement of Financial Position

In EUR million	Notes	31/03 2019	31/12 2018
ASSETS			
Property, plant and equipment	13	178.1	175.6
Right of use assets	14	35.3	33.3
Goodwill	15	642.1	641.3
Intangible assets	16	265.1	267.0
Trade and other receivables	17	3.1	3.2
Derivative financial instruments	24	0.8	1.3
Deferred income tax assets	18	12.5	10.2
Non-current assets		**1,137.0**	**1,131.9**
Inventories	19	159.1	149.9
Contract assets	8	37.9	44.0
Trade receivables	17	147.6	138.8
Other receivables and prepayments	17	53.3	45.0
Cash and cash equivalents		50.1	56.3
Current assets		**448.0**	**434.0**
TOTAL ASSETS		**1,585.0**	**1,565.9**
EQUITY AND LIABILITIES			
Share capital	20	6.0	6.1
Share premium reserve	20	124.7	161.7
Other reserves	20	(5.7)	(10.3)
Retained earnings	20	398.7	403.2
Shareholders' equity		**523.7**	**560.7**
Non-controlling interests	20	0.2	0.2
Total equity		**523.9**	**560.9**
LIABILITIES			
Borrowings	21	461.8	429.3
Lease liabilities	14 & 21	27.7	27.1
Deferred income tax liabilities	18	57.0	57.3
Provisions	22	9.5	9.2
Other payables	23	3.0	3.0
Derivative financial instruments	24	-	1.4
Non-current liabilities		**559.0**	**527.3**
Contract liabilities	8	214.5	212.1
Trade and other payables	23	230.5	217.0
Current income tax liabilities		16.2	9.3
Borrowings	21	24.8	24.8
Lease liabilities	14 & 21	8.1	6.7
Provisions	22	8.0	7.8
Current liabilities		**502.1**	**477.7**
Total liabilities		**1,061.1**	**1,005.0**
TOTAL EQUITY AND LIABILITIES		**1,585.0**	**1,565.9**

The notes on pages 9-33 are an integral part of the Condensed Consolidated Interim Financial Statements

Consolidated Statement of Changes in Equity

In EUR million	Share capital	Share premium reserve [1]	Other reserves [2]	Retained earnings	Share-holders' equity	Non-controlling interests	Total equity
Balance at 1 January 2019	**6.1**	**161.7**	**(10.3)**	**403.2**	**560.7**	**0.2**	**560.9**
Net result for the period				32.2	32.2	0.0	32.2
Total other comprehensive income			4.6		4.6		4.6
Transactions with owners of the Company							
Treasury shares purchased	(0.1)	(37.5)			(37.6)		(37.6)
Value of services provided		0.5			0.5		0.5
Dividend				(36.7)	(36.7)	(0.0)	(36.7)
	(0.1)	**(37.0)**	**4.6**	**(4.5)**	**(37.0)**	(0.0)	**(37.0)**
Balance at 31 March 2019	**6.0**	**124.7**	**(5.7)**	**398.7**	**523.7**	**0.2**	**523.9**

In EUR million	Share capital	Share premium reserve [1]	Other reserves [2]	Retained earnings	Share-holders' equity	Non-controlling interests	Total equity
Balance at 31 December 2017	**6.3**	**229.6**	**(8.2)**	**313.9**	**541.6**	**0.3**	**541.9**
Impact IFRS 9 & 15				(4.8)	(4.8)		(4.8)
Balance at 1 January 2018	**6.3**	**229.6**	**(8.2)**	**309.1**	**536.8**	**0.3**	**537.1**
Net result for the period				28.3	28.3	0.0	28.3
Total other comprehensive income			(1.5)		(1.5)		(1.5)
Transactions with owners of the Company							
Treasury shares purchased	(0.0)	(30.3)			(30.3)		(30.3)
Value of services provided		0.5			0.5		0.5
Other movements			(0.1)		(0.1)		(0.1)
Dividend				(28.7)	(28.7)	(0.0)	(28.8)
	(0.0)	**(29.8)**	**(1.6)**	**(0.4)**	**(31.8)**	**(0.1)**	**(31.9)**
Balance at 31 March 2018	**6.3**	**199.8**	**(9.8)**	**308.7**	**505.0**	**0.2**	**505.2**
Net result for the period				94.1	94.1	0.1	94.2
Total other comprehensive income			(0.6)		(0.6)		(0.6)
Transactions with owners of the Company							
Treasury shares purchased	(0.2)	(41.2)			(41.4)		(41.4)
Treasury shares sold		2.2			2.2		2.2
Value of services provided		0.6			0.6		0.6
Other movements		0.3	0.1	0.4	0.8	0.1	0.9
Dividend						(0.2)	(0.2)
	(0.2)	**(38.1)**	**(0.5)**	**94.5**	**55.7**	**(0.0)**	**55.7**
Balance at 31 December 2018	**6.1**	**161.7**	**(10.3)**	**403.2**	**560.7**	**0.2**	**560.9**

[1] Includes reserve for share based payments as per 31 March 2019 of EUR 3.0 million (31 December 2018: EUR 2.6 million).
[2] For details on Other reserves refer to note 20.

The notes on pages 9-33 are an integral part of the Condensed Consolidated Interim Financial Statements

Consolidated Statement of Cash Flows

In EUR million	Notes	YTD 2019	YTD 2018
Cash flows from operating activities			
Result from operations		**44.9**	**41.5**
Adjustments to reconcile result from operations to net cash provided by / (used in) operating activities:			
Depreciation of property, plant and equipment and right of use assets	13 & 14	6.0	5.0
Amortization and impairment of intangible assets	16	8.2	8.8
Changes in non-current receivables and payables		0.1	-
Working capital provided by / (used in) operating activities		**59.2**	**55.3**
Changes in working capital:			
Inventories and contract assets and liabilities		0.3	30.4
Trade and other receivables		(15.1)	(19.8)
Trade and other payables		14.8	(7.3)
Provisions		0.4	(3.0)
Changes in operating assets and liabilities		**0.4**	**0.3**
Cash generated from operating activities		**59.6**	**55.6**
Taxes paid		(4.8)	(9.5)
Interest and finance income		0.8	0.3
Interest and finance costs		(3.3)	(2.2)
Net cash from operating activities		**52.3**	**44.2**
Cash flows from investing activities			
Purchase of property, plant and equipment	13	(5.2)	(5.4)
Investments in intangibles	16	(6.0)	(6.2)
Proceeds from sale of property, plant and equipment		0.4	0.4
Net cash provided by / (used in) investing activities		**(10.8)**	**(11.2)**
Cash flows from financing activities			
Purchase of treasury shares	20	(37.6)	(30.3)
Proceeds from borrowings	21	30.0	72.0
Repayments of borrowings	21	-	(57.4)
Payments lease liabilities		(9.4)	(2.0)
Dividends paid	20	(32.6)	(25.9)
Net cash provided by / (used in) financing activities		**(49.6)**	**(43.6)**
Net increase (decrease) in net cash		**(8.1)**	**(10.6)**
Exchange gain / (loss) on net cash		1.9	(2.2)
Net cash at beginning of the period		56.3	31.9
Net cash at end of the period		**50.1**	**19.1**

The notes on pages 9-33 are an integral part of the Condensed Consolidated Interim Financial Statements

Notes to the Condensed Consolidated Interim Financial Statements

1 General information

Reporting entity

Marel hf. ("the Company") is a limited liability company incorporated and domiciled in Iceland. The address of its registered office is Austurhraun 9, Garðabær.

The Condensed Consolidated Interim Financial Statements of the Company as at and for the three-month period ended 31 March 2019 comprise the Company and its subsidiaries (together referred to as "the Group" or "Marel").

The Group is a leading global provider of advanced equipment, systems and services for the Poultry, Meat and Fish industries and is involved in the manufacturing, development, distribution and sales of solutions for these industries.

The Condensed Consolidated Interim Financial Statements for the three-month period ended 31 March 2019 have not been audited nor reviewed by an external auditor.

All amounts are in millions of EUR and have been rounded to the nearest million, unless otherwise indicated.

These Condensed Consolidated Interim Financial Statements have been approved for issue by the Board of Directors and CEO on 29 April 2019.

The Company is listed on the Nasdaq OMX Nordic Iceland exchange.

2 Basis of preparation and use of judgements and estimates

Base of preparation

These Condensed Consolidated Interim Financial Statements of the Company and its subsidiaries are for the three-month period ended 31 March 2019 and have been prepared in accordance with IAS 34 as adopted by the European Union.

The Condensed Consolidated Interim Financial Statements should be read in conjunction with the Group's Annual Consolidated Financial Statements for the year ended 31 December 2018. The Consolidated Financial Statements for the Group for the period ended 31 December 2018 are available upon request from the Company's registered office at Austurhraun 9, Garðabær, Iceland or at www.marel.com.

These Condensed Consolidated Interim Financial Statements do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

IFRS 9, IFRS 15 and IFRS 16 have been applied as of 1 January 2018. Changes to significant accounting policies are described in note 3.

These Condensed Consolidated Interim Financial Statements have been prepared under the historical cost convention, except for the valuation of financial assets and liabilities (including derivative instruments) which are valued at fair value through the Consolidated Statement of Comprehensive Income.

Items of each entity in the Group, as included in the Condensed Consolidated Interim Financial Statements, are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the functional currency"). The Condensed Consolidated Interim Financial Statements are presented in Euro (EUR), which is the Group's reporting currency.

Use of judgements and estimates

In preparing these Condensed Consolidated Interim Financial Statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last Group's Annual Consolidated Financial Statements for the year ended 31 December 2018.

3 Accounting policies

The accounting policies applied in these Condensed Consolidated Interim Financial Statements are consistent with those applied and described in the Annual Consolidated Financial Statements for the year ended 31 December 2018.

The accounting policies have been applied consistently for all periods presented in these Condensed Consolidated Interim Financial Statements.

In 2019, Marel decided to modify its Consolidated Statement of Income in order to take into consideration ESMA's latest recommendations. This new presentation resulted in a reclassification of the PPA related costs into expenses by function (Selling and marketing expenses, Research and development expenses and General and administrative expenses).

Impact of the adoption of IFRS 9, IFRS 15 and IFRS 16

The Group has adopted IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers from 1 January 2018.

Marel adopted IFRS 16 Leases as well on 1 January 2018. The transition approach for IFRS 16 is the cumulative catch up approach, as a result there is no impact on Retained earnings as at 1 January 2018.

The impact of the adoption of IFRS 9 and IFRS 15, as per 1 January 2018, on the Group's equity as at 1 January 2018 is summarized in the following table:

Retained earnings	
31 December 2017 [1)]	313.9
IFRS 9 [2)]	4.1
IFRS 15 [3)]	(8.9)
1 January 2018 [4)]	**309.1**

1) Retained earnings as presented in the Consolidated Statement of Financial Position.
2) Adjustments due to adoption of IFRS 9.
3) Adjustments due to adoption of IFRS 15.
4) Adjusted opening balance at 1 January 2018

The total adjustment, net of tax, to the opening balance of the Group's equity at 1 January 2018 amounts to EUR 4.8 million (decrease of Retained earnings). The principal components of the estimated adjustments are as follows:

- IFRS 9: An increase in Retained earnings of EUR 3.7 million relating to modifications in the Group's loan facilities and an increase in Retained earnings of EUR 0.4 million as a result of a reduction in the impairment of Trade receivables.
- IFRS 15: A decrease in Retained earnings of EUR 3.0 million due to later recognition of revenues (and some associated costs) for standard equipment and a decrease in Retained earnings of EUR 5.9 million due to alignment of margins for all phases of the complete system or solution.

4 Financial management

The Company's policy is to finance its operations in its revenue currencies. More than 99% of Marel's revenues originate outside of Iceland and there is a good currency balance between the Company's revenues and costs. Efforts have been made to systematically reduce currency risk in the Company's financing and to reduce interest cost.

Marel has two main funding facilities:

Schuldschein promissory notes

On 7 December 2018 Marel finalized an issue of Schuldschein promissory notes for EUR 140 million. The investors were a mixture of Central European and Asian commercial banks. The notes were split in 5 and 7 year terms and a mixture of fixed and floating rates:

- EUR 8.5 million at 1.83% fixed interest for 7 years.
- EUR 15.5 million at 1.366% fixed interest for 5 years.
- EUR 106 million with floating EURIBOR rate and 1.1% margin for 5 years.
- EUR 10 million with floating EURIBOR rate and 1.3% margin for 7 years.

The floating rate tranches include a 0% floor on the 6 month EURIBOR. At inception of the loan, the 0% floor did not have an intrinsic value and is not separated in from the original contract in the Consolidated Statement of Financial Position.

Syndicated Loan

The Group has a 640 EUR million equivalent facilities agreement with seven international banks, led by ING bank, Rabobank and ABN AMRO. The terms and conditions are generally in line with Loan Market Association corporate standards. It is an all senior facility, which matures in 2022.

The key elements of the Syndicated loan are:

- A five-year all senior loan and revolver, consisting of a EUR 243 million term loan and a USD 75 million term loan and a EUR 325 million revolving credit facility, all with final maturity in May 2022.
- Initial interest terms are EURIBOR/LIBOR + 185 bps, which will vary in line with Marel's leverage ratio (Net debt/EBITDA) at the end of each quarter.

The Group has a financing structure which can accommodate the Group's financing requirements until 2022 with USD and EUR borrowings matching the Group's exposure in these currencies to a large extent. The facility has an embedded 0% floor in the EURIBOR and LIBOR rates. At the date of utilization of the loans (5 May 2017) the 5 year EURIBOR curve was negative and consequently the floor had intrinsic value at the date of inception. In accordance with IFRS 9 Financial Instruments, Marel has separated the embedded derivative from the facility and reports the intrinsic value on a fair value basis as a financial derivative on the Consolidated Statement of Financial Position.

5 Business combinations

Acquisition of MAJA Maschinenfabrik Hermann Schill GmbH & Co. KG

On 14 August 2018, Marel concluded the acquisition of the limited partner interest in the company of MAJA Maschinenfabrik Hermann Schill GmbH & Co. KG to get transferred all business assets and liabilities. As part of this transaction Marel also acquired 100% of the shares of related companies in France and the United States ("MAJA"). This transaction is in line with Marel's strategic objective to be a full-line supplier of advanced food processing solutions and accelerate market penetration through acquisitions.

Founded in 1955, MAJA is a highly innovative manufacturer of food processing machinery, specializing in skinning and portioning with main focus on the meat market as well as ice machines for the preservation of fresh food. Based in Kehl-Goldscheuer in Germany, MAJA has around 200 employees and annual revenues of roughly EUR 30 million in 2017.

This bolt-on acquisition supports Marel in achieving its goals for future growth and value creation. With

MAJA's innovative product offering and complimentary geographical reach, Marel is strengthening its product offering and market presence.

Closing of the transaction was subject to anti-trust approval and standard closing conditions. The transaction was funded from cash on hand and available facilities.

The amounts recorded for the acquisition as disclosed below are provisional. In accordance with IFRS 3, Business Combinations, the purchase price of MAJA is allocated to identifiable assets and liabilities acquired.

Immediately after the acquisition date the Purchase Price Allocation activities started. The process is still ongoing and is expected to be finished in the first half of 2019. As a consequence all of the numbers recorded for the acquisition are provisional, and include a preliminary estimate for Property, plant and equipment. Provisional goodwill amounted to EUR 0.7 million. The resulting goodwill from this acquisition is primarily related to the strategic (and cultural) fit of MAJA and Marel with highly complementary product portfolios and geographic presence. The goodwill is tax deductible in Germany.

Under IFRS 3, up to one year from the acquisition date, the initial accounting for business combinations needs to be adjusted to reflect additional information that has been received about facts and circumstances that existed at the acquisition date and would have affected the measurement of amounts recognized as of that date. As a result of such adjustments the values of assets and liabilities recognized may change in the one-year period from the acquisition date which did not result in adjustments to the opening balance sheet of MAJA.

MAJA contributed EUR 9.7 million to revenues for the year 2018 and affected result from operations positively.

The following table summarizes the consideration paid for MAJA and the recognized provisional amounts of assets acquired and liabilities assumed at the acquisition date being 14 August 2018.

14 August 2018	
Property, plant and equipment	9.6
Intangible assets (excl goodwill)	14.7
Inventories	11.7
Trade receivables, current and non-current	4.4
Other receivables and prepayments	2.2
Cash and cash equivalents	0.8
Assets acquired	**43.4**
Borrowings, current and non-current	7.3
Provisions, current and non-current	0.3
Trade and other payables	5.2
Liabilities assumed	**12.8**
Total net identified assets	**30.6**
Consideration paid in cash for the transaction on 14 August 2018	31.3
Provisional goodwill on acquisition	**0.7**

PPA related costs, including depreciation and amortization of acquisition-related (in)tangible assets for MAJA relate to the following lines in the Consolidated Statement of Income:

	YTD 2019	**YTD 2018**
Selling and marketing expenses	0.1	-
Research and development expenses	0.1	-
General and administrative expenses	0.1	-
	0.3	**-**

Sulmaq Industrial e Comercial S.A.

On 25 July 2017, Marel signed an agreement to acquire 100% of the shares of Sulmaq Industrial e Comercial S.A. ("Sulmaq") from a consortium of shareholders. Sulmaq is domiciled in Brazil. The closing of the acquisition of Sulmaq took place on 31 August 2017.

Sulmaq is involved in development of projects and supply of complete slaughtering, deboning and industrialized equipment lines for hog, cattle and sheep processors according to customer's needs and operates in Brazil and internationally. The acquisition enhances Marel's position as a leading global provider of advanced equipment and solutions to the Poultry, Meat and Fish industries and is fully in line with the Company's previously announced growth strategy. This step supports Marel's full line offering in the meat processing industry.

In accordance with IFRS 3, Business Combinations, the purchase price of Sulmaq was allocated to identifiable assets and liabilities acquired. Goodwill amounted to EUR 10.3 million and is allocated to the Meat segment. The resulting goodwill from this acquisition is primarily related to the strategic (and cultural) fit of Sulmaq and Marel with highly complementary product portfolios and geographic presence, new customers and synergies. The goodwill is, under certain conditions, deductible for income tax purposes.

Sulmaq contributed EUR 30.0 million to revenues for the year 2018 and affected result from operations positively. Under IFRS 3, up to one year from the acquisition date, the initial accounting for business combinations needs to be adjusted to reflect new information that is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. As a result of such adjustments the values of assets and liabilities recognized may change in the one-year period from the acquisition date. The Purchase Price Allocation of Sulmaq is finalized.

The following table summarizes the consideration paid for Sulmaq and the recognized amounts of assets and liabilities at the acquisition date being 31 August 2017.

31 August 2017	
Property, plant and equipment	10.3
Intangible assets	3.3
Inventories	6.1
Trade receivables, current and non-current	5.5
Other receivables and prepayments	0.5
Cash and cash equivalents	5.8
Assets acquired	**31.5**
Borrowings, current and non-current	5.0
Deferred and other tax liabilities	2.7
Provisions, current and non-current	0.6
Trade and other payables	7.5
Liabilities assumed	**15.8**
Total net identified assets	**15.7**
Consideration paid in cash for the transaction on 31 August 2017	26.0
Goodwill on acquisition	**10.3**

Amortization of acquisition-related (in)tangible assets for Sulmaq relate to the following lines in the Consolidated Statement of Income (no amortization was recorded in 2017 as the Purchase Price Allocations was only finalized in 2018):

	YTD 2019	**YTD 2018**
Cost of sales	-	0.0
Selling and marketing expenses	0.1	0.1
Research and development expenses	0.0	0.0
General and administrative expenses	0.0	0.0
	0.1	**0.1**

6 Non-IFRS measurement

Reconciliation of non-IFRS information

Management has presented Adjusted result from operations as a performance measure in the Consolidated Statement of Income and believes that this measure is relevant to an understanding of the Group's financial performance. Adjusted result from operations is calculated by adjusting Result from operations to exclude the impact of PPA related costs (consisting of depreciation and amortization of acquisition-related (in)tangible assets). No other adjustments are included in Adjusted results from operations.

In this note to the Condensed Consolidated Interim Financial Statements Marel presents certain financial measures when discussing Marel's performance that are not measures of financial performance or liquidity under IFRS ('Non-IFRS'). Non-IFRS measures do not have standardized meanings under IFRS and not all companies calculate non-IFRS measures in the same manner or on a consistent basis. As a result, these measures may not be comparable to measures used by other companies that have the same or similar names.

The reconciliation of Adjusted result from operations to the most directly comparable IFRS measure, result from operations, for the year indicated is included in the table below.

In EUR million	2019 as reported YTD 2019	PPA related charges YTD 2019	2019 non-IFRS measures YTD 2019	2018 as reported YTD 2018	PPA related charges YTD 2018	2018 non-IFRS measures YTD 2018
Revenues	324.6	-	324.6	288.4	-	288.4
Cost of sales	(199.2)	-	(199.2)	(176.9)	0.0	(176.9)
Gross profit	**125.4**	**-**	**125.4**	**111.5**	**0.0**	**111.5**
Selling and marketing expenses	(39.0)	1.7	(37.3)	(34.2)	1.6	(32.6)
Research and development expenses	(21.4)	0.8	(20.6)	(18.1)	0.7	(17.4)
General and administrative expenses	(20.1)	0.1	(20.0)	(17.7)	0.0	(17.7)
Adjusted result from operations		**2.6**	**47.5**		**2.3**	**43.8**
PPA related costs		(2.6)	(2.6)		(2.3)	(2.3)
Result from operations	**44.9**	**-**	**44.9**	**41.5**		**41.5**
Finance costs	(4.6)	-	(4.6)	(6.4)	-	(6.4)
Finance income	0.8	-	0.8	0.4	-	0.4
Net finance costs	(3.8)	-	(3.8)	(6.0)	-	(6.0)
Result before income tax	**41.1**	**-**	**41.1**	**35.5**	**-**	**35.5**
Income tax	(8.9)	-	(8.9)	(7.2)	-	(7.2)
Net result	**32.2**	**-**	**32.2**	**28.3**	**-**	**28.3**

7 Segment information

Operating segments

The identified operating segments comprise the three industries, which are the reporting segments. These operating segments form the basis for managerial decision taking. The following summary describes the operations in each of the Group's reportable segments:

- Poultry processing: Our poultry processing product range offers integrated systems for processing broilers, turkeys and ducks.
- Meat processing: Our Meat Industry specializes in the key processes of slaughtering, deboning and trimming, case ready food service and bacon processing.
- Fish processing: Marel provides advanced equipment and systems for salmon and whitefish processing, both farmed and wild, onboard and ashore.
- The 'Others' segment includes any revenues, result from operations and assets which do not belong to the three core industries.

The reporting entities are reporting their revenues per operating segment based on the industry for which the customer is using Marel's product range. Therefore inter-segment revenues do not exist, only intercompany revenues within the same segment.

Results are monitored and managed at the operating segment level, up to the Adjusted result from operations. Adjusted result from operations is used to measure performance as management believes that this information is the most relevant in evaluating the results of the respective Marel segments relative to other entities that operate in the same industries.

The Group's CEO reviews the internal management reports of each segment on a monthly basis. Fluctuations between quarters are mainly due to timing of receiving and delivery of orders, margin on projects and business mix. Decisions on tax and financing structures including cash and cash equivalents are taken at a corporate level, therefore no financial income and expenses nor tax are allocated to the operating segments. The profit or loss per operating segment is the Adjusted result from operations (before PPA related costs including depreciation and amortization of acquisition-related (in)tangible assets); finance costs and taxes are reported in the column Total.

Intercompany transactions are entered at arm's length terms and conditions comparable to those available to unrelated parties. Information on assets per operating segment is reported; however, decisions on liabilities are taken at a corporate level and as such are not included in this disclosure.

	Poultry	Meat	Fish	Others	Total
31 March 2019					
Third Party Revenues	**174.0**	**100.8**	**40.6**	**9.2**	**324.6**
Adjusted result from operations	**30.6**	**12.7**	**3.0**	**1.2**	**47.5**
PPA related costs					(2.6)
Result from operations					**44.9**
Net finance costs					(3.8)
Result before income tax					**41.1**
Income tax					(8.9)
Net result for the period					**32.2**
Assets	**703.6**	**691.8**	**134.3**	**55.3**	**1,585.0**
Investments	8.8	4.9	1.9	-	15.6
Depreciation and amortization	(6.0)	(6.2)	(1.8)	(0.2)	(14.2)

	Poultry	Meat	Fish	Others	Total
31 March 2018					
Third Party Revenues	**157.4**	**88.8**	**38.5**	**3.7**	**288.4**
Adjusted result from operations	**29.3**	**10.7**	**3.3**	**0.5**	**43.8**
PPA related costs					(2.3)
Result from operations					**41.5**
Net finance costs					(6.0)
Result before income tax					**35.5**
Income tax					(7.2)
Net result for the period					**28.3**
Assets	**677.5**	**628.7**	**138.7**	**20.8**	**1,465.7**
Investments	6.7	3.6	1.5	-	11.8
Depreciation and amortization	(5.7)	(6.6)	(1.5)	-	(13.8)
Of which Impairments	-	(1.1)	-	-	(1.1)

Geographical Information

The Group's three operating segments operate in four main geographical areas, although they are managed on a global basis. The home country of the Group is Iceland. The three main operating companies are located in Iceland, The Netherlands and the United States.

Total assets excluding Cash and cash equivalents	**31/03 2019**	**31/12 2018**
Iceland	128.4	101.2
The Netherlands	941.2	953.5
Europe other	203.4	204.8
North America	193.8	183.1
Other countries	68.1	67.0
	1,534.9	**1,509.6**

Total assets exclude the Group's cash pool which the Group manages at corporate level.

Capital expenditure	YTD 2019	YTD 2018
Iceland	3.1	1.8
The Netherlands	6.0	6.8
Europe other	3.0	1.8
North America	2.4	1.0
Other countries	1.1	0.4
	15.6	**11.8**

8 Revenues

Revenues

The Group's operations and main revenue streams are those described in the last Annual Consolidated Financial Statements. The Group's revenue is derived from contracts with customers. Within the segments and within the operating companies, Marel is not relying on any individual major customers.

Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographical markets (revenue is allocated based on the country were the customer is located):

31 March 2019	Poultry	Meat	Fish	Others	Total
Primary geographical markets					
Iceland	0.2	0.1	2.0	0.0	**2.3**
The Netherlands	6.7	4.0	0.6	0.5	**11.8**
Europe other	60.6	45.0	22.2	5.8	**133.6**
North America	73.6	20.4	8.2	0.7	**102.9**
Other countries	32.9	31.3	7.6	2.2	**74.0**
	174.0	**100.8**	**40.6**	**9.2**	**324.6**

31 March 2018	Poultry	Meat	Fish	Others	Total
Primary geographical markets					
Iceland	0.3	0.0	1.0	0.0	**1.3**
The Netherlands	3.9	4.3	0.5	0.2	**8.9**
Europe other	57.4	33.2	23.4	1.4	**115.4**
North America	52.8	26.1	6.9	0.6	**86.4**
Other countries	43.0	25.2	6.7	1.5	**76.4**
	157.4	**88.8**	**38.5**	**3.7**	**288.4**

In the following table revenue is disaggregated by equipment revenue (comprising revenue from greenfield and large projects, standard equipment and modernization equipment) and aftermarket revenue (comprising maintenance, service and spare parts).

	YTD 2019	YTD 2018
Equipment revenue	211.2	183.7
Aftermarket revenue	113.4	104.7
Total revenue	**324.6**	**288.4**

Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contract with customers.

	31/03 2019	31/12 2018
Ordered work in progress	574.0	526.7
Advances received on ordered work in progress	(750.6)	(694.8)
	(176.6)	**(168.1)**
Contract assets	37.9	44.0
Contract liabilities	(214.5)	(212.1)
	(176.6)	**(168.1)**

The contract assets (cost exceed billing) primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

The contract liabilities (billing exceed cost) primarily relate to the advance consideration received from customers for standard equipment for which revenue is recognized at a point in time and for the sale of complete solutions or systems for which revenue is recognized over time.

No information is provided about remaining performance obligations at 31 March 2019 that have an original expected duration of one year or less, as allowed by IFRS 15.

9 Expenses by nature

Expenses by nature

The table below shows the Expenses by nature:

	YTD 2019	YTD 2018
Cost of goods sold	115.4	101.3
Employee benefits	113.5	99.8
Depreciation and amortization	14.2	13.8
Maintenance and rent of buildings and equipment	3.7	3.9
Other	32.9	28.1
	279.7	**246.9**

10 Net finance costs

	YTD 2019	YTD 2018
Finance costs:		
Interest on borrowings	(2.9)	(2.5)
Interest on leases	(0.2)	(0.2)
Other finance expenses	(1.4)	(1.6)
Net foreign exchange transaction losses	(0.1)	(2.1)
Subtotal finance costs	**(4.6)**	**(6.4)**
Finance income:		
Interest income	0.8	0.4
Subtotal finance income	**0.8**	**0.4**
Net finance costs	**(3.8)**	**(6.0)**

11 Income tax

Income tax recognized in the Consolidated Statement of Income	**YTD 2019**	**YTD 2018**
Current tax	(11.8)	(8.3)
Deferred tax	2.9	1.1
	(8.9)	**(7.2)**

Income tax expense is recognized at an amount determined by multiplying the profit (loss) before tax for the interim reporting period by management's best estimate of the weighted-average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognized in the interim period. As such, the effective tax rate in the interim financial statements may differ from the effective tax rate for the annual financial statements.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated companies as shown in the table below.

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax laws and prior experience.

In December 2018, a new corporate tax law was substantially enacted in the Netherlands. Consequently, as of 1 January 2020, the corporate tax rate in the Netherlands will be reduced from 25.00% to 22.55% and will be further reduced to 20.50% as of 1 January 2021.

Reconciliation of effective income tax	YTD 2019	%	YTD 2018	%
Result before income tax	41.1		35.5	
Income tax using Icelandic rate	(8.2)	20.0	(7.1)	20.0
Effect of tax rates in other jurisdictions	(1.7)	4.1	(1.7)	4.8
Weighted average applicable tax	(9.9)	24.1	(8.8)	24.8
Foreign exchange effect Iceland	(0.2)	0.5	0.3	(0.8)
Research and development tax incentives	1.4	(3.4)	1.5	(4.2)
Permanent differences	(0.4)	1.0	(0.1)	0.3
Tax losses (un)recognized	0.0	0.0	(0.0)	0.0
(Impairment)/reversal of tax losses	0.0	0.0	-	-
Effect of tax rate changes	0.2	(0.5)	(0.1)	0.3
Tax charge included in the profit or loss for the period	**(8.9)**	**21.7**	**(7.2)**	**20.4**

12 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to Shareholders by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by the Company and held as treasury shares.

Basic earnings per share (EUR cent per share)	YTD 2019	YTD 2018
Net result attributable to Shareholders	32.2	28.3
Weighted average number of outstanding shares in issue (millions)	664.1	689.3
Basic earnings per share (EUR cent per share)	**4.85**	**4.11**

The diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Company has one category of dilutive potential ordinary shares: stock options. For the stock options a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding stock options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the stock options.

Diluted earnings per share (EUR cent)	YTD 2019	YTD 2018
Net result attributable to Shareholders	32.2	28.3
Weighted average number of outstanding shares in issue (millions)	664.1	689.3
Adjustments for stock options (millions)	4.0	3.8
Weighted average number of outstanding shares for diluted earnings per share (millions)	**668.1**	**693.1**
Diluted earnings per share (EUR cent per share)	**4.82**	**4.09**

13 Property, plant and equipment

	Land & buildings	Plant & machinery	Under con-struction	Vehicles & equipment	Total
1 January 2019					
Cost	182.6	95.1	12.0	44.7	334.4
Accumulated depreciation	(52.9)	(68.1)	-	(37.8)	(158.8)
Net book value	**129.7**	**27.0**	**12.0**	**6.9**	**175.6**
Three months ended 31 March 2019					
Opening net book value	129.7	27.0	12.0	6.9	175.6
Effect of movements in exchange rates	0.5	0.1	0.1	0.1	0.8
Additions	0.2	0.4	4.1	0.5	5.2
Reclassifications between categories	(2.0)	1.1	-	0.9	-
Transfer between categories	0.1	3.0	(3.1)	-	-
Depreciation charge	(1.3)	(1.6)	-	(0.6)	(3.5)
Closing net book value	**127.2**	**30.0**	**13.1**	**7.8**	**178.1**
At 31 March 2019					
Cost	178.4	100.4	13.1	47.0	338.9
Accumulated depreciation	(51.2)	(70.4)	-	(39.2)	(160.8)
Net book value	**127.2**	**30.0**	**13.1**	**7.8**	**178.1**

	Land & buildings	Plant & machinery	Under con-struction	Vehicles & equipment	Total
At 1 January 2018					
Cost	146.4	96.8	19.7	42.2	305.1
Accumulated depreciation	(50.6)	(73.2)	-	(36.6)	(160.4)
Net book value	**95.8**	**23.6**	**19.7**	**5.6**	**144.7**
Year ended 31 December 2018					
Opening net book value	95.8	23.6	19.7	5.6	144.7
Divestments	-	(2.2)	-	-	(2.2)
Effect of movements in exchange rates	(1.6)	0.1	0.1	-	(1.4)
Additions	4.7	6.5	20.3	2.5	34.0
Business combinations, note 5	12.5	(0.1)	-	0.9	13.3
Transfer between categories	22.9	5.0	(28.1)	0.2	-
Depreciation charge	(4.6)	(5.9)	-	(2.3)	(12.8)
Closing net book value	**129.7**	**27.0**	**12.0**	**6.9**	**175.6**
At 31 December 2018					
Cost	182.6	95.1	12.0	44.7	334.4
Accumulated depreciation	(52.9)	(68.1)	-	(37.8)	(158.8)
Net book value	**129.7**	**27.0**	**12.0**	**6.9**	**175.6**

Depreciation of Property, plant and equipment and of acquisition-related tangible assets analyzes as follows in the Consolidated Statement of Income:

	YTD 2019	YTD 2018
Cost of sales	1.6	1.4
Selling and marketing expenses	0.1	0.1
Research and development expenses	-	0.1
General and administrative expenses	1.7	1.2
	3.4	**2.8**
Depreciation of acquisition-related property, plant and equipment	0.1	-
	3.5	**2.8**

14 Right of use assets

The Group has early adopted IFRS 16 and started reporting as of 1 January 2018. As a consequence, the Group recognizes Right of use assets representing its right to use the underlying assets and a Lease liability representing its obligation to make lease payments.

The following table shows the Right of use assets:

	Land & buildings	Plant & machinery	Vehicles & equipment	Total
At 1 January 2019				
Cost	27.8	1.0	13.3	42.1
Accumulated depreciation	(4.1)	(0.2)	(4.5)	(8.8)
Net book value	**23.7**	**0.8**	**8.8**	**33.3**
Three months ended 31 March 2019				
Opening net book value	23.7	0.8	8.8	33.3
Divestments	-	-	(0.4)	(0.4)
Effect of movements in exchange rates	0.3	-	0.2	0.5
Additions	2.4	-	2.0	4.4
Depreciation charge	(1.2)	(0.1)	(1.2)	(2.5)
Closing net book value	**25.2**	**0.7**	**9.4**	**35.3**
At 31 March 2019				
Cost	30.0	1.0	14.9	45.9
Accumulated depreciation	(4.8)	(0.3)	(5.5)	(10.6)
Net book value	**25.2**	**0.7**	**9.4**	**35.3**

	Land & buildings	Plant & machinery	Vehicles & equipment	Total
At 1 January 2018				
Cost	22.4	1.0	9.8	33.2
Net book value	22.4	1.0	9.8	33.2
Year ended 31 December 2018				
Opening net book value	22.4	1.0	9.8	33.2
Divestments	-	-	(0.4)	(0.4)
Effect of movements in exchange rates	(0.1)	-	0.2	0.1
Additions	5.5	-	4.0	9.5
Depreciation charge	(4.1)	(0.2)	(4.8)	(9.1)
Closing net book value	**23.7**	**0.8**	**8.8**	**33.3**
At 31 December 2018				
Cost	27.8	1.0	13.3	42.1
Accumulated depreciation	(4.1)	(0.2)	(4.5)	(8.8)
Net book value	**23.7**	**0.8**	**8.8**	**33.3**

Depreciation of Right of use assets analyzes as follows in the Consolidated Statement of Income:

	YTD 2019	YTD 2018
Cost of sales	0.5	0.5
Selling and marketing expenses	0.5	0.5
Research and development expenses	0.1	0.0
General and administrative expenses	1.4	1.2
	2.5	**2.2**

For the annual maturity of lease liabilities refer to note 21.

15 Goodwill

At 1 January 2019	
Cost	641.3
Net book value	**641.3**
Three months ended 31 March 2019	
Opening net book value	641.3
Exchange differences	0.8
Closing net book value	**642.1**
At 31 March 2019	
Cost	642.1
Net book value	**642.1**

At 1 January 2018	
Cost	643.9
Net book value	**643.9**
Year ended 31 December 2018	
Opening net book value	643.9
Business combinations, note 5	(1.6)
Exchange differences	(1.0)
Closing net book value	**641.3**
At 31 December 2018	
Cost	641.3
Net book value	**641.3**

Impairment testing

The Group tested at the end of 2018 whether Goodwill had suffered any impairment. The conclusion was there were no triggers indicating that impairment was necessary.

At 31 March 2019, there is no reason to deviate from the conclusions taken at year-end.

16 Intangible assets

	Techno-logy & develop-ment costs	Customer relations, patents & trademarks	Other intangibles	Total
At 1 January 2019				
Cost	255.3	178.6	79.2	513.1
Accumulated amortization	(134.0)	(57.7)	(54.4)	(246.1)
Net book value	**121.3**	**120.9**	**24.8**	**267.0**
Three months ended 31 March 2019				
Opening net book value	121.3	120.9	24.8	267.0
Divestments	-	-	(0.1)	(0.1)
Exchange differences	0.3	0.2	(0.1)	0.4
Additions	4.4	-	1.6	6.0
Amortization charge	(4.2)	(2.7)	(1.3)	(8.2)
Closing net book value	**121.8**	**118.4**	**24.9**	**265.1**
At 31 March 2019				
Cost	260.4	179.2	80.6	520.2
Accumulated amortization	(138.6)	(60.8)	(55.7)	(255.1)
Net book value	**121.8**	**118.4**	**24.9**	**265.1**

	Techno-logy & develop-ment costs	Customer relations, patents & trademarks	Other intangibles	Total
At 1 January 2018				
Cost	232.4	171.6	73.3	477.3
Accumulated amortization	(117.7)	(46.2)	(50.7)	(214.6)
Net book value	**114.7**	**125.4**	**22.6**	**262.7**
Year ended 31 December 2018				
Opening net book value	114.7	125.4	22.6	262.7
Divestments	-	-	(0.5)	(0.5)
Business combinations, note 5	8.2	6.1	-	14.3
Exchange differences	0.1	(0.1)	0.2	0.2
Additions	16.3	-	6.7	23.0
Impairment charge	(2.2)	-	-	(2.2)
Amortization charge	(15.8)	(10.5)	(4.2)	(30.5)
Closing net book value	**121.3**	**120.9**	**24.8**	**267.0**
At 31 December 2018				
Cost	255.3	178.6	79.2	513.1
Accumulated amortization	(134.0)	(57.7)	(54.4)	(246.1)
Net book value	**121.3**	**120.9**	**24.8**	**267.0**

The additions for 2019 predominantly comprise internally generated assets of EUR 6.0 million (31 December 2018: EUR 23.0 million) for product development and for development of software products.

The impairment charge in Intangible assets analyzes as follows in the Consolidated Statement of Income:

	YTD 2019	YTD 2018
Research and development expenses	-	1.1
	-	**1.1**

Amortization of Intangible assets and amortization of acquisition-related intangible assets analyzes as follows in the Consolidated Statement of Income:

	YTD 2019	YTD 2018
Cost of sales	0.0	0.0
Selling and marketing expenses	0.2	0.4
Research and development expenses	3.7	3.4
General and administrative expenses	1.8	1.6
	5.7	**5.4**
Amortization of acquisition-related intangible assets	2.5	2.3
	8.2	**7.7**

Impairment testing

The Group tested at the end of 2018 whether indefinite Intangible assets had suffered any impairment. The conclusion was there were no triggers indicating that impairment was necessary. At 31 March 2019, there is no reason to deviate from the conclusions taken at year-end.

17 Trade receivables, Other receivables and prepayments

	31/03 2019	31/12 2018
Trade receivables	151.8	143.4
Less: write-down to net-realizable value	(1.1)	(1.4)
Trade receivables - net	**150.7**	**142.0**
Less non-current portion	(3.1)	(3.2)
Current portion of Trade receivables	**147.6**	**138.8**
Prepayments	10.0	6.6
Other receivables	43.3	38.4
Other receivables and prepayments	**53.3**	**45.0**

Non-current receivables

Non-current receivables are mainly associated with an escrow account regarding the acquisition of Sulmaq for EUR 3.1 million (31 December 2018: EUR 3.2 million long term outstanding debtors). All non-current receivables are due within one and five years.

Current receivables

The carrying amounts of Trade receivables and Other receivables and prepayments approximate their fair value.

There were no material reversals of write-downs of Trade receivables. Due to the insignificant amount of write-downs, these are not shown separately in the Consolidated Statement of Income.

18 Deferred income tax

Deferred income taxes are calculated in full on temporary differences under the liability method.

The gross movement on the deferred income tax account is as follows:

At 31 December 2018	**(47.1)**
Exchange differences and changes within the Group	(0.1)
Consolidated Statement of Income charge (excluding tax rate change)	2.6
Effect of change in tax rates	0.2
Hedge reserve & translation reserve recognized in Other Comprehensive Income	(0.1)
At 31 March 2019	**(44.5)**

At 31 December 2017	**(56.9)**
Impact IFRS 9 & 15	1.8
At 1 January 2018	**(55.1)**
Exchange differences and changes within the Group	0.1
Consolidated Statement of Income charge (excluding tax rate change)	2.4
Effect of change in tax rates	7.0
Business combinations, note 5	(1.1)
Hedge reserve & translation reserve recognized in Other Comprehensive Income	(0.4)
At 31 December 2018	**(47.1)**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The deferred tax charge recognized in the Consolidated Statement of Financial Position is as follows:

	31/03 2019	31/12 2018
Deferred income tax assets	12.5	10.2
Deferred income tax liabilities	(57.0)	(57.3)
	(44.5)	**(47.1)**

19 Inventories

	31/03 2019	31/12 2018
Raw materials	15.9	19.8
Semi-finished goods	123.9	116.7
Finished goods	41.6	35.5
	181.4	**172.0**
Allowance for obsolescence and/or lower market value	(22.3)	(22.1)
	159.1	**149.9**

There were no material reversals of write-downs to net realizable value. The write-downs recognized following a recoverability analysis are included in Cost of sales.

20 Equity

Share Capital	Ordinary shares (thousands)	Treasury shares (thousands)	Outstanding number of shares (thousands)
At 1 January 2019	682,586	(10,762)	671,824
Treasury shares - purchased	-	(12,096)	(12,096)
Capital reduction	(11,578)	11,578	-
At 31 March 2019	**671,008**	**(11,280)**	**659,728**
	100.00%	1.68%	98.32%
At 1 January 2018	735,569	(41,747)	693,822
Treasury shares - purchased	-	(24,072)	(24,072)
Treasury shares - sold	-	2,074	2,074
Capital reduction	(52,983)	52,983	-
At 31 December 2018	**682,586**	**(10,762)**	**671,824**
	100.00%	1.58%	98.42%

Class of share capital	31/03 2019	31/12 2018
Nominal value	6.0	6.1
Share premium reserve	121.7	159.1
Reserve for share based payments	3.0	2.6
Total share premium reserve	**124.7**	**161.7**

Share capital

During the Annual General Meeting of Shareholders on 6 March 2019 the proposal to reduce the Company's share capital by 11.6 million shares, from 682.6 million shares to 671.0 million shares, was approved. The reduction was executed by way of cancelling 11.6 million of the Company's own shares of ISK 1 each, in accordance with the provisions of the Icelandic Act No. 2/1995 on Public Limited Companies. The Company's share capital was reduced in connection with the preparation of a potential dual listing of the Company, for the benefit of shareholders. Marel's Articles of Association were changed accordingly.

During the Extraordinary shareholders' meeting on 22 November 2018 the proposal to reduce the Company's share capital by 53.0 million shares, from 735.6 million shares to 682.6 million shares, was approved. The reduction was executed by way of cancelling 53.0 million of the Company's own shares of ISK 1 each, in accordance with the provisions of the Icelandic Act No. 2/1995 on Public Limited Companies. The Company's share capital was reduced in connection with the preparation of a potential dual listing of the Company, for the benefit of shareholders. Marel's Articles of Association were changed accordingly.

The total authorized number of ordinary shares is 671.0 million shares (31 December 2018: 682.6 million shares) with a par value of ISK 1 per share. All issued shares are fully paid. Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share at shareholders meetings of the Company. All rights attached to the Company's treasury shares are suspended until those shares are sold again.

Dividends

In March 2019 a dividend of EUR 36.7 million (EUR 5.57 cents per share) was declared for the operational year 2018 of which EUR 32.6 million was paid in Q1 2019 and EUR 4.1 million will be paid in Q2 2019 (in 2018, a dividend of EUR 25.9 million (EUR 4.19 cents per share) was declared and paid for the operational year 2017).

Share premium reserve

The Share premium reserve comprises of payment in excess of par value of ISK 1 per share that shareholders have paid for shares sold by the Company, less payments in excess of par value that the Company has paid for treasury shares. According to the Icelandic Companies Act, 25% of the nominal value share capital must be held in reserve which cannot be paid out as dividend to shareholders. Marel is compliant with this requirement.

Other reserves

Other reserves in Shareholder's equity include the following reserves:

- Hedge reserve: comprises revaluations on derivatives, on which hedge accounting is applied. The value of 31 March 2019 and 31 December 2018 relates to derivatives for the Group, the interest rate swap contracts.
- Translation reserve: comprises the translation results of the consolidation of subsidiaries reporting in foreign currencies, as well as a currency revaluation related to financing of subsidiaries.

	Hedge reserve	Translation reserve	Total other reserves
Balance at 1 January 2019	**1.8**	**(12.1)**	**(10.3)**
Total other comprehensive income	(0.2)	4.8	4.6
Balance at 31 March 2019	**1.6**	**(7.3)**	**(5.7)**
Balance at 1 January 2018	**0.6**	**(8.8)**	**(8.2)**
Total other comprehensive income	1.2	(3.3)	(2.1)
Balance at 31 December 2018	**1.8**	**(12.1)**	**(10.3)**

Limitation in the distribution of Shareholders' equity

As at 31 March 2019, pursuant to Icelandic law, certain limitations exist relating to the distribution of Shareholders' equity. Such limitations relate to legal reserves required by Icelandic law included under Retained earnings for capitalized intangible assets related to product development projects and for legal reserves relating to any legal or economic restrictions to the ability of affiliated companies to transfer funds to the parent company in the form of dividends.

The legal reserve included under Retained earnings for capitalized intangible assets related to product development projects amounted to EUR 75.9 million as at 31 March 2019 (31 December 2018: EUR 74.7 million).

Since the profits retained in Marel hf.'s subsidiaries can be distributed and received in Iceland, no legal reserve for any legal or economic restrictions to the ability of affiliated companies to transfer funds to the parent company in the form of dividends is required.

The amount of the legal reserve for the share of profit of affiliates is reduced by dividends received from those companies and those dividends from them which can be claimed. Therefore Marel could, based on its control as the parent company, decide to let its subsidiaries pay dividends. The dividends would lower the amount of legal reserves within equity and therefore leave more room for Marel to make dividend payments to its shareholders. The new provision of the act does not prevent Marel from making dividend payments to its shareholders in 2019 since the Company has sufficient retained earnings from previous years.

The legal reserves as required by Icelandic law are required as of effective date 1 January 2016.

Non-Controlling Interests

Non-Controlling Interests ("NCI") relate to minority shares held by third parties in consolidated Group companies. The net income attributable to NCI amounted to EUR 0.0 million for the three-month period in 2019 (31 March 2018: EUR 0.0 million).

The NCI relates to MPS France S.A.R.L., France, in which the managing director of MPS France holds an ownership percentage of 24%.

21 Borrowings and lease liabilities

	31/03 2019	31/12 2018
Borrowings	461.8	429.3
Lease liabilities	27.7	27.1
Non-current	**489.5**	**456.4**
Borrowings excluding bank overdrafts	24.8	24.8
Lease liabilities	8.1	6.7
Current	**32.9**	**31.5**
Total borrowings and lease liabilities	**522.4**	**487.9**
Borrowings	486.6	454.1
Lease liabilities	35.8	33.8
Total borrowings and lease liabilities	**522.4**	**487.9**

As of 31 March 2019, interest bearing debt amounted to EUR 532.2 million including lease liabilities (31 December 2018: EUR 502.3 million), of which for 31 March 2019 and 31 December 2018 nothing is secured against shares that Marel hf. holds in subsidiaries. Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

The Group loan agreements contain restrictive covenants, relating to interest cover and leverage. At 31 March 2019 and 31 December 2018 the Group complies with all restrictive covenants.

The Group has the following headroom in committed ancillary facilities:

Floating rate	31/03 2019	31/12 2018
Expiring within one year	-	-
Expiring beyond one year	188.0	213.5
	188.0	**213.5**

Liabilities in currency recorded in EUR	Borrowings	Capitalized finance charges	Embedded derivatives and revaluation	Lease liabilities	**Total 31/03 2019**
Liabilities in EUR	430.0	(6.9)	(1.7)	12.8	434.2
Liabilities in USD	65.7	(1.2)	-	11.0	75.5
Liabilities in other currencies	0.7	-	-	12.0	12.7
	496.4	(8.1)	(1.7)	35.8	522.4
Current maturities	(29.2)	3.7	0.7	(8.1)	(32.9)
Non-current maturities	**467.2**	**(4.4)**	**(1.0)**	**27.7**	**489.5**

Liabilities in currency recorded in EUR	Borrowings	Capitalized finance charges	Embedded derivatives and revaluation	Lease liabilities	**Total 31/12 2018**
Liabilities in EUR	402.2	(7.7)	(4.3)	11.4	401.6
Liabilities in USD	65.6	(1.3)	(1.2)	8.0	71.1
Liabilities in other currencies	0.7	-	-	14.4	15.1
	468.5	**(9.0)**	**(5.5)**	**33.8**	**487.8**
Current maturities	(30.7)	3.7	2.3	(6.7)	(31.4)
Non-current maturities	**437.8**	**(5.3)**	**(3.2)**	**27.1**	**456.4**

31/03/2019 Annual maturity of non-current borrowings	Borrowings	Capitalized finance charges	Embedded derivatives and revaluation	Lease liabilities	**Total**
Between 1 and 2 years	29.1	(3.8)	(0.4)	10.4	35.3
Between 2 and 3 years	30.6	(0.4)	(0.5)	3.7	33.4
Between 3 and 4 years	198.2	(0.1)	(0.1)	2.9	200.9
Between 4 and 5 years	189.0	(0.1)	-	5.8	194.7
After 5 years	20.3	0.0	-	4.9	25.2
	467.2	**(4.4)**	**(1.0)**	**27.7**	**489.5**

31/12/2018 Annual maturity of non-current borrowings	Borrowings	Capitalized finance charges	Embedded derivatives and revaluation	Lease liabilities	**Total**
Between 1 and 2 years	30.7	(3.7)	(2.1)	11.0	35.9
Between 2 and 3 years	30.7	(1.3)	(1.0)	3.3	31.7
Between 3 and 4 years	233.8	(0.2)	(0.1)	2.1	235.6
Between 4 and 5 years	122.2	(0.1)	-	2.6	124.7
After 5 years	20.4	0.0	-	8.1	28.5
	437.8	**(5.3)**	**(3.2)**	**27.1**	**456.4**

22 Provisions

	Guarantee commit-ments	Pension commit-ments *)	Other provisions	Total
Balance at 1 January 2019	**7.0**	**9.4**	**0.6**	**17.0**
Additions	0.2	0.3	0.3	0.8
Used	(0.1)	(0.1)	-	(0.2)
Release	(0.1)	-	-	(0.1)
Balance at 31 March 2019	**7.0**	**9.6**	**0.9**	**17.5**

	Guarantee commit-ments	Pension commit-ments *)	Other provisions	Total
Balance at 1 January 2018	**7.9**	**8.3**	**1.5**	**17.7**
Additions	1.5	1.5	0.2	3.2
Business combinations, note 5	0.3	-	-	0.3
Used	(0.6)	(0.4)	(1.0)	(2.0)
Release	(2.1)	-	(0.1)	(2.2)
Balance at 31 December 2018	**7.0**	**9.4**	**0.6**	**17.0**

*) Including the provision for early retirement rights, which has increased to EUR 6.4 million 31 March 2019 (31 December 2018: EUR 6.1 million).

Analysis of total provisions	**31/03 2019**	**31/12 2018**
Current	8.0	7.8
Non-current	9.5	9.2
	17.5	**17.0**

23 Trade and other payables

	31/03 2019	31/12 2018
Trade payables	82.7	92.9
Accruals	15.3	10.4
Personnel payables	60.1	53.9
Other payables	75.4	62.8
Total Trade and other payables	**233.5**	**220.0**
Less non-current portion	(3.0)	(3.0)
Current portion of Trade and other payables	**230.5**	**217.0**

24 Financial instruments

Interest-rate swap

To protect Marel from fluctuations in EURIBOR-EUR-Reuters/LIBOR-BBA (''British Bankers Association'') and in accordance with the interest hedge policy Marel has entered into interest rate swaps (the hedging instruments) to receive floating interest and to pay fixed interest.

This is in line with Marel's risk management policy to have 50 - 70% of core debt fixed for 3 – 5 years.

The notional principal amount of the outstanding active interest rate swap contracts at 31 March 2019 was EUR 282.4 million (31 December 2018: EUR 281.2 million).

31/03 2019	Currency	Principal	Maturity	Interest %
Interest rate SWAP	EUR	50.0	2020	(0.1)
Interest rate SWAP	EUR	35.0	2023	0.4
Interest rate SWAP	EUR	35.0	2023	0.4
Interest rate SWAP	EUR	50.0	2020	(0.1)
Interest rate SWAP	EUR	50.0	2020	(0.1)
Interest rate SWAP	USD	10.0	2020	1.3
Interest rate SWAP	USD	60.0	2020	1.6
Forward starting interest rate SWAP	EUR	80.0	2022	0.4
Forward starting interest rate SWAP	EUR	40.0	2022	0.4
Forward starting interest rate SWAP	USD	50.0	2022	2.3
Embedded floor (0,00% cap on interest rates in financing agreements)	EUR	257.5	2022	0.0
FX EUR DKK interest rate SWAP (EUR fixed, DKK floating)	EUR	0.8	2027	5.2

31/12 2018	Currency	Principal	Maturity	Interest %
Interest rate SWAP	EUR	50.0	2020	(0.1)
Interest rate SWAP	EUR	35.0	2023	0.4
Interest rate SWAP	EUR	35.0	2023	0.4
Interest rate SWAP	EUR	50.0	2020	(0.1)
Interest rate SWAP	EUR	50.0	2020	(0.1)
Interest rate SWAP	USD	10.0	2020	1.3
Interest rate SWAP	USD	60.0	2020	1.6
Forward starting interest rate SWAP	EUR	80.0	2022	0.4
Forward starting interest rate SWAP	EUR	40.0	2022	0.4
Forward starting interest rate SWAP	USD	50.0	2022	2.3
Embedded floor (0,00% cap on interest rates in financing agreements)	EUR	257.5	2022	0.0
FX EUR DKK interest rate SWAP (EUR fixed, DKK floating)	EUR	0.8	2027	5.2

25 Contingencies

Contingent liabilities

At 31 March 2019 the Group had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business from which it is anticipated that no material liabilities will arise. In the ordinary course of business the Group has given guarantees amounting to EUR 67.1 million (31 December 2018: EUR 49.0 million) to third parties.

Legal proceedings

As part of doing business and acquisitions the Group is involved in claims and litigations, under such indemnities and guarantees. These claims are pending and all are contested. Provisions are recognized when an outflow of economic benefits for settlement is probable and the amount can be estimated reliably. It should be understood that, in light of possible future developments, such as (a) potential additional lawsuits, (b) possible future settlements, and (c) rulings or judgments in pending lawsuits, certain cases may result in additional liabilities and related costs.

At this point in time, we cannot estimate any additional amount of loss or range of loss in excess of the recorded amounts with sufficient certainty to allow such amount or range of amounts to be meaningful. Moreover, if and to the extent that the contingent liabilities materialize, they are often resolved over a number of years and the timing of such payments cannot be predicted with confidence. While the outcome of said cases, claims and disputes cannot be predicted with certainty, we believe, based upon legal advice and information received, that the final outcome will not materially affect our consolidated financial position but could be material to our results of operations or cash flows in any one accounting period.

Environmental remediation

The Company and its subsidiaries are subject to environmental laws and regulations. Under these laws, the Company and/or its subsidiaries may be required to remediate the effects of certain incidents on the environment.

26 Related party transactions

At 31 March 2019 and 31 December 2018 there are no loans to the members of the Board of Directors and the CEO. In addition, there were no transactions carried out (purchases of goods and services) between the Group and members of the Board of Directors nor the CEO in the three-month period ended 31 March 2019 and the year 2018.

27 Subsequent events

No significant events have taken place since the reporting date, 31 March 2019.

28 Quarterly results

The below table provides an overview of the quarterly Result from operations and Net result for the period as presented in the Consolidated Statement of Income:

	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1
Revenue	324.6	330.8	282.0	296.7	288.4
Cost of sales	(199.2)	(205.2)	(171.3)	(181.7)	(176.9)
Gross profit	**125.4**	**125.6**	**110.7**	**115.0**	**111.5**
Selling and marketing expenses	(39.0)	(37.2)	(33.6)	(35.0)	(34.2)
Research and development expenses	(21.4)	(22.1)	(19.1)	(17.4)	(18.1)
General and administrative expenses	(20.1)	(25.4)	(20.4)	(21.7)	(17.7)
Result from operations (EBIT)	**44.9**	**40.9**	**37.6**	**40.9**	**41.5**
Net finance costs	(3.8)	(2.9)	(2.9)	(3.1)	(6.0)
Result before income tax	**41.1**	**38.0**	**34.7**	**37.8**	**35.5**
Income tax	(8.9)	(0.0)	(8.0)	(8.3)	(7.2)
Net result for the period	**32.2**	**38.0**	**26.7**	**29.5**	**28.3**
Result before depreciation & amortization (EBITDA)	**59.1**	**56.3**	**50.0**	**53.9**	**55.3**

The below table provides an overview of the quarterly Adjusted result from operations, which management believes to be a relevant Non-IFRS measurement, as mentioned in note 6:

	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1
Revenue	324.6	330.8	282.0	296.7	288.4
Cost of sales	(199.2)	(200.5)	(171.3)	(181.7)	(176.9)
Gross profit	**125.4**	**130.3**	**110.7**	**115.0**	**111.5**
Selling and marketing expenses	(37.3)	(35.6)	(32.0)	(33.5)	(32.6)
Research and development expenses	(20.6)	(21.2)	(18.4)	(16.7)	(17.4)
General and administrative expenses	(20.0)	(25.3)	(20.3)	(21.6)	(17.7)
Adjusted result from operations*)	**47.5**	**48.2**	**40.0**	**43.2**	**43.8**
PPA related costs	(2.6)	(7.3)	(2.4)	(2.3)	(2.3)
Result from operations (EBIT)	**44.9**	**40.9**	**37.6**	**40.9**	**41.5**

*) Operating income adjusted for PPA costs related to acquisitions, including depreciation and amortization.