Advancing food processing

MAREL CAPITAL MARKETS DAY

November 2, 2017
09.00 – 09.50
Introduction of Marel, financial highlights and overview of dynamic growth market
Arni Oddur Thordarson, CEO and Linda Jonsdottir, CFO

09.50 – 10.20
Business model, strategy and growth goals
Arni Sigurdsson, Executive Vice President of Strategy and Corporate Development

10.20 – 10.30
Coffee break

10.30 – 11.00
Business insight – Marel Fish
Sigurdur Olason, Executive Vice President of Marel Fish

11.00 – 11.20
Innovation through partnership – guest speaker
Henning Beltestad, CEO of Lerøy Seafood Group

11.20 – 11.40
Marel’s operations – Marel Supply Chain
Folkert Bölger, Executive Vice President of Supply Chain

11.40 – 12.00
Insight – Innovation at Marel
Roger Claessens, Manager of Research & Development in Marel Poultry

12.00 – 12.10
Closing remarks
Arni Oddur Thordarson, CEO

12.00 – 14.00
Lunch & Live demo of poultry processing equipment

14.00 – 15.30
Reception
LINDA JONSDOTTIR
Chief Financial Officer

Jonsdottir is Marel’s Chief Financial Officer (CFO). She was Marel’s Corporate Director of Treasury and Investor Relations from 2009. Before joining Marel, Linda worked in Treasury and Financing for Eimskip, Burdarás and Straumur Investment Bank. She has also served as a board member for the Enterprise Investment Fund (Framtakssjodur Islands) from 2010-15.

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

8 years with Marel / 8 years industry related.

Lives with her husband and three children in Reykjavik

ARNI ODDUR THORDARSON
Chief Executive Officer

Thordarson has extensive international business experience within the industrial sector. Before taking on his current position as Marel’s CEO in November 2013, he was the CEO of Eyrir Invest, which he co-founded in 2000.

Thordarson was the Chairman of the Board of Directors at Marel until moving into his current position. Thordarson also has broad experience as a non-executive director in various companies such as Fokker Technologies and Stork Technical Services.

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

12 years with Marel / 12 years industry related.

Lives with his wife and three children in Reykjavik
THIS IS MAREL

ARNI ODDUR THORDARSON
CEO
Marel is the leading global provider of advanced processing systems and services to the poultry, meat and fish industries.
HOW DID IT ALL START?

Marel started as an idea at the University of Iceland in 1977 and was incorporated in 1983.

In partnership with Icelandic fish processors, the aim was to improve yield and efficiency in the seafood industry.

From the eighties to date, the yield in the wild whitefish sector has increased from 58% to 83%.
A DIVERSE TEAM OF 5,100 PEOPLE IN 32 COUNTRIES

The playground has gradually expanded to provide advanced solutions and services for the poultry, meat and fish industries.
“Consumers have now reached the point where they are willing to pay for quality.”

- Egbert Miebach, Deutsche See
“Now, because of the SensorX, I can go to sleep with peace of mind because I know we will deliver products without bone contamination.”

Brian Coan, Chick-fil-A, Inc.
IN PARTNERSHIP WITH OUR CUSTOMERS
WE ARE TRANSFORMING THE WAY FOOD
IS PROCESSED. OUR VISION IS OF A
WORLD WHERE QUALITY FOOD IS
PRODUCED SUSTAINABLY AND
AFFORDABLY.
FROM START UP TO A GLOBAL LEADER

Growth through organic growth and strategic acquisitions

- Today, Marel has revenues of EUR 1 billion and 5,100 employees across 32 countries
- Compounded average annual growth of 23% since listing in 1992
- Organic growth driven by innovation and market penetration
- Acquisition growth to accelerate full line offering and market penetration
- Reaching best in class operational profit
STRATEGIC ACQUISITIONS

The acquisition of Scanvaegt took place in August 2006
The acquisition of Stork Food Systems took place in May 2008.
The acquisition of MPS took place in January 2016.
LEADING GLOBAL PROVIDER OF SYSTEMS AND SERVICES

Through strong organic growth and strategic acquisitions, Marel has become the leader in its field.
Marel’s playground is gradually expanding.
Marel is at the center point of prevailing trends.
POPULATION IS GROWING

7,529,703,674
10 BILLION PEOPLE IN 2050

ACTIVE CONSUMERS INCREASING BY 60 MILLION A YEAR DRIVEN BY A GROWING POPULATION AND URBANIZATION
Annual turnover in the poultry, meat and fish Industry is EUR 1,200 billion at consumer value
REVENUES HAVE GROWN x7.5 SINCE AGM 2006

Strong organic and acquired revenue growth

• Good support from shareholders since listing on Nasdaq Iceland in 1992
• Growth strategy announced and agreed upon the 2006 AGM
• Acquisitions of Scanvaegt and Stork Food Systems with equity contribution of EUR 268 million
• MPS and Sulmaq acquisitions financed with support from banking partners, strong operational results and cash flow

* Marei pro forma revenue for 2016
SOLID OPERATIONAL PERFORMANCE

LINDA JONSDOTTIR
CFO
Our revenues have grown around 20% annually on average over the last decade.

Operational profit and earnings per share have grown faster than revenues.
FIRM STEPS TAKEN TO IMPROVE PROFITABILITY

Strong financial performance and solid track-record based on strong earnings growth, good profitability and strong cash generation

- Strong earnings growth with healthy profit margin of 15% EBIT
- Rationalized product portfolio and optimized manufacturing footprint
- Simplified organizational structure to better align execution with strategic objectives
- Changed composition of the workforce to support strategic vision

**Note:** Operating income adjusted for amortization of acquisition-related intangible assets (PPA) in 2016-2017. 2014-2015 EBIT adjusted for refocusing cost and acquisition costs.
EARNINGS PER SHARE

Favorable development in Earnings per Share (EPS) over recent quarters, management expects Earnings per Share to grow faster than revenue.

EARNINGS PER SHARE (EPS)
Trailing twelve months, euro cents
Solid cash flow enables extensive investment in innovation as well as profitable organic growth and strategic acquisitions.
INVESTING IN GROWTH

Target of 12% average annual revenue growth in the next 10 years, capitalizing on R&D investments and strengthening the value chain organically and via strategic investments.

INNOVATION

R&D commitment of ~6% of revenues

ORGANIC

Annual market growth expected at 4-6%

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

STRATEGIC

Annual revenue growth expected at 5-7%

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

Growth will not be linear but based on opportunities and economic fluctuations.
STRONG CASH FLOW

Strong cash flow has enabled both deleveraging and the undertaking of strategic acquisitions, free cash flow 9M17 was EUR 115 million

- Free cash flow growing with operational improvement and revenue growth
- Strong order book results in working capital improvements
- Good cash conversion despite focus on investments to grow the business
INVESTING IN THE BUSINESS TO SUPPORT FUTURE GROWTH

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

- Objective to use part of the cash flow to invest in innovation and the business, strengthening the platform to support future growth
- Advancing our manufacturing and innovation facilities
- Investing in our IT platform

**CAPEX 2014 - 2017**

- **Investments IFA**
- **Investments TFA**
- **% of Revenue**

![Graph showing CAPEX 2014-2017 with data points and trends over time.](image_url)
LEVERAGE PROFILE

Strong deleveraging throughout the years, acquisitions of MPS og Sulmaq executed without issuing new shares

- Net debt/EBITDA in line with the targeted capital structure of x2-3
- Total equity equals 38% of the balance sheet
- Total debt 9M17 EUR 400m, thereof net debt 9M17 EUR 375m
- Interest costs decreasing with lower debt and improved financing terms and conditions
- Dividend policy of 20-40% of net profit
LONG STANDING BANKING PARTNERS

Marel's funding structure is built on long term relationships with seven international first class banks

<table>
<thead>
<tr>
<th>SENIOR FACILITY</th>
<th>MARGIN</th>
<th>MATURITY</th>
<th>AMORTIZATION p.a.</th>
<th>INTEREST HEDGES</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR 243m and USD 75m Term loans</td>
<td>Margin moves in line with net debt leverage</td>
<td>Five year facility with final maturity in May 2022</td>
<td>EUR 15m (semi-annually)</td>
<td>Floating interest rate risk is hedged with interest rate swaps (hedging policy of 50-70% fixed)</td>
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<tr>
<td>EUR 325m revolving facility</td>
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<td>USD term loan is a bullet</td>
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EUR 640m 1.85% 2022 EUR 30m ~ 60% fixed
Our revenue stream is balanced across segments and geographies.
BALANCED REVENUE MIX

Long term outlook is good for all three industries. By being the leading global provider to three industries, we counterbalance fluctuations leading to good overall results.

POULTRY

55% of revenue
18.7% EBIT margin

- Very strong first 9 months with robust order intake, strong volume and solid operational performance
- Market conditions good and strong competitive position

Marel is reaping the benefits of a steady flow of innovative products with standard blocks and full line offering

MEAT

32% of revenue
12.0% EBIT* margin

- Good first half of the year, Q3 however is affected by product mix and timing of deliveries of large orders. Softer outlook in the short term
- Marel is strengthening its position in South America with the acquisition of Brazilian company Sulmaq

Focus going forward on increased standardization and modularization

FISH

12% of revenue
3.9% EBIT margin

- Marel Fish is on track and is delivering good order intake and improved margins in Q3
- Operational performance below long term targets

Focus on full line offering for wild whitefish, farmed salmon and farmed whitefish

* Operating income adjusted for amortization of acquisition-related intangible assets

All financial numbers relate to the first 9 months 2017. Other segments account for 1% of the revenue
GOOD QUALITY OF EARNINGS

Strong track record of a well diversified revenue structure across business segments and geographies

REVENUE BY INDUSTRY

<table>
<thead>
<tr>
<th>Year</th>
<th>Fish</th>
<th>Meat</th>
<th>Poultry</th>
<th>Other</th>
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<tr>
<td>2014</td>
<td>16%</td>
<td>24%</td>
<td>59%</td>
<td>1%</td>
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<tr>
<td>2015</td>
<td>17%</td>
<td>20%</td>
<td>61%</td>
<td>1%</td>
</tr>
<tr>
<td>2016</td>
<td>13%</td>
<td>33%</td>
<td>53%</td>
<td>1%</td>
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<tr>
<td>9M 2017</td>
<td>12%</td>
<td>32%</td>
<td>55%</td>
<td>1%</td>
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</table>

REVENUE BY GEOGRAPHY

<table>
<thead>
<tr>
<th>Region</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>9M 2017</th>
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</thead>
<tbody>
<tr>
<td>Rest of the world</td>
<td>30%</td>
<td>39%</td>
<td>31%</td>
<td>9M17</td>
</tr>
<tr>
<td>North-America</td>
<td>53%</td>
<td>53%</td>
<td>53%</td>
<td></td>
</tr>
<tr>
<td>West-Europe</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>Maintenance</td>
<td>14%</td>
<td>14%</td>
<td>14%</td>
<td></td>
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<tr>
<td>Modernization</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
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</tr>
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</table>

Other segments account for 1% of revenue

REVENUE BY BUSINESS MIX

<table>
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<tr>
<th>Segment</th>
<th>9M 2017</th>
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<tr>
<td>Greenfield and projects</td>
<td>17%</td>
</tr>
<tr>
<td>Modernization and standard equipment</td>
<td>24%</td>
</tr>
<tr>
<td>Maintenance - service and repairs</td>
<td>33%</td>
</tr>
<tr>
<td>Fish</td>
<td>59%</td>
</tr>
<tr>
<td>Fish</td>
<td>12%</td>
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Revenue in 9M 2017 €743 million
RECORD ORDER BOOK

Market conditions are good and the order book is at an all-time high - includes landmark projects for the poultry, meat and fish industries around the globe

- Order book at an all-time high end Q317 at 468m
- Largest order to date secured in Q317, ground-breaking greenfield project with Costco and Lincoln premium poultry in the U.S.
ORDER INTAKE

Order intake in 2017 continues to be robust, standing at EUR 861m at the end of September 2017, with Greenfield projects weighing more heavily in the order book.

- Order book currently close to x0.5 of trailing twelve months revenue
- Greenfields and projects with long lead times constitute the vast majority of the order book
- Standard equipment and spare parts run with shorter cycles than larger projects
We have delivered strong shareholder value since IPO in 1992.
A total of 2,247 shareholders

Ten largest shareholders hold 65.0% of total issued shares

Icelandic pension funds hold 37.8%

6.2% held by international shareholders

Management remuneration program in place, outstanding stock options are 1.44% of issued shares

Listed on NASDAQ Iceland for over 25 years, Marel has created excellent value for its shareholders and is well positioned to capture future growth

SHARE PERFORMANCE

SHARE PRICE DEVELOPMENT
1.11.2017 compared to OMX ICELAND 8

TRADING DATA

<table>
<thead>
<tr>
<th></th>
<th>1.1.2017</th>
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<tbody>
<tr>
<td>Price per share, ISK/EUR</td>
<td>347.00 / 2.81</td>
</tr>
<tr>
<td>Market capitalisation, EURm</td>
<td>2,070</td>
</tr>
<tr>
<td>Shares issued, millions</td>
<td>735.6 mil</td>
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<tr>
<td>Free float</td>
<td>74%</td>
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<tr>
<td>Avg.daily volume YTD</td>
<td>1.4 mil</td>
</tr>
<tr>
<td>Avg.daily value YTD, EUR</td>
<td>EUR 3.9 mil</td>
</tr>
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SHAREHOLDER COMPOSITION
(as per 1.1.17)

- Pension funds, Icelandic: 38%
- Eyir Invest: 6%
- Instit.investors, Icelandic: 6%
- Retail investors, Icelandic: 26%
- International investors: 20%
- Treasury shares: 4%

SHARE PRICE DEVELOPMENT

Volume '000  Share price in EUR  OMX Iceland 8  Share price in ISK

TOP 5 SHAREHOLDERS

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<tr>
<th>Shareholders</th>
<th>1.1.2017</th>
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<tr>
<td>Million shares</td>
<td>%</td>
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<tr>
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<tr>
<td>Eyrir Invest hf.</td>
<td>Investment company</td>
</tr>
<tr>
<td>Lifeyrissjóður verzlunarmanna</td>
<td>Pension fund</td>
</tr>
<tr>
<td>LSR A, B &amp; S divisions and Lif.sj. hjúkrunarfræðinga</td>
<td>Pension funds</td>
</tr>
<tr>
<td>Gildi lifeyrissjóður</td>
<td>Pension fund</td>
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<td>Birta lifeyrissjóður</td>
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SHARE PRICE DEVELOPMENT

Volume '000  Share price in EUR  OMX Iceland 8  Share price in ISK

39
FINANCIAL TARGETS
The growth strategy laid out in 2017 states goal of achieving 12% average annual revenue growth in the next ten years

<table>
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<tr>
<th></th>
<th>TARGET</th>
<th>9M17</th>
<th>FY16</th>
<th>FY15</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE GROWTH</strong></td>
<td>12% average annual</td>
<td>1.4%</td>
<td>20%</td>
<td>15%</td>
<td>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. Solid operational performance and strong cash flow to support 5-7% revenue growth on average by acquisition**.</td>
</tr>
<tr>
<td></td>
<td>revenue growth in the</td>
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<td></td>
<td>next 10 years</td>
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<tr>
<td><strong>INNOVATION INVESTMENT</strong></td>
<td>~6% of revenues</td>
<td>5.5%</td>
<td>6.5%</td>
<td>7%</td>
<td>To support new product development and ensure continued competitiveness of existing product offering</td>
</tr>
<tr>
<td><strong>EPS (euro cent)</strong>*</td>
<td>EPS to grow faster</td>
<td>12.0</td>
<td>10.6</td>
<td>7.9</td>
<td>Marel’s management expects Earnings per Share (EPS) to grow faster than revenue</td>
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<tr>
<td></td>
<td>than revenue</td>
<td></td>
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<tr>
<td><strong>LEVERAGE</strong></td>
<td>Net debt/ EBITDA x 2-3</td>
<td>x2.02</td>
<td>x2.25</td>
<td>X1.05</td>
<td>The leverage ratio is estimated to be in line with the targeted capital structure of the company</td>
</tr>
<tr>
<td><strong>DIVIDEND POLICY</strong></td>
<td>20-40% of net profit</td>
<td>-</td>
<td>20%</td>
<td>20%</td>
<td>Dividend or share buy-back targeted at 20-40% of net profits. Excess capital used to stimulate growth and value creation, as well as paying dividends</td>
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*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.
***Trailing twelve months, EUR cents
**AGENDA**

**CAPITAL MARKETS DAY – NOVEMBER 2, 2017**

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BUSINESS MODEL, STRATEGY & GROWTH TARGET

ARNI SIGURDSSON
EXECUTIVE VICE PRESIDENT OF STRATEGY AND CORPORATE DEVELOPMENT
Arn Sigurdsson is Marel's Executive Vice President of Strategy and Corporate Development. Sigurdsson has extensive experience in the finance and investment management industry. Before joining Marel in January 2014 he worked for AGC Partners as Associate. Prior to that he worked at Landsbankinn where he was instrumental in advising Marel on the acquisition of Stork Food Systems.

**Education**
MBA from Harvard Business School and a B.Sc. in Industrial Engineering from the University of Iceland

4 years with Marel / 7 years industry related.

*Lives with his wife and a child in Reykjavik*
MARKET FOR ANIMAL PROTEIN

The consumer value* of the global poultry, meat and fish market is estimated to be around EUR 1,200 billion

- End market for animal protein is large, EUR ~1,200bn at consumer value
- Meat is the largest market segment, followed by poultry and fish
- All the markets are growth markets and are expected to grow 1-2% per annum
- Growth is mainly driven by population growth and increased consumption per capita

*Marel management estimate
FOOD PROCESSING EQUIPMENT MARKET

The global food processing equipment and maintenance market for poultry, meat and fish is estimated to be around EUR 10bn

- Marel’s market is relatively small compared to the overall animal protein market
- Sizable market with significant room to grow
- Market is expected to grow annually by 4-6%
- The equipment market is growing faster than consumption due to automation, food safety and more sustainable processing
- The market is relatively fragmented and the second consolidation wave is ongoing

* Marel management estimate. Market size includes equipment, software, service and spare parts
** Other bucket includes baked goods, beverages, dairy, fruit and vegetables, confectionary etc.
INDUSTRY STRUCTURE OF EQUIPMENT PROVIDERS

The business approach varies according to the position in the value chain

- Main focus on process flow in primary processing
  - Players are mostly industry specific

- Most secondary and further processing players are industry agnostic
  - Focusing on multiple industries
Marel aims to be a full-line provider to the poultry, meat and fish industries

- Full-line provider from farm gate to dispatch
- Seamless flow and integration between different applications results in higher overall efficiency
- Overarching software solution (Innova) - gives process control, real-time traceability and monitoring of throughput and yield
- Some application gaps still exist and can be closed with innovation, strategic partnerships or acquisitions

Full-line solutions

Primary processing  Secondary processing  Further processing

Primary processing  Secondary processing  Further processing

Primary processing  Secondary processing  Further processing

Marel presence  Application gaps
Marel strives to offer best-in-class technology to transform the industry and address customer needs.
Marel has a global network to stay close to the customers and offer local sales and service.

- Sales and service hubs located in 32 countries around the globe, on 6 continents
- Global sales organization of over 500 FTEs
- Global service organization of over 1,000 FTEs
Marel focuses on customers using advanced and high-end equipment

- Higher growth in advanced and high-end segments as automation in food processing is expected to gradually rise, particularly in emerging markets
- Greater potential to transform the industry and create value in the advanced and high-end segments
Marel has a large customer base covering most blue chip processors worldwide

- Diversified customer base with top 10 customers account for less than 20% of total revenue
- Single largest customer accounts for less than 5% of revenue
- Customer loyalty – list of top customers is fairly consistent between years
CUSTOMER RELATIONSHIPS

Marel builds strong and long lasting relationships with its customers

- Example from a ten-year relationship with a customer in the meat industry
- Customer starts in primary processing and then expands into secondary processing
- After sales revenue from spare parts and service starts around year three

![10 year revenue profile from a customer]

1. Initial investment
2. Additional investment
3. Service & spare parts

<table>
<thead>
<tr>
<th>Year</th>
<th>Initial greenfield investment in primary processing</th>
<th>Cross-selling of secondary processing equipment</th>
<th>Capacity expansion</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Extra scope on initial investment</td>
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<td>9</td>
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<tr>
<td>10</td>
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</tbody>
</table>
Marel has a balanced revenue stream and high quality of earnings

- Greenfield projects drive future revenue streams such as modernization and maintenance
- Standard equipment can both be a building block of large projects as well as an entry point for new customers
- Resilient recurring service and spare parts revenues driven by large and growing installed base

Revenue in 9M 2017
€743 million

Service & spare parts ▲
(38% of revenue)

Modernization & standard equipment

Greenfields & large projects
PRESENCE IN MULTIPLE INDUSTRIES

Marel has increased the balance of revenue between the industries

- Presence in multiple industries is countercyclical for Marel
- Mitigates industry specific risks such as price fluctuations and animal disease
- Opportunity to transfer technical know-how, solutions and skills across industries

Other segments account for 1% of revenue

<table>
<thead>
<tr>
<th>Industry</th>
<th>Revenue in 9M 2017</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fish</td>
<td>€743 million</td>
<td>12%</td>
</tr>
<tr>
<td>Poultry</td>
<td></td>
<td>55%</td>
</tr>
<tr>
<td>Meat</td>
<td></td>
<td>32%</td>
</tr>
</tbody>
</table>
**KEY DIFFERENTIATING FACTORS**

Marel has a unique position that is hard to replicate

<table>
<thead>
<tr>
<th>SUPERIOR TECHNOLOGY</th>
<th>FULL LINE PROVIDER</th>
<th>LARGE INSTALLED BASE</th>
<th>ECONOMIES OF SCALE</th>
<th>STRONG BRAND</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leading technology provider with innovation through customer partnerships.</td>
<td>Seamless flow and integration between different applications results in higher overall efficiency.</td>
<td>Ensuring uptime and reliability resulting in high recurring revenue of spare parts and services.</td>
<td>Global sales and service network that requires high capital investment to replicate.</td>
<td>Innovative and trustworthy partner.</td>
</tr>
<tr>
<td>Scale and efficiency enables higher investment in new product development.</td>
<td>Overarching software to monitor and control the process that is hard to replicate.</td>
<td>Service level agreements (SLA) result in strong customer loyalty and repeat business.</td>
<td>Ongoing investment in software for a long period, resulting in great knowledge and capabilities.</td>
<td>High performing reliable equipment.</td>
</tr>
<tr>
<td>Extensive process know-how and skills in food processing.</td>
<td>One stop shop for the customer both from an equipment and a service standpoint.</td>
<td>Global manufacturing footprint.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Marel has delivered an average annual revenue growth of 20% since 2005.

- Total revenue grew from EUR 129 million in 2005 to EUR 983 million in 2016.
- Average annual organic revenue growth of 6%.
- Average annual acquired revenue growth of 14%.
- Quality of earnings improving and profitability reaching ‘best in class’.
Marel is targeting **12% average annual revenue growth** in the next 10 years.

**ORGANIC GROWTH**

>4-6%

*Driven by innovation & market penetration*

**STRATEGIC ACQUISITIONS**

5-7%

*Accelerate fullline offering & market penetration*
ORGANIC GROWTH

Organic growth is driven by a strong market presence and a solid product portfolio

- Underlying market growth mainly driven by population increase, per capita consumption and automation
- Marel’s strong sales network enables further market penetration
- Marel is addressing customer needs with the right products at the right time
- Marel supports the customer throughout the product's life cycle ensuring optimal performance and uptime
SAMPLE ACQUISITION

Acquisition of MPS paved the way for entry into primary meat processing

• Marel became a full-line provider to the meat industry

• Complementary geographical presence and product portfolio

• Integration proceeding well - meat solutions united under the Marel Meat brand
SAMPLE ACQUISITION

Acquisition of Sulmaq strengthened Marel’s market presence in Latin America

- Improved foothold in the rapidly growing meat market in South and Central America

- Strong customer relationships that enable further sales of complementary equipment

- Solid workforce with strong engineering know-how

- Future manufacturing hub that can be scaled to support the region
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BUSINESS INSIGHT
- MAREL FISH

SIGURDUR OLASON
EXECUTIVE VICE PRESIDENT OF MAREL FISH
Olason began his career in the Marel product development department in 2001 and worked there until 2006. He took up his current position in May, 2014. Before rejoining Marel, Olason was the Director of Business Development at Samherji, one of Iceland’s leading seafood companies.

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

10 years with Marel / 24 years industry related.

*Lives with his wife and four children in Hafnarfjordur.*
MAREL FISH – A KEY INDUSTRY AT MAREL

An innovative, high-tech approach has brought Marel to the forefront of the processing equipment industry.

<table>
<thead>
<tr>
<th>CUSTOMERS</th>
<th>REGIONS</th>
<th>COMMERCIAL: SALES, SERVICE &amp; MARKETING</th>
<th>INNOVATION</th>
<th>SUPPLY CHAIN</th>
<th>HUMAN RESOURCES</th>
<th>STRATEGY &amp; DEVELOPMENT</th>
<th>CHIEF EXECUTIVE OFFICER</th>
<th>FINANCE &amp; IT</th>
<th>LEGAL</th>
</tr>
</thead>
</table>

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MAREL FISH

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

MARKET SIZE

Fish processing equipment and services €1.5bn

FOCUS MARKETS

1. Wild whitefish
2. Salmon
3. Farmed whitefish

Focused approach, gradually expanding the defined playground

MAREL REVENUE SPLIT

Fish 12%

GROWTH & MARGIN DRIVERS

- Automation
- Yield & throughput
- Safety & traceability
- Sustainability
- Uptime performance

ADVANCED & HIGH END EQUIPMENT

- High-end equipment
  - Very fast
  - Fast
  - Medium
  - Slow
- Advanced equipment
- Low-end equipment

*Marel management estimate
WHAT IS THE ROLE OF MAREL FISH?

Strategic partner
STANDARD EQUIPMENT

Marel has a strong portfolio of standard equipment and solutions

LINE SOLUTIONS

Marel delivers advanced processing solutions to the industry, ranging from standard solutions to Greenfield projects
MAREL MILESTONES IN THE FISH INDUSTRY

Marel's fish processing systems are designed to increase and maintain the highest quality, throughput and yield possible, leading the way to improved processing efficiency.
INNOVATION THROUGH PARTNERSHIP

Together with our partners, we create, innovate and implement the exact solutions our customers need to maximize processing potential and product yield.

RESEARCH & EDUCATION

SEAFOOD COMPANIES & RETAIL
OUR VISION

IN PARTNERSHIP WITH OUR CUSTOMERS WE ARE TRANSFORMING THE WAY FOOD IS PROCESSED. OUR VISION IS OF A WORLD WHERE QUALITY FOOD IS PRODUCED SUSTAINABLY AND AFFORDABLY.
10 BILLION PEOPLE IN 2050

...or 2.5x the western hemisphere....
INCREASE IN FOOD PRODUCTION IN THE NEXT 30 YEARS
FEED THE WORLD
ENGLAND 1-2 ICELAND

#ENGISL
Huge investments in technology resulted in higher volumes of landed catch, the task at hand is to meet rising food demand by improving the utilization and value of landed catch.

- The introduction of the sonar/fish finder and the power block made fishing more effective and new species were harvested commercially.
- Larger fishing vessels were built, which also became more specialized and effective.

Regulated fisheries and more stable supply limit

Large scale intensive aquaculture on an industrial scale

Birth of industrialized aquaculture

Traditional aquaculture in carp, milkfish, oysters

Source: FAO 2017, excluding aquatic plants and mammals
Our passion is using innovation to drive growth and value to the benefit of our customers and shareholders alike.
WHY OUR CUSTOMERS CHOOSE MAREL FISH

We offer the best technology possible to improve our customer’s operations, using innovation and technology to make food processing more efficient and profitable.

FLEXICUT WHITEFISH PROCESSING

- FleXicut is a great example, combining high precision bone detection with water-jet cutting for pinbone removal and further portioning of the fillet
  - Maximum yield with automation
  - Maximum food safety
  - Up to 50 fillets per minute
- FleXicut automatically adjusts cutting patterns to the size of each fillet
  - Full traceability
  - Highest value cut at all times

NOT JUST EQUIPMENT

- We are capitalizing on our strong position in both new equipment and services
  - Standard equipment and modules
  - Integrated line approach
  - Grow with customers to full line
  - Service level agreements (SLA)
- INNOVA software
  - IoT and analytics provide improved safety and availability of our equipment
  - Customers are informed in real-time about output and yield
FLEXICUT PROCESSING LINE SOLUTION
INCREASED PRODUCTIVITY

Increased automation and the use of Marel Fish processing equipment in the Nordics, has led to significant rise in productivity per employee.

- Increased automation
- Improved high-value product ratio
- Significantly higher throughput
- Reduces the need for skilled labor and greatly improves overall yield and quality

**TOTAL TROUGHPUT KG PER MANHOUR**

<table>
<thead>
<tr>
<th>Year</th>
<th>1ST GEN. FLOWLINE</th>
<th>2ND GEN. FLOWLINE</th>
<th>FLEXICUT</th>
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<tbody>
<tr>
<td>1996</td>
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<tr>
<td>2005</td>
<td>33</td>
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<td>2014</td>
<td>82</td>
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<tr>
<td>2017</td>
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<td>190</td>
</tr>
</tbody>
</table>

7.5X and growing
Marel provides the salmon industry - one of our three key market segments - with the latest technology for use in every stage of the processing value chain.

**SALMON DEHEADER MS2720**

Multi stage de-header

*Delivers improved results and minimizes trimming at later stages*

**ROBOBATCHER FLEX – ADVANCED ROBOTICS**

Originally developed for the poultry industry, now available to the fish industry

*Reduces giveaway by communicating to equipment upstream*
INNOVA BRINGS IT ALL TOGETHER

Innova provides full production control of the machines, processes and procedures in the plant; from incoming raw material, through processing and on to final goods inventory and dispatch.
MARKET POTENTIAL FOR MAREL FISH

The farmed whitefish segment and overall rise in automation are two key factors for future market growth – the seafood industry must invest further in advanced food processing equipment and systems.
The future is bright.
AGENDA

CAPITAL MARKETS DAY – NOVEMBER 2, 2017

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INNOVATION THROUGH PARTNERSHIP

HENNING BELTESTAD
MANAGING DIRECTOR OF HALLVARD LERØY AS
Henning Beltestad is the Managing Director of Hallvard Lerøy AS. Lerøy Seafood Group is the leading exporter of seafood from Norway. Mr. Beltestad has worked for the group since 1993 in a wide range of functions. Since 2008, he has also been a member of the group management team, with responsibility for Sales and Distribution.

**Education**
B.Com., International Marketing, Norwegian School of Management

*Lives with his wife and two children in Bergen*
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GLOBAL SUPPLY CHAIN

FOLKERT BÖLGER
EXECUTIVE VICE PRESIDENT OF GLOBAL SUPPLY CHAIN
GLOBAL SUPPLY CHAIN AT MAREL

The Global Supply Chain at Marel is responsible for procurement and manufacturing within the company and operates globally across all three business industries.
FOLKERT BÖLGER
Executive Vice President of Global Supply Chain

Folkert has extensive global managerial experience in supply, procurement and operational positions. Before joining Marel, he was the Vice President of Operations and Procurement at Bang & Olufsen (Denmark). Folkert has held various management positions in automotive, consumer lifestyle and healthcare industries at Philips and Siemens-VDO in Asia, Central Europe and Europe.

Education
M.Sc., Mechanical Engineering, Technical University Delft. CPIM, Certified in Production and Inventory Management (APICS).

Near to 1 year with Marel / 1 year industry related

Lives with his wife and three children close to Eindhoven
GLOBAL SUPPLY CHAIN AN ENABLER FOR GROWTH

Leveraging scale and skills delivers a huge competitive advantage for all of Marel’s activities.

Enable Marel to develop, launch, sell and service solutions, products and services by delivering machines and systems, spare parts

…with the **right quality**

…at the **right time**

…and at the **right cost**

<table>
<thead>
<tr>
<th>MANUFACTURING</th>
<th>PROCUREMENT</th>
<th>WAREHOUSING &amp; LOGISTICS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Process standardization &amp; improvement, mother site and co-location</td>
<td>Supplier reduction, global category management leveraging long-term supplier relationships</td>
<td>The backbone to providing better service to customers</td>
</tr>
<tr>
<td>Increasing flexibility and speed</td>
<td>Standardization of parts</td>
<td>Equipment and spares</td>
</tr>
<tr>
<td>Strategic sourcing</td>
<td>Speed, lead time &amp; cost</td>
<td></td>
</tr>
</tbody>
</table>

**SUPPLY CHAIN ~2000 team members**

Operational excellence & scaleability

Strategic partnerships – agility in cost base
FROM SALES TO DELIVERY

How we manage the process from an initial customer need to a final delivery of products and services rendering a satisfied customer.

Lead time from order to delivery
1 day – 18 months
Spares - Standard machines – Greenfields
The Simpler, Smarter, Faster refocusing program had a significant positive impact on our global manufacturing footprint.
Before the refocusing program there were 19 manufacturing sites around the world.
Today, there are 12 manufacturing sites strategically positioned around the world, thereby reducing complexity and optimizing the manufacturing footprint in order to better support further growth.
Based on product characteristics and the geographical sales profile per product, Marel is gearing up for the future with more flexibility rendering operational excellence and scaleability.
A DESIGNATED HOME FOR EACH PRODUCT

All products produced at Marel are assigned to a mother site, as investments in IT systems progress, products will more easily be producable at co-location sites.

Mother site

Development

Responsible for product life cycle management and how the product is manufactured.

Co-location site

Scale manufacturing

Able to produce large volumes at best cost

Proximity to customer

Able to produce at optimal lead time and cost
NITRA – EXPANDING FACILITIES

A good example of business platform investment that will support further growth - reshuffling operational capacity to best-cost geographies and provide access to talent at competitive cost

- The manufacturing facility in Nitra opened in 2005
  - The MOS ovens and systems
  - Standardized equipment, e.g. graders and conveyors
- New extension will add 3,000 m², bringing all 230 employees under one roof of 17,500 m²
- Will enable Nitra to increase its production capacity and to take on further growth
- 20% of the Marel manufacturing footprint
PRODUCT LIFE CYCLE & STRATEGY

Differentiated supply management depending on the phase of the product life cycle

- Manage release for manufacturing early in the product life cycle
- Standardization & platform focus to leverage scale & simplify maintenance phase
- Co-locate during growth phase to capture best cost during maturity
- Mother sites can focus on new product introductions and innovation

![Product Life Cycle Diagram]

- **INTRO**: Manage time to market, release for manufacturing
- **GROWTH**: Manage reproduce-ability, quality, freeze design
- **MATURITY OR STABILIZATION**: Manage at optimized cost
- **DECLINE**: End of life of existing product
**GROWTH STRATEGIES/INITIATIVES**

We are putting enablers in place to facilitate growth and take us to the next level of production performance via location optimization and outsourcing.

**Make/Buy Process** to determine what to produce in house

- Growth in ‘Best Cost’ countries’ and expanding supplier partnerships (including sub-contracting) to reduce integral costs
- Build capacities (including talent) in ‘Best Cost’ co-location sites
- Become lighter in asset and fixed costs to be more responsive to changes in volume

### GROWTH AT COMPETITIVE COST

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2027</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mother sites</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Co-location and outsourcing</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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<th>100%</th>
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<td></td>
</tr>
<tr>
<td>2027</td>
<td></td>
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</tr>
</tbody>
</table>
Having rationalized the operating model, the focus now is on standardization and strategic supplier partnerships to enable further growth organically and through acquisitions.

**Standardization**
- Parts
- Innovation platforms
- Design
- Manufacturing equipment
- Processes

- Global Procurement (manage suppliers on a global scale)
- Standardized and modularized blocks to become more serviceable
- Sustainable & scaleable

**INDUSTRIES – PRODUCT MANAGEMENT**
- Business & Market
  - Product requirements

**SUPPLY CHAIN**
- Where to produce or source parts
  - Make/Buy strategy

**INNOVATION**
- Design the product
  - Product development
  - Innovation

**WHAT**

**HOW**

**WHERE**

**TRIANGULAR COLLABORATION**

SCALEABLE & SUSTAINABLE MODEL
Global supply chain is an enabler for growth.
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INNOVATION AT MAREL

ROGER CLAESSENS
MANAGER OF RESEARCH & DEVELOPMENT IN POULTRY
INNOVATION AT MAREL

An innovative, high-tech approach has brought Marel to the forefront of the processing equipment industry.
ROGER CLAESSENS
Manager of Research & Development in Poultry

Roger Claessens is Marel's Manager of Research & Development in Poultry. He has been with Marel and its predecessors since 2001. Before taking up his current position in April 2014, he served as Product Specialist and Manager Process Technology.

Education
M.Sc., Agricultural Engineering, Wageningen University & Research.

17 years with Marel / 17 years industry related.

Lives with his wife and two children in Malden close to Boxmeer.
We analyze trends and anticipate processing challenges while staying informed of the market conditions and changes in the industries we serve.
OUR VISION

IN PARTNERSHIP WITH OUR CUSTOMERS WE ARE TRANSFORMING THE WAY FOOD IS PROCESSED. OUR VISION IS OF A WORLD WHERE QUALITY FOOD IS PRODUCED SUSTAINABLY AND AFFORDABLY.
STRATEGIC OBJECTIVES

Innovation strategically focuses on three key areas: new product development, sustaining the business and creating a common core technical platform for Marel.

NEW PRODUCT DEVELOPMENT
- Creating new products for existing markets
- Creating new products for new markets
- Securing growth and increased market share for Marel

SUSTAINING THE BUSINESS
- Creating line extensions and product upgrades
- Maintenance of existing products
- Modularization and standardization as driver to secure the business

TECHNICAL PLATFORMS
- Creating common core technologies for Marel systems and equipment
- Improved standardization to maximize synergies across the group
- INNOVA food processing software brings it all together
'The Times They Are a-Changin', which makes innovation even more important for the food industry than ever before.
KEY TRENDS

Having bundled software and equipment together for a long time, Marel is at the center point of information gathering for one of the most important value chains in the world.

**PRODUCTIVITY AND PROCESS OPTIMIZATION**

- Automation in food processing expected to gradually rise, in particular in emerging markets
- Plant efficiency, uptime, automation, yield and throughput
- Impact of e-tailing on supply chain

**FOOD SAFETY & SUSTAINABILITY**

- Food safety and traceability increasingly important
- Sustainability focus with rising social awareness, lower water usage and utility cost
- Convenience is key – fast and easy

**INNOVATION, INNOVA & BIG DATA**

- Data analytics and software control becoming increasingly important
- Improve operations by better understanding processes and businesses through big data
- New business models around data
AUTOMATION AND IMPROVEMENTS IN YIELD

Sustainability goes hand in hand with increased efficiency and improved yield – customers do more with less

POULTRY

Poultry processing line speed has increased from ~6,000 birds per hour in the 80’s to the current level of almost 15,000 birds per hour.

The total yield from a poultry bird has increased from 60% to the current level of 75% since the automatization of poultry processing.

MEAT

Pig processing line speed has increased from ~500 pigs per hour in the 80’s to the current level of almost 1,200 pigs per hour.

The total yield from a pig has increased from 67% to the current level of 78%.

FISH

x7.5 increase of total throughput per man hour on fish processing lines in recent 20 years.

The yield of the fish fillet has increased from 58% when Marel is founded in 1983 to the current level of 83%.
INNOVA BRINGS IT ALL TOGETHER

Innova enables full production control of the machines, processes and procedures in the plant; from incoming raw material, through processing and on to final goods inventory and dispatch.
COSTCO VALUE CHAIN

A great example of how Marel is transforming the way food is processed in close partnership with its customers.

MAREL’S COMPETITIVE ADVANTAGE

- A full line supplier
- Full traceability with the Innova food processing software
- Highest product quality - Atlas, CAS, Electro stimulation, Nuova, Airchill, ACM-NT cut-up, AMF-i
- Quality detection - Iris, Smartweighers, Sensor X

COSTCO MISSION STATEMENT

“Provide top-quality products at the best prices in the market.
Provide high quality, safe and wholesome food products by requiring that both suppliers and employees be in compliance with the highest food safety standards in the industry.”
We help the food industry create value while responsibly managing limited resources such as water, energy and the product itself.
Marel invests 4-6% of its revenue in product development and launched several new or improved products last year alone.
ATLAS LIVE BIRD HANDLING SYSTEM

Featuring a high tech loadable pallet with a variable number of trays, the ATLAS not only gives high attention to animal welfare but also increases efficiency considerably

- Improved efficiency (loading, transport, cleaning and uptime)
- Loading capacity can increase up to 38%, which means fewer truck movements and less CO2 emission
- Avoids additional handling and human contact until after stunning
- Optimal cleaning sets new benchmark in the industry
- Robust design for high capacities
- Innova production control platform
THIGH FILLET SYSTEM

The Thigh Fillet System reproduces the work of a skilled manual operator in an industrial way, ensuring a retail quality thigh fillet and a more stable process.

- Ability to create the highest added value out of thigh meat
- Guaranteed highest yield in the market
- Retail quality products
- In-line solution, high volume
- Low bone content
- Kneecap harvesting
- Labor saving (no loading, less trimming)
- Integrated with the ACM-NT cut-up system
AMF-1, A NEW INTELLIGENT PLATFORM

The first intelligent breast cap filleting system that uses automatic adaption to breast cap size, leading to the highest yield, capacity and product quality.

- Classifies each individual breast cap more precisely
- Applicable modules adapt settings automatically per carrier measured
- Always running on the right recipe, no unnecessary losses
- Total independency of people for right settings/recipe
We leverage our strong R&D investments to successfully launch our solutions for other products, across processes and geographies.
INTEGRATED PRODUCT OFFERING

Two great examples of products that were developed for one industry, but have been successfully adapted for all of Marel's key industries

SENSOR X
Originally developed for the fish industry, now a great success in the poultry and meat industries

ROBO BATCHER
Originally developed for the poultry industry, now available to the fish industry
INNOVATION ACROSS INDUSTRIES

In the secondary and further processing parts of the value chain, the processing steps become more homogenous across industries, e.g. portioning, batching, weighing and marinating.

- Same technology is used in all I-Cut portion cutters across industries, with slight variations.
- For poultry, meat or fish products.
- Poultry needs more capacity, so they use two lane machines and smaller knives.
- Meat needs the machine to handle larger products so it has wider belts and larger knives.

The I-Cut PortionCutter uses a **3D scanner** to calculate product weight and decide where to cut to gain the best possible yield.
Innovation is and has always been at the heart of Marel.
Q&A

SIGURDUR OLASON
EXECUTIVE VICE PRESIDENT OF MAREL FISH

FOLKERT BÖLGER
EXECUTIVE VICE PRESIDENT OF GLOBAL SUPPLY CHAIN

ROGER CLAESSENS
MANAGER OF RESEARCH & DEVELOPMENT IN POULTRY
### AGENDA

**CAPITAL MARKETS DAY – NOVEMBER 2, 2017**

<table>
<thead>
<tr>
<th>Time</th>
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| 09.00 – 09.50 | **Introduction of Marel, financial highlights and overview of dynamic growth market**  
  *Arni Oddur Thordarson, CEO and Linda Jonsdottir, CFO* |
| 09.50 – 10.20 | **Business model, strategy and growth goals**  
  *Arni Sigurdsson, Executive Vice President of Strategy and Corporate Development* |
| 10.20 – 10.30 | **Coffee break**                                                                                   |
| 10.30 – 11.00 | **Business insight – Marel Fish**  
  *Sigurdur Olason, Executive Vice President of Marel Fish* |
| 11.00 – 11.20 | **Innovation through partnership** – guest speaker  
  *Henning Beltestad, CEO of Lerøy Seafood Group* |
| 11.20 – 11.40 | **Marel's operations – Marel Supply Chain**  
  *Folkert Bölger, Executive Vice President of Supply Chain* |
| 11.40 – 12.00 | **Insight – Innovation at Marel**  
  *Roger Claessens, Manager of Research & Development in Marel Poultry* |
| 12.00 – 12.10 | **Closing remarks**  
  *Arni Oddur Thordarson, CEO* |
| 12.00 – 14.00 | **Lunch & Live demo of poultry processing equipment**                                               |
| 14.00 – 15.30 | **Reception**                                                                                  |
CLOSING REMARKS

ARNI ODDUR THORDARSON
CEO
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