

Marel (MAREL NA) / John Bean Technologies (JBT US)

Tender Offer

We believe that closure can be expected before the end of this year. The spread appears to be attractive but it is likely to be driven by the large downside.

Antitrust

- The HSR waiting period expired at 11:59 p.m., Eastern time on May 8, 2024
- The transaction is also subject to clearance or approval under certain other antitrust laws, including within the EU.
- As of today the key question remains any local European and EC approvals.

Horizontal overlap

- Marel and JBT overlap in the following subsegments of food processing equipment: Poultry, Meat, Seafood and Pet food.
- As per the merger presentation, the direct overlaps of JBT and Marel offerings are relatively modest in the Poultry and Pet food segments.

Product market

- We believe the combined entity will hold a significant market share in the overlapping segments; however, we expect that the merger will eventually be approved.
- However, several key factors will likely prevent them from dominating the market:
 - The geographic market for food processing equipment spans continents or broader regions.
 - The market is highly fragmented, with numerous smaller competitors serving local markets.
 - Smaller players are often more agile and can respond quickly to changing customer demands, technological advancements, or regulatory requirements, giving them a competitive edge.
 - Competitors often specialize by both process and food product.
 - The meat and poultry processing equipment market faces competition from the broader food processing equipment sector, as many customers require customized solutions for their specific needs.
- We note that Marel's revenue growth in the poultry segment has been relatively stagnant in the past ten quarters, which makes us think that there is limited scope for gaining further market share without acquisitions.
- It is also worth noting that the transaction agreement does not include any divestiture requirements.

Vertical issue

- We note that horizontal overlaps are minimal, the main question is whether vertical issues can arise.
- The merged entity will become the largest player in Europe. Among only a very few players that will be capable of producing a "wall-to-wall" processing line
- They will be capable of managing the entire poultry processing chain, from slaughtering to packaging, and we believe they will leverage bundling as part of their sales strategy.
 - However, we believe that bundling will be limited as many customers focus on different segments of the meat/poultry processing chain.
 - Based on past transactions, the meat and poultry processing equipment market can be segmented in a similar way to the meat and poultry processing industry, with divisions between primary and secondary processing, as well as across different species.
- Although there are only a few players who can produce a "wall-to-wall" processing line, most of the customers are focused on smaller sections of animal processing.
 - The whole process can be further segmented into "primary" and "secondary" processing. While the Marel product range is focused on primary processing, JBT's product portfolio mainly targets secondary processing. This means that the combined entity's market position will not change significantly due to limited overlaps.

Timing

- We note that based on the merger presentation, parties submitted all regulatory filings by mid-June. We believe that a 6-7 month regulatory review period would be realistic.
- We believe that the merger can close by late November. We believe that a worst case scenario would be early-January.

Valuation

- We estimate that in case of a deal break, MAREL NA will trade at €1.85-\$2.00, representing a 10.5x-11x FW EV/EBITDA.

Deal Terms

1 MAREL NA=€1.26 (35%)+0.0265 JBT (65%)

Target: Marel

Country	Iceland
Bloomberg	MAREL NA
Sector	Food Product Machinery
Share price (€)	3.44
Market cap (€m)	2,652
Free float (%)	71

Acquirer: John Bean Technologies

Country	United States
Bloomberg	JBT US
Sector	Machinery
Share price (\$)	97.82
Market cap (\$m)	3,114
Free float (%)	99

Target Price Chart



Status

Extended offer close on November 11

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Key terms of the merger

Transaction Details

Announcement Date	April 25, 2024
Offer terms	1 MAREL NA= € 3.60 or €1.26 + 0.0265 JBT or 0.0407 JBT Elections will be subject to proration such that the Marel shareholders, in the aggregate, receive approximately EUR 950 million in cash and hold an approximately 38% percent ownership interest in the combined company.
% owned by Marel stockholders	~38%
Deal Size (Market Value)	€ 2.8 billion
Offer structure	Cash and Stock Tender offer
Marel's Board Recommendation	Yes
Voting Agreement	Yes - approximately 25 percent
Marel Incorporation	Iceland
JBT Incorporation	US
Merger Agreement	Click here for the announcement
Offer Document	Click here for the offer document
Merger Presentation	Click here for the merger presentation
Form S-4	Click here for Form S-4
Merger Call Transcript	Click here for the merger call transcript
Synergies	■ >\$125M

Indicated Closing Date

- by year-end 2024

Dividends

- Company shall not, and shall cause its Subsidiaries not to: (iii) declare, set aside or pay any dividend or make any other distribution (whether in cash, stock, property or any combination thereof) in respect of any Equity Securities, other than (A) the declaration and payment by the Company of an annual cash dividend on the outstanding Marel Shares in an aggregate amount per annum not to exceed the lesser of (1) EUR 10 million and (2) 20% of the Marel Group's "net result" (as calculated consistent with the Company's annual report for the operational year 2023) for such fiscal year, with the timing of the declaration, record and payment dates in any given fiscal year to be materially consistent with the timing of the declaration, record or payment dates (as applicable) for the Company's 2023 fiscal year and (B) dividends or distributions by a Subsidiary of the Company to the Company or a wholly owned Subsidiary of the Company
- JBT shall not, and shall cause its Subsidiaries not to: (iii) declare, set aside or pay any dividend or make any other distribution payable in cash, stock, property or any combination thereof in respect of any Equity Securities, other than (A) the declaration and payment by JBT of quarterly cash dividends on the outstanding JBT Shares in an amount per quarter not to exceed \$0.10 per outstanding JBT Share with the timing of the declaration, record and payment dates in any given quarter materially consistent with the timing of the declaration, record and payment dates for the comparable quarter in the prior fiscal year and (B) dividends or distributions by a Subsidiary of JBT to JBT or another Subsidiary of JBT;
- Marel pays dividends annually. The next payment is expected to be €0.0062 with an ex-date of February 2, 2025.
- JBT pays dividends quarterly. The next dividend is expected to be \$0.10 with an ex-date of December 4, 2024.

Financing

- The Offer is not subject to any financing condition. The cash consideration payable in respect of the Offer is fully secured by funds available to the Offeror pursuant to financing commitments provided by Wells Fargo Securities, LLC, Wells Fargo Bank, National Association and Goldman Sachs Bank USA on terms which are customary for the financing of public offers.

Target capitalization

- Marel Equity ■ 771,007,916 shares of common stock

- Marel Debt

Annual maturity of non-current borrowings and lease liabilities at 30 June 2024

	Borrowings	Capitalized finance charges	Lease liabilities	Total
Between 1 and 2 years	449.7	(1.7)	10.7	458.7
Between 2 and 3 years	392.3	(0.4)	7.5	399.4
Between 3 and 4 years	0.9	-	2.9	3.8
Between 4 and 5 years	1.0	-	4.1	5.1
After 5 years	1.9	-	3.9	5.8
Total	845.8	(2.1)	29.1	872.8

- Marel Net Leverage ■ 3.9x FY1 Net Debt/EBITDA

Bidder capitalization

- JBT Equity ■ 31,840,595 shares outstanding
- JBT Debt ■ Long-term Debt: \$647 million
- JBT Net Leverage ■ 0.9x FY1 Net Debt/EBITDA

Valuation Multiples

- LTM EV/Sales 2.11x
- FY1 EV/Sales 2.09x
- FY2 EV/Sales 1.97x

■ LTM P/E	n.a.
■ FY1 P/E	36.7x
■ FY2 P/E	16.0x
■ FY1 EV/EBITDA	18.8x
■ FY2 EV/EBITDA	12.7x

Timetable

■ Confidentiality Agreement	December 14, 2023
■ Date of the Transaction Agreement (T)	April 5, 2024
■ Deal Announcement	April 5, 2024
■ HSR Expired	May 8, 2024
■ S-4 filed	May 16, 2024
■ Offer period start	June 24, 2024
■ JBT Vote	August 8, 2024
■ Extended offer close	November 11, 2024
■ Settlement (CBR est.)	November 30, 2024
■ Outside date	July 4, 2025
■ Extended outside date	October 5, 2025

Solicitation Clause

- There is a non-solicitation clause.
- There is a 5 business day matching period.
- “Superior Proposal” means a bona fide written Acquisition Proposal made after the date of the Transaction Agreement that would result in a person or group becoming the beneficial owner of, directly or indirectly, more than 50% of the total voting power of the equity securities of JBT or Marel, as applicable, or more than 50% of the consolidated net revenues, net income or total assets (including equity securities of its subsidiaries), of JBT or Marel, as applicable, that the relevant board has determined in good faith, after consultation, as applicable, with its outside legal counsel and financial advisor, taking into account all legal, financial, financing and regulatory aspects of the Acquisition Proposal, the identity of the person(s) making the proposal and the likelihood of the Acquisition Proposal being consummated in accordance with its terms, that, if consummated, would result in a transaction (after taking into account any revisions to the terms of the Transaction Agreement proposed pursuant to the terms thereof) (i) more favorable to its shareholders from a financial point of view than the transactions contemplated by the Transaction Agreement, and (ii) that is reasonably likely to be completed, taking into account any regulatory, financing or approval requirements and any other aspects considered relevant by its board.

Intervening Event

- “Company Intervening Event” means any material effect, change, event, development or occurrence with respect to the Marel Group that was not known or reasonably foreseeable to the Marel Board on the date of the Transaction Agreement, which effect, change, event, development or occurrence, becomes known to the Marel Board prior to the Offer Closing Time; provided, however, that no effect, change, event, development or occurrence relating to any of the following shall constitute a Company Intervening Event: (1) receipt, existence or terms of a Company Acquisition Proposal, or the consequences thereof; (2) the fact, in and of itself, that the Company meets or exceeds any internal or published projections, budgets, forecasts, estimates or predictions of revenue, earnings or other financial or operating metrics, or any changes after the date of the Transaction Agreement in the price or trading volume of the Shares (it being understood that any effect, change, event, development or occurrence underlying any of the foregoing in this clause (2) may be taken into consideration, unless otherwise excluded by the exceptions to this definition); and (3) changes in general economic or geopolitical conditions, or changes in conditions in the economy generally.
- “JBT Intervening Event” means any material effect, change, event, development or occurrence with respect to the JBT Group that was not known or reasonably foreseeable to the JBT Board on the date of the Transaction Agreement, which effect, change, event, development or occurrence, becomes known to the JBT Board prior to obtaining the JBT Stockholder Approval; provided, however, that no effect, change, event, development or occurrence relating to any of the following shall constitute a JBT Intervening Event: (1) receipt, existence or terms of a JBT Acquisition Proposal, or the consequences thereof; (2) the fact, in and of itself, that JBT meets or exceeds any internal or published projections, budgets, forecasts, estimates or predictions of revenue, earnings, or any changes after the date of the Transaction Agreement in the price or trading volume of the JBT Shares (it being understood that the event or circumstance underlying any of the foregoing in this clause (2) may be taken into consideration, unless otherwise excluded by the exceptions to this definition); and (3) changes in general economic or geopolitical conditions, or changes in conditions in the economy generally.

Key conditions to the merger

■ Shareholder Acceptance	■ at least 90% of Marel’s outstanding shares being tendered into offer
■ JBT shareholder approval	■ Yes
■ S-4 effectiveness	■ Yes
■ No legal prohibition	■ Yes
■ Regulatory Approvals	■ HSR (US), certain member states of the EU and/or the EU itself, Australia, New Zealand, Saudi Arabia, South Africa, Turkey and the United Kingdom
	■ FDI: EU, Iceland, France and other
■ Reps and warranties	■ Yes
■ NYSE Listing Conditions	■ Yes
■ Registration Statement	■ Yes

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|--|-------|
| ■ Dutch Consultation Condition | ■ Yes |
| ■ Performance of Obligation of the Company | ■ Yes |
| ■ No Company or Parent MAC | ■ Yes |

MAC Definitions

- “Material Adverse Effect” means any effect, change, event, fact, circumstance, development or occurrence that, individually or in the aggregate, (i) has had or would reasonably be expected to have a material adverse effect on the businesses, results of operations, assets or financial conditions of the JBT Group or the Marel Group (as applicable), each taken separately as a whole;

MAC Carve-outs

Provided, provided, however, that none of the following, either alone or in combination, shall constitute or be taken into account in determining whether a Material Adverse Effect has occurred or would reasonably be expected to occur pursuant to this clause (i):

- (A) any effect, change, event, fact, circumstance, development or occurrence to the extent resulting from (1) general conditions (or changes therein) in the industry in which the JBT Group or Marel Group (as applicable) operates, (2) business, economic or political conditions (or changes therein) in the United States, Iceland or elsewhere in the world or (3) general conditions (or changes therein) in the credit, financial, banking, currency or capital markets, in the United States, Iceland or elsewhere in the world, including changes in interest or exchange rates;
- (B) any effect, change, event, fact, circumstance, development or occurrence to the extent resulting from (1) changes in Law or in GAAP or IFRS after the date of the Transaction Agreement, (2) acts of war (whether or not declared), sabotage or terrorism, or any escalation or worsening of any such acts of war (whether or not declared), sabotage or terrorism, or (3) volcanoes, tsunamis, pandemics (including the COVID-19 pandemic), earthquakes, hurricanes, tornados or other natural disasters;
- (C) (1) any decline in the market price, or change in trading volume, of the capital stock of JBT or the Company (as applicable) or (2) any failure to meet any internal or public projections, forecasts, guidance, estimates, milestones, budgets or internal or published financial or operating predictions of revenue, earnings, cash flow or cash position (it being understood that the exceptions in clauses (C) (1) and (2) shall not prevent or otherwise affect a determination that the underlying cause of any such change, decline or failure referred to therein is, or would reasonably be expected to be, a Material Adverse Effect);
- (D) any action taken by the JBT Group or Marel Group (as applicable) at the Company’s or JBT’s (respectively) written request; or
- (E) the negotiation, execution, public announcement, pendency or consummation of the Transaction (it being understood that this clause (E) shall not apply to any representation or warranty to the extent the purpose of such representation or warranty is to address the consequences resulting from the execution and delivery of the Transaction Agreement or the consummation of the Transaction);

provided further, however, that any effect, change, event, fact, circumstance, development or occurrence referred to in clause (A) or clause (B) may be taken into account in determining whether there has been, or would reasonably be expected to be, a Material Adverse Effect to the extent such effect, change, event, fact, circumstance, development or occurrence has a disproportionate adverse effect on the businesses, results of operations, assets or financial condition of the JBT Group or Marel Group (as applicable), taken as a whole, as compared to other similarly situated companies in the industry in which the JBT Group or Marel Group (as applicable) operate; or (ii) would reasonably be expected to prevent or materially impede, interfere with, hinder or delay the consummation by JBT or the Company (as applicable) of the Transaction or the performance by JBT or the Company (as applicable) in all material respects of its obligations under the Transaction Agreement.

Break fees

- | | |
|---------------------|---|
| ■ Break fee | ■ EUR 35 million (35,000,000) if a JBT Superior Proposal Termination occurs or (ii) EUR 15 million (15,000,000) if a JBT Intervening Event Termination occurs |
| ■ Reverse break fee | ■ EUR 85 million (85,000,000) if the Drop Dead Date is the Initial Drop Dead Date at the time of such termination or (B) EUR 110 million (110,000,000) if the Drop Dead Date is the Extended Drop Dead Date |

Antitrust related clauses

- | | |
|----------------------------------|---|
| ■ Jurisdictions | ■ US, EU and other |
| ■ Divestiture obligation | ■ No |
| ■ Litigation obligation | ■ n.a. |
| ■ Reverse break fee (regulatory) | ■ EUR 85 million (85,000,000) if the Drop Dead Date is the Initial Drop Dead Date at the time of such termination or (B) EUR 110 million (110,000,000) if the Drop Dead Date is the Extended Drop Dead Date |

Specific Performance

- Yes

Governing Law

- The Transaction Agreement and any related actions are governed by and construed in accordance with the laws of the State of Delaware, except, however, that the Transaction, the Offer and related matters (to the extent required by Icelandic law), and the fiduciary duties of the Marel Board, are governed by Icelandic law.

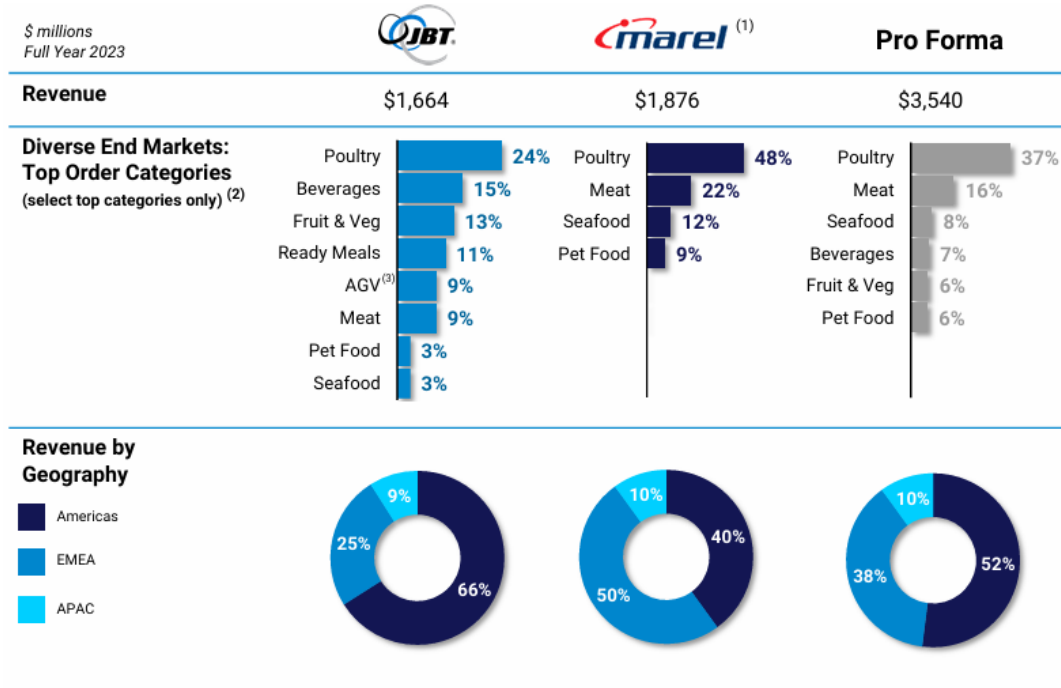
Key Marel shareholders		Key JBT shareholders	
Marel HF	%	John Bean Technologies	%
Eyrir Invest hf	24.7	BlackRock Inc	16.3
Gildi - lifeyrissjoethur	6.7	Vanguard Group Inc/The	10.8
Lifeyrissjoour starfsmanna rik	5.4	Virtus Investment Partners Inc	4.9
BIRTA LIFEYRISSJODUR	3.0	Champlain Investment Partners LLC	4.8
Vanguard Group Inc/The	2.9	State Street Corp	4.0
Marel HF	2.0	Wellington Management Group LLP	3.9
Invesco Ltd	1.9	Victory Capital Management Inc	3.8
FRJALSI LIFEYRISSJODURINN	1.9	T Rowe Price Group Inc	3.5
Festa-lifeyrissjodur	1.4	AllianceBernstein Holding LP	3.5
Stapi Lifeyrissjoour	1.4	Franklin Resources Inc	3.4
Other	48.7	Other	41.2

Source: Bloomberg

Key risks

REGULATORY RISKS AND TIMING

- The HSR waiting period expired at 11:59 p.m., Eastern time on May 8, 2024
- The Transaction is also subject to clearance or approval under certain other antitrust laws, including within the EU. The Transaction cannot be completed until all applicable waiting periods (and any extensions thereof) applicable to the Transaction under the Specified Antitrust Laws have expired or otherwise been terminated, or all requisite clearances, consents and approvals pursuant thereto have been obtained.



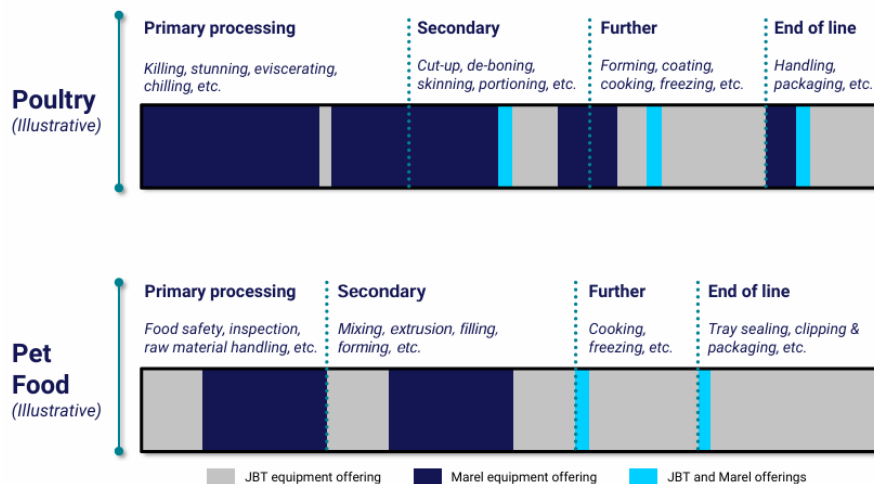
Source: Merger Presentation

CBR Comment

- As of today the key question remains any local European and EC approvals.

Overlaps

- Marel and JBT overlap in the following subsegments of food processing equipment: Poultry, Meat, Seafood and Pet food.
- As per the merger presentation, the direct overlaps of JBT and Marel offerings are relatively modest in the Poultry and Pet food segments.



Source: Merger presentation

- Furthermore, both Marel and JBT are actively present in developing software for such food processing equipments, and they directly overlap in Process Control and Machine performance software.

	Manufacturing Execution System / Line Control			Process Control	Machine Performance		Machine Health / Uptime	
	Traceability and Value Chain Integration	Order & Inventory Management	Food Safety & Quality Assurance	Process Control & Optimization (OEE)	Yield / Throughput Monitoring	Machine Vision / AI Optimization	Predictive Maintenance	Aftermarket e-commerce Platform
Marel Software Manufacturing execution system (MES) for whole lines & facilities								
JBT OmniBlu Product-specific solutions to optimize asset maintenance & performance								

Source: Merger Presentation

Relevant product markets

EC case Case No COMP/[M.5125](#) - MAREL / SFS:

- “The processing of livestock into food products at an industrial level takes place in **separate production lines which consist of a substantial number (up to 200) of individual pieces of equipment**. The Commission has not yet had an opportunity to consider the markets for food processing equipment that are relevant in this case. In the notifying party's view and with reference to a decision of the German Bundeskartellamt, a **distinction should be made between primary processing equipment and further processing equipment**. The notifying party submits that the equipment for primary processing and for further processing serve different purposes and do not belong to the same product market. The description below is related to processing of poultry, where SFS and Marel are both active but is also valid, with some adjustments, for red meat and fish.”
 - “During the phase of primary processing the animals are killed, their parts which cannot be used for human consumption are removed and the remaining parts are cut into pieces. The result is a piece of meat which in general is not designed for consumption by end-customers. The equipment needed comprises an assortment of machines used for slaughtering, hanging transport, reloading, defeathering, eviscerating and chilling, cutting up into pieces and deboning.”
 - “The steps which belong to the further processing stages start with this "raw" piece of meat and vary as to the desired outcome of the final processing stage. These steps can be coating, marinating, frying, forming, sausages and nuggets making, freezing etc. Other equipment supplied by the parties and their competitors in this area include weighing equipment (which can be distinguished from weighing equipment used in primary processing to the extent that it is dedicated to steps when the product is lying on a conveyor in the context of pack-off operations), mixing and grinding equipment, portioning machines, X-Ray machines and process control software. Core competencies required for this phase are a strong knowledge of the processes of weighing, grading, packaging and labelling as well as ingredients and cooking recipes.”
- “According to the notifying party, this segmentation is also justified by the fact that most of their customers in the European food industry are **only active in the primary processing sector or in the further processing sector**.”
- Marel also considers that the machinery and equipment for primary processing and for further processing need to be distinguished by the different kinds of livestock, in particular poultry, red meat and fish because of the major differences related to the size and anatomy of these animals.
- In the course of the market investigation, some competitors suggested a narrower segmentation of the processing markets: whilst the scope of the primary processing is not questioned, these market players put forward that the further processing market should be further divided in three segments :
 - - the **"secondary processing"** market, including equipment used to weigh, grade, cut, slice, portion, size and group parts of the carcass, the end-result being a consumer-ready product or an intermediate for another step;
 - - the **"further processing"** market where additional treatment (such as marinating, spicing, frying etc.) is carried out using the material resulting from secondary processing;
 - - the **"process and logistical control"** market which includes software and hardware guaranteeing the operational control of the process and its outcome. Basically this equipment controls the product flow and collects data that enables users to fulfil their obligations with regard to the customers and regulatory requirements (for instance as regards traceability).”
- “Furthermore, one competitor pointed out in the market investigation that a considerable and **growing share of demand for poultry processing equipment is generated by companies which build fully integrated plants**. These companies demand integrated so-called **"wall-to-wall" processing lines** rather than separate processing units from different manufacturers. Therefore, according to this respondent, there is a separate relevant market for integrated processing lines for poultry.”

Customer Segmentation

- The meat and poultry processing market is segmented based on various factors that help categorize the industry by product type, equipment, processing methods, and geography. Below is an outline of the key segmentation aspects:

- By Product Type:
 - Red Meat: Includes beef, pork, lamb, and other livestock.
 - Poultry: Primarily includes chicken, turkey, and other birds.
 - Seafood: While not directly related to meat and poultry, some processing facilities handle both.
- By Equipment Type:
 - Killing/Slaughtering Equipment: For the humane slaughter of animals, such as stunning machines and carcass conveyors.
 - Cutting and Deboning Equipment: Used for deboning, cutting, and portioning the meat, like slicers and meat cutters.
 - Marinating and Tumbling Equipment: Machines used to add flavor or tenderize meat.
 - Evisceration Equipment: Especially important in poultry, for the removal of internal organs.
 - Packaging Equipment: Vacuum packaging, tray sealing, and other methods to pack and preserve meat products.
 - Chilling and Freezing Equipment: For maintaining cold chain and extending shelf life.
 - Grinding and Mincing Equipment: Used for ground meat production.
 - Smoking and Curing Equipment: To process meat into products like smoked ham or sausages.
- By Processing Method:
 - Primary Processing: Involves slaughtering, bleeding, and initial dressing of the carcass.
 - Secondary Processing: Involves cutting, deboning, and portioning of the meat.
 - Further Processing: This includes the preparation of ready-to-eat meat products, such as sausages, patties, nuggets, and processed meats.
 - Preservation Methods: Such as freezing, canning, curing, and smoking to extend shelf life.
- By End-User Application:
 - Retail: Products sold in supermarkets and grocery stores.
 - Foodservice: Meats processed for restaurants, fast food chains, and catering services.
 - Industrial Use: Bulk processing for other food manufacturers.
- EC Case No COMP/[M.5933](#) - MARFRIG/ KEYSTONE:
 - “The proposed transaction concerns the following markets: i) Supply of processed meat products – horizontal overlap, ii) Supply of primary meat - contract logistics for food services – vertical link, iii) Supply of primary meat - freight forwarding services – vertical link, iv) Supply of processed meat - contract logistics for food services – vertical link, v) Supply of processed meat - freight forwarding services – vertical link.”
- EC Case [M.9369](#) - PAI PARTNERS / WESSANEN
 - “The Commission considered in Marine Harvest/Morpol that the market for salmon farming and **primary processing of salmon can be distinguished from the market for secondary processing of salmon.**”

CBR comment:

- **Based on past transactions, the meat and poultry processing equipment market can be segmented in a similar way to the meat and poultry processing industry, with divisions between primary and secondary processing, as well as across different species.**

Market Share

- “SFS is in particular active in the sale of equipment for primary processing of poultry and its **market share in the EEA would be, according to the notifying party's best estimates, [40-50]%. Its main competitors would be Meyn-Systemate ([40-50]%), Baader-Linco ([5-10]%) and EMF ([0-5]%)**. Customers having replied to the market investigation confirmed indeed that the main competitors of SFS in the market for primary processing of poultry are Meyn and Baader-Linco.”
- **On the basis of the product market definition put forward** by the notifying party and according to its best estimates, the combined market share of the new entity would be **[5-10]%** (Marel: **[0-5]%**, SFS: **[0-5]%**), **and the potential market for further processing of poultry would therefore not be affected. Competitors would be Convenience Food Systems ("CFS", [20-30]%), FMC FoodTech ([10-20]%), Formax ([10-20]%), Weber ([5-10]%) and a large number of smaller and specialized manufacturers.**

Geographic overlap

- The global poultry processing equipment market is estimated to be between \$4.2 billion and \$4.8 billion.
 - The combined entity will have around 25-30% market share based on revenues
- The meat processing equipment market is projected to have a value of \$8 billion to \$10 billion.
 - The combined entity would have a market share under 10%.
- The overall food processing equipment market is estimated at \$40 billion to \$50 billion.
- Last year, the combined revenues of Marel (\$926 million) and JBT (\$421 million) in Europe totaled approximately \$1.38 billion.
 - We estimate that poultry accounted for approximately 35-40% of this, equating to around \$500 million.
 - As we stated in our initiation report the **geographic market is at least the EEA or is even wider.**

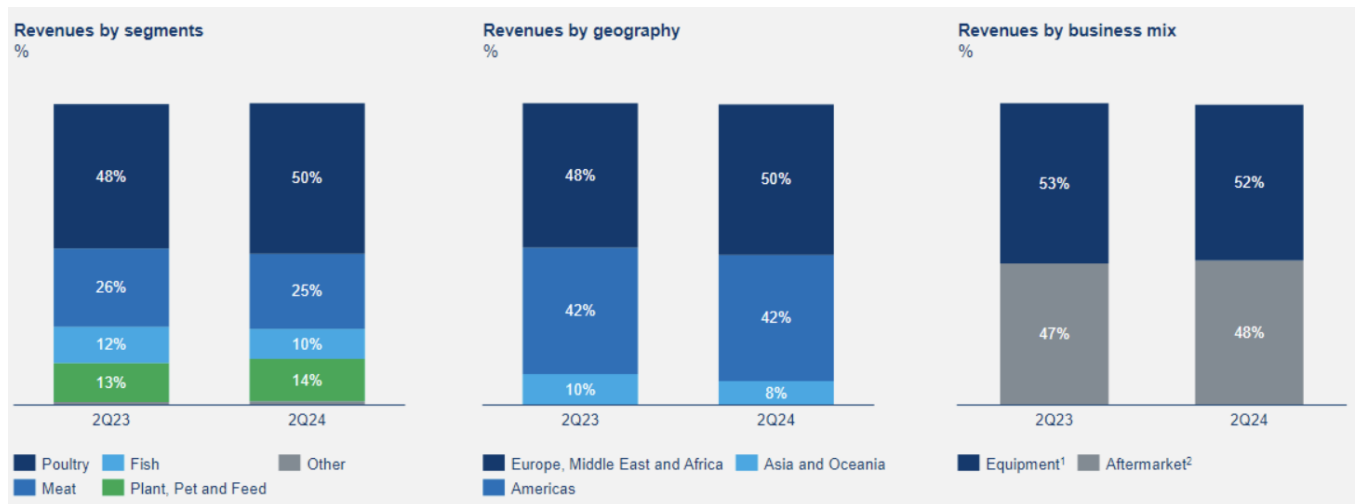
- EC case Case No COMP/M.5125 - MAREL / SFS: “The market investigation confirmed the notifying party's submission that the scope of the geographic market is at least the EEA or is even wider.”
- According to some estimates, the European poultry processing market is valued at around \$1.1 billion to \$1.2 billion, which suggests that JBT and Marel hold a market share of approximately 40%.

Local Competition

- The global meat processing equipment market is relatively fragmented and competitive due to the presence of several local and regional companies. However, there are key players adopting a wide range of marketing strategies such as partnerships, expansions, mergers & acquisitions, and collaborations.
- Europe
 - Alit Technologies: Italy
 - CFT S.p.A.:Italy - cft-group.com
 - Elettric 80 S.p.a. Italia: Italy - elettric80.com
 - Ferrum: Switzerland - ferrum.net
 - GEA Group AG: Germany - gea.com
 - Kronos: Germany - kronos.com
 - METALQUIMIA, S.A.: Spain - metalquimia.com
 - Poly-clip System GmbH & Co. KG: Germany - polyclip.com
 - Shibuya Corporation: United Kingdom (European division) - shibuya.co.jp
 - Starfrost: United Kingdom - starfrost.com
 - Steriflow SAS: France - steriflow.com
 - Tetra Laval: Switzerland - tetralaval.com
 - Tecnopool S.p.A.: Italy - tecnopool.it
 - Heinen Freezing GmbH & Co. KG: Germany - heinen.biz
 - DSI Dantech A/S: Denmark - dsidantech.com
- Asia
 - MYCOM (Mayekawa Manufacturing Co., Ltd.): Japan - mayekawa.com
 - Shibuya Corporation: Japan - shibuya.co.jp
 - Nantong Freezing Equipment Company, Ltd.: China - chinafreezer.com
 - Square Technology Group Co., Ltd.: China – en.sqteg.com
- Furthermore JBT and Marel also compete with the following companies some of which have a strong presence in Europe as well: Middelby, BAADER Group, Meyn, SPX flow.
- JBT 10-K: JBT’s major competitors include, but are not limited to, Advanced Equipment Inc.; Alit SRL; Allpax Products, Inc.; Atlas Pacific Engineering Company, Inc.; Barry-Wehmler Companies, Inc.; Brown International Corp.; CFT S.p.A.; Egemin Automation Inc.; Elettric 80 S.p.a. Italia; Ferrum; Food Processing Equipment Company; FPS Process Foods Solutions; GEA Group AG; Kronos; Marel hf.; METALQUIMIA, S.A.; Mettler-Toledo International, Inc.; Morris & Associates, Inc.; MYCOM; Middleby Corporation; Nantong Freezing Equipment Company, Ltd.; Poly-clip system GmbH & Co. KG; Provisur Technologies, Inc.; Shibuya Corporation; Starfrost; Statco Engineering; Steriflow SAS; Tetra Laval; Tecnopool S.p.A; Heinen Freezing GmbH & Co. KG; Square Technology Group Co., Ltd; DSI Dantech A/S; Duravant LLC; Bettcher Industries, Inc; and ProMach Inc.

Sales Process

- JBT 10-K: “We have operations strategically positioned around the world to **serve our existing equipment installed base** located in more than 100 countries. Our principal production facilities are located in the United States (Arkansas, California, Florida, New York, North Carolina, Ohio, Pennsylvania, Virginia and Wisconsin), Brazil, Belgium, Germany, Italy, Spain, Sweden, the Netherlands, the United Kingdom, and South Africa. In addition to sales and services offices based in more than 25 countries, we also support our customers in their development of new food products and processes as well as the refinement and testing of their current applications through 10 technical centers located in the United States (California, Florida, and Ohio), Mexico, Brazil, Belgium, Italy, Spain, Sweden, and the Netherlands. Our global presence allows us to provide direct customized support to customers virtually anywhere they process food.”
- “We sell and market our products and services **predominantly through a direct sales force, supplemented with independent distributors**, sales representatives, and technical service teams. Our experienced global sales force is comprised of individuals with strong technical expertise in our products and services and the industries in which they are sold.”
- “Our systems are **typically customized to meet a large variety of customer application needs within food and beverage groups**, including poultry, beef, pork, seafood, ready-to-eat meals, fruits, vegetables, plant-based meat alternatives, dairy, bakery, pet foods, soups, sauces, and juices.”



Source: Marel Presentation

■ **CBR View:**

- We believe the combined entity will hold a significant market share in the overlapping segments; however, we expect that the merger will eventually be approved.
- We note that horizontal overlaps are minimal, the main question is whether vertical issues can arise.
- The merged entity will become the largest player in Europe. Among only a very few players which will be capable of producing a “wall-to-wall” processing line
- They will be capable of managing the entire poultry processing chain, from slaughtering to packaging, and we believe they will leverage bundling as part of their sales strategy.
 - However, we believe that bundling will be limited as many of the customers focus on different segments of the meat/poultry processing chain.
- Although there are only a few players who can produce a “wall-to-wall” processing line, most of the customers are focused on smaller sections of animal processing.
 - The whole process can be further segmented into “primary” and “secondary” processing. While the Marel product range is focused on primary processing, JBT’s product portfolio mainly targets secondary processing. This means that the combined entity’s market position will not change significantly due to limited overlaps.
- However, several key factors will likely prevent them from dominating the market:
 - The geographic market for food processing equipment spans continents or broader regions.
 - The market is highly fragmented, with numerous smaller competitors serving local markets.
 - Smaller players are often more agile and can respond quickly to changing customer demands, technological advancements, or regulatory requirements, giving them a competitive edge.
 - Competitors often specialize by both process and food products.
 - The meat and poultry processing equipment market faces competition from the broader food processing equipment sector, as many customers require customized solutions for their specific needs.
- We note that Marel’s revenue growth in the poultry segment has been relatively stagnant in the past ten quarters, which makes us think that there is limited scope for gaining further market share without acquisitions.
- It is also worth noting that the transaction agreement does not include any divestiture requirements.

TIMING

	May	June	July	August	September	October	November	December	Q1 2025
Regulatory	Ongoing: Preparation and submission of required filings		Regulatory review					Year-end 2024: Target regulatory approval	
S-4	May: Filed preliminary S-4	Late-June: Target for S-4 to go effective							
JBT Stockholder Vote				August: Target JBT special stockholder meeting / stockholder vote					
Voluntary Takeover Offer (VTO)		Imminent: Target offer launch, pending FSA final approval of prospectus		Acceptance period			Year-end 2024: Target offer closing		
Nasdaq Iceland Listing		Post-VTO Launch: Target commencement of formal application	Review of Nasdaq Iceland application				Year-end 2024: Target secondary listing approval		

Source: Merger Presentation

CBR View:

- We note that based on the merger presentation, parties submitted all regulatory filings by mid-June. We believe that a 6-7 month regulatory review period would be realistic.
- We believe that the merger can close by late November. We believe that a worst case scenario would be early-January.

SHAREHOLDER VOTE

- The tender offer requires a 90% minimum acceptance rate.
- The Third Proposal reconfirmed, among other things, JBT's commitment to Marel's Icelandic heritage and certain governance matters related to the combined company.
- Eyrir Invest hf., the largest shareholder in Marel with approximately 25 percent of Marel's issued and outstanding shares, has irrevocably undertaken to JBT to accept the offer in respect of all of its shares in Marel.

Valuation

STANDALONE VALUE

- We estimate that in case of a deal break MAREL NA will trade at €1.85-\$2.00 representing a 10.5x-11x FW EV/EBITDA.

PREMIUM

- The Offer Price represents a premium of:
 - 54% to the closing price of the Shares on Nasdaq Iceland as of November 23, 2023, of ISK 350, being the last trading day prior to the Company's disclosure of the Initial Offer; and
 - 16% to the closing price of the Shares on Nasdaq Iceland as of January 18, 2024, of ISK 464, being the last trading day prior to JBT's announcement of its intention to launch the Offer.

PRECEDENTS

- Welbilt was acquired in 2021 by Ali Group for US\$4.7 billion representing multiples of TV/LTM EBITDA of 28.7x and TV/FY1 EBITDA of 18.5x
- IMA Industria Macchine Automatiche was acquired in 2020 by BC Partners for €3.6 billion representing multiples of TV/LTM EBITDA of 22.1x and TV/FY1 EBITDA of 14.7x.

ANALYST TARGET PRICES

- Fundamental analysts' target prices for MAREL NA ranged between \$2.70 and \$3.90 before the merger announcement.

Appendix: Co descriptions & rationale for the merger from our Initiation Report

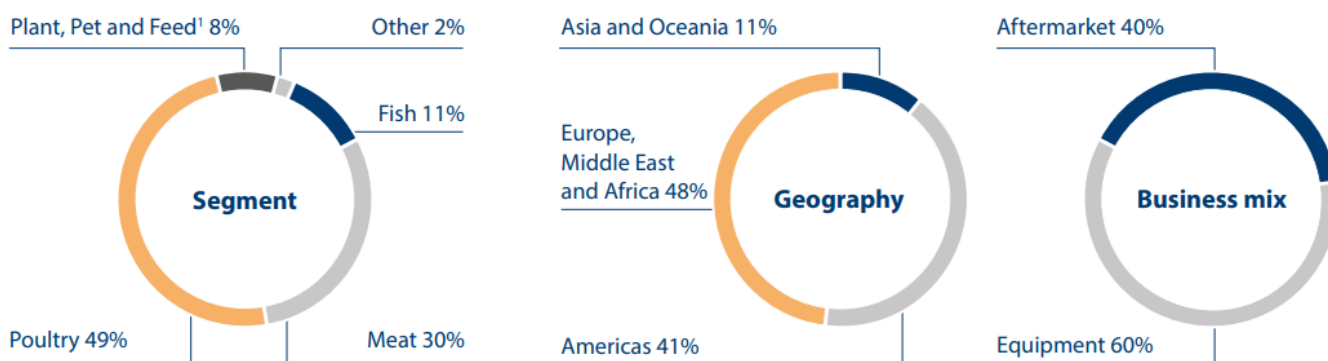
MAREL DESCRIPTION

- Marel is a prominent global provider of advanced processing equipment, systems, software, and services to the food processing industry. Established in 1983, they employ approximately 8,000 individuals and operate across more than 30 countries spanning six continents. Listed on Nasdaq Iceland and Euronext Amsterdam, Marel generated EUR 1.7 billion in revenues in 2022, with 40% derived from aftermarket sales.
- They engage in collaborations with customers and partners to pioneer products that redefine standards in food processing. Leveraging cutting-edge technologies like robotics, data-driven solutions, automation, and advanced software, Marel empowers food processors to enhance yield and throughput, ensure food safety and traceability, improve sustainability, and drive value for their businesses.
- The transformation of the future of food processing hinges on their extensive network, encompassing customers, investors, suppliers, employees, and partners worldwide. Their global reach, coupled with local presence across all regions, fosters robust, enduring partnerships, offering solutions, software, and services. Marel's cross-industry expertise and dedicated Service team enable their customers to thrive.

Segments

- **Poultry:** Marel offers the most comprehensive product range of poultry processing solutions in the industry and has the largest installed base worldwide. They provide in-line poultry processing solutions for all processing steps. The growing duck market has become a third pillar within poultry processing alongside broilers and turkey. This has enabled Marel to leverage its global sales and service network and to expand into new markets.
- **Meat:** Marel supplies advanced equipment and systems to the red meat industry, with a focus on primary processing, cut-up, and deboning solutions for processors supplying products to retail and foodservice. Following the acquisitions of MPS, Sulmaq, MAJA, and TREIF, they are now a full-line supplier from farm gate to finished pack. The recently added portfolio of interleaving, stacking, loading, and slicing solutions from Slegers strengthens their portfolio in the case-ready and prepared food segments.
- **Fish:** Marel is the leading global supplier of advanced standalone equipment and integrated systems to the fish industry. They provide innovative solutions and software for processing whitefish and salmon, both farmed and wild, onboard and ashore. With the ongoing integration of the 2021 Curio and Valka acquisitions, they have been focused on accelerating their innovation roadmap, setting strategic direction, and strengthening the Fish segment to drive further growth.
- **Plant, Pet and Feed:** In 2022, Marel acquired Wenger, a worldwide leader in processing solutions centered around pet food, plant-based proteins and aqua feed. The acquisition was a platform investment into complementary and attractive new growth markets for Marel, which today form our fourth business segment. Over 60% of Wenger's revenues derive from pet food, and the company has a global leading position within its focus market segments. Wenger has a strong foothold in the North American market, and over 40% of revenues come from services.

Revenues by...



JBT DESCRIPTION

- JBT Corporation (NYSE: JBT) is a leading global technology solutions provider to high-value segments of the food & beverage industry. JBT designs, produces, and services sophisticated products and systems for a broad range of end markets, generating roughly one-half of its annual revenue from recurring parts, service, rebuilds, and leasing operations. JBT Corporation employs approximately 5,100 people worldwide and operates sales, service, manufacturing, and sourcing operations in more than 25 countries.
- JBT operates through two segments: FoodTech and AeroTech.
- The FoodTech business (contributing approximately 75% of total revenue) offers primary, secondary and further value-added processing, including chilling, mixing/grinding, injecting, blending, marinating, tumbling, flattening, forming, portioning, coating, cooking, frying, freezing, extracting, pasteurizing, sterilizing, concentrating, high pressure processing, weighing, inspecting, filling, closing, sealing, and packaging, which supports a large and growing portfolio of food, beverage, and health end markets. Automated

Guided Vehicle Systems offerings include stand-alone, fully-integrated, and dual-mode robotic systems for material movement requirements with a wide variety of applications including automotive manufacturing, warehousing, and medical facilities.

- Its AeroTech's (bringing in some 25%) mobile air transportation equipment includes commercial and defense cargo loading, aircraft deicing, aircraft towing, and aircraft ground power and cooling systems. Fixed Equipment provides gate equipment for passenger boarding. Airport Services also maintain and enhance airport equipment, systems, and facilities. About 85% of revenue comes from its products, while the rest comes from its services.

STRATEGIC RATIONALE FOR THE MERGER

- JBT's non-binding proposal is consistent with the company's strategic plan and M&A objective of pursuing transactions with strong industrial logic and significant synergy potential while maintaining a strong balance sheet and preserving future strategic flexibility.
- Marel (MRRLF) said: "The Board of Directors of Marel has carefully evaluated JBT Corporation's unsolicited non-binding initial proposal disclosed on 24 November 2023. The Board unanimously agreed that the proposal is not in the best interests of Marel's shareholders since it does not account for the intrinsic value of the business as well as the inherent risk of executing the proposed transaction. As previously communicated to the market, Marel has been clear that there are benefits of further consolidation in the sector and has been executing this strategy. In line with its fiduciary duties, the Board would evaluate any proposals that fully reflect the value of Marel."

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