

## **Eyrir Invest – Profits from operations for the first 10 months 2008 and an equity increase**

Eyrir Invest reports an after tax profit of 942 m ISK for the first 10 months. Financial and cash position remain strong.

- Equity amounts to ISK 30,235 million and equity ratio is 40.3%
- Cash and bank deposits are ISK 8,624 million
- Average maturity of debt is 3 years
- Core holdings; Marel, Ossur and Stork all show record profits in Q3 2008 reports
- Eyrir Invest acquires NBI's share in London Acquisition (Stork) in exchange for 27.5% share in Eyrir Invest
- Eyrir Invest has no direct losses due to the collapse of the Icelandic banks
- Eyrir Invest's functional currency will be Euro instead of ISK, starting January 1<sup>st</sup> 2009

Eyrir Invest has been a shareholder in Marel Food Systems and Ossur since 2004 and is now Marel's lead investor, with close to 40% of total shares, and Ossur's second largest shareholder, holding 20% of total outstanding shares. In Q3 2008 Marel Food Systems and Ossur showed record profits after shifting the main focus toward increased internal growth and profitability following a period of several successful acquisitions. The companies industries; healthcare and food processing, have shown resilience towards economic downturns in the past.

- Marel Food Systems is the global leader in developing, manufacturing and marketing of advanced equipment and solutions for poultry, fish and meat processing, with annual sales of EUR 640 million and an estimated operating profit (EBIT) of 9%. Marel Food Systems employes approx. 4,000 people, thereof 350 in Iceland, and the company's sales network extends to 60 countries. Annually Marel Food Systems invests around EUR 40 million in research and development. Approximately 1% of Marel's income derives from Iceland but close to 6% of total costs.
- Ossur is a world-wide leader in prosthetics and a top-tier player within the bracing and support business after a number of successful acquisitions in that field in recent years. Ossur's revenues are estimated to be USD 350 million this year with an estimated EBITDA of USD 80 million. Ossur's employees are 1,600, mainly in N-America and Europe, in Iceland there are 260 employees. Annually Ossur invests USD 25 in research and development. Less than 1% of Ossur's income derives from Iceland and about 10-12% of costs.

Eyrir Invest, Landsbanki Íslands and Candover, finalized the takeover of the Dutch industrial conglomerate Stork on January 17<sup>th</sup> 2008 through a jointly owned holding company, London Acquisition. Total purchase price was EUR 1.7 billion. An inseparable part of the Stork acquisition was Marel Food Systems' acquisition of Stork Food Systems for EUR 430 million and thus a new global leader emerged in providing advanced food processing equipments.

Today, Stork operates on two main pillars; Stork Technical Services and Stork Aerospace, which on one hand consists of services towards the energy sector and on the other hand services towards aerospace and aviation industry. Estimated sales of Stork is EUR 1.7 billion with an EBITDA profit in excess of EUR 150 million. Stork's main operations are in the Benelux area and the employees are 16,000. Stork's slogan is "Know-How" which reflects how research and development are embedded in the operations.

Eyrir Invest and NBI (New Landsbanki), with the consent of Candover, have reached an agreement where Eyrir Invest undertakes NBI's holding in London Acquisition in exchange for new shares in Eyrir Invest. Eyrir Invest's share in Stork following the agreement is around 17% of total shares. NBI becomes owner of 27.5% in Eyrir Invest. Eyrir Invest's founders, Thordur Magnusson (Chairman) and Arni Oddur Thordarson (CEO), remain principal owners with a combined ownership of 37.5% of total shares. Other shareholders are successful entrepreneurs with background in various industries such as shipping, banking, insurance, fishing, pharmaceuticals and retailing.

## Outlook

Eyrir Invest's portfolio is well diversified among industries which are expected to enjoy healthy growth in coming years.

<b>Eyrir Invest Assets</b>	<b>Industry</b>	<b>Share of portfolio</b>
Marel Food Systems	Food processing	34%
Stork, Technical Services	Oil & Gas & Energy	24%
Ossur	Health Care	17%
Bank Balances & Cash		12%
Stork, Aerospace	Aerospace	10%
Other		3%
<b>Total</b>		<b>100%</b>

Marel Food Systems' functional currency is EUR and Ossur's accounts are denominated in USD. Shares in both companies are currently traded in ISK but both Marel and Ossur intend to transfer trading of shares to EUR or USD in the first half of 2009. Eyrir Invest uses equity method in accounting for the holdings in those companies since mid 2008 and has subsequently been granted authorisation to change Eyrir's functional currency to EUR starting January 1<sup>st</sup> 2009. Eyrir Invest's equity ratio, if the holdings in Marel and Ossur were accounted at last market price, is calculated at 33%. Eyrir Invest holds a strong cash position and is longterm funded.

Eyrir Invest has limited exposure towards equity markets as the company has sold all it's trading positions and currency risk is as well minimal. Eyrir Invest has strategically reduced its exposure towards equity markets since mid year 2006. Eyrir Invest consequently has no direct losses due to the collapse of the Icelandics Banks.

Marel Food Systems, Ossur and Stork generate strong cash flows and are financially strong with long term funding. Health care and Food processing industries are expected to enjoy a good growth in the next 5 years.

Eyrir Invest has two listed bond issues on the OMX Nordic Exchange Iceland, EYRI 05 1 and EYRI 07 2, and is therefore obliged to publish its accounts twice a year. Today's publications is released due to current situation in financial markets and stronger financials due to good operating results and a new equity issue.

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