



PRESS RELEASE

4 February 2009

Marel 2009 results

"New" Marel ready for 2010

- Revenues from core business for 2009 amounted to EUR 434.8 mln, gradually increasing during the year. EBIT from core business was EUR 24.8 mln, or 5.7% of sales.
- In 2009, Marel continued to strengthen its competitive position with a focus on integration and significant cost reductions, which have reduced operational costs by EUR 25 million.
- Net interest bearing debt has been reduced to EUR 295 million [2008: EUR 379 million] with strong operating cash flow, successful equity issues and increased focus with the sale of non-core operations.
- In order to maintain its technological leadership, Marel continues to place high priority on research and development.
- The order book has been growing throughout the year and is at a solid and much better level today than it was one year ago, which will positively affect revenues and results.
- The strategic focus has been sharpened with the sale of non-core operations.

Marel posted a solid operating performance and strong cash flow from core business despite significant measures taken that result in one-off costs in 2009, leading to a sustainable lower cost base. Revenues from core business for 2009 amounted to EUR 434.8 mln [2008: EUR 548.1 mln], with an EBIT of EUR 24.8 mln, or 5.7% of sales [2008: EUR 38.2 mln, 7.0% of sales], and EBITDA of EUR 47.4 mln, or 10.9% of sales [2008: EUR 60.0 mln, 11.0% of sales]. Impairment related to non-core assets for sale (Food & Dairy Systems and Carnitech A/S) is EUR (24.5) mln. Consolidated revenues for 2009 amounted to EUR 531.7 mln [2008: EUR 540.1 mln] with a net result of EUR (11.8) mln [2008: EUR -8.4 mln] after impairment.

Marel has a strong balance sheet at the beginning of 2010; net debts are EUR 295 million compared to EUR 379 million at the beginning of 2009. Operating cash flow before interest and tax amounted to EUR 75 mln for the whole year 2009 and new equity issued amounted to EUR 49 mln. Furthermore, interest cost and currency risk have been lowered as ISK-denominated debt has been paid down and ISK debt of EUR 66 mln converted into Euro-denominated debt in line with the company's revenue stream.

Marel's order book is at a solid level and very much better than at the start of 2009. The level of activity in the market is increasing across the board and the prospect pipeline is growing, now also for the larger systems.

Theo Hoen, CEO:

"A year of transformation and cost cutting is behind. I believe that the company is in much better shape today than a year ago. We have made good progress in sharpening the company's strategic direction. The integration of Marel and Stork proceeded extremely well in the second half of 2009. The positive effects of cost savings and cross-selling will be significant and will further materialize during the course of 2010. Profitability and cash flow have improved. We are a stronger company after having lowered our cost base while preserving our investment in R&D. In addition, leverage has been reduced.

The order book is improving, with larger orders beginning to come in, a clear sign of growing confidence in our markets. We see that 2010 is getting off to a much better start than the previous year. The 'new' Marel is working as one team and the strategic focus is clear. And in 2009 we showed that we were capable of adapting to the changing market conditions, which was possible because of the loyal and dedicated people we have in our company. That is why I have great confidence in the future of the company and that our long-term objectives will be achieved."

Q4 2009 results

Focus strategy executed and equity increased

- Revenues from core business for Q4 2009 totalled EUR 112.5 mln [Q4 2008: EUR 121.4 mln].
- EBITDA from core businesses was EUR 12.8 mln, or 11.3% of sales [Q4 2008: EUR 0.7 mln; 0.6% of sales].
- EBIT from core business was EUR 6.9 mln, or 6.2% of sales [Q4 2008: EUR (5.7) mln; -4.7% of sales].
- The financial risk profile has dramatically improved with the issuance of new shares for EUR 41 mln, with EUR 32 mln of the proceeds used to pay down ISK-denominated bonds, and a currency conversion of ISK debt of EUR 66 mln into Euro-denominated debt.
- Integration plans are being implemented; re-branding and the integration of distribution channels has begun and new products are being developed based on joint technology.

Consolidated ¹

- Consolidated revenues for Q4 2009 amounted to EUR 135.7 mln [Q4 2008: EUR 150.5 mln].
- Consolidated EBITDA was EUR 12.0 mln in Q4 2009 [Q4 2008: EUR (0.1) mln] and consolidated operating profit (EBIT) was EUR (19.6) mln [Q4 2008: EUR (7.4) mln].
- Net result was EUR (23.0) mln for Q4 2009 [Q4 2008: EUR (23.7) mln], caused by the impairment of the non-core assets to be sold.
- Food & Dairy Systems, a non-core operating unit, was sold in January 2010. Impairment of the assets sold leads to a loss of EUR 16.4 mln, which has been included in the 2009 accounts.
- Carnitech A/S, a non-core operating unit, is held for sale. Impairment of the assets leads to a loss of EUR 8 mln, which has been included in the 2009 accounts.
- Net interest bearing debt was EUR 295 mln [2008: EUR 379 mln].

¹ Consolidated figures include the non-core business of Stork Food & Dairy Systems and the operations of Carnitech, excluding its salmon and freezing divisions and its operations in the United States, which are now operated under the Marel name and management. 2008 numbers include Stork Food Systems and Stork Food & Dairy Systems as of 1 May 2008.

Performance summary for Q4 2009

Please note that 2008 numbers include Stork Food Systems & Stork Food & Dairy Systems as of 1 May 2008.

Key figures from Marel's consolidated operations in thousands of EUR

	Q4 2009	Q4 2008	2009	2008
Revenue	135,686	150,501	531,680	540,149
Result from operations (EBIT)	(19,555)	(7,419)	8,047	20,434
EBIT as a % of sales	-14.4%	-4.9%	1.5%	3.8%
Net result	(23,041)	(23,730)	(11,810)	(8,405)
Net result as a % of sales	-17.0%	-15.8%	-2.2%	-1.6%
Result before depreciation and amortisation (EBITDA)	12,014	(89)	58,752	42,108
EBITDA as a % of sales	8.9%	-0.1%	11.1%	7.8%
Cash generated from operating activities (before interest & tax)	17,185	26,026	75,395	45,852

Highlights at end of period	30/12 2009	31/12 2008
Return on owners' equity	-3.9%	-3.6%
Current ratio	1.6	0.9
Quick ratio	1.4	0.5
Equity ratio	36.7%	31.3%
Earnings per share in euro cents	(1.96)	(1.71)
Market cap. in millions of euros based on exchange rate at end of period	263.5	265.8
Net Debt	295,012	379,405

Performance of the core business

Core business excludes Stork Food & Dairy Systems and Carnitech A/S and Nordic.

Key figures from Marel's core operations, normalised in thousands of EUR

	Q4 2009	Q4 2008	2009	2008
Revenue	112,492	121,405	434,796	548,077
Result from operations (EBIT)	6,920	(5,724)	24,760	38,233
EBIT as a % of sales	6.2%	-4.7%	5.7%	7.0%
Net result	1,236	(23,349)	5,145	6,639
Net result as a % of sales	1.1%	-19.2%	1.2%	1.2%
Result before depreciation and amortisation (EBITDA)	12,763	745	47,432	60,016
EBITDA as a % of sales	11.3%	0.6%	10.9%	11.0%

Key events during the period

Integration and cost efficiency

Following the acquisition of Stork Food Systems, the main focus of the integration process has been on the integration of the Marel and Stork Food Systems companies into "One Company". A key priority in 2009 was the development of a new organizational structure for the "new" Marel. A strategic decision was made to follow the market and to base the structure on the four industry segments that the company specializes in – fish, meat, poultry and further processing. Centres of excellence have been established in each of these industry segments, which are now the key drivers in the company's operations.

In 2009, the integration process has focused on four priority areas: vision, branding, integrated products and distribution channels.

Marel continues to maintain a strict focus on rationalization and cost control. At the corporate level, the total annual savings achieved with the rationalization measures implemented during the course of the year amount to EUR 25 mln. As a result of these measures, the company is now operating with a new and substantially lower cost base. The savings have been mainly driven by reductions in personnel, from 4,108 employees at the end of Q2 2008 to 3,530 at the end of 2009. At the moment, it is expected that the number of employees will stabilize or even grow a little as a consequence of the increased workload.

Cash flow

Marel is committed to continuing the Working Capital Management Programme in 2010 with the aim of achieving further reductions in working capital in order to increase operational cash flow.

For the year 2009, operational cash flow before interest and tax was positive by EUR 75 million. Overall the business remains well invested and the need for investment in capital goods/fixed assets will remain limited for the coming years.

Financing

A vast majority of Marel's financing consists of equity and long-term debt, with the first repayment in November 2011. The equity ratio is 37% and net debt is EUR 295 million. The current liquidity position of EUR 72 mln is strong and the business remains well equipped to deal with the current market environment.

A successful private placement of new shares to professional investors was concluded on 27 November 2009. The Board of Directors decided to accept offers totalling EUR 38 million, equivalent to ISK 7 billion. The share capital of Marel following the offering is 727,136,497 shares.

With the private placement of new shares, Marel decreased its debt in ISK from EUR 130 mln to EUR 100 mln. In cooperation with Arion Bank, Íslandsbanki and NBI, Marel then changed the currency of a EUR 66 mln club loan from the three banks from ISK to EUR. As a result, Marel's ISK-denominated debt now stands at approximately EUR 34 mln. Following the currency change, the majority of Marel's financing is now in the company's revenue currency, substantially reducing the company's interest cost and currency risk.

Sale of non-core assets

Marel has reached an agreement with the Dutch private equity firm Nimbus on the sale of Food & Dairy Systems, excluding its operations in Spain. The sale Food & Dairy Systems, a non-core operating unit, is part of Marel's strategy to sharpen the focus on the profitability and organic growth of its core business.

Negotiations on the sale of Carnitech A/S, the final remaining non-core operating unit, is in process. Not included in the discussions are Carnitech's former salmon and freezing divisions and its operations in the United States, which are now operated under the Marel name and management.

The sale of non-core assets will reduce debt.

Operating environment

Marel's core business focuses on four industry segments: fish, meat poultry and further processing.

Fish: Consolidation in the fish industry has led to an increased focus on efficiency and processors are investing in equipment to improve yields and product quality. Following a difficult period, cod and haddock stocks around Europe are considered to be healthy or recovering. Nevertheless, with cod prices high, the aquaculture industry continues to grow and demand has shifted to less expensive farmed species like pangasius, tilapia and saithe. Salmon prices remain high with demand outstripping supply, particularly in the U.S. market, due to the collapse of the Chilean salmon industry. Norway, now by far the biggest salmon producer in the world, is taking advantage of the opportunity and establishing supply chains and investing in further processing capacity in the U.S.

Meat: Investment levels remained stable in Q4 although larger processors continued to show a reluctance to spend on capital projects. Medium-size companies, on the other hand, are becoming increasingly aware of the competitive edge to be gained with effective monitoring of their processes. A number of projects materialised in Europe toward the end of the quarter although some were delayed until 2010. There was movement in the South American market but many projects there and in the U.S. remained on hold although discussions are continuing with some of the major processors.

Poultry: Sales to the poultry industry have rebounded well during the year, culminating in a significant number of large orders, including greenfield projects, in Q4. Some of the breakthrough technology developed in the past 2-3 years has been very successful, particularly in the U.S. Moreover, the benefits of the integration of the technologies from the Marel and Stork sides of the company are beginning to emerge in the poultry industry.

Further processing: Although there is a continuing reluctance to invest in large projects in particular, added value processors are profiting from the change in consumer habits resulting from the recession. Consumers are eating out less at restaurants and have returned to cooking and eating at home. Shoppers are trading down from red meat to less expensive proteins like poultry, turkey and pork.

Customer focus – Integrating products and people: The integration of the companies in the group into "One Company" is motivated by the desire to better meet the customer's needs. Giant steps toward One Company were taken in the U.S. in December 2009 when the poultry teams of Marel and Stork and the meat teams of Marel and Townsend were integrated. This is great news for customers who now have a single point of contact for all of Marel's brands. Customers got their first look at what the new integrated teams can do for them at the International Poultry Exhibition (IPE) in Atlanta, 27-29 January.

More than 1,200 guests visited the "Integrated Solutions" showroom, a closed off area of the Marel booth, where they saw first-hand how the integration process is creating added value for them with new solutions that combine the best that Marel, Stork and Townsend have to offer. One of the highlights in the showroom was an innovative new system that combines a Stork FHF-XB front-half deboning and trimming line with a Marel SensorX bone detection system.

"Visiting the Marel booth was a very enjoyable experience, and it definitely provided a touch of class to the IPE show," said Ron Jackson, R&D Manager of Foodservice Products at Pilgrim's Pride. "The benefits of the Marel and Stork integration are really beginning to show with the types of innovative products highlighted at IPE and the atmosphere felt in the booth. I look forward to seeing what they come up with for next year." Marel will be introducing several other new integrated products during the course of 2010.

Presentation of results, 5 February 2010

Marel will present its results at a meeting on Friday, 5 February, at 8:30 a.m., at the company's headquarters at Austurhraun 9, Gardabaer.

Publication days of the Consolidated Financial Statements in 2010 and the Annual General Meeting 2010

Publication dates of the Financial Statements for 2010:

- Annual General Meeting of Marel Food Systems hf 3 March 2010
- 1st quarter 2010 28 April 2010
- 2nd quarter 2010 28 July 2010
- 3rd quarter 2010 27 October 2010
- 4th quarter 2010 2 February 2011
- Annual General Meeting of Marel Food Systems hf 2 March 2011

For further information, contact:

Erik Kaman, CFO Tel: (+354) 563-8072

Sigsteinn Grétarsson, Managing Director of Marel ehf. Tel: (+354) 563-8072

About Marel

Marel is the leading global provider of advanced equipment, systems and services to the fish, meat and poultry industries. With offices and subsidiaries in over 30 countries and a global network of 60 agents and distributors, we work side-by-side with our customers to extend the boundaries of food processing performance. Marel: ONE STOP for all your processing needs.