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| **PRESS RELEASE** 10 February 2009 |  |

**Marel Food Systems 2008 results**

**4.4% sales growth and 8.5% profit from operations (EBIT excluding one-time costs)**

* **Proforma sales of Marel Food System and Stork Food Systems core business for 2008 totalled EUR 613.3 million, which is an increase of 4.4% compared with 2007.**
* **Proforma profit from operations (EBIT) for the year excluding one-time costs was EUR 51.9 million, which is 8.5% of sales, compared with 41.5 million (7.1% of sales) the year before, representing an increase of 25%.**
* **IFRS standards require that the company’s inventory be revalued at the time of the acquisition of Stork Food Systems, from the purchase price to the expected sales price. This results in a one-time debit entry of EUR 9.8 million in the fourth quarter, which has no effect on the company’s cash flow.**
* **One-time costs related to restructuring amounted to EUR 4 million.**
* **The company has in recent years entered into forward contracts to hedge the costs related to its operations in Iceland. In October 2008, the market for transactions in Icelandic kronas failed and the contracts were rendered null and void. For that reason, a precautionary debit entry of EUR 17.8 million was made under cost of capital.**
* **Net interest bearing debt amounts to EUR 378.2 million. The average maturity of debt is about four years.**
* **Equity totalled EUR 286.8 million and the equity ratio was 31.1% at the end of 2008.**

**Extensive rationalisation measures in fourth quarter in response to demanding business environment**

* **Proforma sales from core business were EUR 138 million compared with EUR 159 million the year before, representing a decrease of 13.4%.**
* **Loss from operations (EBIT) in the fourth quarter amounted to EUR 7.4 million compared with a profit from operations of EUR 1.6 million for the same period the year before. Profit from operations of core business, excluding one-time expenses related to the acquisition of Stork Food Systems, was EUR 8.4 million, or 6.2% of sales.**
* **The company initiated extensive restructuring during the quarter, including a reduction of 300 in the number of employees outside Iceland. The resulting costs are expensed in Q4. The annual reduction in cost resulting from these measures is estimated to be EUR 12-15 million.**

**Consolidated financial statements**

* **According to the consolidated financial statements, which include the operations of Stork Food Systems for the period 8 May to 31 December, as well as the operations of Food and Dairy Systems, sales for the year 2008 totalled EUR 540.1 million.**
* **Profit from operations (EBIT) for the year 2008 was EUR 20.4 million, which is 3.8% of sales.**

**Hordur Arnarson, CEO:**

“The proforma profit from operations (EBIT) from the company‘s core business for 2008 was 8.5% of sales, compared to the company‘s goal for the year which was 9%. The deviation can be attributed entirely to developments during the fourth quarter, and specifically to the effects of the international financial crisis on the company‘s sales.

In response to the changing conditions in the international markets, the company has undertaken extensive measures to reduce operational costs. Among other things, the number of employees at our companies outside Iceland was reduced by 300 at the end of the year and the associated expense was recorded in the fourth quarter.

The difficult conditions in the financial markets have affected the ability of our customers to invest, especially in new factories, and the result in many cases has been a deferment of such investments. We have, on the other hand, benefited from the increasingly large share of our turnover that is based on the sale of spare parts and service, which has not suffered. The food processing industry has always adapted quickly to changes in the environment. Our valuation of the strong underlying growth in the industry remains unchanged.“

**Prospects**

Global economic developments in the months ahead will heavily influence the company‘s prospects. The number of received orders shrank significantly when the international financial crisis struck in October last year. Some customers also requested deferment of contracts already signed. In December and January however, the development with regard to orders received was positive.

The company‘s product sales can be divided into three roughly equal categories:

* The sale of spare parts and service, which is virtually immune to the effects of the financial crisis.
* The sale of standard equipment and smaller solutions to existing factories, which has so far not felt the effects of the financial crisis to a significant degree.
* The sale of large systems, often for new factories, which has suffered a significant reduction in the fourth quarter of 2008. In most cases, however, the projects have merely been postponed. It is likely, therefore, that an accumulated need will have built up by the time that conditions in the financial markets improve.

The company has already introduced measures to reduce costs. The number of employees at Marel Food Systems’ companies outside Iceland was reduced by 300 and restraint has been exercised in all areas of the company‘s operations. It is expected that the measures undertaken will result in reduced costs amounting to EUR 12-15 million in 2009. Efforts to increase efficiency, reduce costs and improve the allocation of financial resources will continue.

The drop in raw material prices in recent weeks will have a positive effect on the company, both directly through reduced production costs related to the decrease in the price of stainless steel, and indirectly through lower corn prices, which will improve operational results of our customers.

In general, there is a good balance in the currency composition of earnings and expenses. Nevertheless, less than 1% of the company’s earnings are in Icelandic krona compared with 5% of total cost. The elevated exchange rate of the krona in recent years has had a negative effect on the company’s earnings. The recent devaluation of the krona rate has been beneficial to the company.

It is likely that the lowest point with regard to orders received was reached in October and November of last year. However, the recovery is likely to be slow in the coming months and vary from one market area to another. The positive effects of the recovery on the company‘s operations are not likely to be felt to a noticeable degree until the latter part of the year.

Compared to most other industries, the food processing industry is well placed to weather the storm of the financial crisis. In fact, the downturn of the international economy will create opportunities for companies in the industry in the months ahead. Consumer habits have already begun to change and will continue to do so. The consumption of less expensive proteins, primarily poultry, is likely to increase substantially. Consumers will also eat out less in restaurants and shop more for “ready-made meals“.

This development will benefit Marel Food Systems as it calls for the development of ever more efficient processing equipment and systems, especially for the processing of poultry and fish – two industry segments where Marel Food Systems is the global leader. Moreover, the drop in corn prices and base interest rates will make it easier for food processing companies to make the investment required to be able to respond to changing consumer demands.

The company‘s expectations are that sales in 2009 will decrease by 4-6%. The profit from operations (EBIT) for the year 2009 is expected to be 10-12% in the second half of the year, in keeping with the company’s goals. Our valuation of the strong underlying growth in the industry remains unchanged. The long-term prospects of the company are good.

**Performance summary for Q4 2008**

The Interim Financial Statement for Marel Food Systems hf for the year 2008 was presented to the company’s Board of Directors at a meeting on 10 February 2008. Marel Food Systems hf hereby presents the highlights of its operational results for 2008, financial position at year end and cash flow for the period. The Financial Statement has not yet been approved by the Board of Directors or the company’s auditors. The audited Financial Statement for 2008 will be presented to the Board for approval on 20 February and released on that date. This is done in accordance with the rules and regulations of NASDAQ OMX Iceland hf.

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| **Operations for 2008, in thous. of euros** | | | |
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| **Operating results** | **2008** | **2007** | |
| Sales | 540,149 | 289,817 | |
| Cost of goods sold | (361,218) | (192,581) | |
| Gross profit | 178,931 | 97,236 | |
|  |  |  | |
| Other operating income | 716 | 1,203 | |
| Sales & marketing expenses | (71,838) | (44,829) | |
| Development expenses | (27,337) | (14,631) | |
| Administrative expenses | (60,038) | (28,950) | |
| Profit from operations EBIT | 20,434 | 10,029 | |
| Finance costs – net | (32,194) | (7,091) | |
| Profit from associates | 473 | 4,602 | |
| Profit before tax | (11,286) | 7,540 | |
| Tax expense | 2,882 | (1,474) | |
| Profit for period | (8,405) | 6,066 | |
|  |  |  | |
| EBITDA | 42,107 | 20,980 | |
|  |  |  | |
| **Percent of sales** |  |  | |
| Contribution margin | 33.1% | 33.6% | |
| Sales & marketing expenses | 13.3% | 15.5% | |
| Development expenses charged | 5.1% | 5.0% | |
| Administrative expenses | 11.1% | 10.0% | |
| EBITDA | 7.8% | 7.2% | |
| EBIT | 3.8% | 3.5% | |
| Profit for period | (1.6%) | 2.1% | |
|  |  | |  |
| **Financial position at end of period** | **31.12.08** | | **31.12.07** |
| Total assets | 923,712 | | 427,304 |
| Equity | 286,825 | | 181,835 |
| Working capital | (8,290) | | 109,887 |
|  | |  |
| **Cash flow January to December** | **2008** | | **2007** |
| Working capital from operations | 5,038 | | 12,987 |
| Cash generated from operations | 13,663 | | 2,778 |
| Increase/(decrease) in net cash | (7,728) | | (33,353) |
| Net cash at end of period | 22,213 | | 30,437 |
|  | |  |
| **Highlights at end of December** | **2008** | | **2007** |
| Return on owners’ equity | (3.6%) | | 3.7% |
| Current ratio | 1.0 | | 1.9 |
| Quick ratio | 0.5 | | 1.3 |
| Equity ratio | 31.1% | | 42.5% |
| Earnings per share in euro cents for the past 12 months with Stork Food Systems | - | | 1.65 |
| Market cap. in millions of euros based on exchange rate at end of period | 265.8 | | 449.5 |

Sales in 2008 totalled EUR 540.1 million, compared with EUR 289.8 million for the year before. Sales have therefore increased by 86.4%.

Net finance costs amounted to EUR -32.2 million, compared with EUR -7.1 million a year ago. Forward contracts related to operational costs in Icelandic kronas will be closed, and the calculated loss associated with them, EUR 17.8 million, has been entered as cost of capital for 2008.

Net loss of Marel Food Systems in 2008 totalled EUR 8.4 million, compared with a net profit of EUR 6.1 million the year before.

Net interest bearing debt, i.e. interest bearing debt less net cash, amounted to EUR 378 million at year end.

Total assets of the company at year end 2008 were entered at EUR 924 million, having increased by EUR 427 million, or 116%, from the end of 2007.

Cash generated from operations totalled EUR 13.7 million. At year end 2008, net cash was EUR 22.2 million, compared with EUR 30.4 million at the end of 2007.

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| **Operations for Q4 – main results in thous. of euros** | | | |
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| **Operating results** | **2008** | **2007** | |
| Sales | 150,501 | 78,869 | |
| Cost of goods sold | (107,617) | (53,692) | |
| Gross profit | 42,884 | 25,177 | |
|  |  |  | |
| Other operating income | (189) | (66) | |
| Sales & marketing expenses | (20,587) | (12,172) | |
| Development expenses | (7,644) | (4,237) | |
| Administrative expenses | (21,883) | (7,100) | |
| Profit from operations EBIT | (7,419) | 1,602 | |
| Finance costs – net | (22,387) | (2,277) | |
| Profit of associates | 0 | 5,125 | |
| Profit before tax | (29,806) | 4,450 | |
| Tax expense | 6,076 | (1,077) | |
| Profit for period | (23,730) | 3,373 | |
|  |  |  | |
| EBITDA | (90) | 4,841 | |
|  |  |  | |
| **Percent of sales** |  |  | |
| Contribution margin | 28.5% | 31.9% | |
| Sales & marketing expenses | 13.7% | 15.4% | |
| Development expenses charged | 5.1% | 5.4% | |
| Administrative expenses | 14.5% | 9.0% | |
| EBITDA | - | 6.1% | |
| EBIT | (4.9%) | 2.0% | |
| Profit for period | (15.8%) | 4.3% | |
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**Proforma performance**

Performance of Marel Food Systems and core business of Stork Food Systems (excluding Food and Dairy and one-time costs related to Stork).

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|  | **Proforma operations for January to Dec. – main results in thous. euros** | | | | | | | |  | |
|  | | |  | |  | |  | |  | |
| **Operating results** | | **2008** | | **2007** | | **Change %** | |  | |
| Sales | | 613,301 | | 587,668 | | 4.4% | |  | |
| Cost of goods sold | | (391,196) | | (377,945) | | 3.5% | |  | |
| Gross profit | | 222,105 | | 209,723 | | 5.9% | |  | |
|  | |  | |  | |  | |  | |
| Other operating income | | 716 | | 1,203 | |  | |  | |
| Sales & marketing expenses | | (77,327) | | (80,370) | |  | |  | |
| Development expenses | | (31,531) | | (31,379) | |  | |  | |
| Administrative expenses | | (66,156) | | (57,688) | |  | |  | |
| Profit from operations EBIT | | 47,807 | | 41,489 | |  | |  | |
| EBIT excluding cost due to restructuring | | 51,907 | | 41,489 | |  | |  | |
| EBITDA | | 71,410 | | 61,785 | |  | |  | |
|  | |  | |  | |  | |  | |
| **Percent of sales** | |  | |  | |  | |  | |
| Contribution margin | | 36.2% | | 35.7% | |  | |  | |
| Sales & marketing expenses | | 12.6% | | 13.7% | |  | |  | |
| Development expenses charged | | 5.1% | | 5.3% | |  | |  | |
| Administrative expenses | | 10.8% | | 9.8% | |  | |  | |
| EBITDA | | 11.6% | | 10.5% | |  | |  | |
| EBIT | | 7.8% | | 7.1% | |  | |  | |
| EBIT excluding cost due to restructuring | | 8.5% | | 7.1% | |  | |  | |

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|  | **Proforma operations for Q4 – main results in thous. of euros** | | | | | | |  |
|  | |  |  | |  | | |  |
| **Operating results** | | **2008** | **2007** | **Change %** | |  |
| Sales | | 138,111 | 159,450 | (13.4%) | |  |
| Cost of goods sold | | (88,680) | (103,627) | (14.4%) | |  |
| Gross profit | | 49,431 | 55,823 | (11.5%) | |  |
|  | |  |  |  | |  |
| Other operating income | | (189) | (66) |  | |  |
| Sales & marketing expenses | | (18,845) | (21,361) |  | |  |
| Development expenses | | (6,877) | (7,825) |  | |  |
| Administrative expenses | | (19,099) | (15,107) |  | |  |
| Profit from operations EBIT | | 4,421 | 11,464 |  | |  |
| EBIT excluding cost due to restructuring | | 8,521 | 11,464 |  | |  |
| EBITDA | | 11,473 | 16,952 |  | |  |
|  | |  |  |  | |  |
| **Percent of sales** | |  |  |  | |  |
| Contribution margin | | 35.8% | 35.0% |  | |  |
| Sales & marketing expenses | | 13.6% | 13.4% |  | |  |
| Development expenses charged | | 5.0% | 4.9% |  | |  |
| Administrative expenses | | 13.8% | 9.5% |  | |  |
| EBITDA | | 8.3% | 10.6% |  | |  |
| EBIT | | 3.2% | 7.2% |  | |  |
| EBIT excluding cost due to restructuring | | 6.2% | 7.2% |  | |  |
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**Key events during the period**

**Integration activities**

Following a period of rapid external growth in the preceding two to three years, the main emphasis in 2008 has been on internal growth and increase profitability. In the fourth quarter, work continued on the integration of the company’s sales networks and product lines, as well as various business processes, in order to reduce fixed costs and increase economies of scale. Among other things, this enabled the company to reduce the number of employees at Marel Food System companies outside Iceland by 300 at year end.

In the first quarter of next year, Marel, AEW Delford and Carnitech will be merged under the name of Marel Food Systems. This will further increase efficiency, as well as strengthen the company‘s image. All the names will continue to be used as brand names in connection with the marketing of individual product categories.

The integration of Marel Food Systems and Stork Food Systems, which began in the second quarter, continues. The focus is on achieving synergies through the integration of financial procedures, information systems, procurement, production and marketing activities.

**Private placement**

In view of the turbulence in the financial markets, Marel Food Systems decided to issue new shares in the company in a private placement, which was successfully completed on 16 October 2008. The purpose of the share offering was to further strengthen the Company's finances and to increase free float of its shares.

Subscriptions for shares amounted to ISK 20,074,615 nominal value at 70 ISK per share, equivalent to ISK 1,405,223,050 (approximately EUR 10 million). The Board of Directors decided to accept all subscriptions for shares, the vast majority of which were from pension funds.

**5 year comparison**

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| **Key figures from Marel’s operations, January to December, in thous. of EUR** | | | | | |
|  |  |  |  |  |  |
|  | 2008 | 2007 | 2006 | 2005 | 2004 |
| Sales | 540,149 | 289,817 | 208,700 | 129,039 | 112,301 |
| Profit from operations (EBIT) | 20,434 | 10,029 | 7,527 | 9,721 | 12,066 |
| EBIT as a % of sales | 3.8% | 3.5% | 3.6% | 7.5% | 10.7% |
| Net profit | (8,405) | 6,066 | 159 | 5,715 | 7,984 |
| Net profit as a % of sales | (1.6%) | 2.1% | 0.1% | 4.4% | 7.1% |
| EBITDA | 42,107 | 20,980 | 15,679 | 14,814 | 16,527 |
| EBITDA as a % of sales | 7.8% | 7.2% | 7.5% | 11.5% | 14.7% |
|  |  |  |  |  |  |
| Total assets at end of period | 923,712 | 427,304 | 364,793 | 114,890 | 95,482 |
| Equity at end of period | 286,825 | 181,835 | 144,423 | 41,032 | 31,595 |
| Working capital at end of period | (8,290) | 109,887 | 87,989 | 16,557 | 19,807 |
|  |  |  |  |  |  |
| Cash generated from operations | 13,663 | 2,778 | (2,992) | 2,987 | 13,207 |
| Net cash at end of period | 22,213 | 30,437 | 63,079 | 3,880 | 4,366 |
|  |  |  |  |  |  |
| Current ratio | 1.0 | 1.9 | 1.9 | 1.4 | 1.6 |
| Quick ratio | 0.5 | 1.3 | 1.2 | 0.6 | 0.7 |
| Equity ratio | 31.1% | 42.5% | 39.6% | 35.7% | 33.1% |
| Market cap. in millions of EUR based on exchange rate at end of period | 265.8 | 449.5 | 302.6 | 209.5 | 141,6 |

**Presentation of results 11 February 2009**

Marel Food Systems will present performance results at a meeting on Wednesday, 11 February 2009, at 8:30 a.m., at the company‘s headquarters at Austurhraun 9, Gardabaer.

**Publication days of the Consolidated Financial Statements in 2009 and the Annual General Meeting 2010**

Publication dates of the Financial Statements for 2009:

Annual General Meeting of Marel Food Systems hf 10 March 2009

1st quarter 6 May 2009

2nd quarter 6 August 2009

3rd quarter 3 November 2009

4th quarter 4 February 2010

Annual General Meeting of Marel Food Systems hf 3 March 2010

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