12 February 2008

PRESS RELEASE

Year 2007

- **Sales for 2007 totaled EUR 290 million compared with EUR 209 million, which is an increase of about 39% from the previous year. Proforma growth in sales for the period was about 4.5%. At a fixed exchange rate EUR/USD the proforma growth is 6.1%.**
- **Net profit for 2007 totaled EUR 6.1 million compared with 0.2 million in 2006.**
- **Profit from operations EBIT in 2007 was EUR 10.0 million compared with EUR 7.5 million the previous year. Charged one-time costs resulting from integration totaled about EUR 5 million for the first half of the year. Profit from operations EBIT before one-time costs was 5.2% of sales (15 million) compared with 3.6% the year before.**
- **Working capital from operations totaled EUR 13.0 million. In 2006, this was 2.7 million.**
- **Net profit from shares in Stork was EUR 4.6 million.**
- **Net cash at end of the period totaled EUR 30.4 million, compared with EUR 63.1 million at the end of 2006. The change can be traced to the purchase of shares in Stork NV and increases in shares in the company. All shares in Stork were sold on 17 January which gave EUR 53 million after repayment of related debts.**
- **Shares in Marel Food Systems sold for EUR 34.6 million in 2007, with a strong showing by Icelandic pension funds.**
- **Equity totaled EUR 182 million compared with 144 million the year before, and equity ratio was 42.5% at the end of 2007.**
- **An agreement was reached whereby the company acquires Stork Food Systems for EUR 415 million, which has been fully financed. The agreement is subject to approval by European competition authorities.**

Fourth quarter 2007

- **Sales in the fourth quarter of 2007 totaled EUR 78.9 milljón compared with 71.9 million for the same period the year before. Sales therefore increased by about 9.7% from the previous year and 11.8% at fixed exchange rate of EUR/USD.**
- **Net profit for the period totaled EUR 3.4 million compared with a loss of EUR 0.5 million in 2006.**
- **Profit from operations EBIT for the period October to December 2007 was EUR 1.6 million, which is 2.0% of revenue compared with 1.1 million the previous year.**
- **Shares in the Dutch company Stork NV are entered at market value, and a profit of EUR 5.1 million was realized from associated companies in the fourth quarter.**

Hörður Arnarson, CEO:

" The year 2007 was characterized by the extensive integration of Marel, Scanvægt, AEW/Delford and Carnitech. An agreement for the acquisition of Stork Food Systems was signed last November. With the acquisition of Stork, Marel Food Systems will have grown almost fivefold since the company's strategy was introduced in 2006. The full focus will now be on increased profitability and internal growth.

Integration of the companies has in large part progressed well and the company has retained market share in a fast growing market. It is disappointing, however, that synergies have not yet impacted the company's profits.

For the year 2008 the company is now projecting an EBIT about 8% but remain dedicated to reach above 10% EBIT margin level before year end. These projection are without the effects of Stork Food Systems. The core business of Stork Food Systems had sales of about 300 million euros in 2007 with 10.6% EBIT. Continuous healthy organic growth with continued good profitability is expected in the core business of Stork Food System."

Prospects

A large part of integration activities have returned the intended results, but it is apparent that several tasks have experienced temporary negative effects, both regarding operational units in the sales network and product categories. Work is in progress to restructure these areas to ensure acceptable results.

The company's goal of achieving at least a 10% profit from operations (EBIT) remains unchanged and is now expected to be reach in 2009. For the year 2008 the company is now projecting an EBIT of about 8%, at the same time it is projected that operating profit for the first half of the year 2008 will be lower than for the year in whole. These projection are without the effects of Stork Food Systems. The core business of Stork Food Systems had sales of 300 million euros in 2007 with 10.6% EBIT. Continuous healthy organic growth with continued good profitability is expected in the core business of Stork Food System.

An exciting period lies ahead where primary emphasis is placed on improved profitability and dynamic organic growth based on product development and marketing efforts in new markets.

The Financial Statements for Marel Food Systems for 2007 was approved at Marel's Board of Director's meeting today 12 February 2008.

Marel Food Systems comprises 32 companies with operations in 22 countries.

The following are the main results from the consolidated financial statements for Marel Food Systems:

Operations for the year in thous. of euros

Operating results	**2007**	**2006**
Sales	289,817	208,700
Cost of goods sold	(192,581)	(139,897)
Contribution margin	97,236	68,803
Other operating income	1,203	1,722
Sales & marketing expenses	(44,829)	(29,085)
Development expenses	(14,631)	(11,744)
Administrative expenses	(28,950)	(22,169)
Profit from operations EBIT	10,029	7,527
Finance costs - net	(7,091)	(5,026)
Profit/(loss) of associates	4,602	(1,449)
Profit/(loss) before tax	7,540	1,052
Tax expense	(1,474)	(893)
Profit for period	6,066	159
EBITDA	20,980	15,679
Percent of sales		

Contribution margin	33.6%	33.0%
Sales & marketing expenses	15.5%	13.9%
Development expenses charged	5.0%	5.6%
Administrative expenses	10.0%	10.6%
EBITDA	7.2%	7.5%
EBIT	3.5%	3.6%
Profit for period	2.1%	0.1%

Financial position at end of period	**31.12.07**	**31.12.06**
Total assets	427.304	364,793
Equity	181,835	144,423
Working capital	109,887	87,989

Cash flow for year	**2007**	**2006**
Working capital from operations	12,987	2,738
Cash generated from operations	2,778	(2,992)
Increase/(decrease) in net cash	(33,353)	59,572
Net cash at end of period	30,437	63,079

Highlights at end of December	**2007**	**2006**
Return on owners' equity	3.7%	0.2%
Current ratio	1.9	1.9
Quick ratio	1.3	1.2
Equity ratio	42.5%	39.6%
Earnings per share in euro cents	1.64	0.05
Market cap. in millions of euros based on exchange rate at end of December	449.5	302.6

Operations for the 4th quarter in thous. of euros

Operating results	**2007**	**2006**
Sales	78.869	71.946
Cost of goods sold	(53.692)	(48.296)
Contribution margin	25.177	23.650
Other operating income	(66)	642
Sales & marketing expenses	(12.172)	(10.990)
Development expenses	(4.237)	(4.291)
Administrative expenses	(7.100)	(7.933)
Profit from operations EBIT	1.602	1.078
Finance costs - net	(2.277)	(1.264)
Profit/(loss) of associates	5.125	(236)
Profit/(loss) before tax	4.450	(422)
Tax expense	(1.077)	(93)
Profit/(loss) for period	3.373	(515)
EBITDA	4.841	3.730

Percent of sales		

Contribution margin	31.9%	32.9%
Sales & marketing expenses	15.4%	15.3%
Development expenses charged	5.4%	6.0%
Administrative expenses	9.0%	11.0%
EBITDA	6.1%	5.2%
EBIT	2.0%	1.5%
Profit/(loss) for period	4.3%	(0.7%)

Sales in 2007 totaled EUR 289.8 million compared with 208.7 million the previous year. Sales have therefore increased by about 39%. Proforma sales increase is about 4.5%.

Contribution margin of product sales during the period was EUR 97.2 million, or 33.6% of sales compared with 68.8 million, or 33.0% of sales during the same time in 2006. Revenue in Icelandic króna was about 0.8% of the company's total sales, while expenses were about 10.1%, particularly because of employee wages in Iceland. The company has entered into forward exchange rate contracts to offset all estimated costs in Icelandic króna until April 2009.

Operating expenses other than the cost of goods sold totaled EUR 88.4 million and were 30.5% of sales, compared with 30.2% the previous year. Sales & marketing expenses were EUR 44.8 million, which is about 54% higher than last year. Charged development expenses, including depreciation of product development costs from previous years, were about EUR 14.6 million, an increase of about 25%. As a ratio of revenue, product development expenses were 5% compared with 5.6% the previous year. Administrative expenses were EUR 28.9 million compared with 22.2 million the previous year, or an increase of about 30.6%.

Charged one-time costs totaled about EUR 5 million, and have been chiefly charged to sales and marketing expenses, and to administrative expenses.

Profit from operations (EBIT) was EUR 10 million or 3.5% of sales, compared with 3.6% in 2006. Excluding one-time expenses, profit from operations totaled about 5.2% of sales during 2007.

Net finance costs totaled EUR 7.1 million compared with 5 million the year before. The rise is a result of increased business and investment in new operations. Average interest of the company's long-term loans in 2007 was 6.3%.

Marel Food Systems' share in the operational profit of associated companies totaled EUR 4.6 million, which may be attributed to investment by LME ehf in the Dutch company Stork NV, and Marel owns 20% in LME hf. The value of LME's share in Stork NV is entered at market value.

Profit from operations of Marel Food Systems in 2007 totaled EUR 6.1 million, compared with EUR 0.2 million the previous year.

Total assets of the company at year-end 2007 were entered at EUR 427.3 million, an increase of about 62.5 million, or 17.1% from the New Year. Of this increase, about EUR 32.5 million was in the form of new shares. The company is well financed with 42.5% equity ratio. About 65% of the company's debt become due after 2011, of which 18% after 2012.

Investment in property, plant and equipment during 2007 totaled EUR 17.3 million, compared with EUR 10.4 million during the same period last year. Most was earmarked for building new production facilities in Slovakia.

Working capital generated from operations totaled EUR 13.0 million. At the end of 2007, net cash totaled EUR 30.4 million, compared with 63.1 million at the end of 2006. The main reason for the change is investment is Stork NV shares, which totaled about EUR 41.6 million during 2007.

On average, 2,129 employees worked for Marel Food Systems during 2007, compared with 1,615 last year. Of these 2,129 employees, 361 were in Iceland while 1,768 worked outside Iceland in 31 companies in 21 countries. At year-end 2007, employees numbered 2,245.

Key events during the period

Integration activities

The integration of AEW/Delford and Scanvægt with Marel was an extensive element in the company's operations during 2007. The task addressed all elements of the companies' operations and was slated to conclude in August 2008.

Integrating the sales and marketing networks of the companies' was mostly concluded in the first half of the year, but some time is required for a new organizational structure to become effective. About 80% of the sales and service units have now achieved significant rationalization and increased productivity, while about 20% of them have not achieved the intended results, and in some cases productivity and contribution margin have declined significantly. Those companies that have not lived up to expectations are being restructured, and this work will conclude in the first quarter 2008.

In the middle of last year, work began on integrating the companies' product lines and product development. This work is expected to take about 12-18 months, and will lead to significant cost reductions while increasing the supply of new products.

One-time expenses connected with integrating the companies that were charged in 2007 totaled about EUR 5 million, which is in addition to the EUR 4 million expense in 2006. The affect of rationalization measures, which are expected to increase the company's annual operational profit by about EUR 15 million, will be fully felt by the second half of 2008.

External growth

At Marel's Annual General Meeting in February 2006, the company introduced an ambitious goal of at least tripling the company's turnover within the next 3-5 years, in particular through strong external growth. This goal was based on the company's assessment that the market within which it operated had come to a crossroads, and that it was both likely and necessary for companies in this market sector to merge. This would achieve economy of scale and improved product development utilization, both important elements in servicing the customers' rapidly expanding technological requirements.

The first steps were taken in 2006 with the acquisition of AEW/Delford and Scanvægt, which more than doubled company's turnover. These companies were in relatively similar operations, which led to complex integration activities that included significant changes to the sales networks and integrating the companies' product mix, for example the sales and service companies in 22 countries spanning five continents were merged.

In the past two years, Marel Food Systems has been in negotiations with Dutch company Stork Food Systems. This concluded with the signing of an agreement last November, which only awaits formal approval of competition authorities in order for the companies to unite. For many years, Stork Food System has enjoyed close cooperation with Marel Food Systems, and there is no overlapping of company products, so merging the companies is considered a simple task and without significant one-time costs.

Stork's core operation has in the past four years grown at a rate of about 26%, of which about 13% is organic. Profit from operations (EBIT) was on average over 10%. Turnover of core operations last year was about EUR 300 million and EBIT 10.6%. Merging Marel Food Systems and Stork Food Systems will double the company's turnover, and operating profit as a percent of turnover will increase.

The company has now achieved its goals for significant expansion driven by external growth in a much shorter timeframe by acquiring companies that fit well with Marel Food Systems' operations and vision. We are now moving into an exciting time where the primary emphasis will be on improving profitability and strong organic growth based on product development and marketing activities in new markets.

Shares listed in euros

Marel hf's AGM held last 8 March approved authorization for the company's management to list company shares in euros. Preparations for listing shares in euros are in progress, and further motions regarding this will be put forward now at the shareholders' meeting.

5-year comparison

Key figures from Marel's operations for the period January to December

In thous. of euros	2007	2006	2005	2004	2003*)
Sales	289,817	208,700	129,039	112,301	106,104
Profit from operations (EBIT)	10,029	7,527	9,721	12,066	6,568
EBIT as % of sales	3.5%	3.6%	7.5%	10.7%	6.2%
Net profit	6,066	159	5,715	7,984	3,749
Net profit as a % of sales	2.1%	0.1%	4.4%	7.1%	3.5%

EBITDA	20,980	15,679	14,814	16,527	10,129
EBITDA as a % of sales	7.2%	7.5%	11.5%	14.7%	9.5%
Total assets at end of period	427,304	364,793	114,890	95,482	81,334
Equity at end of period	181,835	144,423	41,032	31,595	25,167
Working capital at end of period	109,887	87,989	16,557	19,807	17,700
Cash generated from operations	2,778	(2,992)	2,987	13,207	4,724
Net cash at end of period	30,437	63,079	3,880	4,366	4,727
Current ratio	1.9	1.9	1.4	1.6	1.7
Quick ratio	1.3	1.2	0.6	0.7	0.8
Equity ratio	42.5%	39.6%	35.7%	33.1%	30.9%
Market cap. in millions of euros based on exchange rate at end of year	449,5	302,6	209,5	141,6	73,7

*) Presentation that is not in conformity with IFRS

Presentation of results

Marel will present performance results at a meeting on Wednesday 13 February 2008 at 8:30 in the company's headquarters at Austurhraun 9 in Garðabær, Iceland

Publication days of the Consolidated Financial Statements in 2008 and the Annual General Meeting 2009

Annual General Meeting Marel Food Systems hf 7 March 2008

Publication dates of the Financial Statements for 2008:

1st quarter	6 May 2008
2nd quarter	12 August 2008
3rd quarter	4 November 2008
Annual Financial Statements and 4th quarter 2008	10 February 2009
Annual General Meeting Marel Food Systems hf	10 March 2009

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