

Press release

Reykjavik, 31 January 2008

Bakkavör Group enters the US market with acquisition of Californian fresh prepared foods provider

Reykjavik, 31 January 2008. Bakkavör Group has acquired a Californian fresh and frozen prepared foods provider, Two Chefs on a Roll. The company specialises in the manufacturing of bakery products, sauces, soups and savoury dips for the US retail and foodservice markets. The consideration price remains confidential.

The company was founded by two chefs, Lori Daniel and Eliot Swartz, in 1985 and they have developed the business from a small wholesale dessert company to a full range manufacturer of custom and private label savoury and bakery products, employing around 350 people. Two Chefs on a Roll is based in a modern factory in Carson, Los Angeles, and has just opened a small facility in Jessup, Pennsylvania. The company's turnover in 2007 was US\$38.6 million.

Two Chefs on a Roll will be consolidated into Bakkavör Group from the acquisition date. The development of Bakkavör Group's business in the USA is a long-term project that will require considerable investment going forward.

Appointment of President of Bakkavör USA

To develop the Group's fresh prepared foods business in the United States, Bakkavör Group has established a new subsidiary, Bakkavör USA, and appointed Mr. John Dutton as President. Mr. Dutton has extensive experience from the fresh prepared foods industry in Europe, having managed and built up a number of businesses over the past 25 years in the UK and across Europe. Following a successful career at some of the key fresh prepared foods companies in the UK, Mr. Dutton served as Managing Director and a member of the Board of Directors of Geest PLC for 11 years before establishing his own business, Rannoch Foods, in 2002. Bakkavör acquired part of the Rannoch Foods business in 2007 with the acquisition of Exotic Farm Produce.

The US Fresh Prepared Foods Market – a Wealth of Opportunities

The US retail market for fresh prepared foods (which includes both deli counters and pre-packaged foods) is estimated to be worth over US\$20 billion* and is growing by 4.5% year on year. The market is forecast to grow to US\$28.5 billion by 2012 with average annual increases of 7%*. As in the UK, US consumers are looking for greater convenience, higher quality and better nutrition, all at a reasonable price. As US consumers work hard to balance convenience demands with health concerns, interest in fresh foods is growing fast and we predict that opportunities for growth are strong.

*Source: Packaged Facts

Ágúst Gudmundsson CEO of Bakkavör Group, said:

"We are pleased to announce our entry into the US market with an acquisition of an innovative fresh prepared foods business that provides a good strategic fit within the Group. Two Chefs on a Roll is a well-run business, with a strong management team, and gives us a good opportunity to start developing our business in the USA. We are pleased that Mr. John Dutton, who has a profound knowledge and experience of the fresh prepared foods market in Europe, decided to re-join the Group and lead Bakkavör Group's development in the US."

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About Bakkavör Group

Bakkavör Group is a leading international food manufacturing company specialising in fresh prepared foods and produce. The Group operates 57 factories and employs around 20,000 people in nine countries. The Group's Head Office is in Reykjavík, Iceland, and the business is listed on the OMX Nordic Exchange in Iceland (www.omxgroup.com/nordicexchange Ticker: BAKK).

The Group's vision is to be recognised and respected as the world's leading fresh prepared foods and produce provider. Bakkavör Group has attained leading market positions in its key market areas. In total, the Group makes over 4,700 products in 17 product categories, which are developed and sold predominantly under its customers' own brands. In addition to the UK and Iceland, the Group also has business operations in France, Belgium, Spain, South Africa, China, the Czech Republic and the USA.

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