



Stork Food Systems Acquisition

29 November 2007 - Gardabaer, Iceland

MEMBERS OF MAREL FOOD SYSTEMS

 *aew delford*

 *carnitech*

 *marel*

 *scanvaegt*



- 1** Highlights
- 2 Transaction Overview
- 3 Acquisition Rationale
- 4 Stork Food Systems
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Highlights of the Acquisition

- Marel Food Systems has entered into an agreement to acquire the Stork Food Systems division of Stork N.V.
- The acquisition price is €415 million on a debt and cash free basis
- As a result of the acquisition, the turnover of Marel Food Systems has more than doubled
- Stork Food Systems is active within the fast growing segment of poultry and further processing industry, having shown a strong organic growth of 14% annually in recent years
- Stork Food Systems has had impressive results, having a steady EBIT of over 10%
- The businesses of Marel Food Systems and Stork Food Systems are fully complementary



Structure of the Acquisition

- The acquisition is fully funded by debt and equity:
 - Proceeds from earlier equity issue: €53 million
 - Share offering underwritten by Landsbanki: €147 million
 - Long term debt: €235 million
- The transaction closure is subject to:
 - Public offer, for all outstanding shares in Stork N.V., being declared unconditional
 - Advice of the Stork Works Council
 - Clearance from anti-trust authorities
- Until the closing of the transaction, each company will continue to operate independently, and perform their business as usual
- Landsbanki Corporate Finance acted as financial advisor and Allen & Overy in Amsterdam acted as legal advisor in the acquisition of Stork Food Systems



Post-Acquisition

- Marel Food Systems will become a forerunner in the development of equipment for the food processing industry
- Pro-forma revenues (2007) of €670 million
- 4,200 employees in more than 40 countries
- Objectives:
 - EBIT over 10%
 - Strong organic growth
- Critical mass to enter emerging markets in Eastern Europe, Asia and South America where the annual growth rate is expected to be 7% over the next five years
- Ongoing strong R&D with annual investment of 6-7% of turnover will fuel innovation



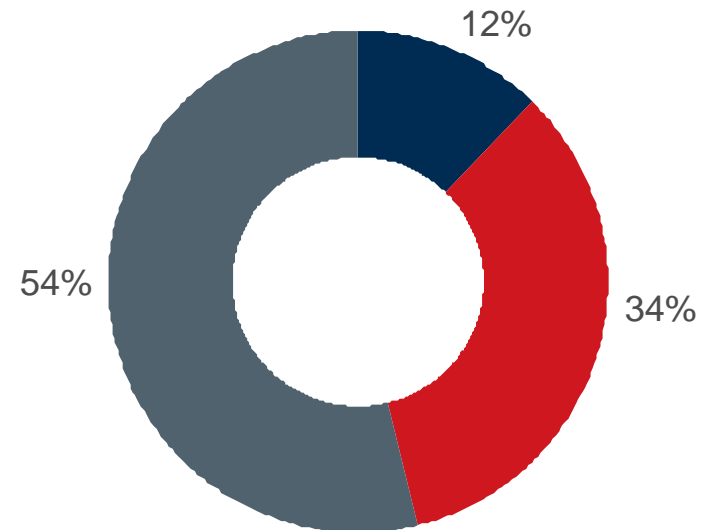


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Transaction Structure

- Enterprise value €415 million, debt and cash free basis with additional deal cost estimated at €20 million
- Strongly financed by equity and long-term debt:
 - €53 million proceeds from earlier equity issue
 - €147 million equity issue underwritten by Landsbanki with support from the largest shareholders
 - €235 million long term debt secured with an average maturity of 5 to 7 years underwritten by Landsbanki

Financing Composition

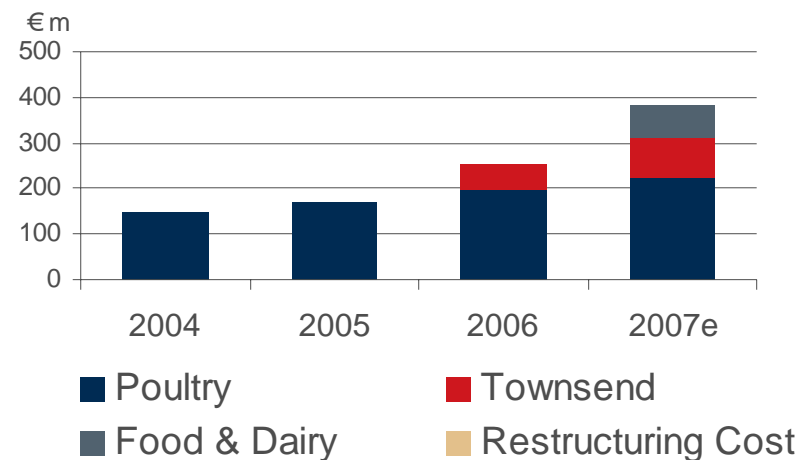


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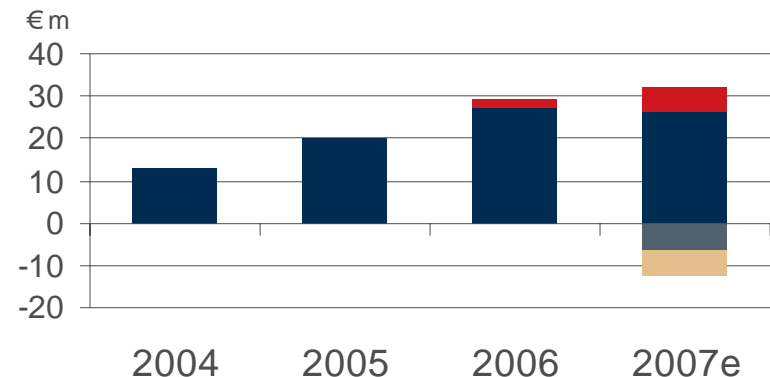
Stork Food Systems - Financial Overview

- Stork Food Systems is a strong, fast growing business with good profitability
- Stork Food Systems' core business excludes the Food & Dairy unit which is currently undergoing restructuring measures
- The core business has shown impressive results in the last 4 years:
 - Annual growth of **28%**
 - Thereof organic growth of **14%**
 - EBIT of **10%**
- Expected 2007 revenues of core business: €310 million
- Expected 2007 EBIT of core business: €32 million (€41 million EBITDA)

Stork Food Systems Revenues



Stork Food Systems EBIT



Enterprise Value Composition

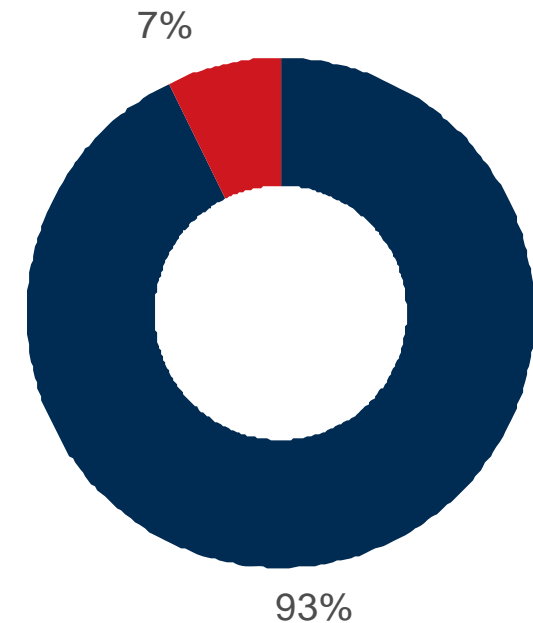
Stork Food Systems (excluding Food & Dairy)

- Enterprise value €385 million debt and cash free
- Revenues (2007e) €310 million
- EBIT (2007e) €32 million
- EBITDA (2007e) €41 million
- EV/EBITDA 9.3
- Strong, profitable and fast growing business, fully complementary to Marel Food Systems

Stork Food & Dairy Systems

- Enterprise value €30 million debt and cash free
- Revenues (2007e) €70 million
- EBIT (2007e) -€6 million (excl. restructuring costs)
- EBITDA (2007e) -€4 million (excl. restructuring costs)
- Estimated restructuring costs €6 million
- Strong product portfolio with good potential
- Strong asset base

Enterprise Value Composition



- Stork Food Systems
- Stork Food & Dairy Systems

Closing Conditions for the Acquisition

Public offer being declared unconditional

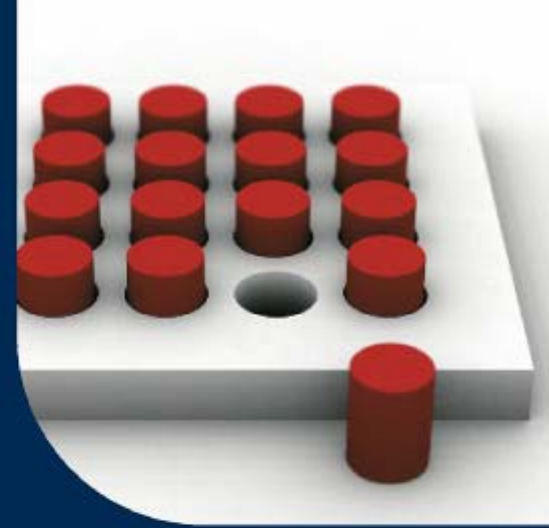
- Public offer by London Acquisition (Candover, Eyrir and Landsbanki)
- Share price €48.4 corresponding to an enterprise value of €1,600 million
- Irrevocable undertaking by 78% of shareholders
- The offer is fully supported by the relevant parties

Advice from Stork Works Council

- As customary in the Netherlands

Anti-trust Clearance

- Clearance from certain competition authorities required due to market share of merged companies
- Decision expected in February 2008



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Complementary Businesses in Poultry and Meat

Primary Processing

STORK®
Stork Food Systems

- Live Bird Handling
- Stunning
- Killing & De-feathering
- Evisceration
- Chilling
- Overhead Grading & Distribution
- Cut-up
- Deboning & Recovery

Further Processing

marel
food systems

STORK®
Stork Food Systems

- Software
- Batching
- Belt Grading
- Packing Solutions
- Production Systems
- Portioning / slicing
- Vision & Inspection Systems
- Weighing

- Forming
- Coating
- Frying

- Neither company is active in this sector

- Software
- Batching and Belt Grading
- Packing Solutions
- Production Systems
- Portioning / slicing
- Vision & Inspection Systems
- Weighing
- Deboning
- Mixing and Grinding

- Forming
- Coating
- Frying
- Sausage Making
- Meat Harvesting
- Skinning
- Curing & Marinating

Strong Business Combination

- Strong management and highly skilled employees
- Improved balance between protein segments reduces business risk
- Profitable and growing businesses
- Economies of scale
- Increased buying power of components, metals and electronics
- Increased efficiency and technology transfer in research and development
- Better ability to serve global customers
- Integration supported by 9 years of successful co-operation which has created significant value for customers

Successful ventures



Emsland - Germany



HQF- Greece



Belgradkorm and
Chelny - Russia

Stronger Access to Emerging Markets

- Together Marel Food Systems and Stork Food Systems have the critical mass to enter more strongly into new markets in South America, Eastern Europe and Asia
- The annual rate of growth in these markets is expected to be 7% for the next five years





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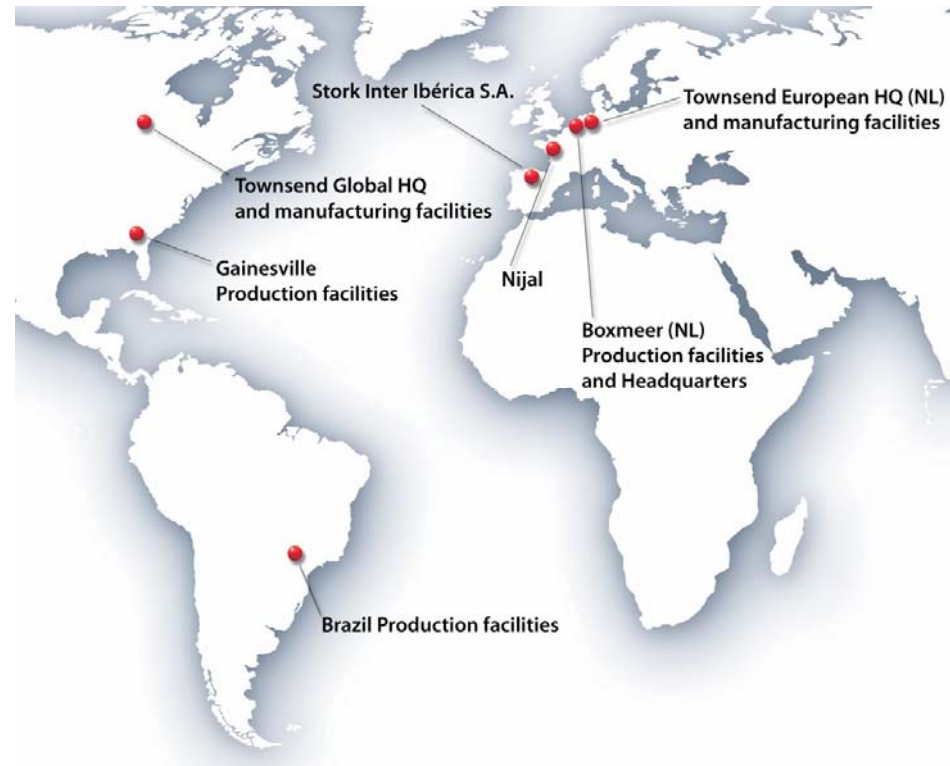
STORK®

Stork Food Systems

Theo Hoen - President of Stork Food Systems

Company Overview

- Stork Food Systems is acquired from Stork N.V.
- Stork Food Systems has headquarters in the Netherlands and manufacturing companies in the Netherlands, France, Spain, USA and Brazil
- 1,875 employees
- Expected 2007 revenues: €380 million

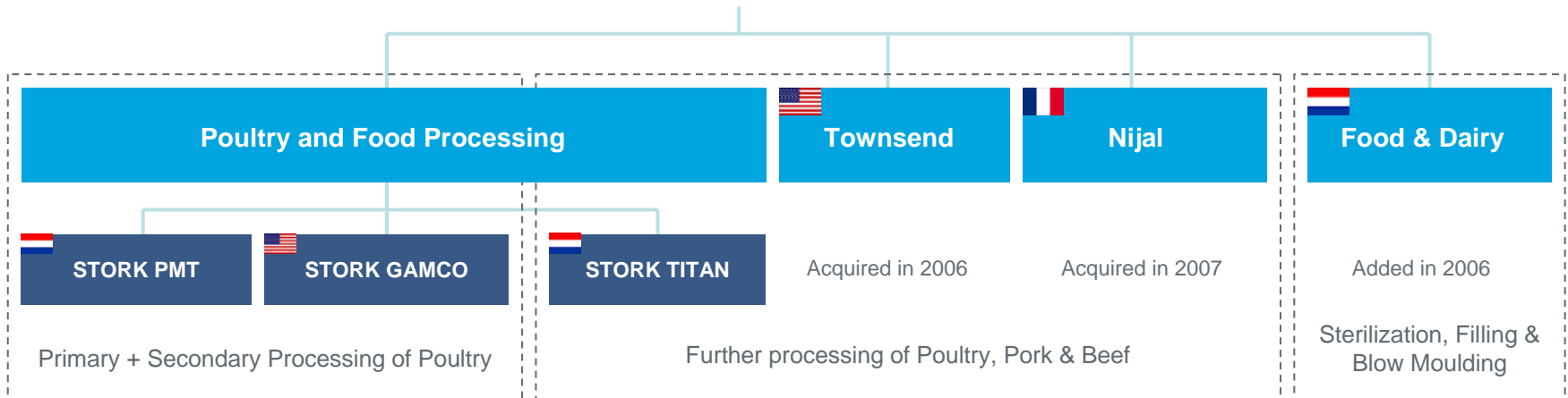


STORK®

Stork Food Systems

Main Operating Units

Stork Food Systems



Core Activities of Stork Food Systems




Development, production and supply of:

- Integrated processing lines for poultry
- Equipment and systems for the processing of meat into meal components and convenience food
- Systems and applications that are optimally contributing to food hygiene



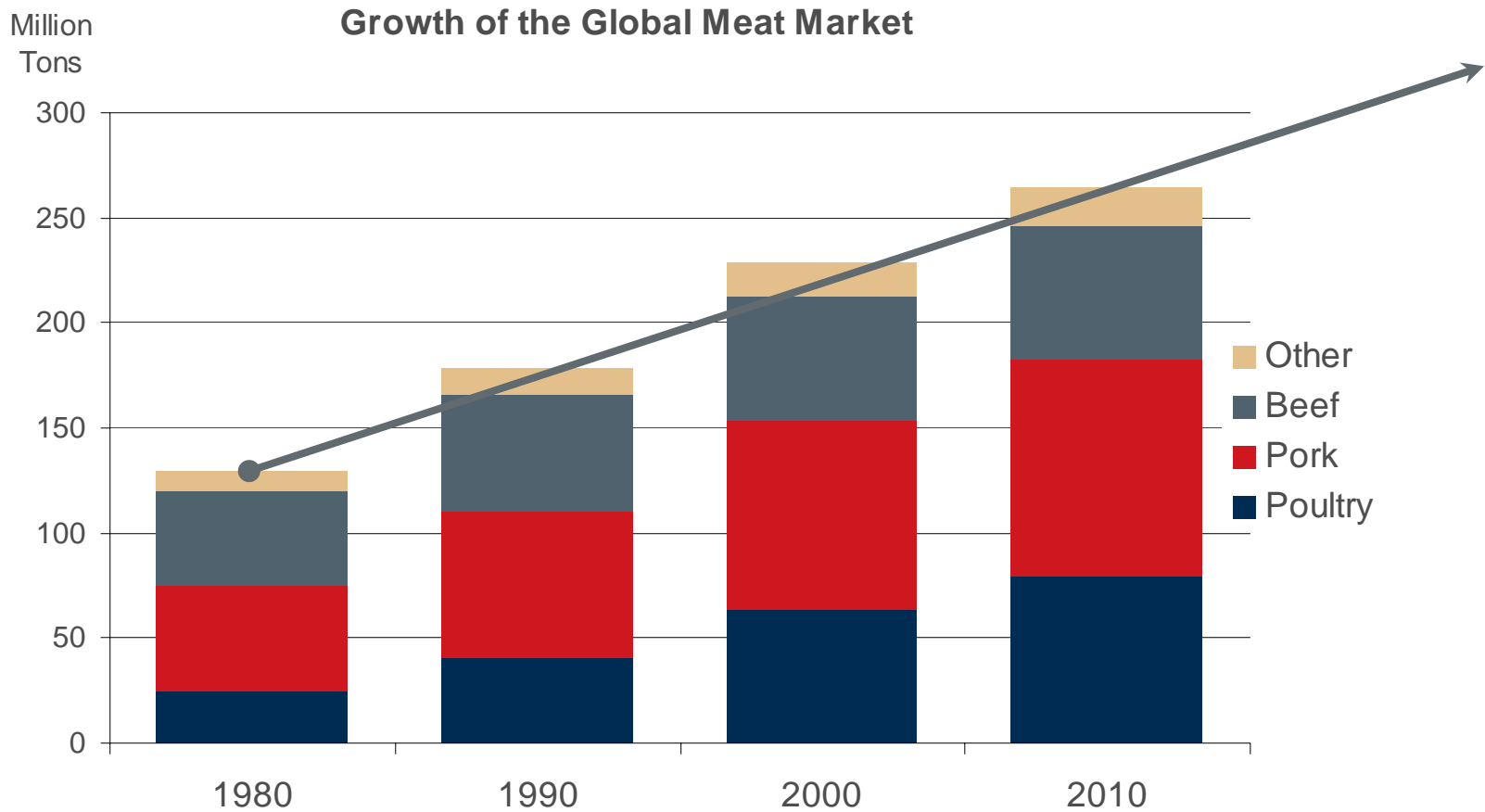
What Makes Poultry So Special?

- Food demand is expected to double by 2020 due to population growth and urbanization
- As new economies emerge people consume more protein, which places greater demand on grain supplies

Meat	Feed-To-Meat Conversion	Months to Market
	7:1	18-24 months
	5:1	6-12 months
	2:1	5-7 weeks

Source: UN, Rabobank, Feedstuff

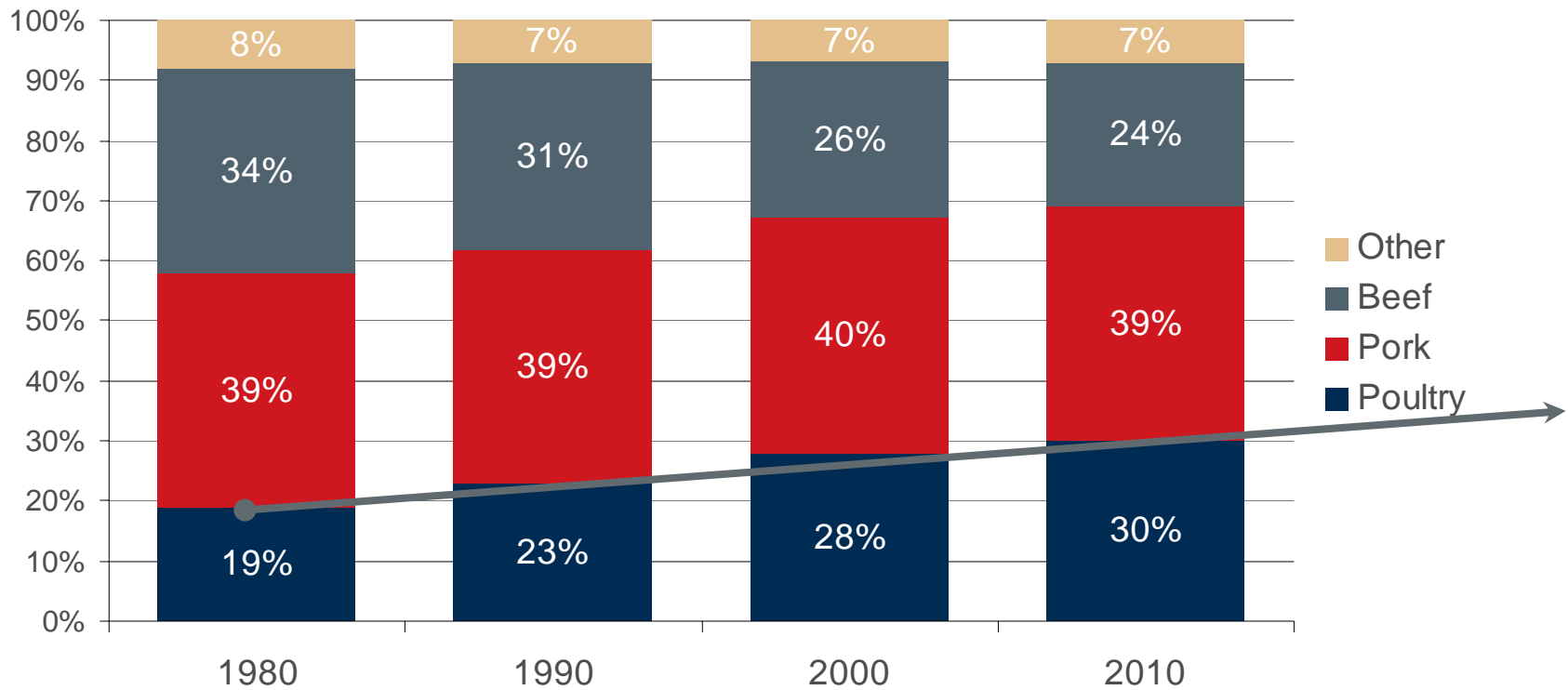
The Market for Meat and Poultry is Growing Fast...



Source: Rabobank

... and the Segment for Poultry Meat is Growing Fastest

Composition of the Global Meat Market



Source: Rabobank

**“By 4:00 p.m. today,
40% of Americans
don’t know what they
will have for dinner.”**

**“Nearly 52% of every
food dollar is spent
on food prepared
outside of the home.”**

Strong in Innovation

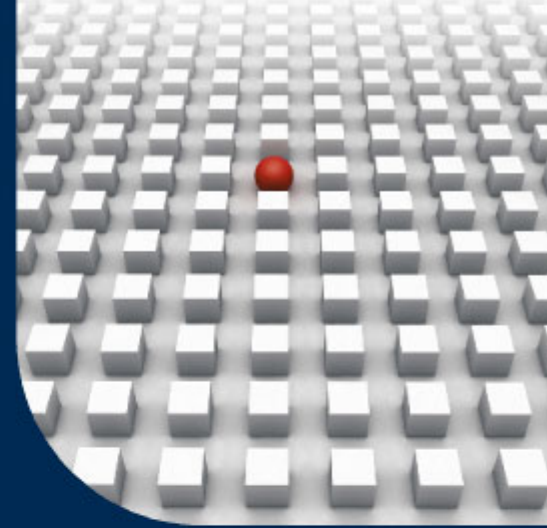
- Research and development is 6-7% of turnover, significantly above industry average
- A major innovation has been launched in the market every year
 - 884 patents, 104 patents pending
 - 47 trademarks, 4 trademarks applied for



Strong in Business

- Active within the fast growing segment of poultry and further processing industry, resulting in strong organic growth of 14% annually
- Stork Food Systems is well positioned in South America, where the market is expected to grow by over 7% annually
- Large install base and long-term relationship with major customers





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Fast Growing Market

- Worldwide sales of equipment and systems in the fish, meat and poultry industries are expected to reach **€3.5 billion** in 2007
- The market is expected to grow at a **5%** rate for the next 5 years with emerging markets growing even faster at a rate of **7%**
- There are **no clear market leaders**, with the largest companies having an estimated market share of 9-10%
- Marel Food Systems' market share in food processing equipment for fish, poultry and meat is estimated at **8-9%** pre-acquisition and **15-16%** post-acquisition



Source: Freedonia and Marel Food Systems

Long-term Strategy of Marel Food Systems - Presented in Feb. 2006

- Over the next 3-5 years the company expected the market to develop in one of two ways:
 - (A) 2-3 companies with 15-20% market share + smaller companies
 - (B) One company with 30-35% market share + smaller companies

- Marel Food Systems' goal was to become one of three companies with a 15-20% market share in the next 3-5 years

Presumed Development of the Industry



Small companies

Projected market share according to (A)



Small companies

Projected market share according to (B)

Changes to Capital Structure

- From the end of 2005 till the end of 2008, assuming that the acquisition of Stork Food Systems is finalized:
 - Core business turnover will have grown **5.0** times
 - Core business EBIT will have grown **6.7** times
 - However share capital will only have grown **2.1** times
- Equity ratio still strong
- More efficient capital structure creates more value for shareholders

	2005	2008e*	Change
Core business:			
- Turnover	129	650	5.0x
- EBIT	10	65	6.7x
Share capital	240	515	2.1x
Equity ratio	36%	33%	
Net interest bearing debt	40	394	9.8x
Market cap	212	538**	2.5x
Enterprise value	252	932	3.7x

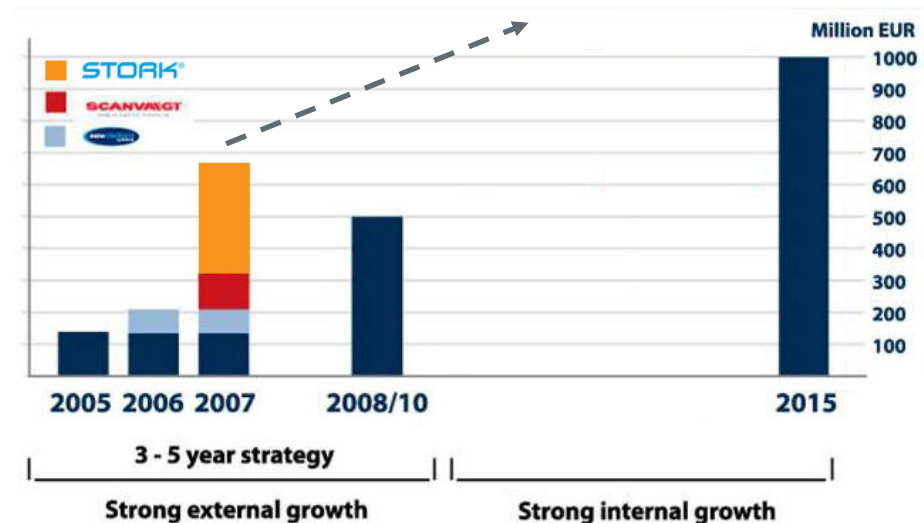
* Pro-forma post-acquisition.

** Based on current share price.

Effects on Strategy

- The acquisition completes the first phase of the strategy of Marel Food Systems
- In the next phase, Marel Food Systems emphasis is on internal growth and increased profitability
- Marel Food Systems will have the global presence and critical size needed to tap into emerging markets
- Well positioned in the fastest growing segments of the food equipment market, the company is well on its way toward its goal of €1 billion in revenues

Marel Food Systems' strategy from 2006





Thank you - Bedankt - Takk fyrir

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