7 November 2007

PRESS RELEASE

- **Sales for the third quarter 2007 totaled EUR 66.1 million compared with EUR 57.6 million for the same period the year before. Sales have therefore increased by 15% over last year.**

- **Profit from operations EBIT in the third quarter 2007 was EUR 1.8 million, which is 2.7% of income compared with 1.7 million last year.**

- **Shares in the Dutch company Stork NV are charged at calculated market price and appear as a EUR 6.7 million loss in associated companies in the third quarter.**

- **Sales for the first nine months of 2007 totaled EUR 210.9 million compared with EUR 136.8 million, which is about a 54% increase from the previous year. Proforma sales increase during the period was about 2.7%.**

- **Profit from operations EBIT during the period January to September 2007 was EUR 8.4 million, compared with 6.4 million the year before. Charged one-time costs resulting from integration totaled about EUR 5 million during the first half of the year. Profit from operations EBIT before one-time costs was 6.4% of sales (13.4 million), compared with 4.7% the year before.**

- **Net profit for the period January to September 2007 was EUR 2.7 million compared with 0.7 million in 2006.**

- **Working capital from operations totaled EUR 11 million compared with 0.7 million last year. Cash generated from operations totaled EUR 9.6 million, which was negative by about 6.4 million at the same time in 2006. Net cash at the end of the period totaled EUR 9.2 million, a reduction of about 40.4 million from the end of June 2007, in particular because of buying shares in Stork NV.**

- **Equity totaled EUR 150.0 million, and equity ratio was 38.5% at the end of September 2007. The company is well financed to take on continued external growth.**

- **Formal discussions concerning the company's possible purchase of Stork Food Systems are ongoing.**

Hörður Arnarson, CEO:

"Integrating the operations of Marel, Carnitech, Scanvægt and AEW/Delford under the name Marel Food Systems is progressing according to plan. While significant results have been achieved in integrating the companies, there is still much work left in order to take advantage of the synergistic possibilities that the merged companies present. Synergistic effect is not yet impacting the company's performance.

When taking into account one-time costs, then 6.4% EBIT at a year of great transformation is in line with the company's objective of achieving an EBIT above 10% next year. It is positive that the company's cash flow is strong.

Marel Food Systems is well financed to take advantage of those opportunities that arise over the coming months, with a great support of its largest shareholders."

Prospects

Prospects on the company's largest markets are good, and significant investments by its customers are pending over the coming months.

The merger of Marel, Carnitech, AEW/Delford and Scanvægt will create a company with a broad product range, strong marketing network, outstanding service network and a unique position in various product categories.

Extensive internal work resulting from integration will, however, continue to dampen conventional productivity within the company over the upcoming quarters.

It is anticipated that integration will return a minimum increase in operational profits of EUR 15 million by reducing costs and increasing productivity, with the objective of achieving an EBIT of at least 10%. At the same time, additional internal growth is anticipated through improved investment utilization in product development, and by strengthening sales and marketing work. Initial strategy anticipated that integration of the companies would take about 2 – 3 years, but this has been changed to 1.5 – 2 years, with the full impact being felt by mid 2008. It is projected that the positive effects of integration on company performance will begin being felt in the fourth quarter of this year.

The Interim Financial Statement for the Marel Group for the first nine months of 2007 was approved at Marel's Board of Director's meeting today, 7 November 2007.

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

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

Operations for the 3rd quarter in thous. of euros

Operating results	2007	2006
Sales	66,087	57,648
Cost of goods sold	(44,215)	(38,729)
Contribution margin	21,872	18,919
Other operating income	124	516
Sales & marketing expenses	(10,398)	(7,387)
Development expenses	(3,122)	(3,285)
Administrative expenses	(6,711)	(7,092)
Profit from operations EBIT	1,765	1,671
Finance costs - net	(1,894)	(1,890)
Profit/(loss) of associates	(6,836)	(498)
Profit/(loss) before tax	(6,965)	(717)
Tax expense	1,208	43
(Loss) for period	(5,757)	(674)
EBITDA	4,614	4,094
Percent of sales		
Contribution margin	33.1%	32.8%
Sales & marketing expenses	15.7%	12.8%
Development expenses charged	4.7%	5.7%
Administrative expenses	10.2%	12.3%
EBITDA	7.0%	7.1%
EBIT	2.7%	2.9%
Loss for period	(8.7%)	(1.2%)

Operations first 9 months of the year in thous. of euros

Operating results	2007	2006
Sales	210,948	136,754

Cost of goods sold	(138,889)	(91,601)
Contribution margin	72,059	45,153
Other operating income	1,269	1,080
Sales & marketing expenses	(32,657)	(18,095)
Development expenses	(10,394)	(7,453)
Administrative expenses	(21,850)	(14,236)
Profit from operations EBIT	8,427	6,449
Finance costs - net	(4,814)	(3,762)
Profit/(loss) of associates	(523)	(1,213)
Profit before tax	3,090	1,474
Tax expense	(397)	(800)
Net profit for period	2,693	674
EBITDA	16,139	11,949

Percent of sales		
Contribution margin	34.2%	33.0%
Sales & marketing expenses	15.5%	13.2%
Development expenses charged	4.9%	5.4%
Administrative expenses	10.4%	10.4%
EBITDA	7.7%	8.7%
EBIT	4.0%	4.7%
Net profit for period	1.3%	0.5%

Financial position at end of period	30.09.07	31.12.06
Total assets	389,336	364,793
Equity	149,972	144,423
Working capital	30,899	87,989

Cash flow for the 9 months	2007	2006
Cash generated from operations	9,558	(6,385)
Working capital from operating activities	10,969	680
Increase/(decrease) in net cash	(53,914)	60,171
Net cash at end of period	9,248	63,907

Highlights at end of September	2007	2006
Return on owners' equity	2.4%	1.0%
Current ratio	1.2	2.0
Quick ratio	0.6	1.3
Equity ratio	38.5%	39.4%
Earnings per share in euro cents	0.73	0.26
Market cap. in millions of euros based on exchange rate at end of September	424.2	316.6

Sales for the first nine months of 2007 totaled EUR 210.9 million compared with EUR 136.8 million the year before. Sales have therefore increased by about 54%. Proforma sales increase is about 2.7%.

Contribution margin of product sales during the period was EUR 72.1 million, or 34.2% of sales compared with 45.2 million, or 33.0% of sales during the same time in 2006. Revenue in Icelandic króna was about 1% of the Group's total sales, but expenses were about 11%, particularly because of employee wages in Iceland. The company has entered into forward exchange rate contracts to offset estimated costs in Icelandic króna until September 2008.

Operating expenses other than the cost of goods sold totaled EUR 64.9 million and were 30.8% of sales, compared with 29.1% the previous year. Sales & marketing expenses were EUR 32.7 million, which is about

80.5% higher than last year. Charged development expenses, including amortization of product development costs from previous years, were about EUR 10.4 million, an increase of about 39.5%. As a ratio of revenue, product development expenses were 4.9% compared with 5.4% the previous year. Administrative expenses were EUR 21.8 million compared with 14.2 million the previous year, or an increase of about 53.5%.

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 8.4 million or 4.0% of sales, compared with 4.7% in 2006. Excluding one-time expenses, profit from operations totaled about 6.4% of sales during the period January to September 2007.

Net finance costs totaled EUR 4.8 million compared with 3.8 million the year before. The rise is a result of increased business and investment in new operations.

Marel Food Systems' share in the operational loss of associated companies totaled EUR 523 thousand, 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. Marel Food Systems' share in LME's loss during the third quarter totaled about EUR 6.8 million.

Net profit of Marel Food Systems in the nine months of 2007 totaled EUR 2.7 million, compared with EUR 0.7 million the previous year.

Total assets of the Group at the end of September 2007 were at EUR 389.3 million, an increase of about 24.5 million, or 6.7%, from the New Year. Of this increase, about EUR 5 million was in the form of new shares.

Investment in property, plant and equipment during the first nine months of 2007 totaled EUR 10.1 million, compared with EUR 7.7 million during the same period last year. Most was earmarked for building new production facilities in Slovakia.

Cash generated from operations totaled EUR 9.6 million. At the end of the third quarter 2007, net cash totaled EUR 9.3 million, compared with 63.9 million at the end of September 2006. The main reason for the decrease is investment is Stork NV shares, which totaled about EUR 41 million during the first nine months of 2007.

On average, 2,096 employees worked for the Marel Group during the period January to September 2007, compared with 1,445 last year. Of these 2,096 employees, 358 were in Iceland while 1,738 worked outside Iceland in 31 companies in 21 countries. At the end of September, overall employees numbered 2,120.

Key events during the period

Integration activities

The integration of AEW/Delford and Scanvægt with Marel is proceeding well and according to plan. The task, which addresses all elements of the companies' operations, will conclude in August 2008. One of the most extensive tasks entails integrating their sales and marketing networks. The companies' sales offices will decrease from 45 to about 20. This will strengthen the company's sales efforts while significantly reducing operating costs. Integration of the sales and marketing network was mostly concluded during the first half of the year, but it takes time for a new organizational structure to achieve full productivity. Earlier this 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 rationalization by reducing costs while increasing the supply of new products.

Work is also proceeding on integrating and rationalizing the companies' service network, as well as production and purchasing activities. One-time expenses connected with the changes totaled EUR 4 million in 2006. It is now anticipated that one-time expenses for 2007 will be about EUR 5 million. The affect of integration measures, which are expected to increase the Group's annual operational profit by about EUR 15 million, will start impacting the companies' performance in the fourth quarter of 2007, and be fully felt by mid 2008.

External growth

In line with the company's strategy announced at the AGM in February 2006, the company intends to be a market leader in its sector, and achieve a market share of 15-20%, compared with its 4% share when the strategy was implemented. Currently, its share of the market is about 8%. Company growth is built on external growth and vigorous organic growth.

Marel has both the marketing and technological strength to enable it to create opportunities for significant synergistic affects through external growth. The company is well financed, which enables it to develop opportunities in the coming months with great support from its largest shareholders. Last year, a public offering of Marel shares to finance its future growth proved successful. In addition, the company issued long-term debenture, resulting in it now being well financed for further external growth. Volatility on financial markets can present external growth opportunities for well-financed listed companies.

Marel Food Systems has for some time been engaged in formal discussion with the management of Stork NV concerning the possible purchase of Stork Food Systems. It is anticipated that these discussions will reach a conclusion over the coming weeks, but the outcome is altogether uncertain.

LME, a holding company jointly owned by Marel Food Systems, Eyrir Invest and Landsbanki Bank, is currently the largest individual shareholder in Stork NV, the parent company of Stork Food Systems, with 43% shares. Marel Food Systems' share in LME is 20%.

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.

5-year comparison

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

Thous. euros	2007	2006	2005	2004	2003*)
Sales	210,948	136,754	94,254	83,179	74,498
Profit from operations (EBIT)	8,427	6,449	8,446	9,218	4,846
EBIT as a % of sales	4.0%	4.7%	9.0%	11.1%	6.5%
Net profit	2,693	674	5,136	6,089	2,453
Net profit as a % of sales	1.3%	0.5%	5.4%	7.3%	3.3%
EBITDA	16,139	11,949	12,050	12,527	7,482
EBITDA as a % of sales	7.7%	8.7%	12.8%	15.1%	6.5%
Total assets at end of period	389,336	366,070	107,028	92,074	85,950
Equity at end of period	149,972	144,198	37,231	32,035	24,859
Working capital at end of period	30,899	95,874	16,972	18,084	18,027
Cash generated from operations	9,558	(6,385)	5,850	9,513	3,679
Net cash at end of period	9,248	63,907	5,407	5,459	6,255
Current ratio	1.2	2.0	1.4	1.6	1.6
Quick ratio	0.6	1.3	0.7	0.8	0.8
Equity ratio	38.5%	39.4%	34.8	34.8%	28.9%
Market cap. in millions of euros based on exchange rate on 30 September	424.2	316.6	211.8	151.1	73.7

*) Presentation that is not in conformity with IFRS

Presentation of results

Marel will present performance results at a meeting on Thursday 8 November 2007 at 8:30 in the company's headquarters at Austurhraun 9 in Garðabær, Iceland

Publication days of the Consolidated Financial Statements in 2007 and the Annual General Meeting 2008

Publication dates of the Financial Statements for 2007:	
Annual Financial Statements and 4th quarter 2007	12 February 2008
AGM Marel hf	7 March 2008

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