



Financial Statements Q1 2007

Hörður Arnarson
CEO

Main Tasks – Q1 2007

- Increase in turnover by 123% from last year
- Proforma growth 9.6% from last year
- Successful integration
 - Integration of Sales and Services will be completed in Q2
 - Integration of product lines and product development in progress
- One-time cost ca. 3.2 MEuro in Q1
 - One-time cost in 2007 somewhat lower than expected. Will be fully charged in first half of the year.
- Operating profit EBIT
 - 3.2 MEuro 4.5% of turnover
 - 6.4 MEuro 8.9% of turnover before one-time cost

Income Statement – Q1

Thous EUR	2007 1.1 - 31.03	2006 1.1 - 31.03	Change. %
Sales	72.244	32.467	123%
Cost of sales	<u>(46.821)</u>	<u>(22.084)</u>	<u>112%</u>
Gross profit.....	25.423	10.383	145%
Other operating income	375	274	37%
Selling and marketing expenses	(10.508)	(4.856)	116%
Research and development expenses	(3.641)	(1.667)	118%
Administrative expenses	<u>(8.406)</u>	<u>(3.680)</u>	<u>128%</u>
Profit from Operation.....	3.243	454	614%
Finance cost - net	(1.168)	141	-
Share of results of associates	<u>(285)</u>	<u>0</u>	<u>-</u>
Profit before tax.....	1.790	595	201%
Income tax expenses	<u>(781)</u>	<u>(44)</u>	<u>-</u>
Net profit.....	<u>1.009</u>	<u>551</u>	<u>83%</u>
□ EBITDA	5.644	1.876	201%

Income Statement – January - March

As a % of sales

	2007	2006
	1.1 - 31.03	1.1 - 31.03
Gross profit	35,2%	32,0%
Selling and marketing expenses	14,5%	15,0%
Research and development expenses	5,0%	5,1%
Administrative expenses	11,6%	11,3%
Profit before depreciation (EBITDA)	7,8%	5,8%
Profit from operation (EBIT)	4,5%	1,4%
Depreciation/amortization	3,3%	4,4%
Net profit	1,4%	1,7%

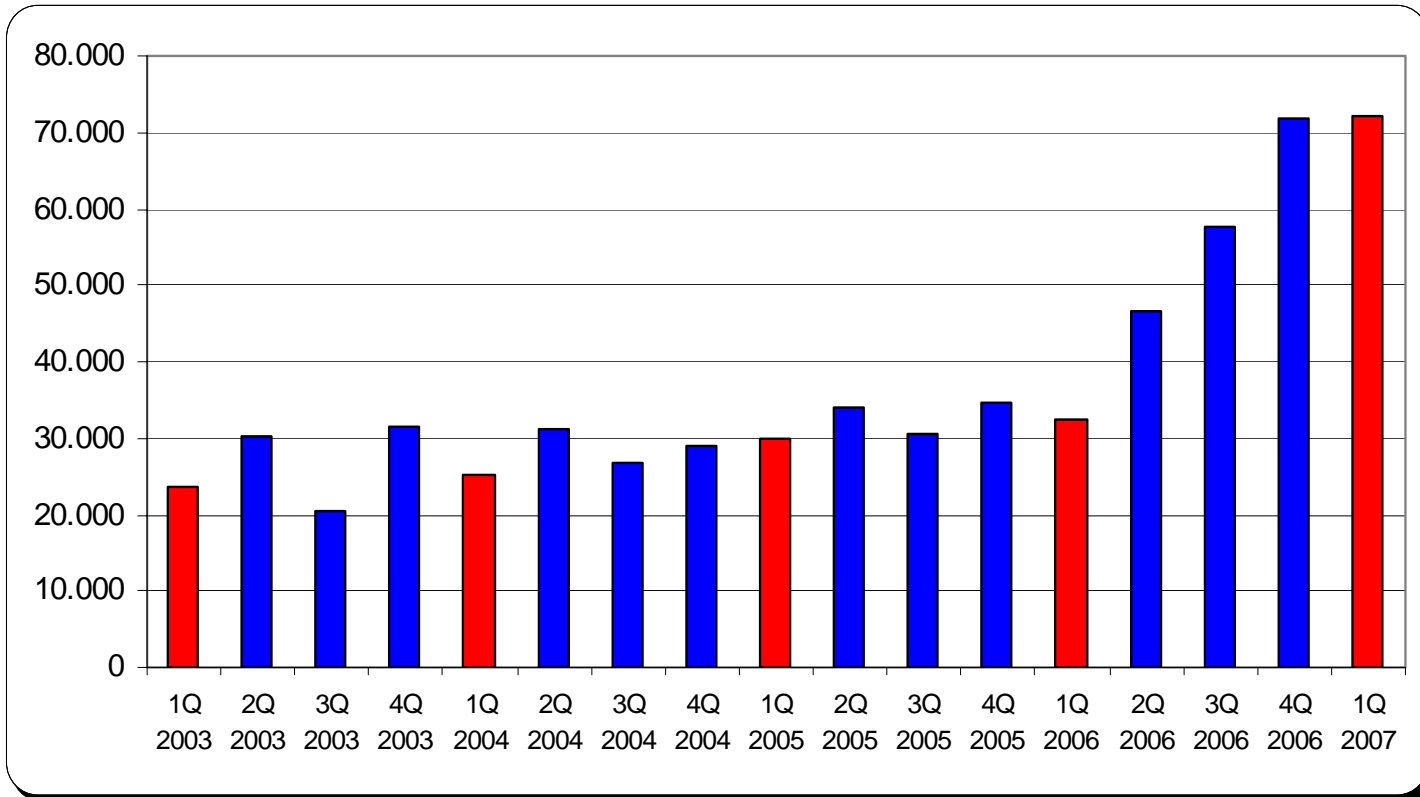
Income Statements Per Quarter

Thous EUR

	<u>Q1 '07</u>	<u>Q4 '06</u>	<u>Q3 '06</u>	<u>Q2 '06</u>	<u>Q1 '06</u>
Sales	72.244	71.946	57.648	46.639	32.467
Cost of sales	(46.821)	(48.296)	(38.729)	(30.788)	(22.084)
Gross profit	25.423	23.650	18.919	15.851	10.383
Other operating income	375	642	516	290	274
Selling and marketing expenses	(10.508)	(10.990)	(7.387)	(5.852)	(4.856)
Research and development expenses	(3.641)	(4.291)	(3.285)	(2.501)	(1.667)
Administrative expenses	(8.406)	(7.933)	(7.092)	(3.464)	(3.680)
Profit from Operation	3.243	1.078	1.671	4.324	454
Finance cost - net	(1.168)	(1.264)	(1.890)	(2.013)	141
Share of results of associates	(285)	(236)	(498)	(715)	-
Profit before tax	1.790	(422)	(717)	1.596	595
Income tax expense	(781)	(93)	43	(799)	(44)
Net profit	1.009	(515)	(674)	797	551
EBITDA	5.644	3.730	4.094	5.979	1.876

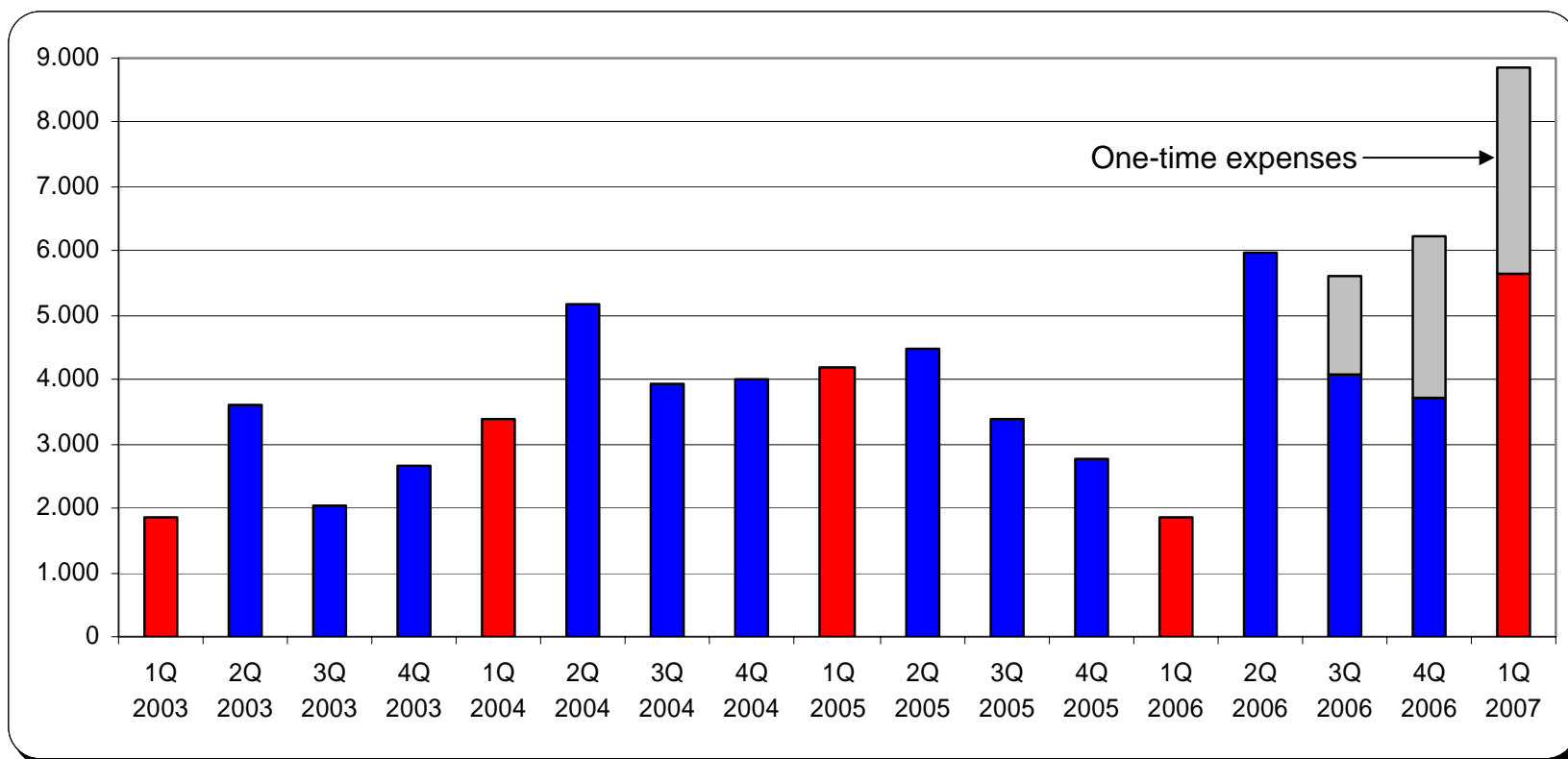
Sales Per Quarter – 2003 - 2007

Thous EUR



Not in conformity with IFRS in year 2003

Operating profit before depreciation (EBITDA) per quarter 2003-2007



Not in conformity with IFRS in year 2003

Assets

Thous EUR	2007 31 March	2006 31 Dec
Non-current assets		
Property, plant and equipment	55.951	56.125
Goodwill	97.958	97.117
Other	28.650	27.242
	<u>182.559</u>	<u>180.484</u>
Current assets		
Inventories	57.186	53.263
Production contracts	14.420	13.118
Receivables and prepaym.	58.042	54.003
Cash and cash equivalents	60.695	63.925
	<u>190.343</u>	<u>184.309</u>
Total assets	<u>372.902</u>	<u>364.793</u>
Current ratio	1,9	1,9

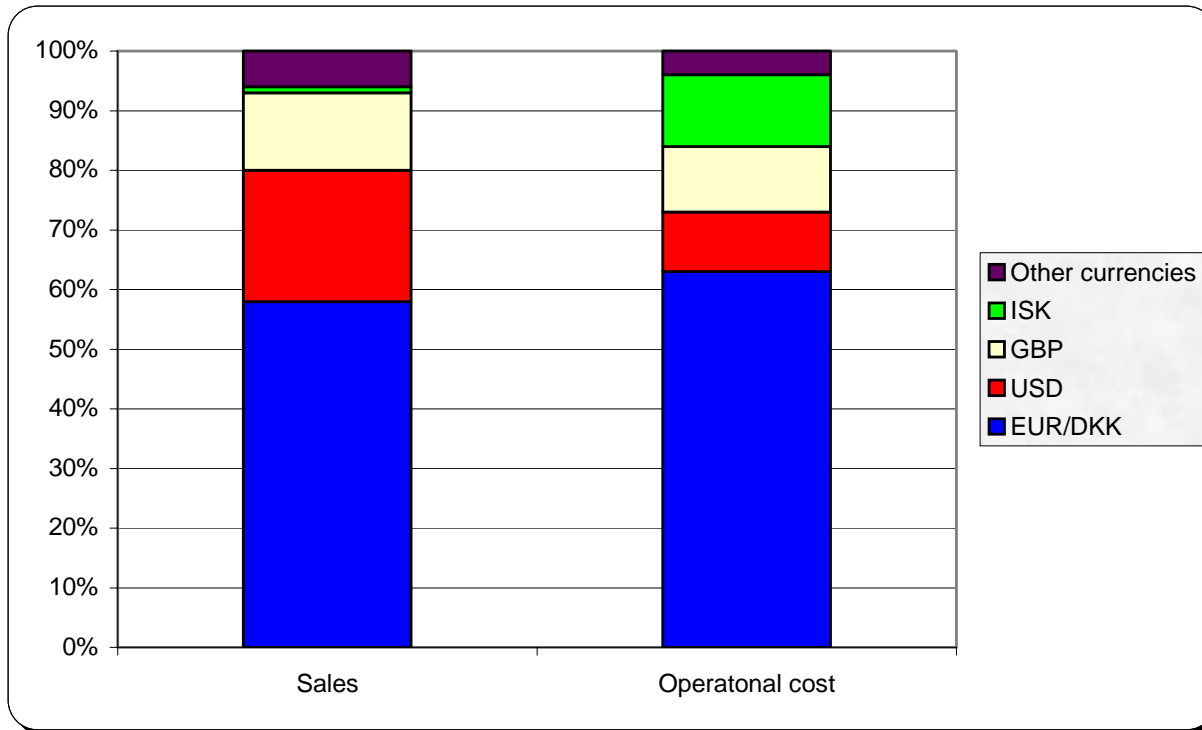
Shareholders' Equity and Liabilities

Thous EUR	2007 <u>31 March</u>	2006 <u>31 Dec</u>
Shareholders' equity	146.361	144.423
Liabilities		
Non-current liabilities	125.237	124.050
Current liabilities	<u>101.304</u>	<u>96.320</u>
Total liabilities	<u>226.541</u>	<u>220.370</u>
Total equity and liabilities	<u><u>372.902</u></u>	<u><u>364.793</u></u>
Equity ratio	39,2%	39,6%

Cash Flow Statement

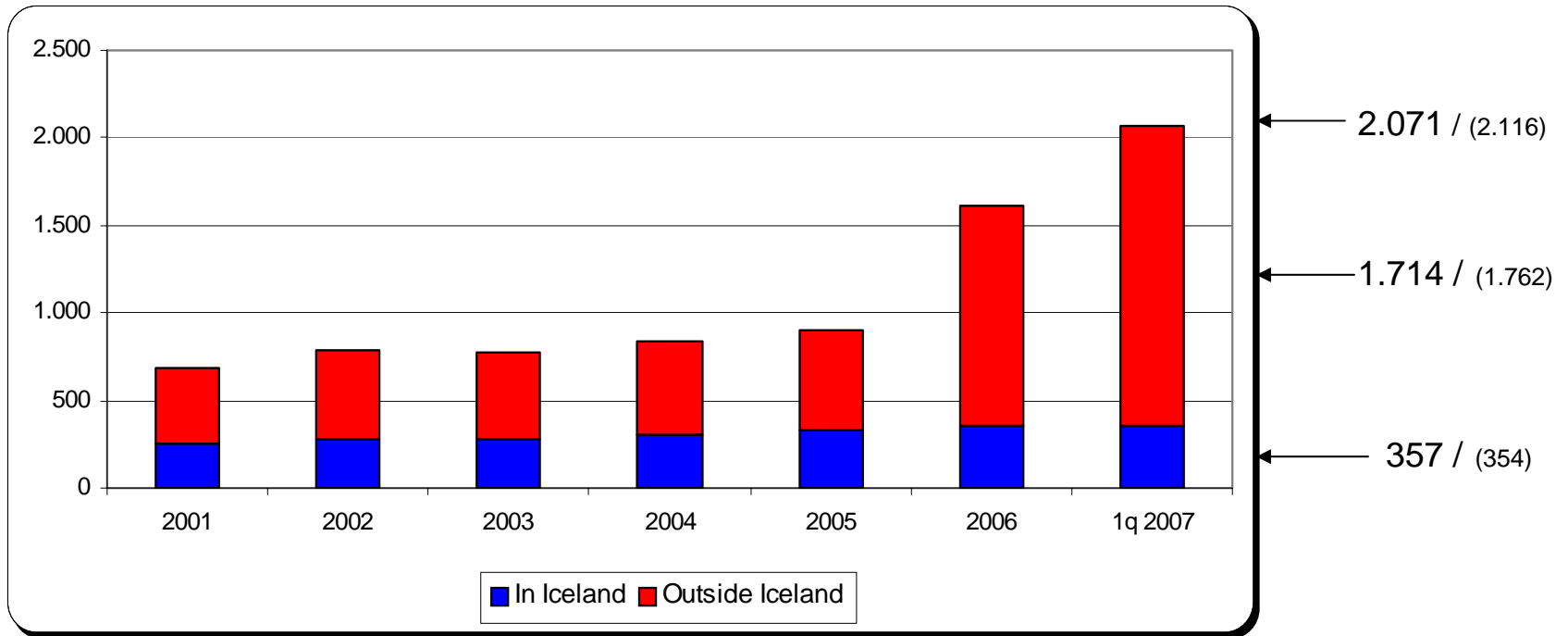
Thous. EUR	Jan-Mar 07	Jan-Mar 06
	<u> </u>	<u> </u>
Working capital from/(to) operation	<u>4.488</u>	<u>(2.619)</u>
Cash generated from/(to) operation	5.156	(8.171)
Investing activities	(3.597)	(9.812)
Proceeds from (purchase of) treasury shares	166	(421)
Net repayments of borrowings	(5.745)	45.260
Dividends paid	<u>(824)</u>	<u>(601)</u>
Net increase in cash	(4.844)	26.255
Cash at beginning of the year	<u>63.112</u>	<u>3.876</u>
Cash at end of period	<u><u>58.268</u></u>	<u><u>30.131</u></u>

Sales and Expenses by Currencies – Jan - Mar 2007



	<u>Sales</u>	<u>Operational cost</u>
EUR/DKK	58%	63%
USD	22%	10%
GBP	13%	11%
ISK	1%	12%
Other currenc	6%	4%

Number of Employees – Average Number Per Year



Number in brackets 31 Dec 2006

Marel Food Systems Integration

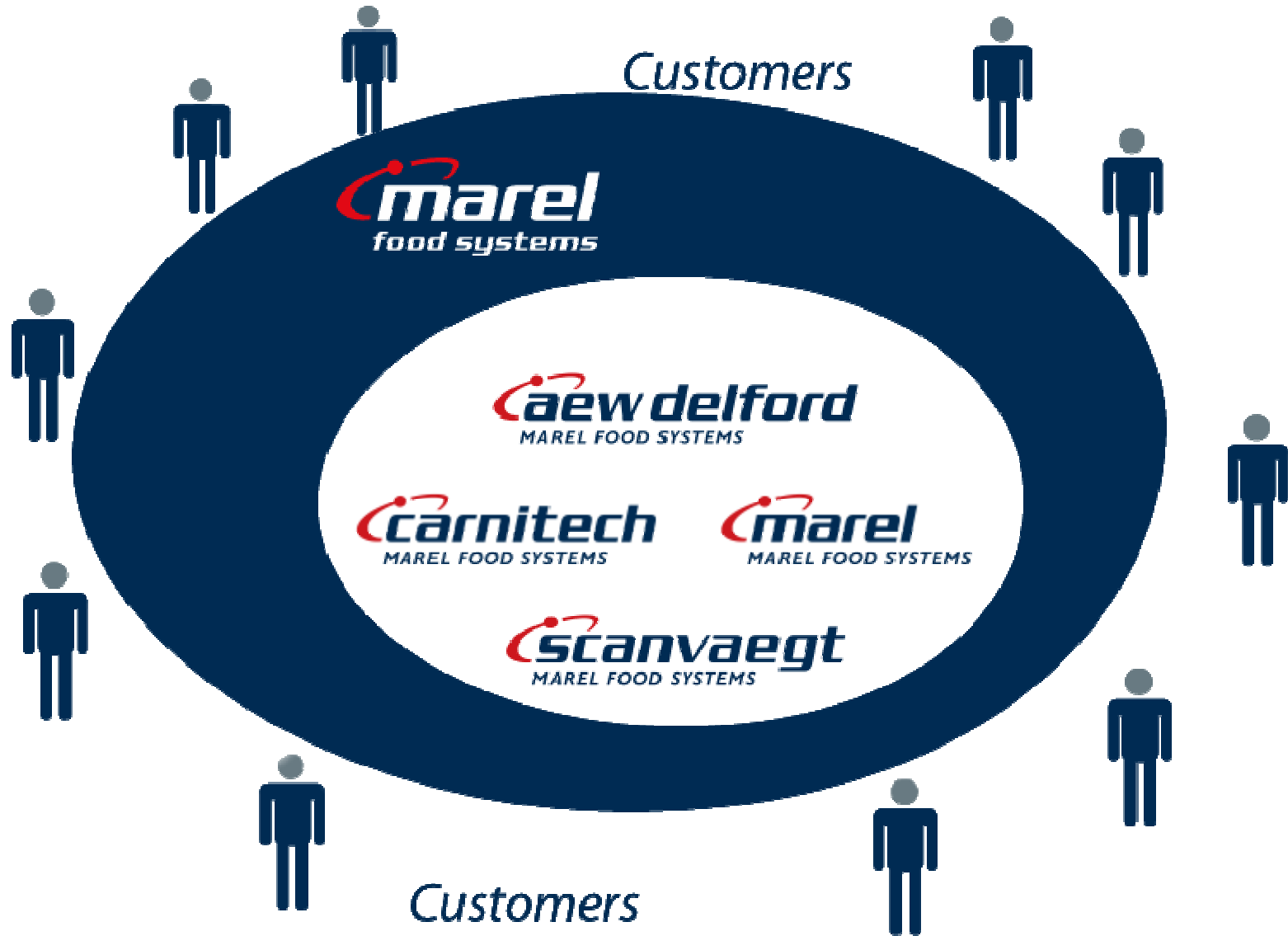
- Integration in the sales. 45 operational units in 22 countries amalgamated into 20 result driven companies
 - Will be finalized at end of June 2007
- Integration of the product range
 - Will be finalized at end of June 2007
- Integration of product development
 - Close cooperation on main assignments after 1st of July 2007
- The next 12 – 18 months is a period of constructive strengthening of the operation and harvesting of the created synergy
- Marel Food Systems; new corporate identity

New Corporate Identity

Previous identity

Marel hf,
The Marel Group







External Growth

- In keeping with the company's strategy 2-4 companies are being analyzed at any given time with acquisition in mind
- The company is financially strong and has the support of its largest shareholders for continued growth
- The company's strong position in marketing and technical issues supports further acquisitions
- The price value of companies has increased in the recent past
- Negotiations with Stork NV concerning the acquisition of Stork Food System have been unsuccessful

Prospects

- **Prospects in the company's main markets are good**
 - Economic growth generally good
 - Sizable investments planned
- **Long-time prospects considered good**
 - The joined company of Marel/Carnitech, AEW/Delford, and Scanvaegt has a strong product range and significant scale economies
- **Successful integration of the companies**
 - 15 MEuro increase in operating profit from 2008
 - Synergistic effect will come through in second half of 2007
 - Increased possibilities for inner growth
- **One-time cost of up to 1.5 MEuro expected during second half of 2007**
 - By then one-time cost will have come through in full



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CEO