PRESS RELEASE
6 August 2009

Marel Food Systems Q2 2009 results

Strong cash flow; reduced costs contribute to improved results

- Consolidated revenues for Q2 2009 amounted to EUR 132.0 mln (Q2 2008: EUR 145.0 mln).
- Revenues from core business for Q2 2009 totalled EUR 107.2 mln compared to EUR 103.2 mln in Q1 2009 (Q2 2008 pro forma: EUR 143.2 mln).
- Consolidated EBITDA was EUR 28.0 million in Q2 2009 (Q2 2008: 16.4 mln). EBITDA from core businesses excluding one off items was EUR 12.2 mln (Q2 2008: EUR 19.9 mln).
- Consolidated operating profit (EBIT) was EUR 21.6 mln in Q2 2009 (Q2 2008: EUR 11.1 mln). EBIT from core business excluding one off items was EUR 6.5 mln (Q2 2008: EUR 15.1 mln).
- Profit after tax was EUR 17.3 mln for Q2 2009 (Q2 2008: EUR 10.1 mln).
- Net interest bearing debt was reduced to EUR 349.4 mln due to strong operational cash flow, limited capital expenditure, sale of non-core assets and an equity increase. The average maturity of debt is four years.

Highlights of the first six months of 2009

- Consolidated revenues for the first six months of the year totalled EUR 262.3 mln (1H 2008: EUR 219.0 mln).
- Revenues from core business for the first six months of the year totalled EUR 210.4 mln (1H 2008: EUR 283.7 mln).
- Consolidated EBITDA for the period was EUR 28.8 million (1H 2008: EUR 21.4 mln). EBITDA from core businesses excluding one off items was EUR 14.6 mln EUR (1H 2008: EUR 38.3 mln).
- Consolidated operating profit (EBIT) was EUR 15.8 mln for the first half of the year (1H 2008: EUR 13.3 mln). EBIT from core business excluding one off items was EUR 3.3 mln (1H 2008: EUR 28.5 mln EUR).

Theo Hoen, CEO:
"We are pleased with our improved operating results for the quarter. We have increased our cash flow, improved our financing structure and closed several large orders with our customers. The orders received from our core business increased for the second quarter in a row and we expect them to continue to grow, though figures may vary from quarter to quarter due to the influence of large projects. At the operational level, we are now profitable and operating in a more stable financial environment after a successful refinancing of short term debts. We will continue to focus on reducing costs to support our operating results.

Our view of the long-term prospects of the market and the strong underlying growth in the industry remains unchanged. We are aiming for a growth rate of at least two percent above the prevailing market rate. We are confident that we will emerge from the crisis stronger than before after having sharpened the strategic focus of the company and implemented a series of rationalisation measures that have driven our cost base down to sustainable lower levels. Protein consumption continues to grow and our customers are profitable. They rely on us to develop the equipment and systems that enable them to capture the growth in the most profitable way possible."

Prospects

Marel's key markets are gradually improving.

- Order intake has increased by 17% between quarters and several large orders have been closed. However, the volume of activity is not yet back at 2008 level. Order intake leads to revenues in 2-6 months.
- The increase reflects Marel's strong position as market leader and favourable prevailing consumer trends.

Increased activity in all industry segments.

- The fish industry is picking up with processors looking to invest in new plants and new technologies.
- The poultry industry shows the strongest signs of recovery and order intake is expected to increase.
- In fresh meat, the first signs of improvement are emerging in many markets with interest in advanced meat processing systems growing.
- Added value processors have benefitted the most from changes in consumer behaviour.

Markets

There are indications of slow but gradual improvements in Marel's key markets. The order intake from Marel's core business continues to improve, with a 17% increase between quarters. In general terms, the markets in Europe and North America appear to be improving although the speed of recovery varies from country to country. Still, global financial and market conditions continue to take their toll on the company's operations, especially the sale of larger systems and installations, which under normal circumstances account for approximately one-third of the company's revenues. On the positive side, most of Marel's customers are profitable and doing well. We are confident that an accumulated need for investment will have built up once market conditions improve further.

The improvement in Marel's order intake between quarters reflects Marel's strong position as an industry leader, as well as the favourable prevailing trends in consumer behaviour. Consumers are eating out less at mid- and high-priced restaurants and choosing instead to go to fast food outlets or purchase low-cost ready-made meals at discount supermarkets. Food service companies and retailers active in these segments are profiting and so are our customers, the food processors who supply these outlets with products. They are continuing to operate their processing lines at normal levels. For Marel, the result has been that the economic slowdown has had no impact on the sale of spare parts and services, which normally accounts for roughly one-third of revenues. Moreover, the impact on the sale of smaller systems and standard equipment, which normally accounts for another third of revenues, has been limited.

The food industry

Developments in the first half of the year show that the downturn of the global economy and the resulting changes in consumer eating habits have created opportunities for the food processing industry. With its strong integrated brands and comprehensive range of innovative products and solutions, Marel is ideally positioned to exploit these opportunities and to meet its customers' needs. The company's focus on innovation remains unchanged, with 5-6% of revenues invested in new product development, the highest ratio in the industry.

- **Fish**: In Q2, the markets began picking up again after a slow start in Q1. Customers in both the salmon and whitefish industries are investing in new plants, as well as new technologies to improve the productivity of existing plants. Salmon processors, for example, are increasingly drawn to complex robotic systems, such as intelligent trimming of salmon fillets. While the Chilean salmon market is down, other key markets like Norway and the United States are doing well and salmon prices are high. In Norway, there has been an increase in investment in the fish industry over the past 12 months, with major contracts having been concluded in Q2 in both the salmon and whitefish industries.

- **Poultry**: The poultry industry shows the strongest signs of recovery of all the protein segments of the food processing industry. Processors are profiting from the fact that the financial crisis has caused the consumption of the less expensive proteins like poultry to increase. As a result, Marel has seen an increase in turnover from poultry processing equipment and systems, with several large-scale projects having been concluded in Q2 with processors in Europe and South America. Activity is also picking up in the Eastern hemisphere, with notable successes recently in China.

- **Meat**: Overall, the global fresh meat market is still not performing as well as other industry segments. Although corn and oil prices have dropped considerably after having reached record highs in the summer of 2008, they are still high for meat producers – particularly since beef and pork have much higher feed conversion ratios than poultry and fish. Nevertheless, the first signs of improvement are emerging in many markets, including Europe, the U.S. and Australia. Attitudes are beginning to change as a result of the concerted marketing efforts undertaken in recent months and years, and interest in advanced meat processing systems is growing in all sub-segments of the industry, i.e. beef, pork and lamb. Sales are expected to continue to increase with growing customer awareness of the benefits of the latest processing systems in the form of increased yield, productivity and traceability.

- **Further processing:** Added value processors have benefitted most from the rise in popularity of fast food and the current 'eat at home' trend and processors have continued to invest in Marel's RevoPortioners, bacon slicers and QX system. A significant percentage of bacon is sold to the food service industry pre-cooked, with companies such as McDonald's and Burger King being major users. Marel's newly developed pre-cook bacon slicer has already found eager customers and this sector of the market is expected to make a significant contribution to our slicer business.

- **Customer focus – Salm Partners, LLC:** Marel's commitment to pushing the envelope in the development of new technologies continues to help food processors of all sizes, in all markets, to operate at peak productivity and to enhance the overall quality and value of their products. U.S.-based company Salm Partners, which operates in the further processing segment of the market, is one such company. The company recently invested in their third QX Coextrusion System from Townsend for their Denmark, Wisconsin, business. The system will be installed in early 2010. With QX, a unique technology for making sausages, reducing the cost price of the sausage by at least 10%. Following the acquisition of their first two lines, Salm Partners became a major producer of "cooked in package" sausages in the U.S., with distributions in all markets across the country. "Our company is based upon working with our business partners to bring new technologies into the market," says Chris Salm. "Because we have a strong belief in the consumer benefits of the QX technology, we have built our business on it."

Outlook

Despite the effects of the challenging market conditions on the sale of our larger systems in particular, we expect to be able to maintain strong cash flow throughout the year. Sales are expected to increase slightly in the second half of the year as market conditions continue to improve. As a result, operating results are also expected to improve. Marel Food Systems will continue to support this trend with an unrelenting focus on cost control, which has had a significant effect on the operating results in Q2.

Performance summary for Q2 2009

Please note that Q2 2008 and YTD 2008 numbers include Stork Food Systems & Stork Food & Dairy Systems as of May 1st 2008.

Operations for Q2 – main results in thousands of Euros

Operating results	2009	2008
Revenue	132,002	144,979
Cost of goods sold	(82,771)	(93,285)
Gross profit	49,231	51,694
Other operating income	15,716	465
Selling and marketing expenses	(18,441)	(18,651)
Research and development expenses	(7,330)	(7,363)
Administrative expenses	(17,587)	(14,997)
Result from operations (EBIT)	21,590	11,148
Finance costs – net	(1,597)	564
Share of results of associates	0	0
Result before tax	19,992	11,712
Income tax	(2,651)	(1,655)
Profit after tax for the period	17,341	10,057
Result before depreciation and amortisation (EBITDA)	27,998	16,368

Other operating income includes one-off results of divestment Scanvaegt Nordic and sale of real estate Ketelstraat, in total EUR 16 mln.

Percent of sales		
Gross profit	37.3%	35.7%
Selling and marketing expenses	14.0%	12.9%
Research and development expenses	5.6%	5.1%
Administrative expenses	13.3%	10.3%
Result before depreciation and amortisation (EBITDA)	21.2%	11.3%
Result from operations (EBIT)	16.4%	7.7%
Profit after tax for the period	13.1%	6.9%

Operations for January to June – main results in thousands of Euros

Operating results	2009	2008
Revenue	262,336	219,015
Cost of goods sold	(171,125)	(141,935)
Gross profit	91,211	77,080
Other operating income	15,748	771
Selling and marketing expenses	(38,174)	(30,159)
Research and development expenses	(16,359)	(11,141)
Administrative expenses	(36,593)	(23,226)

Result from operations (EBIT)	15,833	13,325
Finance costs – net	(5,005)	(613)
Share of results of associates	0	473
Result before tax	10,828	13,185
Income tax	(453)	(2,389)
Profit after tax for the period	10,375	10,796
Result before depreciation and amortisation (EBITDA)	28,752	21,442

Percent of sales		
Gross profit	34.8%	35.2%
Selling and marketing expenses	14.6%	13.8%
Research and development expenses	6.2%	5.1%
Administrative expenses	13.9%	10.6%
Result before depreciation amortisation (EBITDA)	11.0%	9.8%
Result from operations (EBIT)	6.0%	6.1%
Profit after fax for the period	4.0%	4.9%

Financial position at end of period	**30-06-2009**	**31-12-2008**
Total assets	892,066	920,259
Working capital	84,821	(25,941)
Equity	305,344	288,279

Cash flow January to June	**2009**	**2008**
Working capital from operations	(6,376)	21,594
Cash generated from operations	19,604	11,139
Net increase/(decrease) in cash and cash equivalents	39,418	(5,645)
Cash and cash equivalents at end of the period	60,294	26,010

Highlights at end of June	**2009**	**2008**
Return on owners' equity	7.0%	8.8%
Current ratio	1.5	1.0
Quick ratio	1.1	0.5
Equity ratio	34.2%	32.5%
Earnings per share in euro cents	1.79	2.57
Market cap. in millions of euros based on exchange rate at end of period	178.4	399.5

Performance of the core business

Core business excludes Scanvaegt Nordic, Stork Food & Dairy Systems and Carnitech A/S. The one-off results of the divestments of Scanvaegt Nordic, real estate Ketelstraat and reorganization costs are excluded from the numbers below (total -EUR 14 m).

Key figures from Marel's core operations in thous of EUR

	Q2 2009	**Q2 2008**	**1H 2009**	**1H 2008**
Revenue	107,208	143,186	210,383	283,722
Result from operations (EBIT)	6,496	15,053	3,275	28,476
EBIT as a % of sales	6.1%	10.5%	1.6%	10.0%
Profit after tax	4,171	13,967	168	24,326

Net result as a % of sales	3.9%	9.8%	0.1%	8.6%
EBITDA	12,192	19,861	14,583	38,281
EBITDA as a % of sales	11.4%	13.9%	6.9%	13.5%

Key events during the period

Integration and cost efficiency

In the past few months, work has continued on identifying the potential synergies between Marel and Stork Food Systems. In this regard, significant progress has been made in laying out a roadmap for the integration of the two companies under the banner of "Best of Both". Initially, the focus is being directed at the sales, service, innovation and manufacturing processes, with the intention of further reducing costs wherever possible, as well as improving the company's market presence and proximity to the customer.

As reported in the presentation of Q1 2009 results, Marel has implemented a wide range of rationalization measures in response to current market conditions, which have driven the company's cost base down to sustainable lower levels. Marel is committed to maintaining the focus on cost reduction and to introducing new measures as required.

At the corporate level, the total savings on an annualised basis are estimated to amount to EUR 25 mln. The savings are mainly driven by reductions in personnel. A year ago, Marel had 4,108 employees ("like for like" figures, excluding Scanvaegt Nordic which has been sold) . By the end of Q2 2009, that figure had dropped to 3,574. Current committed redundancy plans will reduce this number slightly during the course of the year.

In the Q2 numbers, there are some one-off costs related to the reduction in capacity but these are at a lower level than in the past two quarters.

Sale of non-core assets

To sharpen the focus on the profitability and internal growth of the company's core businesses, the sale of two non-core assets was completed in Q2. The assets sold included real estate in Amsterdam formerly belonging to the Food & Dairy part of Stork Food Systems, and the company Scanvaegt Nordic A/S, a non-core unit operating outside the food industry. The divestment of other non-core activities is still under consideration but has been delayed due to current market conditions.

The company also closed down one of its production facilities, at Mason Road in Norwich, U.K. The production previously housed there has been either transferred to another production site in Norwich or outsourced. This measure reflects the company's continuous effort to lower production costs and to rationalize its production organisation.

Cash flow

One of the main objectives for the year 2009 is to further strengthen cash flows. For the first half of the year, Marel was again operationally cash flow positive by EUR 19.6 million. The company's working capital programme continued to yield reductions in inventories and the amount of debtors. As investments in capital goods were limited, the balance of depreciation and investment contributed positively to cash flow. The proceeds from the sale of the non-core assets mentioned above (EUR 36 million, thereof EUR 33.2 million paid in cash) were used to increase the company's cash position and to reduce short term debt.

Financing

In Q2, Marel completed the refinancing of all major short-term debt facilities, shifting the maturity profile to 2011-2017. After the refinancing, Marel has no short-term maturities except for a facility provided in relation to the acquisition of Food and Dairy Systems, which matures in November 2009. The refinancing consisted of the following:

- A new class of bonds with maturity in November 2011 has been issued in the amount of 3.6 billion ISK, equivalent to EUR 21 million.
- A club loan in the amount of EUR 116 million has been provided by Islandsbanki, NBI and New Kaupthing Bank.
- All derivative contracts have been fully closed and a 5-year loan in the amount of EUR 34 million has been provided by Glitnir.
- Average margins of loans in the group have changed in one year from Libor/Reibor + 300 bps to Libor/Reibor +450 bps at same time as base rates (Libor/Reibor) have significantly decreased.

A significant portion of the new financing was provided in ISK. The implication of this is that the currency mismatch for Marel has increased. On the operational front, only 0.5% of revenues is denominated in ISK, while 6% of costs are in ISK. Hence, with the currently non-functioning SWAP market, Marel remains exposed to movements in the ISK/EUR exchange rate.

Marel issued new shares in June in a private placement to institutional investors. The total share issue amounted to 26,567,963 new shares, representing a 5.4% increase in share capital.

The current liquidity position of EUR 60.3 million is relatively strong and the business remains well equipped to deal with current market environment.

5 year comparison

Key figures from Marel's operations (first half of year) in thousands of EUR

	2009	2008	2007	2006	2005
Revenue	262,336	219,015	144,861	79,106	63,838
Result from operations (EBIT)	15,833	13,325	6,662	4,778	6,310
EBIT as a % of sales	6.0%	6.1%	4.6%	6.0%	9.9%
Net result	10,375	10,796	8,450	1,348	3,905
Net result as a % of sales	4.0%	4.9%	5.8%	1.7%	6.1%
EBITDA	28,752	21,442	11,525	7,855	8,649
EBITDA as a % of sales	11.0%	9.8%	8.0%	9.9%	13.5%
Total assets at end of period	892,066	942,521	387,816	193,007	104,774
Equity at end of period	305,344	306,214	158,260	40,378	37,048
Working capital at end of period	84,825	12,332	85,518	57,630	18,028
Cash generated from operations	19,604	13,903	14,412	(6,654)	2,712
Net cash at end of period	60,294	26,010	49,609	35,681	3,990
Current ratio	1.5	1.9	1.9	2.0	1.5
Quick ratio	1.1	0.5	1.1	1.2	0.6
Equity ratio	34.2%	32.5%	40.8%	20.9%	35.4%
Market cap. in millions of euros based on exchange rate at end of period	178.4	399.5	315.4	207.5	174

Presentation of results, 7 August 2009

Marel Food Systems will present its results at a meeting on Friday, 7 August 2009, at 8:30 a.m., at the company's headquarters at Austurhraun 9, Gardabaer.

Publication days of the Consolidated Financial Statements in 2009 and the Annual General Meeting 2010

Publication dates of the Financial Statements for 2009:

3rd quarter	3 November 2009
4th quarter	4 February 2010
Annual General Meeting of Marel Food Systems hf	3 March 2010

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