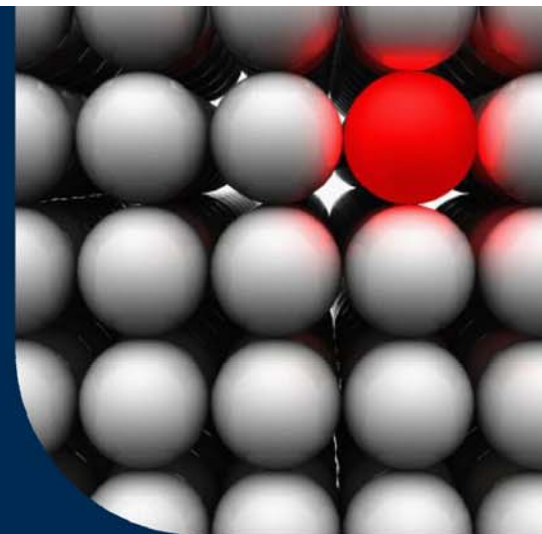




**Q1 2008 presentation**

**Árni Oddur Þórðarson, Chairman**  
**Hörður Arnarson, CEO**

*7 May 2008*





Number 1  
globally ✓

- In the processing of poultry



Number 1  
globally ✓

- In the processing of salmon



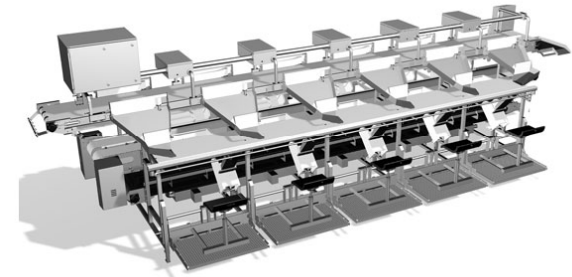
Major global  
provider of  
advanced food  
processing  
solutions



- 1** Quarterly results
- 2 Integration efforts
- 3 Stork Food Systems acquisition
- 4 Pro forma operations
- 5 Strategy and vision

## Highlights

- The acquisition of Stork Food System has been approved
- Pro forma sales of €155 million in Q1 2008
  - 8.9% organic growth
  - 12% sales growth in local currency
- Pro forma EBIT of €12.2 million or 7.9% of sales
- Sales growth of Marel 2.5% from Q1 2007
  - Sales growth in local currency was 5.3%
- Operating profit of Marel in line with our expectations
- EBIT of €2.2m (2.9% margin)
- 9% EBIT targeted for Stork/Marel in 2008
- Improved margins of MFS in Q2 and Q3
- Reorganisation of Sale and Service Units completed in 2007 and will improve results in 2008
- Reducing fixed costs in Marel Food Systems by €8-9 million on an annual basis



## Consolidated income statement

	EUR thousands		% of sales	
	Q1 2008	Q1 2007	Q1 2008	Q1 2007
Sales .....	74,035	72,244		
Cost of sales .....	(48,650)	(46,821)		
<b>Gross profit</b> .....	<b>25,385</b>	<b>25,423</b>	<b>34.3%</b>	<b>35.2%</b>
Other operating income .....	306	375		
Sales & marketing expenses .....	(11,508)	(10,508)	<b>15.5%</b>	<b>14.5%</b>
R&D expenses .....	(3,778)	(3,641)	<b>5.1%</b>	<b>5.0%</b>
Administrative expenses .....	(8,228)	(8,406)	<b>11.1%</b>	<b>11.6%</b>
<b>Profit from operations (EBIT)</b> .....	<b>2,177</b>	<b>3,243</b>	<b>2.9%</b>	<b>4.5%</b>
Net financial expenses .....	(1,177)	(1,168)		
Share of results from associates ....	473	(285)		
<b>Profit/(loss) before tax</b> .....	<b>1,473</b>	<b>1,790</b>		
Income tax expenses .....	(734)	(781)		
<b>Net profit/(loss)</b> .....	<b>739</b>	<b>1,009</b>		
<b>EBITDA</b> .....	<b>5,074</b>	<b>5,644</b>	<b>6.9%</b>	<b>7.8%</b>
<b>Depreciation &amp; amortisation</b> .....	<b>2,897</b>	<b>2,401</b>	<b>3.9%</b>	<b>3.3%</b>

## Consolidated balance sheet

EUR thousands	31.3.2008	31.12.2007
Non-current assets .....	193,345	194,166
Inventories .....	62,540	61,587
Production contracts .....	14,063	15,168
Trade and other receivables .....	71,496	73,298
Other current assets .....	486	52,648
Cash and cash equivalents .....	81,444	30,437
<b>Total assets</b>	<b>423,374</b>	<b>427,304</b>
<b>Shareholders' equity</b>	<b>180,606</b>	<b>181,835</b>
Borrowings .....	166,361	160,973
Other non-current liabilities .....	4,275	6,391
Trade and other payables .....	67,599	75,487
Current liabilities .....	4,533	2,618
<b>Total liabilities</b>	<b>242,768</b>	<b>245,469</b>
<b>Current ratio</b>	<b>1.9</b>	<b>1.9</b>
<b>Equity ratio</b>	<b>42.6%</b>	<b>42.5%</b>

- LME's sale of shares in Stork netted €53 million to Marel Food Systems thus increasing the cash position and decreasing investments in associates by that amount
- Trade and other payables were affected by a substantial decrease in accruals

## Consolidated statement of cash flow

EUR thousands	Q1 2008	Q1 2007
Working capital from/(to) operations .....	4,302	4,488
Cash generated from/(used in) operations .....	1,762	5,156
Investment activities .....	(7,903)	(3,597)
Loans to associates .....	49,607	
Proceeds from sale of associates .....	3,469	
Changes in securities .....	(418)	
New shares in excess of purchased shares .....	0	166
Proceeds from (purchase of ) treasury shares .	2,109	
Net proceeds from borrowings .....	2,598	(5,745)
Dividends paid .....		(824)
<b>Net increase /(decrease) in cash</b>	<b>51,224</b>	<b>(4,844)</b>
<b>Cash at beginning of period</b>	<b>30,437</b>	<b>63,079</b>
<b>Currency fluctuations affecting cash</b>	<b>(217)</b>	<b>33</b>
<b>Cash at end of period</b>	<b>81,444</b>	<b>58,268</b>



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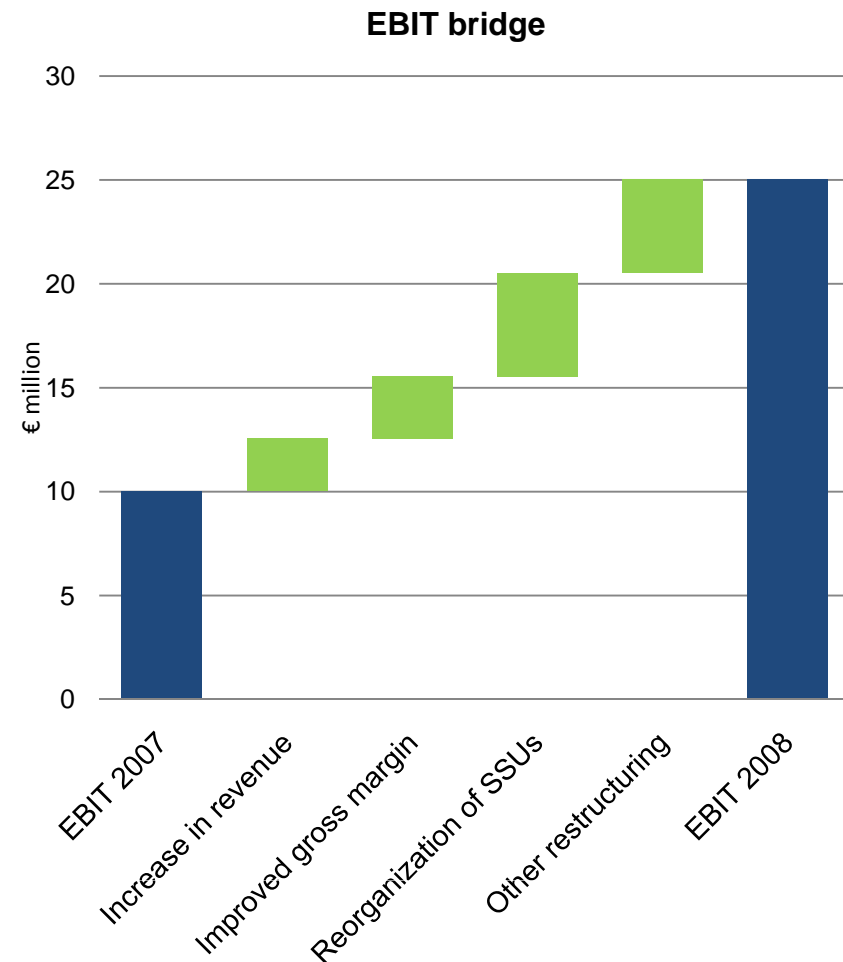
## Organizational changes

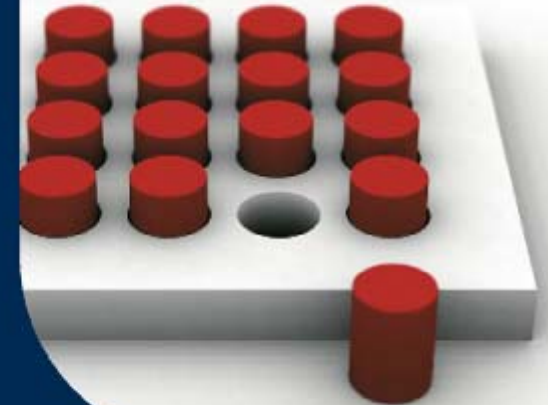
- Scanvaegt International and Marel ehf have merged their operations under the Marel name
- This is part of ongoing changes which will help to realize synergies from previous acquisitions while preparing the organization for the acquisition of Stork Food Systems
- The new organizational structure is primarily based on Product Groups and Industries
- This will enhance and sharpen focus to better enable the company to meet customer requirements



## Action plan is progressing well

- Marel aims for an EBIT of €25m in 2008
- Increased turnover (€2.5m)
- Gross margin improvement (€3.0m)
  - Price increases in Q4 2007 to compensate for increased cost of raw materials
  - New factory in Slovakia
  - Overlapping product lines being merged
- Reorganisation of Sale and Service Units (€5.0m)
  - Completed in 2007 and will improve results in 2008
  - Merging Sales and Service Units in all markets
- Restructuring Q2 2008 (€4.5m)
  - Merging Marel and Scanvægt
  - Merging all marketing activities
  - Reducing the number of employees by 110



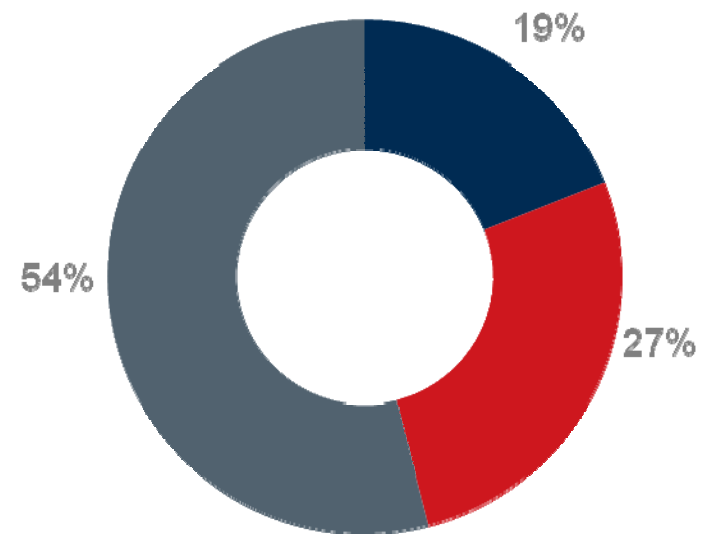


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## The Stork Food Systems acquisition

- All conditions have been fulfilled
  - Closing and consolidation as of the 8th of May
- Acquisition price €415 million on a debt and cash free basis
  - Additional deal cost of €22 million
- Financed by equity and long-term debt:
  - €83 million proceeds from earlier equity issues
  - €117 million equity issue underwritten by Landsbanki with support from the largest shareholders
    - Equity to be issued in Q2 2008
  - €235 million secured long-term debt underwritten by Landsbanki

Financing Composition



- Proceeds from earlier equity issues
- Equity issue underwritten by Landsbanki
- Secured long-term debt

## Stork Food Systems operations

- Stork Food Systems operates in the fast growing poultry and further processing industry
  - Efficient operations
  - Strong cash flow
  - Working capital requirements are low, because of good order book and prepayments
- Core business performed extremely well in Q1 2008
  - Sales growth of 15.5%
  - EBIT of €10.0 million (12.4% margin)
  - EBIT adjusted for goodwill amortization €10.5 million (12.9% margin)
  - Positive development of net working capital
  - Strong order book
- Food and Dairy restructuring is progressing well
  - EBIT was positive in Q1 2008



## Q1 2008 operational results for Stork Food Systems core business

Excluding Food and Dairy

EUR thousands

	Q1 2008	Q1 2007	Ch. in %
Sales .....	81,120	70,236	15.5%
Cost of sales .....	(46,969)	(43,041)	9.1%
<b>Gross profit .....</b>	<b>34,151</b>	<b>27,195</b>	<b>25.6%</b>
Other operating income .....	0	0	
Sales & marketing expenses .....	(8,556)	(7,898)	
R&D expenses .....	(4,765)	(4,678)	
Administrative expenses .....	(10,799)	(6,616)	
<b>Profit from operations (EBIT) ....</b>	<b>10,031</b>	<b>8,003</b>	
<b>EBIT adj for goodwill amortisation</b>	<b>10,464</b>	<b>8,503</b>	
<b>EBITDA .....</b>	<b>12,455</b>	<b>10,252</b>	
<b>EBIT % of sales</b>	<b>12.4%</b>	<b>11.4%</b>	
<b>EBIT adj for goodwill amortisation % of sales</b>	<b>12.9%</b>	<b>12.1%</b>	
<b>EBITDA % of sales</b>	<b>15.4%</b>	<b>14.6%</b>	

## Post acquisition

- The acquisition of Stork Food Systems creates a leading global supplier of food processing solutions
  - A market share of 15-16%
  - Expected core business revenues of approximately €650 million in 2008
- Profitable and growing businesses
- Strong management and highly skilled employees
- Integration supported by 9 years of successful co-operation which has created significant value for customers



## Highly complementary operations

### Primary Processing

**STORK®**  
Stork Food Systems



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

- Neither company is active in this sector



### Further Processing

**marel**  
food systems

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

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

**STORK®**  
Stork Food Systems

- Forming
- Coating
- Frying

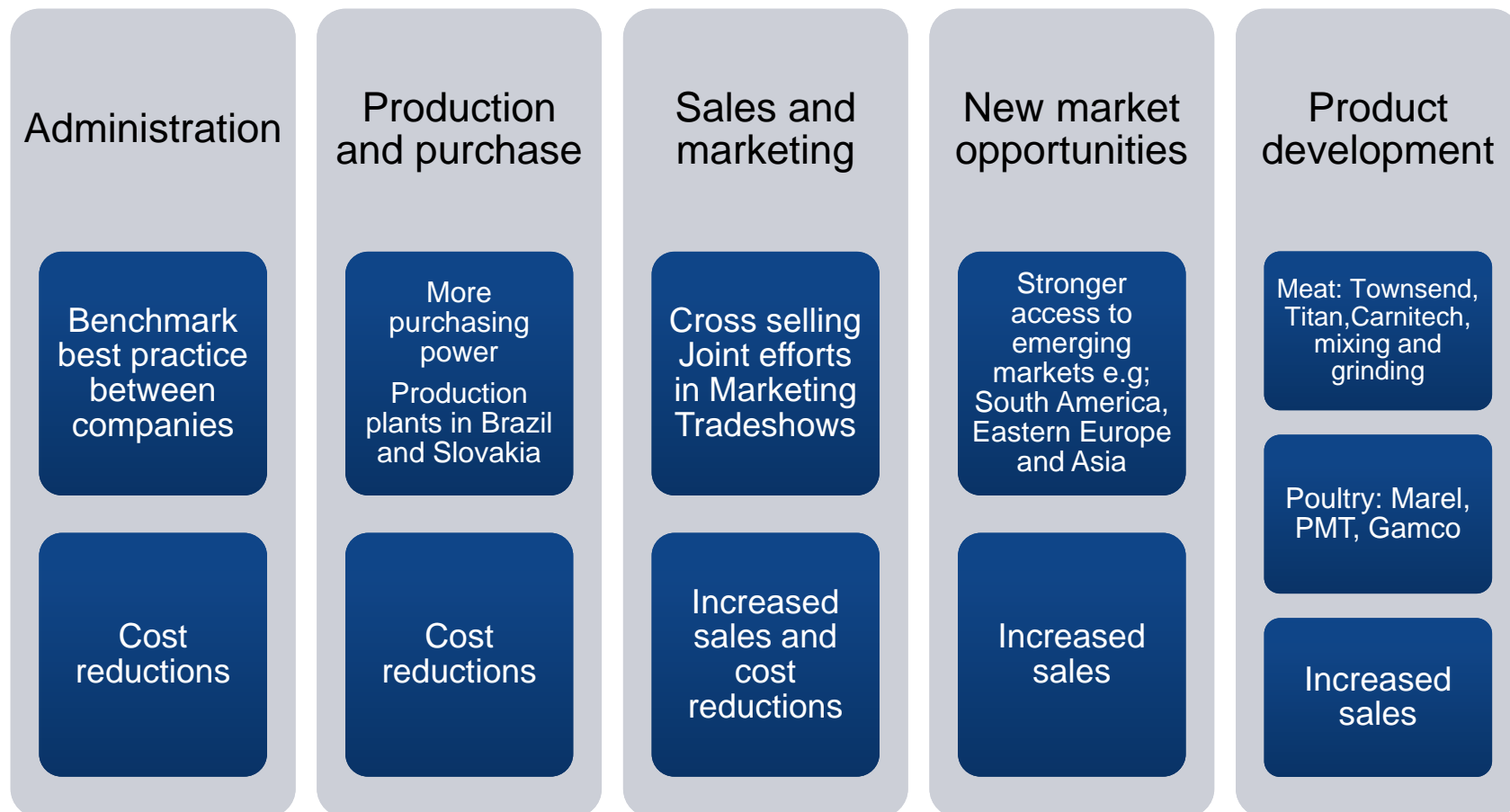
- Forming
- Coating
- Frying
- Sausage Making
- Meat Harvesting
- Skinning
- Curing & Marinating



## Great opportunities for synergy

- Sales
  - Limited overlap in product offering – good opportunity for cross-selling
  - Stronger access to emerging markets
  - Better ability to serve global customers
- Product development
  - Joint efforts in product development for poultry and meat
  - Increased efficiency and technology transfer in research and development
- Economies of scale
  - More efficient cost base
  - Increased buying power of components, metals and electronics
  - Better use of capital
- Improved balance between protein segments reduces business risk

## Identification of synergies



## Changes to Capital Structure

- From the end of 2005 until the end of 2008:
  - Core business sales growth **5.0x**
  - Core business EBIT growth **6.0x**
  - Growth in number of shares **2.3x**
- Equity ratio remains strong
- Efficient capital structure to create more value for shareholders

	2005	2008e*	Change
<b>Core business</b>			
Sales	129	650	5.0x
EBIT	10	60	6.0x

	2005	31.3.2008
Equity ratio	36%	32%
Net interest bearing debt	40	397

	2005	Estimates	Change
Number of shares	240	550 - 560	2.3x
Market cap	209	410 - 420	2.0x
Enterprise value	249	807 - 817	3.3x

*\*Pro-forma post-acquisition*



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## Pro forma income statement

### Pro forma excluding Food and Dairy

EUR thousands	Q1 2008	Q1 2007	Ch. in %
Sales .....	155,155	142,480	8.9%
Cost of sales .....	(95,619)	(89,862)	6.4%
<b>Gross profit .....</b>	<b>59,536</b>	<b>52,618</b>	<b>13.1%</b>
Other operating income .....	306	375	
Sales & marketing expenses .....	(20,064)	(18,406)	
R&D expenses .....	(8,543)	(8,319)	
Administrative expenses .....	(19,027)	(15,022)	
<b>Profit from operations (EBIT) .....</b>	<b>12,208</b>	<b>11,246</b>	
<b>EBITDA .....</b>	<b>17,529</b>	<b>15,896</b>	
<b>EBIT % of sales</b>	<b>7.9%</b>	<b>7.9%</b>	
<b>EBITDA % of sales</b>	<b>11.3%</b>	<b>11.2%</b>	

- Good performance for the consolidated group
- Sales growth strong
  - Even stronger measured in local currency
- Target of at least 10% EBIT for the group very well achievable
  - 7.9% in Q1 2008
  - Marel will improve profitability fast in the next quarters
- Synergies between Marel and Stork could amount to at least €10 million
  - Will materialize over 1-4 years

## Pro forma opening balance sheet

### Pro forma including Food and Dairy EUR thousands

31.3.2008

Non-current assets .....	633,746
Inventories .....	115,761
Production contracts .....	14,063
Trade and other receivables .....	149,420
Other current assets .....	486
Cash and cash equivalents .....	25,384
<b>Total assets</b>	<b>938,860</b>
<b>Shareholders' equity</b>	<b>297,833</b>
Borrowings .....	422,361
Other non-current liabilities .....	14,574
Trade and other payables .....	187,312
Current liabilities .....	16,780
<b>Total liabilities</b>	<b>641,027</b>

<b>Current ratio</b>	<b>1.2</b>
<b>Equity ratio</b>	<b>31.7%</b>

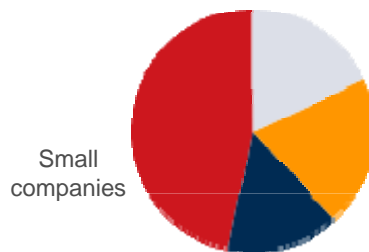
- Working capital requirements for the group are very low within Stork Food Systems
- Marel is initiating a program to increase efficiency in the use of working capital
- On a consolidated level, net working capital of core business amounts to 14% of trailing 12 month sales
- Going forward a decrease in net working capital can be expected
- Low maintenance capital needs
  - Capital expenditures going forward are highly dependent on growth
- Net interest bearing debt for the group is €397m



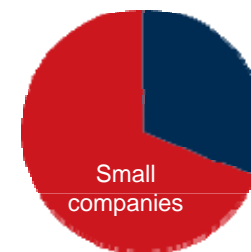
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## Embracing changes in the market

- In 2005 the market for food processing machinery was at a turning point
  - Many small companies, operating at individual steps of the process, supplied the market
  - Customers were calling for ever more advanced processing solutions
  - Most of the companies, having been founded 20-40 years earlier and still family owned, were being handed over to the next generation
- The industry was expected to develop in one of two ways over the next 3-5 years:
  - **(A)** 2-3 companies with 15-20% market share + smaller companies
  - **(B)** One company with 30-35% market share + smaller companies



Projected market share according to (A)



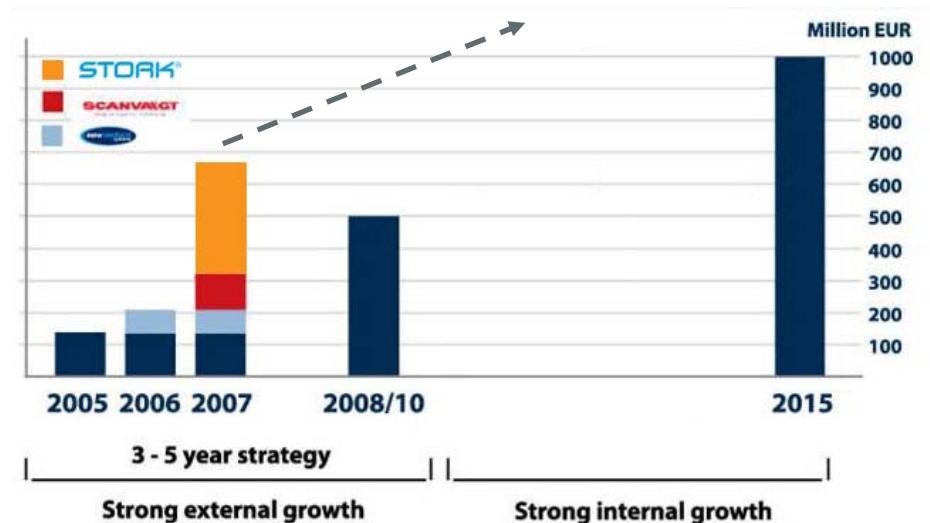
Projected market share according to (B)



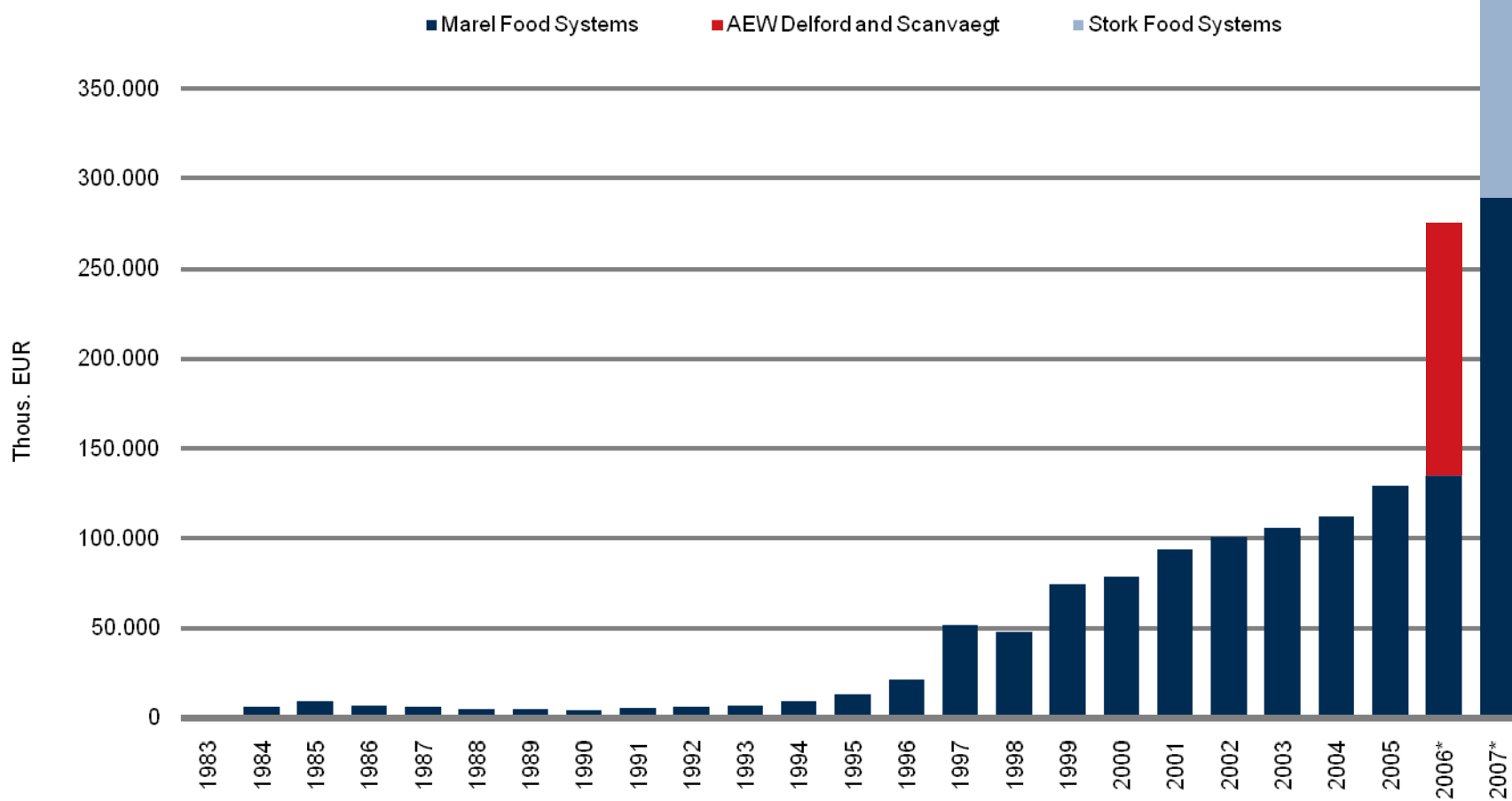
## Marel Food Systems growth strategy

- In 2006, Marel Food Systems declared that its goal was to become one of three companies with a 15-20% market share in two steps:
  1. A turnover of €500 million was to be reached in 3-5 years with strategic acquisitions
  2. By strong organic growth, a turnover of €1 billion was to be reached by 2015
- The acquisitions of AEW/Delford, Scanvaegt and Stork Food Systems complete the first phase of Marel's growth strategy

Marel Food Systems' strategy from 2006



## Combination of strong organic growth and successful key acquisitions



\* Pro forma turnover due to acquisitions



Number 1  
globally ✓

- In the processing of poultry



Number 1  
globally ✓

- In the processing of salmon



Major global  
provider of  
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processing  
solutions

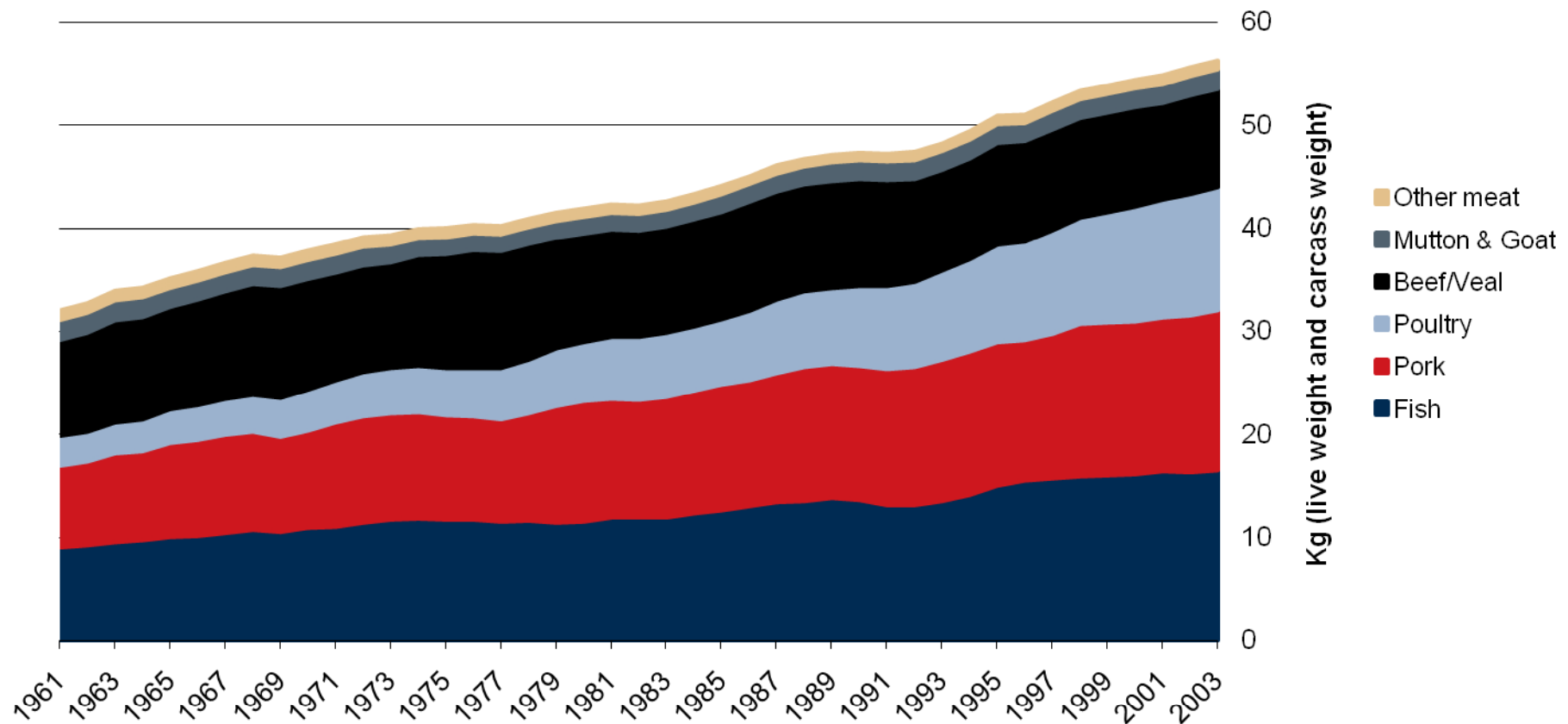
## Strong access to emerging markets

**STORK®**  
Stork Food Systems



## Proteins play an increasingly larger role in the global diet

Global consumption of fish and meat per capita

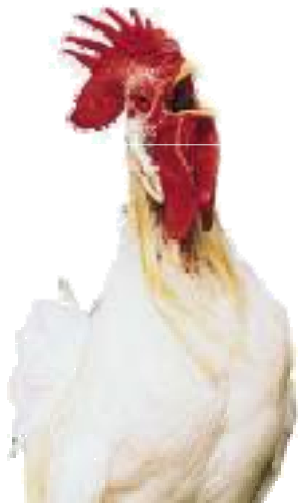


Source: Food and Agricultural Organization of the UN

## Marel Food Systems' stronghold is in the most efficient proteins

Feed efficiency	Grains required per gram of animal weight gain
Fish	1.5
Chicken	2.0
Pork	3.1
Beef	8.3

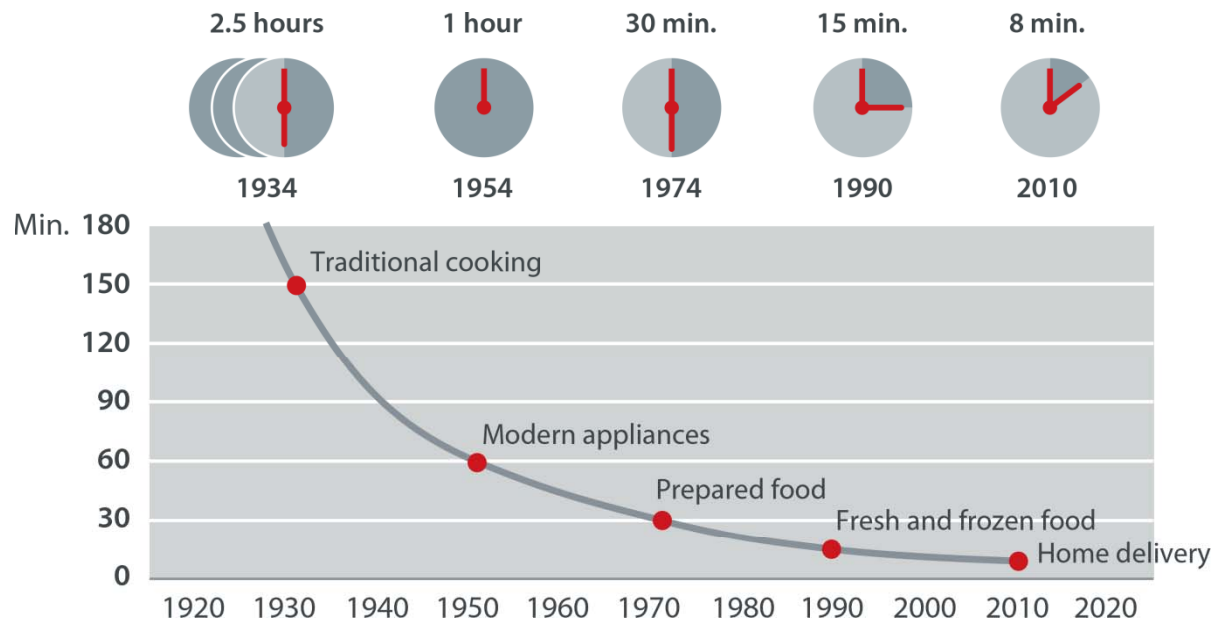
Source: Goldman Sachs



## Established markets are calling for more advanced food processing

### Changes in eating habits support the company's growth

- Time spent on cooking at home is steadily going down
- Popularity of fast-food and ready-made meals has increased substantially
- On average Americans eat out **4.1 times a week\***



\* Source: Zagat Survey November 2006



## While urbanization is the driving force in emerging markets

### The urbanization of Asia



Population data: United Nations



## Looking ahead

- The acquisition of Stork Food Systems completes the first phase of Marel Food Systems' growth strategy - introduced at AGM 2006
- In the second phase, the focus shifts toward internal growth and increased profitability
  - Realization of operational synergies
  - Growth into emerging markets
  - Profitability driven by economies of scale



## Post acquisition

- The acquisition of Stork Food Systems creates a leading global supplier of food processing solutions
  - A market share of 15-16%
  - Expected core business revenues of approximately €650 million in 2008
  - Expected EBIT of approximately 9% in 2008
- Integration supported by 9 years of successful co-operation





Q&A