PRESS RELEASE
28 July 2010

Marel Q2 2010 results

(All amounts in EUR)

Strong order intake and good operating results

- Revenues for Q2 2010 totalled 136.1 mln, an increase of 26.9% compared to revenues from core business in the same period the year before [Q2 2009: 107.2 mln]. The increase is 3.1% compared to the consolidated figures [Q2 2009: 132.0 mln].[1]
- Normalized EBITDA was 21.1 mln, or 15.5% of sales [Q2 2009: 12.1 mln from core business]. Consolidated EBITDA was 13.6 mln, or 10% of sales [Q2 2009: 28.0 mln]. [2]
- Normalized operating profit (EBIT) was 15.1 mln, or 11.1% of sales [Q2 2009: 6.5 mln from core business]. Consolidated EBIT was 7.6 mln, or 5.6% of sales [Q2 2009: 21.6 mln].
- One-off costs associated with a recovery plan for the Stork Pension Fund, amounting to 7.6 mln, are included in the consolidated income statement for Q2 2010.
- Consolidated net result was 0.1 mln for Q2 2010 [Q2 2009: 17.3 mln].
- Operational cash flow remains strong and net interest bearing debt is 284.1 mln at the end of Q2 2010 [Q2 2009: 349.4 mln].
- The order book continues to grow as a result of improved market conditions and was 125.3 mln at the end of the quarter [Q2 2009: 76.1 mln].

It was another good quarter for Marel. Revenues from core business totalled 136.1 mln, an increase of 5.6% compared to the previous quarter and 26.9% compared to Q2 2009. For the second quarter in a row, the company delivered on its long-term target of a 10-12% return on revenues. It is expected that the Q3 results will be marked by the summer holiday period, when business activity is traditionally at a lower level. However, Marel fully expects to reach its target of 10-12% return on revenues for the year as a whole.

Highlights for the first six months of 2010

- Revenues from core business totalled 264.9 mln for the first half of the year [1H 2009: 210.4 mln]. Consolidated revenues totalled 283.2 mln [1H 2009: 262.3 mln].
- Operating profit (EBIT) from core business totalled 30.3 mln for the first half of the year [1H 2009: 4.8 mln]. Consolidated EBIT was 23.5 mln [1H 2009: 15.8 mln].
- Consolidated net result was 5.7 mln for the first half of the year [1H 2009: 10.4 mln].

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[1] The disposal of the company's main non-core assets was completed in Q1 2010, enabling Marel to focus exclusively on its core business. In comparing the Q2 2010 results with the same period in the preceding year, it is therefore more useful to refer to the Q2 2009 figures for core business than the consolidated figures, which include the profit from a prior divestment of non-core assets amounting to EUR 16 mln.

[2] In Q2 2010, the full costs associated with a recovery plan for the Stork Pension Fund are included in the consolidated income statement but excluded from the normalized figures in order to make a clean comparison with 2009 normalized core figures possible. (The recovery plan is discussed in further detail under "Key events during the period".)

Theo Hoen, CEO:

"We are very pleased to have achieved our long-term Return on Sales (ROS) target of 10-12% for the second quarter in a row, thanks to our strict focus on cost control and our strong position in a recovering and growing market. We believe that this level of performance is sustainable and can serve as the baseline for further growth moving forward. Our challenge now is to reinforce the company's position as market leader and, at the same time, to increase profitability. The underlying demand in the food industry is rising and automation is increasing at a robust rate in developing countries such as China. What's more, we are benefitting from our strategy of having sustained our level of investment in innovation throughout the crisis.

Our product development pipeline shows a healthy number of new projects in progress and I am proud of the success we have had with our latest innovations, including the StreamLine, RevoPortioner and the SensorX. The performance of the SensorX team especially, is an excellent example of the teamwork we have in our product centers. Furthermore, new integrated solutions that combine the technologies of the different business units in our group are clearly creating more value for our customers and contributing nicely to our Q2 results. I feel that we are well on our way to creating a healthy and sustainable company that will play a major role in the protein industry for many years to come."

Order book at a good level

Market activity continues to increase across the board, with the poultry segment leading the way. Accordingly, the order book has continued to grow and is at a good level. The number of larger orders continues to gradually increase. Orders received, including service revenues, amounted to 149.4 mln in Q2 2010, compared to 126.8 mln for the same period the year before. This was the sixth quarter in a row that orders received exceeded orders booked off, leading to a continuing increase in the equipment order book, which stood at 125.3 mln at the end of Q2 2010, compared to 76.1 mln at the same time the year before.

Healthy cash flow and reduced debt

Operating cash flow remains healthy at 19.0 mln before interest and tax. The balance sheet is strong and net debts amount to 284.1 mln compared with 349.4 mln a year ago. The net debt was slightly reduced in the quarter despite unfavourable currency effects, payment of a recovery premium for the Stork Pension Fund and the fact that the business is growing.

Performance summary for Q2 2010

Key figures from Marel's operations in thousands of EUR

Operating results **Core business, normalized**	**Q2 2010**	**YTD 2010**	**Q2 2009**	**YTD 2009**
Revenues	136,055	264,930	107,208	210,382
Gross profit	54,968	106,008	42,624	76,723
Gross profit as a % of Revenues	*40.4%*	*40.0%*	*39.8%*	*36.5%*
Other operating income (expenses)	(114)	(539)	(324)	(277)
Other operating income (expenses) as a % of Revenues	*0.1%*	*0.2%*	*0.3%*	*0.1%*
SG&A costs	(30,861)	(58,200)	(29,509)	(61,040)
SG&A costs as a % of Revenues	*22.7%*	*22.0%*	*27.5%*	*29.0%*
Research and development expenses	(8,837)	(16,995)	(6,296)	(14,131)
Research and development expenses as a % of Revenues	*6.5%*	*6.4%*	*5.9%*	*6.7%*
Result from operations (EBIT)	15,155	30,275	6,496	4,776
EBIT as a % of Revenues	*11.1%*	*11.4%*	*6.1%*	*2.3%*

EBITDA		21,147	42,017	12,192	16,083
EBITDA as a % of Revenues		*15.5%*	*15.9%*	*11.4%*	*7.6%*
Orders Received	1)	149,391	284,419	126,759	222,211
Order Book			125,321		76,086

1) Including service revenues.

Consolidated		**Q2 2010**	**YTD 2010**	**Q2 2009**	**YTD 2009**
Cash flows					
Cash generated from operating activities, before interest & tax		18,996	57,841	16,964	40,599
Net cash from (to) operating activities		10,579	41,630	8,191	19,604
Investing activities		(4,346)	(6,297)	26,801	20,572
Financing activities		(8,091)	(26,866)	(7,276)	(759)
Net cash flow		(1,859)	8,467	27,716	39,417
Financial position					
Net Debt			284,058		349,412
Operational working capital	2)		77,875		111,242

2) Third party Debtors, Inventories, Net Work in Progress and Third party Creditors.

Key ratios					
Current ratio			1.6		1.5
Quick ratio			1.3		1.1
Number of outstanding shares			727,136		603,305
Market cap. in millions of Euros based on exchange rate at end of period			355.2		178.4
Return on equity			3.5%		7.0%
Earnings per share in euro cents			0.79		1.79

Key events during the period

Integration

The integration of the Marel and Stork Food Systems companies into "One Company" continues to be a priority in 2010. Implementation of the company's new organizational structure, introduced in 2009, continues. The roles of the key components of the new structure are being further defined. They include the four new Industry Centers established in each of the four industry segments that Marel specializes in (fish, meat, poultry and further processing), Product Centers responsible for the development of products applications that cross multiple protein sectors, and the company's integrated global sales and service network.

The integration efforts are especially paying off in the innovation area where new products that combine the technologies of the different business units in the group are creating more value added for our customers. A good example is the integration of the Marel SensorX bone detection system and the poultry Front Half Filleting system of Stork. In 2010, Marel has introduced new integrated products to the market at all the major exhibitions in each of the protein segments that the company serves, including at IPE Atlanta and VIV Utrecht (poultry), SPE Brussels (fish) and IFFA Frankfurt (meat and further processing). These new products have already begun to generate sales and have contributed to the Q2 results.

Efforts to integrate the sales and service operations continue and will gradually begin to contribute to the company's performance. Progress is also being made on a number of other projects to improve the efficiency of operations, including in the fields of procurement, ICT, manufacturing and overhead utilization.

Cost efficiency
Marel continues to maintain a strict focus on rationalization and cost control. Great effort is now being invested in ensuring that the company's reduced cost base is sustainable despite the renewed growth in activity.[3]

Cash flow
Operational cash flow before interest and tax was positive by 19.0 mln in Q2 2010. Overall, the business remains well invested and the need for investment in capital goods/fixed assets will remain limited for the coming years.

The company's working capital programme continued to yield reductions and it is the objective to keep the working capital at the current level, despite the growing business. As investments in capital goods were limited, the balance of depreciation and investment contributed positively to cash flow.

Financing
The current liquidity position of 81 mln is strong and the business remains well equipped to deal with the current market environment.

A significant portion of Marel's current loans and bonds will mature at the end of 2011. The company is making progress on increasing EBITDA and reducing debt, thereby deleveraging the company. For these reasons, Marel is already in the process of analysing options for establishing a new, stable and cost efficient financing structure for the group for the longer term future.

Pensions
In May 2008, Marel acquired Stork Food Systems and, as previously noted, the two are now in the process of being integrated into one company under the Marel name. A sizeable number of the employees are still members of the Stork Pension Fund and Marel therefore has an obligation to the Fund. At the end of 2008, the coverage ratio of the Fund was calculated to be below the minimum threshold required by law of 104.5%, assets against obligations. As a consequence, the fund was required by the Dutch Central Bank to initiate a recovery plan in 2009. To close ongoing discussions, Marel has accepted to pay a recovery premium in the amount of 8 mln, to be paid over a three-year period (4 mln in 2009, 2 mln each in 2010 and 2011), 0.4 mln of which was already paid in 2009. In Q2 2010, the full costs for the recovery plan are reported as other operating expenses in the consolidated income statement.

Operating environment

Marel's core business focuses on four industry segments: fish, meat, poultry and further processing.

Poultry: Order intake for the quarter was well above budget. In the U.S. in particular, a significant number of orders were received from major customers for primary and secondary processing installations, as well as a substantial number of Sensor X bone detection systems. The sale of the primary processing installations can be directly attributed to the new sales and marketing approach and new sales team introduced in the U.S. at the beginning of the year. In the rest of world, Marel Stork Poultry Processing expanded its market share in South America, West Europe and Asia during the quarter. In Turkey, a substantial order was received for a fully integrated poultry processing plant featuring the latest integrated Marel/Stork solutions. Due to the higher order intake, the outlook for the rest of the year is good.

[3] In 2009, the total annual savings achieved at the corporate level amounted to EUR 25 mln.

Fish: Prospects in the fish industry remain good, particularly in the salmon and aquaculture segments. In April, Marel participated in the annual Seafood Processing Europe (SPE) exhibition in Brussels and the number of leads generated clearly indicated keen interest among customers in the wide selection of fish processing equipment that Marel has to offer. This year, for the first time at a fish industry show, Marel presented its range of Townsend equipment aimed at the further processing sector. With the addition of the Townsend Further Processing range to the product portfolio for the fish industry, Marel's offering now spans virtually the entire value chain, from catch to packaged end product. In other areas, the growing trend toward sustainably sourced seafood is already generating a lot of opportunities and is expected to have even more impact in the future.

Meat: The trend towards cheaper proteins continues with Europe, once again, being the most active market. As expected, Australasia is also showing signs of increased activity. In May, Marel participated in IFFA, the world's biggest meat industry exhibition, held in Frankfurt every three years. The company exhibited a wide range of new equipment and systems from the Marel, Townsend and Stork brands, emphasising strongly why Marel should be the customers' choice in supplying integrated systems, products and services to the meat industry. The Marel stand attracted a great deal of interest and a large number of visitors. Many sales leads were generated and these are now being followed up by the company's sales teams around the world.

Further processing: Overall, it was an important quarter for Marel's further processing activity. The Townsend Further Processing brand, under which the company's entire range of further processing equipment is now being marketed, was introduced for the first time at the IFFA exhibition in Frankfurt in May. A number of new innovations for portioning and sausage making were launched at IFFA, including two versions of the RevoPortioner (small and large). Orders have already been received from Europe and the U.S. for the RevoPortioner Large for red meat. Interest in co-extrusion systems and other sausage processing equipment is also on the rise.

Customer focus – Şenpiliç, Turkey: Şenpiliç is one of the largest fully integrated poultry processors in Turkey, serving local and international markets, including the Middle East. With a long tradition and a strong focus on product quality, innovation and growth, the company is a prime example of a modern Turkish family business that can compete perfectly with European quality standards.

A strong drive to grow and improve quality was behind Şenpiliç's recent acquisition of a second high-capacity processing line from Marel, supplied by the company's Stork Poultry Processing industry center. With a capacity of 12,000 broilers per hour, the line produces cut up products that find their way to different markets or are further processed on another line from Marel, from its Townsend Further Processing range. Nuggets, burgers and schnitzels are among the products produced for the fast food market, schools and retailers.

"The white meat industry in Turkey has developed a great deal in the last 20 years," says Haşim Gürdamar, CEO of Şenpiliç. "Chicken was previously sold as generic products but consumer demands have now turned to branded, portioned and further processed products. In order to meet these demands, we need the right equipment and flow of information to keep improving our products. Stork Poultry Processing has been our consultant and supplier for 20 years in this respect. We started with a 2,000 bph cutting capacity and now, in six months, we will reach 30,000 bph. Our aim is to use the most advanced technologies available while continuing to increase our capacity."

Outlook

Market conditions continue to gradually improve. We expect that Marel will claim its fair share of growth in the market, resulting in an increase in revenues. Nevertheless, results may vary from quarter to quarter due to fluctuations in orders received and deliveries for larger systems.

Presentation of results, 29 July 2010

Marel will present its results at a meeting on Thursday, 29 July, at 8:30 a.m., at the company's headquarters at Austurhraun 9, Gardabaer, Iceland. The meeting will also be webcast: www.marel.com/webcast

Publication days of the Consolidated Financial Statements in 2010 and the Annual General Meeting 2011

Publication dates of the Financial Statements for 2010:

▪ 3rd quarter 2010	27 October 2010
▪ 4th quarter 2010	2 February 2011
Annual General Meeting of Marel hf .	2 March 2011

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About Marel
Marel is the leading global provider of advanced equipment, systems and services to the fish, meat and poultry industries. With offices and subsidiaries in over 30 countries and a global network of more than 100 agents and distributors, we work side-by-side with our customers to extend the boundaries of food processing performance. Advance with Marel for all your processing needs.