PRESS RELEASE
6 May 2009

Marel Food Systems Q1 2009 results

Good cash flow despite postponement of large projects by customers

Results from core business

- Revenues from core activities totalled EUR 103.2 mln, compared to a record Q1 2008 (EUR 140.5 mln), a decrease of 27%. The drop in revenues is a consequence of low order intake at the height of the financial crisis in the second half of 2008.
- Operating loss (EBIT) from core business before restructuring charges was EUR 1.7 mln (Q1 2008: profit of EUR 13.4 mln). One-off costs related to restructuring were EUR 3.5 mln. EBITDA was EUR 0.4 mln. (Q1 2008: EUR 18.4 mln).

Marel Food Systems' core business is to provide equipment and systems for the poultry, fish and meat processing industries worldwide. The salmon and freezing parts of Carnitech, as well as its U.S. operations, are now operated under the Marel name and management. Defined now as non-core business are Food and Dairy Systems (F&D), Scanvaegt Nordic and the remaining operations of Carnitech. Redefined turnover of core business in 2008 amounts to EUR 548 mln.

Consolidated results

- Consolidated revenues totalled EUR 130.3 mln, compared to EUR 74.0 mln in Q1 2008, an increase of 76%. Net losses after taxes are EUR 7.0 mln (Q1 2008: profit of EUR 0.7 mln).
- Due to strong operating cash flow of EUR 16.8 mln (Q1 2008: EUR 1.8 mln) and limited capital expenditure, the cash position increased from EUR 21 mln to EUR 33 mln.
- Net interest bearing debt amounts to EUR 373 mln (Q4 2008: EUR 379 mln). The average maturity of debt is about four years.

Outlook is positive

- In Q2 2009, the company has disposed of non-core business assets for a total of EUR 37.5 mln, of which EUR 35 mln will be paid in cash, and for a profit in excess of EUR 10 mln.
- Market trends are favourable with rising poultry and fish prices at the same time as major cost items such as corn and oil prices are falling and interest rates are at historical lows.
- Total sales in April are very satisfactory with sales of standard equipment at record high levels. Sales translate into revenues in 4-8 months.
- Revenues in 2010 are expected to be back at the same level as they were in 2008. Due to extensive rationalization measures, the company will then be operating at a sustainable lower cost base. The company target is to continue to grow above the market rate and deliver an EBIT margin above 10%.

Theo Hoen, CEO:

"The operational results for the first quarter of the year continue to reflect the effects of the international financial crisis. As expected, our customers continued to find it difficult to finance investments in large systems. However, the effects of the current market conditions on our spare parts business and the sale of standard machines have been limited.

We see strong indications that sales are picking up. In the United States, in particular, there are clear signs that a recovery is underway. Since it takes 4-8 months for sales to translate into revenues, the improvement in revenues will be gradual during the course of the year.

We have responded to the slowdown in order intake by cutting costs. The measures implemented in Q4 2008 and Q1 – including a 12% reduction in the number of employees from a year ago – will begin to be reflected in lower costs in Q2. There are two areas that we have left untouched – our innovation capacity and our global sales and service network, the two pillars of our strategy for future growth and value creation.

The long-term prospects of the business remain excellent and the underlying growth in the industry is strong. Protein consumption continues to grow and our customers are making profits. They rely on us to develop the products that enable them to capture the growth in the most profitable way. We are confident that once the market turns, we will achieve our objectives of growth above the market average and an EBIT of more than 10% compared to sales. With the rationalization measures we have undertaken, the company will emerge even stronger than before once the crisis subsides."

Prospects

Global financial and market conditions continue to impact Marel Food Systems' operations, particularly the sale of larger systems and installations, often for new factories. The sale of such systems normally accounts for approximately one-third of the company's revenues. Marel Food Systems' customers have had difficulty in obtaining financing for such projects. Since these projects have been postponed rather than cancelled, it is likely that an accumulated need will have built up by the time that conditions in the financial markets improve.

In the last few months, we have seen slow but gradual improvements in a few of our key markets, following what seem to be a general improvement in the global financial markets. In the U.S. in particular, Marel Food Systems' largest market, there are clear signs that a recovery is underway. Sales for the month of April in the U.S. are at a record high and there are positive signs in the underlying business trends.

These results correspond well with general market conditions. Measures of U.S. manufacturing and consumer confidence for April jumped to their highest levels since the credit crisis intensified in September. While the economic slump is expected to persist for the coming months, the figures are seen as a clear sign that efforts to lower borrowing costs and unclog lending are beginning to pay off.

In the food industry specifically, the trends in consumer behaviour are developing as expected. 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. As a result, companies like Aldi, Lidl and McDonald's are seeing an increase in sales and operating profits. Marel Food Systems' customers, the food processors who supply these outlets with products, are also benefitting. They are running their processing lines at the same level as before the crisis and they are using the same amount of parts and service as before. This is significant since spare parts and service, which the financial crisis has affected to only a limited degree, normally account for about 35% of the Marel Food Systems' revenues.

The sale of standard equipment and smaller systems, which normally accounts for another 35% of revenues, is also going well and has not been affected to a significant degree by the financial crisis. Customers are continuing to invest in such equipment as long as the payback time is under two years and they have clearly identifiable advantages for the customer. With its unique and innovative product range in this category, Marel Food Systems has a clear competitive advantage vis-à-vis its competitors.

It is Marel Food Systems' expectation that the company's cash flow will remain positive through the course of the year. Sales and operating results are expected to improve slightly in the latter part of the year as market conditions improve. The drop in corn prices and base interest rates is likely to make it easier in the months to come for food processing companies to make the investment required to be able to respond to changing consumer demands.

The food industries

The food processing industry is well placed to weather the storm of the financial crisis, especially in comparison to other industries. The downturn of the international economy has created opportunities for the food processing industry. In addition to the increasing popularity of low-cost ready-made meals and "fast food", the consumption of less expensive proteins like poultry and fish is increasing. These trends are particularly beneficial to Marel Food Systems, the industry leader in processing equipment and systems for poultry and fish.

Fish: There are positive signs in the fish industry. At the end of April, Marel Food Systems participated in the largest global seafood show in Europe, Seafood Processing Europe (SPE) in Brussels. The level of interest among customers and the number of inquiries received were far higher than a year ago and there were clear signs that both the whitefish and especially the salmon industries are doing very well, especially in some of Marel's most important markets such as Norway. Salmon prices are now at a very high level due to lack of fish from Chile.

Poultry: The benefits of lower corn prices and changing consumer eating habits are beginning to emerge in the United States, Marel's largest market in poultry. The industry there has also addressed the oversupply that undermined its profitability last year and, as a result, prices have risen. Major U.S. fast food chains are now requesting producers who supply them with products to use equipment from Marel, such as the SensorX x-ray machine. European poultry processors have also been making money and are eyeing investments in larger systems to further increase their productivity and profit.

Meat: For a number of years now, the meat industry has not been performing as well as the fish and poultry industries. However, the industry seems to be recovering from the food crisis that it went through some years ago and is now emerging stronger across the globe. The effects of the Novel Flu (Mexican Flu) on Marel's operations are limited since the flu is not directly linked to the consumption of pork products. The pork industry amounts to only 7% of Marel Food Systems' turnover. The introduction of Marel's innovative new StreamLine processing line, combined with Innova production management software, is creating new opportunities for mid-sized meat processors.

Further processing: The further processing market is expected to continue to perform better than most other industry segments in the first half of the year. The slowdown of the world economy has further increased the popularity of affordable convenience food and fast food chains are doing well. Marel Food Systems' goal is to capitalize on the wide range of systems that it offers for this market and, in particular, the success of Stork's RevoPortioner in 2008. McDonald's recently approved the use of the RevoPortioner in the making of their beef burgers. With all of Stork's further processing activities being joined under a single Further Processing Business Unit, the company has a strong and comprehensive product range to present to the market in 2009.

Our valuation of the strong underlying growth in the industry remains unchanged and the long-term prospects of the company are good. Performance in 2010 is expected to be back at same level as it was in 2008 before the financial crisis. With a much lower cost base as a result of extensive rationalization measures, operating profits are expected to increase to 10-12%. The company's aim is to continue to grow at a faster rate than the market average.

Performance summary for Q1 2009

The Interim Financial Statement for Marel Food Systems hf for Q1 2009 was approved at a meeting of Marel Food Systems' Board of Directors today, 6 May 2009.

Operations for Q1 – main results in thous. of euros

Operating results	2009	2008
Revenue	130,334	74,035
Cost of goods sold	(88,354)	(48,650)
Gross profit	41,980	25,385
Other operating income	32	306
Selling and marketing expenses	(19,733)	(11,508)
Research and development expenses	(9,029)	(3,778)
Administrative expenses	(19,007)	(8,228)
Result from operations (EBIT)	(5,757)	2,177
Finance costs – net	(3,407)	(1,177)
Share of results of associates	0	473
Result before tax	(9,164)	1,473
Tax expense	2,198	(734)
Result for period	(6,966)	739
Result before depreciation (EBITDA)	754	5,074

Percent of sales		
Gross profit	32.2%	34.3%
Selling and marketing expenses	15.1%	15.5%
Research and development expenses	6.9%	5.1%
Administrative expenses	14.6%	11.1%
Result before depreciation (EBITDA)	0.6%	6.9%
Result from operations (EBIT)	-4.4%	2.9%
Result for the period	-5.3%	1.0%

Financial position at end of period	31-03-2009	31-12-2008
Total assets	923,735	920,259
Working capital	(19,696)	(25,941)
Equity	279,268	288,279

Cash flow for the year	2009	2008
Working capital from operations	(5,897)	4,302
Cash generated from operations	16,816	1,762
Net increase/(decrease) in cash and cash equivalents	11,702	51,244
Cash and cash equivalents at end of the period	33,041	81,444

Highlights at end of March	2009	2008
Return on owners' equity	-2.5%	1.6%
Current ratio	0.9	1.9
Quick ratio	0.6	1.3
Equity ratio	30.2%	42.6%
Earnings per share in euro cents	-1.2	0.2
Market cap. in millions of euros based on exchange rate at end of period	159.5	304.5

Sales in the first quarter of 2009 totalled EUR 130 million, compared with EUR 74 million for the same period the year before. Sales have therefore increased by 76%.

Loss from operations (EBIT) was EUR 5.8 million, or 4% of sales, compared with a profit of EUR 2.2 million (3% of sales) for the same period in 2008.

Net financial costs amounted to EUR 3.4 million, compared with EUR 1.2 million for the same period a year ago.

Net loss of Marel Food Systems in the first quarter of 2009 totalled EUR 7.0 million, compared with a profit of EUR 0.8 million the year before.

Net interest bearing debt, i.e. interest bearing debt less net cash, amounted to EUR 373 million at the end of the period.

Total assets of the company at the end of the first quarter of 2009 were entered at EUR 924 million, having increased by EUR 3.5 million, or 0.4%, from the end of 2008.

Cash generated from operations totalled EUR 16.8 million. At the end of the first quarter of 2008, net cash was EUR 33 million, compared with EUR 21 million at end of Q4 2008.

Performance of core business

Performance of core business of Marel Food Systems and Stork Food Systems. The salmon and freezing parts of Carnitech, as well as its U.S. operations, are now operated under the Marel name and management. Defined now as non-core business are Food and Dairy Systems (F&D), Scanvaegt Nordic and the remaining operations of Carnitech.

Key figures from Marel's core operations (first quarter pr. year) in thous of EUR

	2009	2008
Revenue	103,174	140,536
Result from operations (EBIT)	(5,220)	13,423
EBIT as a % of sales	-5.1%	9.6%
Net result	(6,004)	10,359
Net result as a % of sales	-5.8%	7.4%
EBITDA	391	18,420
EBITDA as a % of sales	0.4%	13.1%

Revenues from core activities for the first quarter totalled EUR 103,2 million, compared with 140.5 million for the same period the year before, representing a decrease of 27%.

Loss from operations (EBIT) for the first quarter was EUR 5.2 million, which is 5% of sales, compared with a profit of EUR 13.4 million (10% of sales) for the same period the year before. Of the loss recorded during the quarter, a total of EUR 3.5 million is attributable to one-off costs related to restructuring. Restructuring charges do not directly affect cash flow.

Profit from operations before depreciation and amortization (EBITDA) for the period was EUR 0.4 million, or 0.4% of sales, compared with EUR 18.4 million (13% of sales) for the same period in 2008.

Operating cash flow was EUR 13.3 million compared to EUR 1.8 million for the same period last year.

Key events during the period

Rationalization measures
Marel Food Systems has implemented a wide-range of rationalization measures following the onset of the global financial crisis. The process has met with understanding and support throughout the company. The employees of one business unit, for example, produced a list of 180 cost saving ideas, which management committed itself to implementing virtually in its entirety.

At the corporate level, the total savings achieved to date amount to an estimated EUR 25 million on an annual basis, mostly resulting from a reduction in the number of personnel by 12%. It should be emphasized that the R&D department and the sales and service network – the lifelines of the company – have remained virtually untouched throughout this process.

In the Q1 numbers, there are exceptional one-off costs of approximately EUR 3.5 million related to the reduction in the number of employees and top management. These rationalization measures will begin to be reflected in lower costs in Q2 and fully reflected by year end.

Cash flow
An improvement in cash flows is one of the company's main objectives in 2009. The company had a strong cash flow in Q1 of EUR 16.8 million and the announced working capital program has begun to pay off. Inventories and the number of debtors were reduced and limited capital expenditures were made. The resulting liquidity position at the end of Q1 was good, with total cash and cash equivalents of EUR 33.0 million.

In order to reduce debt, and with the increased focus on profitability and organic growth, it was decided to sell two non-core assets in Q1. The assets sold were real estate in Amsterdam and the operations of Scanvaegt Nordic, a non-core unit in Arhus, Denmark, that operates outside the food industry. Since these transactions took place in April, we have accounted for them as 'assets held for sale'. The total proceeds from the sale amount to EUR 37 million and will mainly be used to reduce debt.

Financing
A vast majority of Marel's financing consists of equity and long-term debt; average maturity of debt is around four years. Marel is currently in discussions with financial backers regarding a refinancing of short term debts. Discussions are progressing well and an announcement will be made in due course.

As of 5 May, Marel has finalised an agreement with Glitnir Bank regarding settlement of all derivative contracts. The resulting obligation for Marel relating to this settlement amounts to EUR 35.0-38.0 million, which will be financed with long term loans from Glitnir Bank.

5 year comparison

Key figures from Marel's operations (first quarter pr. year) in thous of EUR

	2009	2008	2007	2006	2005
Revenue	130,334	74,035	72,244	32,467	29,928
Result from operations (EBIT)	(5,757)	2,177	3,243	454	3,056
EBIT as a % of sales	-4.4%	2.9%	4.5%	1.4%	10.2%
Net result	(6,966)	739	1.009	551	1.801
Net result as a % of sales	-5.3%	1.0%	1.4%	1.7%	6.0%
EBITDA	754	5,074	5,644	1,876	4,180
EBITDA as a % of sales	0.6%	6.9%	7.8%	5.8%	14.0%

Total assets at end of period	923,735	423,374	372,902	154,325	99,477
Equity at end of period	279,268	180,606	146,361	40,496	34,539
Working capital at end of period	(19,696)	109,108	89,039	41,575	0.389
Cash generated from operations	16,816	1,762	5,156	(8,171)	1,486
Net cash at end of period	33,041	81,444	58,268	30,131	4,933
Current ratio	0.9	1.9	1.9	1.8	1.7
Quick ratio	0.6	1.3	1.2	1	0.7
Equity ratio	0.3	0.4	0.4	0.3	0.3
Market cap. in millions of euros based on exchange rate at end of period	159.5	304.5	315.4	207.5	174

Presentation of results 7 May 2009

Marel Food Systems will present performance results at a meeting on Thursday, 7 May 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:

2nd quarter	6 August 2009
3rd quarter	3 November 2009
4th quarter	4 February 2010
Annual General Meeting of Marel Food Systems hf	3 March 2010

For further information, contact:

Erik Kaman, CFO Tel: (+354) 563-8000
Sigsteinn Grétarsson, Managing Director of Marel ehf. Tel: (+354) 563-8000

* *** *