

Eyrir Invest 2009 Results

Sound financials and good prospects for core investments

- Equity at year end 2009 is EUR 153.5 million and the equity ratio is 38%.
- Eyrir Invest has since mid-year 2008 used the equity method in accounting for its principal long-term holdings in Marel and Össur. As of January 1st 2009, Eyrir Invest's functional currency is the Euro.
- Reported loss in 2009 is EUR 24 million, which is mainly related to write down of book value of shares in Marel and Össur. The write down is due to equity issues in both companies at lower price than book value in 2009. It is Eyrir Invest's opinion that these equity issues will strengthen the companies' positions and increase their liquidity and trading of their shares.
- In 2009, all short-term debts were extended or repaid. Cash and bank deposits amounted to EUR 27.5 million at year end. The cash position increased further following the sale of shares in Össur in March 2010, reducing Eyrir's shareholding from 19% to slightly above 15% of total shares.
- In 2009, Eyrir Invest's core holdings – Marel, Össur and Stork – strengthened their market position considerably and their operations returned an excellent cash flow without compromising research and development efforts.
- The outlook for Marel, Össur and Stork is good. The companies are all highly cash generating, have sound financial positions and have strengthened further their competitive position in recent years. Their financing is in accordance with international practices with net debt around 2-4x EBITDA.
- By using current market price instead of the equity method for Marel and Össur, the equity ratio would today be calculated at 35%.

Eyrir Invest's shareholder return has been good since foundation in mid-year 2000. Internal value per share is today 14.4 eurocents compared with 1.4 eurocents at foundation, 10 years ago. For the same period, the MSCI world index has declined by 6% annually in Euros, or by 44% compounded.

Arni Oddur Thordarson, CEO:

"I am extremely proud of the results that the Eyrir team has achieved in recent years. The management and employees of our core holdings have shown strength and flexibility in turbulent times. The financial crisis that began in 2008 led to a worldwide economic downturn of a higher magnitude than we have seen in decades. However, it seems that the bottom is now behind us with global industrial production showing clear signs of recovery, underpinned by rapid global recovery of equities and reopening of credit markets.

Marel and Össur are in a unique position to create value for customers and shareholders. After strategic acquisitions in recent years, the landscape in their respective industries has been transformed. They are highly cash generative without sacrificing R&D efforts or penetration into new emerging markets. Their competitive position has strengthened considerably.

Eyrir is in a strong position at this interesting point in time. We are grateful for the trust we and our core holdings receive from financial institutions and investors.”

Eyrir Invest’s core holdings, representing over 90% of assets, are in the leading industrial companies Marel, Össur, Stork Technical Services and Fokker Aerospace. Eyrir Invest has been a shareholder in Marel and Össur since 2004 and in Stork since 2006. Stork is currently moving toward a full separation of Stork Technical Services and Fokker Aerospace in due course.

In addition to its core investments, Eyrir Invest has investments in various start-up companies and supports their further growth. The largest investment is in Calidris where Eyrir is a principle shareholder in good co-operation with the founders. Calidris develops and markets software to use in revenue integrity solution for airline companies around the world. Calidris is well positioned and its prospects are good.

Eyrir Invest is the largest shareholder in Marel with 32% of total shares and the second largest shareholder in Össur with 19% of total shares at year end 2009. In March 2010, Eyrir Invest sold a 4% share in Össur and now holds 15.1% of total shares. Since mid-year 2008, Eyrir Invest uses the equity method in accounting for these assets. Eyrir Invest will continue to use the equity method in accounting for its share in Össur as Eyrir is still a long-term investor in the company and the second largest shareholder. As such, its influence on the company’s strategy remains unchanged. Össur’s shares now trade at 25% above book value.

Since Össur’s shares were dual-listed on Nasdaq OMX Copenhagen in September 2009, its share price has increased by 60%. The book value of Marel is higher than its market price in Eyrir Invest’s accounts. Marel is still solely registered on the Icelandic Stock Exchange; however, Marel’s management has reported the intention to dual list the shares in due course. Valuation and impairment tests on Eyrir Invest’s share in Marel fully support the book value of Marel.

If the holdings in Marel and Össur were booked at market prices, the equity ratio of Eyrir Invest would be calculated as 35% instead of 38% when using the equity method. Marel and Össur are today the largest companies listed on the Nasdaq OMX in Iceland and, furthermore, among the largest export companies in Iceland.

Eyrir Invests Operational Results in 2009

Eyrir Invest’s functional currency is the Euro as of January 1st 2009. Amounts are in EUR thousands. Comparison between operational results in 2008 and 2009 is difficult due to significant currency effects after the weakening of the Icelandic krona in 2008.

Key figures – Statement of Earnings

(in EUR thousands)	2009	2008	2007	2006
Operating revenues:				
Net income from securities and derivatives	-9.512	40.914	20.109	34.903
Share of loss of equity accounted associates	-13.116	-4.247	0	0
Interest income	17.821	19.253	3.189	898
Interest expenses	-16.909	-21.455	-18.873	-10.521
Net foreign exchange gain (loss)	183	-34.316	9.375	-1.439
Net operating revenue	-21.533	149	13.800	23.841

Operating expenses:

Salaries and salary related expenses	889	1.046	2.695	1.923
Other operating expenses	1.241	511	741	552
Operating expenses	2.130	1.557	3.436	2.475
(Loss) Profit before income tax	-23.663	-1.408	10.364	21.366
Income tax	0	10.235	-1.269	-3.510
Net earnings	-23.663	8.827	9.095	17.856

Key figures – Balance Sheet

	2009	2008	2007	2006
Assets:				
Cash and cash equivalents	27.526	40.732	76.304	2.759
Investment securities	167.909	168.244	444.173	269.355
Investments in equity accounted securities	208.631	227.710	0	0
Trade and other receivables	615	12.741	5.681	3.906
Operating assets	2.119	2.180	2.391	1.597
Total assets	406.800	451.607	528.549	277.617
Stockholders' Equity and Liabilities				
Stockholders' equity	153.469	184.185	198.829	126.783
Trade and other payables	373	29.351	29.139	4.965
Deferred income tax liability	0	0	19.128	17.552
Liabilities	252.958	238.071	281.453	128.316
Total stockholders' equity and liabilities	406.800	451.607	528.549	277.616
Equity ratio	37,7%	40,8%	37,6%	45,6%

- Marel is today the undisputed global leader in providing advanced equipment and solutions for the poultry, fish and meat processing industries, with an increased focus on the convenience food market. Core business turnover in 2009 was EUR 434 million and operational profit was EUR 25 million (adjusted EBIT). Marel employs approximately 3,600 people, thereof 350 in Iceland, and the company's sales network extends to over 60 countries. Annually, Marel invests around EUR 30-40 million in research and development. Approximately 1% of Marel's revenues is derived from Iceland compared with close to 6% of total costs.
- Össur is a world-wide leader in prosthetics and a top tier player within the bracing and support business after a number of successful acquisitions in that field in recent years. Össur's revenues in 2009 were USD 330 million with an EBITDA of US 67 million. Össur's has 1,600 employees, mainly in N-America and Europe; in Iceland, the number of employees is around 260. Annually, Össur invests USD 20-25 million in research and development. Less than 1% of Össur's income is derived from Iceland compared with about 9% of costs.
- Stork is a diversified Dutch engineering conglomerate active in the aerospace and technical service sectors. The group enjoys a good market position in the sectors and niches in which it operates and there is a clear strategy for driving value from each of the divisions. Fokker Aerospace showed a resilient performance in 2009, both in regard to revenues and operational EBITDA. Stork Technical Services was impaired with a reduction in revenues and lower operating profitability, due to postponements of customer investments in the market. Looking ahead, the underlying growth in the market is good. At year end, the order book at

Stork Technical Services remained strong, at a 16% higher level than in year beginning, which indicates that Stork Technical Services has been successful in securing new and extending long-term contracts and is well positioned to benefit from the ongoing recovery in markets.

Outlook

In late 2008, the world saw an economic downturn of a higher magnitude than has been seen since the Great Depression. It now seems that the bottom is behind us with global industrial production in general showing clear signs of recovery. Looking ahead, there is expected to be growth within the industries where Eyrir Invests core holdings are placed – the food industry, health care sector and energy industry.

For further information, contact:

Arni Oddur Thordarson, CEO of Eyrir Invest

Tel: +354 525-0200