

PRESS RELEASE

16th December 2009

The financial crisis and recession have hit Royal Greenland hard, but targeted action is creating a foundation for optimism

The result for the year was a deficit of DKK 196 million, compared to a corresponding deficit of DKK 78 million the previous year. The deficit was created in the first eight months of the year, while initiatives to stabilise operations produced a marked improvement during the final four months.

Sales fell by 15% to 145,841 tons, as against 172,655 tons the previous year. Corrected for the closure of Royal Greenland's US company, the fall was 8%.

The financial crisis, with decreasing demand, falls in a range of major currencies (the Norwegian and Swedish krone and the British pound) and a period of sustained high raw materials prices, had a negative impact on the company during the first eight months of the financial year.

This was combined with the effects of the continuing clean-up of past investments, which amongst other things have involved the writing-down of a failed investment in the Norwegian prawn industry and a very heavy burden of debt.

As a consequence of the situation, senior management instituted a wide range of initiatives to secure future operations. These were combined into a plan which will provide aggregate improvements of DKK 200 million over the next two years.

The initiatives resulted in reduction of staffing levels, a reduction in the trawler fleet, a structural reorganisation and a focus on operating efficiency and investment management. The latter has produced better investments for a smaller outlay. The initiatives also encompass the aggressive use of Koszalin, and investments in MAP-packaged refrigerated products.

Meanwhile, working capital (funds tied up in stock, debtors, etc.) has been reduced to an extent which has allowed the company to release approximately DKK 225 million in liquid funds, despite the poor performance.

With the owners' support in the form of DKK 250 million in new deposits of share capital, the company has succeeded in reducing its level of debt by DKK 501 million. This has eased the debt burden imposed upon the company by debts incurred in previous periods. This was also recognised in the refinancing of a private placement loan, in which the company maintained the highest credit rating despite the crisis.

Due to the crisis, the factory in Koszalin has been a little slower to get going, but is now showing a positive trend. The factory in Wilhelmshaven, which was to a large degree responsible for the poorer results, has shown considerable progress over the final four months of the financial year.

The company's management regards the result as unsatisfactory, but notes that the initiatives launched, which will be further reinforced in the current financial year, have had a significant effect.

The company is now much better placed, in terms of both earnings and capital, to secure and enhance its position as a leading seafood company, while respecting its obligations towards Greenlandic society.

Peter Grønvold Samuelsen
Chairman of the Board

Flemming Knudsen
CEO

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Appendix
Financial and operating data for the group

Financial highlights and key ratios

| | <u>2008/09</u> <u>DKK</u> <u>million</u> | <u>2007/08</u> <u>DKK</u> <u>million</u> | <u>2006/07</u> <u>DKK</u> <u>million</u> | <u>2005/06</u> <u>DKK</u> <u>million</u> | <u>2004/05</u> <u>DKK</u> <u>million</u> |
|--|--|--|--|--|--|
| Key figures | | | | | |
| Profit/loss | | | | | |
| Net revenue | 4,741 | 5,173 | 5,130 | 5,336 | 4,559 |
| Profit from ordinary operating activities (EBIT) | (86) | 50 | 98 | 110 | 191 |
| Net financials | (124) | (99) | (34) | (45) | (60) |
| Net profit before tax | (210) | (49) | 63 | 65 | 131 |
| Net profit for the year | (196) | (78) | 52 | 38 | 103 |
| Balance sheet | | | | | |
| Fixed assets | 1,365 | 1,452 | 1,431 | 1,489 | 1,475 |
| Net working capital | 1,163 | 1,589 | 1,534 | 1,573 | 1,598 |
| Equity | 831 | 816 | 894 | 858 | 799 |
| Net interest-bearing debt | 1,612 | 2,114 | 1,942 | 2,030 | 2,160 |
| Balance sheet total | 3,717 | 3,869 | 3,951 | 4,035 | 3,777 |
| Investments in property, plant and equipment | 168 | 221 | 236 | 196 | 182 |
| Ratios in % | | | | | |
| EBIT-margin | (1.8) | 1.0 | 1.9 | 2.1 | 4.2 |
| EBT-margin | (4.4) | (0.9) | 1.2 | 1.2 | 2.9 |
| ROIC including goodwill | (3.2) | 1.9 | 3.7 | 4.1 | 7.3 |
| Return on equity (ROE) | (23.4) | (8.8) | 6.7 | 6.3 | 14.7 |
| Equity ratio | 22.4 | 21.1 | 22.6 | 21.3 | 21.1 |
| Net interest-bearing debt / EBITDA | 16.3 | 9.4 | 7.8 | 7.0 | 6.5 |
| Number of employees | | | | | |
| Greenland | 855 | 1,015 | 1,003 | 1,023 | 1,107 |
| Denmark | 297 | 386 | 418 | 423 | 521 |
| Other locations | 928 | 812 | 621 | 734 | 572 |
| Total | 2,080 | 2,213 | 2,042 | 2,180 | 2,200 |