

Teaser – Parlogis ehf.

Landsbankinn Corporate Finance

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The Transaction

Parlogis ehf. (hereafter also the “Company” or “Parlogis”) is a limited liability company registered in Iceland. The owners of the Company, Vestia Holding ehf., a subsidiary of Landsbankinn, and Atorka Group hf. (hereafter referred to as the “Sellers”), have decided to sell all the shares in the Company (hereafter the “Transaction”). Landsbankinn Corporate Finance has been engaged by the Sellers to manage the Transaction. This Teaser serves as an introduction to the Transaction.

The Company

Parlogis’ name is derived from the phrase “Partner in Logistics”, which clearly describes the purpose of the Company. Parlogis is a major logistics service provider for the Icelandic healthcare and research sector. The value that the company offers is a customised mixture of core logistics, high quality in compliance with government regulations and customer requirements, in addition to a wide range of value added services.

The service level varies and is tailored to fit the needs of each customer. At maximum, the service level includes ordering from vendors, financing purchases, keeping stock, taking orders from and delivering to retailers, invoicing the retailers according to sales agreements made by the relevant marketing company and returning to them the contractual margin.

The company’s strategy is to be the preferred partner in logistics, by offering exceptional services and competitive pricing. Parlogis is the second largest service provider in its area of operation, with a market share of roughly 30% in the distribution of pharmaceuticals.

Parlogis emphasises quality in its operations and is in compliance with quality standards according to GDP (Good Distribution Practices) and GMP (Good Manufacturing Practices), with a validated information system. The Quality Standard ISO 9001 and the Information Security Standard ISO 27001 are currently being implemented.

Parlogis operates a specialised warehouse of approximately 4,000 m².

Parlogis’ revenues in 2009 were ISK 8,078 m and EBITDA was 284 m.

Parlogis is managed by Guðný Rósa Þorvarðardóttir and currently has 56 employees.

Options to expand

Many factors affect the size of the healthcare products market, such as population growth, population ageing, currency rates, new private and public sector initiatives and, in the case of pharmaceuticals, governmental pressure for the use of generic products.

Parlogis has spare capacity in every part of its operation. The Company is therefore in an excellent position to expand without increasing fixed cost and can thus, through expansion, increase utilisation levels and improve profitability.

Parlogis has several options to expand. One option is by assisting existing customers to increase their volume and market share. Another option is by convincing customers of the market dominant service provider to move their business to Parlogis by offering competitive prices and showing a tradition of service excellence. Yet another option is to convince marketing companies, still using their own logistics, to outsource it to a specialised service provider such as Parlogis.

Sale Process

The sale process commenced with an announcement on 10 May 2010. In order to enter the sale process, investors must show an investment capacity of at least ISK 300 m. and be classified as professional clients according to Act No. 108/2007 on Securities Transactions. Investors will be required to sign a confidentiality statement. The Sellers reserve the right to reject investors on the basis of their involvement in the Icelandic pharmaceutical market and logistics market, with reference to Competition Law. Qualifying investors participating in the first stage of the process will receive the Information Memorandum on Parlogis.

The deadline for submitting Indicative Offers is at 16:00 on 27 May 2010.

Bidders with the most favourable indicative offers, evaluated by the Sellers, will be invited to participate in the second stage of the sale process. The deadline for submitting binding offers is at 16:00 on 21 June 2010. The aim is to conclude the sale process before the end of June 2010.

Contacts

All communication, inquiries and requests for information relating to this material or the Transaction in general, should be addressed to Landsbankinn Corporate Finance. The management or employees of Parlogis should not be contacted directly, without the prior approval of Landsbankinn Corporate Finance.

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