IFCO SYSTEMS reports in Q2 2009 significant increased operational profitability in an unstable environment

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IFCO SYSTEMS' currency adjusted operational profitability (EBITDA) grew in Q2 2009 by 11.0% to US $30.5 million and in H1 2009 by 12.8% to US $54.7 million, whereas currency adjusted group revenues fell slightly in Q2 2009 by 2.1% to US $184.9 million entirely due to weak demand in Pallet Management Services. In H1 2009 currency adjusted revenues grew by 1.5% to US $354.7 million. RPC Management Services withstood the economic downturn and increased both revenues and EBITDA and was driving the good profitability performance of IFCO SYSTEMS. However, in line with management's expectations, revenues and EBITDA in our Pallet Management Services business segment declined as a result of the effects of the US economic recession.

Currency adjusted **revenues** in RPC Management Services grew in Q2 2009 by 12.2% to US $94.6 million and in H1 2009 by 21.1% to US $178.8 million. This is the result of organic growth in our European business, the effects of the Q2 2008 STECO acquisition, increased volume in RPC South America and accelerating growth in our RPC US Management Services business. Revenues in Pallet Management Services declined in Q2 2009 by 13.6% to US $90.2 million and in H1 2009 by 12.8% to US $176.0 million. IFCO SYSTEMS sold more pallets in its key product categories in a declining market and is increasing its market share compared to the prior year quarter. However, increasing pricing pressure resulting from lowered overall market demand and structural and planned downsizing of our Custom Crating division drove revenues lower in this segment.

Gross profit margin on a group level increased in Q2 2009 by 2.9 percentage points to 20.5% (H1 2009, grew 2.8 percentage points to 19.5%). RPC Management Services' gross profit margin grew significantly from 20.4% to 28.2% in Q2 2009, with improvements in both the US and European businesses. RPC Management Services benefited in Europe from increasing synergies resulting from the integration of the former STECO organization, in the US primarily from sustainable economy of scales effects and overall improved operational costs, and in both regions as a result of lowered depreciation levels following an increase in the estimated useful life of our RPC pool from 8 to 10 years in Q3 2008. Gross profit margin in the Pallet Management Services business was down to 12.5% from 15.1% in Q2 2008, with the effects of lower customer prices partially offset by lower raw materials costs and fuel prices.

Currency adjusted group **EBITDA** increased in Q2 2009 by 11.0% to US $30.5 million and in H1 2009 by 12.8% to US $54.7 million. EBITDA on a currency adjusted basis in RPC Management Services increased significantly in Q2 2009 by 35.8% to US $27.2 million and in H1 2009 by 36.4% to US $46.7 million. EBITDA margin improved in Q2 2009 by 5.2 percentage points to 28.7%. EBITDA in Pallet Management Services decreased by 39.7% to US $5.6 million in Q2 2009 and in H1 2009 by 31.0% to US $12.1 million. EBITDA margin fell in Q2 2009 to 6.2%.

Q2 2009 currency adjusted **EBIT** grew by 34.7% to US $20.4 million (H1 2009 increased by 34.3% to US $35.1 million). LTM Q2 2009 currency adjusted EBIT reached a level of US $76.0 million. EBIT margin increased significantly to a level of 11.0% in Q2 2009 (9.9% in H1 2009) from 8.0% in Q2 2008 (7.5% in H1 2008).

Net profit decreased from US $4.7 million in Q2 2008 to a net loss of US $4.4 million in Q2 2009 (H1 2009 from a net profit of US $6.0 million to a net loss of US $2.1 million) entirely due to the one time effects of the comprehensive refinancing in Q2 2009. Therefore, gains in operating profit were more than offset by a higher deferred tax provision and the costs recognized in connection with IFCO

SYSTEMS' comprehensive refinancing in June 2009, which were included in net finance costs. Excluding these one time refinancing expenses, net profit for H1 2009 would have been US $6.3 million.

IFCO SYSTEMS **cash flow from continuing operations**, excluding the cash flow effect of income tax payments and ICE related payments, increased to US $31.2 million in H1 2009 from US $2.3 million in H1 2008. The lower H1 2008 result was primarily due to reduced refundable deposit levels and other related effects on working capital following the termination of the EDEKA contract in Europe during H1 2008.

As a result of the comprehensive refinancing in Q2 2009, our sources of **liquidity** as of June 30, 2009, significantly increased by US $46.5 million, or 86.9%, to US $100.1 million compared to December 31, 2008. As a result of the above mentioned refinancing activities, net debt increased by US $33.1 million to US $293.1 million as of June 30, 2009 compared to December 31, 2008 (on a currency adjusted basis grew by US $29.2 million).

Our **capital expenditure** levels (excluding the cash paid for the STECO acquisition in Q2 2008) increased by US $2.9 million, or 27.6%, to US $13.4 million during Q2 2009 (H1 2009, 38.8% to US $24.8 million). Following the improved usage of the RPC pool in Europe and the realized growth in the US and South America, this division is continuing to invest in its RPC pool in 2009, resulting in higher capital expenditures compared to 2008. This relative moderate increase has been partially offset by improved turns of our RPC pool, significantly lower costs of raw materials for all of our RPC pools in H1 2009, reducing the average per unit acquisition cost of a new RPC in H1 2009 as compared to H1 2008.

ROCE from continuing operations, on an LTM basis, increased to 16.1% as of June 30, 2009, compared to 15.3% as of June 30, 2008.

US $ in thousands, except per share amounts	**Q2 2009**	Q2 2008	% Change	**H1 2009**	H1 2008	% Change	**LTM Q2 2009**
Revenues	184,877	197,955	(6.6%)	354,733	365,762	(3.0%)	724,859
Revenues currency adjusted	184,877	188,764	(2.1%)	354,733	349,329	1.5%	725,484
Gross profit	37,955	34,871	8.8%	68,996	61,075	13.0%	140,098
Gross profit margin	20.5%	17.6%		19.5%	16.7%		19.3%
EBITDA	30,467	29,145	4.5%	54,655	51,430	6.3%	114,269
EBITDA currency adjusted	30,467	27,440	11.0%	54,655	48,456	12.8%	114,619
EBITDA margin	16.5%	14.7%		15.4%	14.1%		15.8%
EBIT	20,402	15,835	28.8%	35,143	27,345	28.5%	75,593
EBIT currency adjusted	20,402	15,150	34.7%	35,143	26,175	34.3%	76,013
EBIT margin	11.0%	8.0%		9.9%	7.5%		10.4%
Net (loss) profit	(4,420)	4,682		(2,084)	5,974		(14,096)
Net (loss) profit per share – basic	(0.08)	0.09		(0.04)	0.11		(0.26)
Net (loss) profit per share – diluted	(0.08)	0.09		(0.04)	0.11		(0.26)
Operating cash flows from continuing operations	21,565	28,220	(23.6%)	25,828	(552)		83,522
Capital expenditures from continuing operations	13,356	39,921	(66.5%)	24,829	47,342	(47.6%)	66,440
Return on capital employed (ROCE)	16.1%	15.3%					

Outlook: As the financial crisis that unfolded in 2008 spreads to the worldwide economy, it is expected that the global economic environment will be very challenging in 2009. While IFCO SYSTEMS anticipates the economy in both Europe and the United States, its two key markets, to decline overall in 2009, it is expected that these economies will begin to recover in 2010.

It is expected that IFCO SYSTEMS RPC Management Services business will not materially suffer from the worldwide economic downturn, as the grocery food retail industry, which is IFCO SYSTEMS' main customer base, will not be as strongly affected as other industries.

Therefore, the European RPC Management Services business will continue to leverage IFCO SYSTEMS leadership position and market experience to meet or exceed overall market development. The Company will increase its sales initiatives and continue to expand geographic presence in Western Europe, Central Eastern Europe and South America. In the United States, IFCO SYSTEMS expects an increase in the overall RPC penetration among grocery food retailers and expects to grow in excess of this market development. Based on the Company's solid RPC business model, the RPC Management Services businesses is expected to grow in 2009. Therefore, IFCO SYSTEMS will continue to invest in its RPC pool during 2009. These investments, however, will be carefully aligned with IFCO SYSTEMS' business development and are targeted to increase the return on IFCO SYSTEMS' invested capital.

IFCO SYSTEMS expects that Pallet Management Services business will be negatively affected by the overall economic decline in the United States in 2009, primarily as a result of pressure on prices from this overall lower market demand. However, the Company remains confident that the key competitive advantages of Pallet Management Services business – the breadth of service offerings, the national network and the value proposition at a national and local level – have not changed and will allow its Pallet Management Services segment to increase volumes and market share in 2009 and sustain its existing leadership position.

Although the economic environment in 2009 will remain uncertain for a large part of the year, IFCO SYSTEMS believes that the above described trends will result in increased revenues and profitability in 2009 as compared to 2008.

Financially, IFCO SYSTEMS is in a position to be able to fund its capital, operational and debt service requirements through its own operational cash flows.

For further explanations, please see IFCO SYSTEMS' quarterly report, which will be filed with the Deutsche Börse AG on or about August 14, 2009, and will be available on the Company's website www.ifcosystems.com or www.ifcosystems.de.

This release contains forward-looking statements that reflect Management's current view with respect to future events. All statements contained in this release that are not clearly historical in nature or necessarily depend on future events are forward-looking. The words "anticipate", "believe", "expect", "estimate", "planned" and similar expressions are generally intended to identify forward-looking statements. These statements are based on current expectations, estimates and projections of the Management on currently available information. Many factors could cause the actual results, performance or achievements to be materially different from those that may be expressed or implied by such statements. We do not assume any obligation to update the forward-looking statements contained in this release.

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