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euro adhoc: Andritz AG / Annual Reports / Financial year 2007: Continuation of profitable growth - Sales, Order Intake, Order Backlog, and Net Income reach new record highs - Increase of dividend planned - Continuation of complementary acquisitio

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annual report

29.02.2008

Graz, February 29, 2008. International Technology Group Andritz continued its profitable growth during the 2007 financial year, thus reaching the fifth record year in a row. Sales increased to almost 3.3 bn EUR (+21% compared to 2006). Both Order Intake, at more than 3.7 bn EUR (+30% compared to 2006), and Order Backlog, at over 3.8 bn EUR as of December 31, 2007 (13% up from 2006), reached new record highs. The Group's Net Income increased to 132.7 MEUR (+12% compared to 2006). In view of the positive results, the Executive Board will propose a dividend payment of 1.00 EUR per share (2006: 0.75 EUR per share) at the Annual General Meeting of Shareholders.

Strong Sales growth Sales of the Andritz Group amounted to 3,282.5 MEUR, increasing 21.1% compared to 2006 (2,709.7 MEUR). In particular, Sales of the Pulp and Paper, the Hydro Power, and the Feed and Biofuel Business Areas increased significantly compared to last year. Organic Sales growth of the Group was 9.4% in 2007.

Significant increase of the Order Intake; high Order Backlog ensures good Sales visibility The Order Intake of the Andritz Group amounted to 3,749.5 MEUR in 2007, increasing 29.7% compared to the very high level of 2006 (2,891.0 MEUR). The Rolling Mills and Strip Processing Lines, the Hydro Power, and the Feed and Biofuel Business Areas achieved particularly strong growth rates of the Order Intake. Organic growth of the Order Intake was approximately 14.7% in 2007.

The Group's Order Backlog as of December 31, 2007 surged to the new record value of 3,843.3 MEUR (+13.1%; 31.12.2006: 3,397.1 MEUR), giving Andritz good Sales visibility for the coming months.

Favorable Earnings development EBITA amounted to 201.3 MEUR (+23.7%; 2006: 162.7 MEUR) rising slightly more than Sales. Thus, the EBITA margin increased to 6.1% (2006: 6.0%). The Earnings before Interest and Taxes (EBIT) increased to 192.6 MEUR in 2007 (+20.5%; 2006: 159.8 MEUR). All Business Areas showed a solid and satisfactory development of Earnings, thus offsetting the dilutive effect of VA TECH HYDRO on the Group's profitability, expected at the time of acquisition. At 5.9%, EBIT margin was unchanged compared to 2006. The tax rate increased to 31.3% for 2007 (2006: tax rate of 26.9%). The Group's Net Income (excluding Minority Interests) amounted to 132.7 MEUR, increasing 12.0% compared to 2006 (118.5 MEUR).

Unchanged solid net worth position and capital structure The balance sheet of the Andritz Group as of 31.12.2007 showed a solid capital structure with total assets of 2,507.5 MEUR (2,386.1 MEUR as of 31.12.2006). As of 31.12.2007, the Andritz Group had a gross cash position (cash and cash equivalents plus marketable securities) of 598.8 MEUR; after deduction of financial liabilities, net liquidity as of 31.12.2007 amounted to 246.5 MEUR (31.12.2006: 365.7 MEUR). The equity ratio as of 31.12.2007 was 19.2% (31.12.2006: 17.4%).

Dividend increase In view of the positive business development, the Executive Board will propose a dividend payment of 1.00 EUR per share at the Annual General Meeting of Shareholders on March 27, 2008 (2006: 0.75 EUR per share); this corresponds to a dividend payout ratio of 38.9% (2006: 32.5%).

Outlook for 2008 The weakening of the US economy and the turmoil on the international financial markets have so far not had any impact on Andritz's relevant markets. As matters are today, Andritz expects good project activity in all its Business Areas. Based on the high Order Backlog of over 3.8 bn EUR, Andritz has good Sales visibility and expects Group Sales to increase to approximately 3.5 bn EUR in 2008. Earnings are expected to increase at least at the same rate as Sales.

"Our major goals for 2008 are processing our very high Order Backlog according to plan and increasing the Group's profitability. We will continue to use our good market position for further organic growth, as well as continuing the strategy of acquiring complementary companies. We see interesting opportunities for each of the Business Areas," says Wolfgang Leitner, President and CEO of Andritz, about the targets for 2008.

Key figures 2007 of the Andritz Group

Andritz Group in MEUR (IFRS)	2006*	2007	+/-
Order Intake	2,891.0	3,749.5	+29.7%

Order Backlog as of 31.12.	3,397.1	3,843.3	+13.1%
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Sales	2,709.7	3,282.5	+21.1%
EBITDA	194.2	242.3	+24.8%
EBITDA Margin	7.2%	7.4%	-
EBITA**	162.7	201.3	+23.7%
EBITA Margin	6.0%	6.1%	-
Operating profit (EBIT)	159.8	192.6	+20.5%
Earnings before Taxes (EBT)	165.9	198.0	+19.3%
Net Income	121.4	136.1	+12.1%
Cash flow from Operating Activities	143.1	33.1	-76.9%
Capex in tangible and intangible assets	45.7	57.0	+24.7%

Employees as of 31.12.	10,215	12,016	+17.6%
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* Including consolidation of VA TECH HYDRO from Q3 2006; for 2006, no pro-forma figures are available.

** Earnings before Interest, Taxes, Amortization of identifiable assets acquired in a business combination and recognized separately from goodwill as well as impairment of goodwill.

The Andritz Group The Andritz Group is a global market leader for customized plant, systems and services for the pulp and paper, hydropower, steel and other specialized industries (solid/liquid separation, feed and biofuel). The Group is headquartered in Graz, Austria and has a staff of approx. 12,000 employees worldwide. It develops and makes its high-tech systems at production, service and sales sites all around the world.

DISCLAIMER Certain statements contained in this press release constitute "forward-looking statements." These statements, which contain the words "believe", "intend", "expect", and words of a similar meaning, reflect the Executive Board's beliefs and expectations and are subject to risks and uncertainties that may cause actual results to differ materially. As a result, readers are cautioned not to place undue reliance on such forward-looking statements. The Company disclaims any obligation to publicly announce the result of any revisions to the forward-looking statements made herein, except where it would be required to do so under applicable law.

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