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# euro adhoc: Andritz AG / quarterly or semiannual financial statement / Andritz: Favorable business development in Q1 2008 - Increase in sales and earnings - Order intake, at almost 1.2 billion Euros, reaches the highest value ever achieved in a

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quarterly report

07.05.2008

Graz, May 7, 2008. The Andritz Group showed a favorable business development during the first quarter of 2008. Sales amounted to 750.9 MEUR, an increase of 2.7% compared to the reference quarter of last year (Q1 2007: 730.9 MEUR). The EBITA amounted to 44.3 MEUR, an increase of 11.3% compared to the first quarter of 2007 (39.8 MEUR). As a result, the profitability (EBITA margin) increased to 5.9% (Q1 2007: 5.4%). Net income excluding minority interests amounted to 30.2 MEUR, exceeding last year's reference quarter by 6.0% (Q1 2007: 28.5 MEUR). Order intake, at 1,195.7 MEUR, reached the highest value ever achieved in a quarter (Q1 2007: 1,031.0 MEUR). Order backlog as of March 31, 2008 increased to the record level of 4,321.4 MEUR (March 31, 2007: 3,664.5 MEUR). Thus, the Andritz Group has a solid visibility with regard to sales for the coming months.

Sales In the first quarter of 2008, sales of the Andritz Group amounted to 750.9 MEUR, an increase of 2.7% compared to the reference quarter of last year (Q1 2007: 730.9 MEUR). Several projects, especially in the Pulp & Paper, Rolling Mills & Strip Processing Lines and the Environment & Process business areas, have been in their initial processing stages, thus making only low sales contributions. The Hydro Power business area continued the positive development of the last quarters and achieved a significant increase in sales of more than a third (217.6 MEUR in Q1 2008 vs. 162.0 MEUR in Q1 2007).

Earnings EBITA amounted to 44.3 MEUR, an increase of 11.3% compared to the first quarter of 2007 (39.8 MEUR). Profitability (EBITA margin) in the first quarter of 2008 increased to 5.9% (Q1 2007: 5.4%), with the Pulp & Paper and the Hydro Power business areas showing a favorable margin development.

The financial result declined compared to the reference period of last year; net income excluding minority interests amounted to 30.2 MEUR, exceeding last year's reference quarter by 6.0% (Q1 2007: 28.5 MEUR).

Significant increase in order intake and order backlog Order intake of the Group during the first quarter of 2008 developed very favorably. At 1,195.7 MEUR, it was 16.0% higher compared to the very high level of last year's reference period (Q1 2007: 1,031.0 MEUR). In particular, the Pulp & Paper, Hydro Power, and the Rolling Mills & Strip Processing Lines business areas were able to increase their order intakes considerably compared to the reference period of last year. Organic growth of the order intake in the first quarter of 2008 was 9.3%.

Order backlog as of March 31, 2008 amounted to 4,321.4 MEUR, an increase of 12.4% compared to the end of 2007 (December 31, 2007: 3,843.3 MEUR). Thus, the Andritz Group has a solid visibility with regard to sales for the coming months.

Solid balance sheet structure As of March 31, 2008, the Andritz Group's total assets increased to 2,746.8 MEUR (December 31, 2007: 2,507.5 MEUR). This was mainly due to the issue of a public 150 MEUR corporate bond (successfully placed in February 2008), which will supersede the Andritz 100 MEUR corporate bond 2002-2008 that will mature in June 2008. As a result, the equity ratio declined to 16.3% (December 31, 2007: 19.2%). Net liquidity (cash and cash equivalents, and marketable securities, minus financial liabilities) amounted to 303.1 MEUR as of March 31, 2008, thus higher compared to the level as of the end of last year (December 31, 2007: 246.5 MEUR).

Outlook Project activity in all relevant markets for the Andritz Group (pulp, hydropower, steel, environmental and feed technologies) remains at a high level; in the pulping area, several large projects are expected to be decided during the second half of 2008. In all business areas, business has developed favorably, and - based on the current economic environment - is expected to continue favorably during the coming quarters.

Wolfgang Leitner, President and CEO of Andritz, is confident: "Based on the results for the first quarter of 2008, the continued good project activities in all of our business areas and the high order backlog, we expect Group sales for the full year of 2008 to reach approximately 3.5 billion Euros and profitability (EBITA margin) to increase".

Results of the first quarter of 2008 at a glance

Andritz Group in MEUR (IFRS)	Q1 2008	Q1 2007	+/-	2007
Order intake	1,195.7	1,031.0	+16.0%	3,749.5
Order backlog (as of end of period)	4,321.4	3,664.5	+17.9%	3,843.3
Sales	750.9	730.9	+2.7%	3,282.5
EBITDA1)	55.4	49.5	+11.9%	242.3

EBITDA margin	7.4%	6.8%	-	7.4%	
EBITA2)	44.3	39.8	+11.3%	201.3	
EBITA margin	5.9%	5.4%	-	6.1%	
Earnings before interest and taxes (EBIT)	42.8	38.4	+11.5%	192.6	
EBIT margin	5.7%	5.3%	-	5.9%	
Earnings before taxes (EBT)	43.5	40.5	+7.4%	198.0	
Net income	31.2	29.1	+7.2%	136.1	
Net income after deduction of minority interests	30.2	28.5	+6.0%	132.7	
Cash flow from operating activities	133.8	39.7	+237.0%	33.1	
Capital expenditure3)	13.9	10.8	+28.7%	57.0	
Employees (as of end of period)	12,284	10,422	+17.9%	12,016	

1)EBITDA: Earnings before interest, taxes, depreciation, and amortization 2)EBITA: Earnings before interest, taxes, amortization of identifiable assets acquired in a business combination and recognized separately from goodwill at the amount of 1,557 TEUR for Q1 2008 (1,445 TEUR for Q1 2007 and 5,967 TEUR for 2007) and impairment of goodwill (2007: 2,771 TEUR) 3)Additions to property, plant, and equipment and intangible assets

- End -

The interim financial report for the first quarter of 2008 is available on the Andritz web site ([www.andritz.com](http://www.andritz.com)) both as an online and a PDF version. Printed versions can be requested by telephone (+43 316/6902-2722), fax (+43 316/6902-465) or e-mail ([petra.wolf@andritz.com](mailto:petra.wolf@andritz.com)).

The Andritz Group The Andritz Group is a global market leader in the supply of customized plants, systems, and services for the pulp and paper industry, the hydropower industry, the steel industry, and other specialized industries (solid/liquid separation, feed, and biofuel). Headquartered in Graz, Austria, the Group has about 12,300 employees worldwide. It manufactures and sells its products and services globally.

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