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## **euro adhoc: Andritz AG / Annual Reports / Andritz: Record results in 2005 - Order Intake and Order Backlog reach record levels - Significant increase in Sales and Net Income - Proposal to increase dividend to 2.00 Euros per share**

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Graz, 2 March 2006. In 2005 international Andritz Group achieved its best financial results in history. Sales increased to 1,744.3 MEUR (+17.8% vs. 2004). Order Intake, at almost 2 bn. Euros, reached a new record level (+7.5% vs. 2004), and Order Backlog as of 31 December 2005 amounted to approximately 1.7 bn (+17.8% vs. 2004), thus providing a solid workload for 2006. Net Income was significantly increased to 80.2 MEUR (+48.5% vs. 2004). At the upcoming Annual General Meeting, the Managing Board will propose an increase in the dividend to 2.00 EUR per share (2004: 1.40 EUR per share).

**Strong organic Sales growth** Sales of the Andritz Group developed very favorably in 2005. As a result of the high Order Backlog as of the end of last year, and the successful development of companies acquired in 2004, Group Sales increased by 17.8% to 1,744.3 MEUR (2004: 1,481.3 MEUR). In particular, the Rolling Mills and Strip Processing Lines and Environment and Process Business Areas increased their Sales significantly compared to 2004. First-time consolidated companies contributed approximately 19.6 MEUR to the Groups total Sales in 2005. Organic Sales growth of the Group therefore was 16.4%.

**Significant increase in Earnings** Due to higher Sales, EBITDA (Earnings before Interest, Taxes, Depreciation, and Amortization of goodwill) increased by 13.4%, to 130.9 MEUR in 2005 (2004: 115.4 MEUR).

Due to the ceasing of amortization of goodwill in compliance with the stipulations by IFRS 3, EBIT surged over proportionally to 106.7 MEUR (+40.2 %; 2004: 76.1 MEUR).

**Order Intake and Order Backlog at record levels** In 2005 Order Intake of the Andritz Group reached a new record level. At 1,974.6 MEUR, it increased by 7.5% compared to the high level of 2004 (1,837.0 MEUR). Once again, the Rolling Mills and Strip Processing Lines and Environment and Process Business Areas were the main contributors to this increase. Order Intake of first-time consolidated companies amounted to approximately 20 MEUR.

As a consequence of excellent Order Intake, the Groups Order Backlog reached a record level of 1,695.6 MEUR at the end of 2005 (31.12.2004: 1,439.2 MEUR). This provides a solid workload for the coming Quarters.

**Balance sheet** Due to the receipt of premature advance payments by customers, Net liquidity (cash and cash equivalents minus interest-bearing financial liabilities), at 383.9 MEUR as of 31.12.2005, increased significantly compared to the reference value of last year (31.12.2004: 219.6 MEUR). The equity ratio as of 31.12.2005 was 23.6% (31.12.2004: 24.0%).

**Dividend** At the upcoming Annual General Meeting, the Managing Board will propose an increase in the dividend to 2.00 EUR per share (2004: 1.40 EUR per share).

**Outlook** Leading economic researchers expect the global economy to

continue to grow in 2006. As a result, Andritz also expects a satisfactory development of its relevant markets with good project activity in all Business Areas. "Based on these favorable economic conditions and the high Order Backlog as of the end of 2005, we expect Sales and Net Income to increase compared to 2005", says Wolfgang Leitner, President and CEO of Andritz.

#### Key figures 2005 at a glance

| (in MEUR, IFRS)                     | 2005    | 2004    | Change |
|-------------------------------------|---------|---------|--------|
| Order Intake                        | 1,974.6 | 1,837.0 | +7.5%  |
| Order Backlog as of 31.12.          | 1,695.6 | 1,439.2 | +17.8% |
| Sales                               | 1,744.3 | 1,481.3 | +17.8% |
| EBITDA                              | 130.9   | 115.4   | +13.4% |
| EBITDA margin                       | 7.5%    | 7.8%    | -      |
| EBITA                               | 107.0   | 92.8    | +15.3% |
| EBITA margin                        | 6.1%    | 6.3%    | -      |
| Operating profit (EBIT)             | 106.7   | 76.1    | +40.2% |
| Earnings before Taxes (EBT)         | 110.0   | 76.6    | +43.6% |
| Net Income                          | 80.2    | 54.0    | +48.5% |
| Cash flow from operating activities | 237.3   | 208.0   | +14.1% |
| Capex                               | 26.7    | 29.4    | -9.2%  |

Disclaimer Certain statements contained in this press release constitute "forward-looking statements". These statements, which contain the words "believe", "intend", "expect" and words of similar meaning, reflect the Managements 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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