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euro adhoc: Andritz AG / Annual Reports / Andritz: Record results in 2006 - Order Intake, Sales, and Net Income reach record levels - Significant increase in Order Backlog to almost 3.4 bn EUR - Proposal to increase dividend to 3.00 EUR per share - Plan

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annual report

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Graz, 1 March 2007. In 2006, international Andritz Group achieved record results. Sales increased to 2,709.7 MEUR (+55.3% vs. 2005), and Order Intake, at almost 2.9 bn EUR, reached a new record level (+46.4% vs. 2005). Order Backlog as of 31 December 2006 amounted to almost 3.4 bn EUR, thus doubling compared to the end of 2005. Net Income was significantly increased to 121.4 MEUR (+51.2% vs. 2005). At the upcoming Annual General Meeting, the Managing Board will propose an increase in the dividend to 3.00 EUR per share (2005: 2.00 EUR per share). In addition, it is planned to make a share split of 1:4; this proposal will be submitted to the upcoming Annual General Meeting of Shareholders.

Strong Sales growth As a result of continued strong organic growth and the first-time consolidation of VA TECH HYDRO as of July 1, 2006, Sales of the Andritz Group surged by 55.3%, to 2,709.7 MEUR (2005: 1,744.3 MEUR). All Business Areas showed a solid development of Sales.

First-time consolidated companies in total contributed approximately 449.2 MEUR (of which 390.2 MEUR came from VA TECH HYDRO) to the Groups total Sales in 2006. Organic Sales growth of the Group, therefore, was approximately 29.6%.

Significant increase in Earnings With higher Sales, Earnings before Interest and Taxes (EBIT) also increased to 159.8 MEUR in 2006 (2005: 106.7 MEUR). EBIT margin, at 5.9% for 2006, however, weakened compared to 2005 (6.1%). This was mainly due to both the first-time consolidation of VA TECH HYDRO, whose profitability reached 3.7% in the Second Half of 2006 as expected, and the slight profitability decline of the Pulp and Paper Business Area.

The financial result, at 6.1 MEUR in 2006, was significantly higher than in 2005 (3.4 MEUR). This was mainly due to both the higher average cash level and the higher interest rates compared to last year. Net Income after deduction of Minority Interests amounted to 118.5 MEUR (2005: 78.7 MEUR).

Order Intake and Order Backlog significantly increased In 2006, the Andritz Group again showed a very favorable development of Order Intake, surpassing the very high level of 2005. At 2,891.0 MEUR, Order Intake was 46.4% higher than in 2005 (1,974.6 MEUR). This was mainly due to the first-time consolidation of VA TECH HYDRO (+474.4 MEUR) and the strong organic growth of the Pulp and Paper, and the Feed and Biofuel Business Areas. Order Intake of the Rolling Mills and Strip Processing Lines Business Area was slightly down compared to the extraordinarily high level in 2005.

Order Intake of first-time consolidated companies (including VA TECH HYDRO) amounted to approximately 524.6 MEUR in 2006.

The Groups Order Backlog also showed a strong increase compared to the reference date of last year, surging to 3,397.1 MEUR as of 31.12.2006 (31.12.2005: 1,695.6 MEUR). VA TECH HYDRO added

approximately 1,566.0 MEUR to the Groups Order Backlog as of 31.12.2006; this amount includes orders with partially very long delivery times.

Balance sheet Due to the first-time consolidation of VA TECH HYDRO and the issue of a 200 MEUR corporate bond in June 2006, total assets of the Andritz Group increased to 2,372.6 MEUR as of 31.12.2006 (1,391.3 MEUR as of 31.12.2005). As a consequence, the equity ratio as of 31.12.2006 declined to 17.5% (31.12.2005: 23.6%).

Due to the receipt of extraordinarily high payments during Q4 2006, the Groups net liquidity (cash and cash equivalents minus interest-bearing financial liabilities) was 365.7 MEUR as of 31.12.2006, again exceptionally high as of the end of 2005 (31.12.2005 383.9 MEUR)

Dividend increase Due to the very favorable business development, the Managing Board will propose an increase in the dividend to 3.00 EUR per share (2005: 2.00 EUR per share) at the upcoming Annual General Meeting.

Plan for share split The Managing Board of Andritz AG plans to make a split of the Andritz shares. Following the approval of the Supervisory Board of Andritz AG, this proposal is to be submitted to the Annual General Meeting of Shareholders on March 29, 2007 and put to the vote.

In detail, the Managing Board plans to split the shares in a ratio of 1:4 and, at the same time, to increase the capital out of the companys retained earnings (capital adjustment). The proportionate amount of the capital will then be 2.00 EUR per share. The share split is expected to be implemented in early May 2007, provided approval is given by the Annual General Meeting.

Outlook Assuming a continued positive development of the global economy, Andritz expects a satisfactory project activity in all of its Business Areas in 2007. "Based on the favorable economic conditions, the high Order Backlog of almost 3.4 billion Euros as of the end of 2006, and the full-year consolidation of VA TECH HYDRO, we expect to achieve record results in 2007 again. Sales should increase to approximately 3 billion Euros, and Net Income should also be up compared to 2006," says Wolfgang Leitner, President and CEO of Andritz.

Key figures 2006 at a glance

(in MEUR, IFRS)	2005	2006	Change
Order Intake	1,974.6	2,891.0	+46.4%
Order Backlog as of 31.12.	1,695.6	3,397.1	+100.3%
Sales	1,744.3	2,709.7	+55.3%
EBITDA	130.9	194.2	+48.4%
EBITDA margin	7.5%	7.2%	-
EBITA	107.0	159.8	+49.3%
EBITA margin	6.1%	5.9%	-
Operating profit (EBIT)	106.7	159.8	+49.8%
Earnings before Taxes (EBT)	110.0	165.9	+50.8%
Net Income	80.2	121.4	+51.2%
Cash flow from operating activities	237.3	143.1	-39.7%
Capex in tangible and intangible assets	26.7	45.7	+71.2%

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end of announcement

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