

FEED AND BIOFUEL

Business Area Manager:

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The Vindija Group is the biggest integrated food company in Croatia. For their feed producing subsidiary, Koka, Andritz delivered a multifunctional feed plant with an annual capacity of 400,000 tons on a turnkey basis.

(Photo: BIOdar is the brand name of the feed produced by the new Koka mill.)



Profile

The Feed and Biofuel Business Area is a global market leader for supplying machines and systems, pellet mill consumables, such as dies and rolls, and other technical services to the animal feed industry, the pet food industry, and the fish and shrimp feed industries. The Business Area also holds a leading position in fast-growing markets for wood fuel pelleting and for pelleting of agricultural and industrial by-products.

The Business Area has three main sites: Esbjerg, Denmark; Geldrop, the Netherlands; and Muncy, PA, USA. It operates globally from ten regional sales and service offices and four manufacturing sites, being supported by a strong network of distributors and sub-suppliers.

All companies of the Business Area operate worldwide under the brand name of Andritz Sprout.

Market development

In 2006, project activity in the animal feed sector developed very positively in Eastern Europe and South America, mainly driven by expansion projects of large international vertically integrated meat producers, as well as medium-sized regional companies.

The aquatic feed industry also developed favorably, with both marine and freshwater farming showing high investment activity for plant upgrades as well as new plants, especially in Asia, South America, and Europe.

The pet food extrusion industry also showed good project activity in 2006, mainly in Europe and Latin America.

The market for wood pelleting equipment continued its strong development during the reporting period. High project activity was seen in North America, Europe, and Russia. In addition, the new regions of Southern Europe and South America have also become increasingly active. For industrial pelleting plants for recycling and waste combustion, there was good investment activity, mainly in Europe.

Business development

The Business Area's Sales in 2006 amounted to 120.6 MEUR, which is a strong organic growth of 28.8% compared to 2005 (93.6 MEUR). EBITA and profitability were also higher than in 2005. EBITA, at 10.6 MEUR in 2006, increased by 47.2% compared to 2005 (7.2 MEUR), thus surpassing the Sales growth. As a result, EBITA margin was further enhanced to 8.8% (2005: 7.7%).

Order Intake also developed very favorably, achieving a strong organic growth. It increased to 127.1 MEUR (2005: 101.2 MEUR). Order Intake was particularly strong for animal feed plants, aquatic feed extrusion lines, and wood pelleting systems.

The Business Area successfully handed over a fully integrated multifunctional feed factory to Koka, the biggest Croatian integrated poultry producer.

In 2006, Andritz acquired the remaining 49% stake of the joint venture between Andritz Sprout and Chemes Strojarne in Humenné, Slovakia which had been established in 2005. Andritz Sprout s.r.o. is an important part of the supply chain of the Feed and Biofuel Business Area, providing manufacturing and engineering services for the Andritz Sprout group worldwide.

Major orders

The Business Area was awarded a number of orders for process lines for animal feed, mainly in Eastern Europe. Major orders for process lines came from vertically integrated meat producers based in Asia and Eastern Europe as well as in South and North America. Among these, a large order for two projects from the largest Ukrainian meat producer. The Business Area received a number of large orders for animal feed expansion projects in South America, Asia, and Scandinavia.

Several orders for aquatic feed extrusion lines were won in Asia, the Mediterranean region, and South America.

In the pet food sector, the Business Area received several larger orders in Europe. These included an order from Spain for the highest capacity pet food extrusion line in Europe.

Orders in the biofuel sector continued to develop favorably with a large number of orders for wood pelleting lines received from customers in North America and Northern and Eastern Europe. Several orders for pelleting lines for waste-based fuels and for industrial recycling purposes were secured in Central Europe.

Research and Development

In response to the increasing requirements for feed and food safety, the Business Area has launched a series of products in support of controlled thermal treatment and sterilization of feed.

In the extrusion area, a new generation of all stainless combizone dryers was developed which provide full corrosion protection and integrated self-cleaning features to customers in the aqua feed and pet food businesses.

In the biofuel area, development projects that target the optimization of production efficiency for wood pelleting plants are underway. ■

Key figures Feed and Biofuel

MEUR	2006	2005	2004	2003	2002	2001
Sales	120.6	93.6	99.6	99.2	108.4	107.0
Order Intake	127.1	101.2	92.0	102.0	104.7	112.6
Order Backlog as of 31.12.	30.2	23.6	16.0	24.5	23.5	27.6
EBITDA	12.9	9.8	5.1	7.4	6.1	4.7
EBITDA margin	10.7%	10.5%	5.1%	7.5%	5.6%	4.4%
EBITA	10.6	7.2	2.2	4.8	4.2	0.9
EBITA margin	8.8%	7.7%	2.2%	4.8%	3.9%	0.9%
Capital investments	1.7	0.9	1.6	6.6	5.4	6.7
Employees as of 31.12.	531	489	482	549	609	676