

# FEED AND BIOFUEL

Business Area Manager



**THE BUSINESS AREA HOLDS  
A GLOBALLY LEADING POSITION  
IN WOOD PELLETTING LINES.**

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**[1]** Andritz Sprout has supplied four hammer mills, type Multimill 1400, to the Belgian energy company Electrabel. The hammer mills are used to grind wood pellets to dust, which is burnt with support of coal dust in the power station boiler, thus replacing fossil fuel and helping to reduce CO<sub>2</sub> emissions. Successful operation of the machines installed has prompted Electrabel to place an order for another four units.

**[2+3]** Andritz Sprout has supplied the grinding and pelleting lines as well as the associated conveying equipment and controls for production of 125,000 tons of wood pellets per year to be exported to Europe by Appling County Pellets, LLC, a fully owned and operated subsidiary of Fram Renewable Fuels, LLC of Savannah, Georgia, USA. Pictured below are [2] the line of five Andritz Sprout 26LM pellet mills with CM901 conditioners and [3] the cooler and the Andritz Sprout Roto-Shaker that is used to remove any fines from the pellets after cooling and prior to load-out. Wood fuel pellets play an essential role in generating electricity and reducing fossil fuel emissions.



[1]



[3]



[2]

## PROFILE

The Feed and Biofuel Business Area is a global market leader for supplying process 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 the fast-growing markets for wood fuel pelleting and for pelleting of agricultural and industrial by-products.

The Business Area has four main sites: Esbjerg, Denmark; Geldrop, the Netherlands; Muncy, PA, USA; and Humenné, Slovakia. It operates globally from ten regional sales and service offices and five 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 2007, the investment activity in the animal feed sector continued to develop favorably, with Eastern Europe, Russia, Asia, and Central and South America being the most active regions. The positive development was mainly driven by expansion projects of large international vertically integrated meat producers, as well as medium-sized regional companies.

Project activity in the aquatic feed industries also continued its strong development. In particular, South America and Asia have been very active markets, with projects focusing on both plant expansions and greenfield mills. The pet food industry also developed positively; the most active regions were Western and Southern Europe and South America.

The renewable energy sector showed very good project activity during the reporting period. The wood pelleting industry released several new projects for greenfield mills, as well as for the modernization of existing plants, both in Northern Europe and North America, as well as in the 'new regions' for wood pelleting: Southern Europe, South America, and Southeast Asia.

## BUSINESS DEVELOPMENT

The Business Area's Sales in 2007 amounted to 137.8 MEUR, which is an organic growth of 14.3% compared to 2006 (120.6 MEUR). EBITA and profitability were also higher than in 2006. EBITA, at 13.3 MEUR in 2007, increased by 25.5% compared to 2006 (10.6 MEUR), thus surpassing the Sales growth. As a result, EBITA margin was further enhanced to 9.7% (2006: 8.8%).

Order Intake also developed very favorably, achieving a strong organic growth. It increased to 143.7 MEUR (2006: 127.1 MEUR). Order Intake was particularly strong for animal feed plants, aquatic feed extrusion lines, and wood pelleting systems.

## KEY FIGURES FEED AND BIOFUEL

MEUR	2007	2006	2005	2004	2003
Sales	137.8	120.6	93.6	99.6	99.2
Order Intake	143.7	127.1	101.2	92.0	102.0
Order Backlog as of 31.12.	35.3	30.2	23.6	16.0	24.5
EBITDA	15.2	12.9	9.8	5.1	7.4
EBITDA margin	11.0%	10.7%	10.5%	5.1%	7.5%
EBITA	13.3	10.6	7.2	2.2	4.8
EBITA margin	9.7%	8.8%	7.7%	2.2%	4.8%
Capital investments	1.7	1.7	0.9	1.6	6.6
Employees as of 31.12.	553	531	489	482	549

## MAJOR ORDERS

- Based on its strong market position and the favorable market conditions, the Business Area was able to book several orders for large animal feed lines from customers in Asia, Central and South America, Eastern Europe, and Russia.
- A significant number of orders for fish feed extrusion lines was received from aquatic feed companies in South America, Asia, Northern Europe, and the Mediterranean region. Customers in South America and Western Europe placed orders for pet food extrusion equipment.
- In the biofuel sector, the Business Area won a large number of orders for large greenfield processing lines, as well as expansion orders for wood pelleting plants from customers in North and South America, Russia, Europe, and Asia.

## RESEARCH AND DEVELOPMENT

The Business Area successfully launched a new-generation process control based on touch screen technology, for its small and medium-sized pet food and aquatic feed extruders.

To further strengthen the product range targeting the renewable energy sector, a new-generation hammermill for wood powder production in power plants was introduced to the market. ○