

REPORT FOR THE FIRST 2 QUARTERS OF 2005

Strongest
half-year in the
Company's history

Significant growth
in sales
and earnings

Acquisition of
Edelstahlwerke
Buderus AG

Successful
capital increase



BÖHLER UDDEHOLM

materializing *visions*

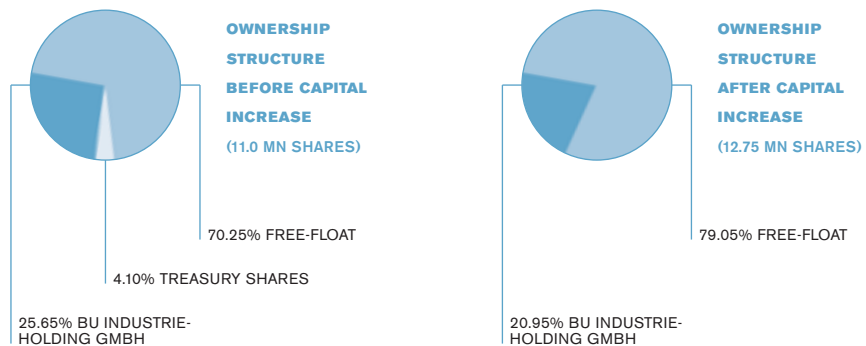
JANUARY - JUNE	2005 in m€	2004 in m€	Change
Net sales	1,190.8	911.8	31%
EBITDA	179.3	121.8	47%
EBIT	139.8	78.6	78%
Earnings before tax (EBT)	123.0	64.5	91%
Net income ¹⁾	88.6	41.9	111%
Cash flow before capital changes	125.6	81.4	54%
Capital expenditure	36.9	27.5	34%
Order intake ²⁾	1,040.3	772.7	35%
Order backlog ²⁾	622.3	385.8	61%
Employees	12,042	11,791	2%

1) This item includes minority interests in accordance with the requirements of IAS 1 Presentation of Financial Statements (revised 2003). Prior period numbers have been restated.

2) At the production companies

THE FIRST 2 QUARTERS OF 2005

BÖHLER-UDDEHOLM GROUP



BÖHLER-UDDEHOLM followed record results in 2004 with the best half-year in the history of the Company. All major core markets and customer branches recorded solid development for the first two quarters of 2005. In part overheated demand during the first three months was followed by normal order levels in the second quarter. However, the demand for high-alloy specialty steels also remained strong from April through June.

Order intake rose from 772.7 m€ by 35% to 1,040.3 m€ for the first six months of 2005. As of 30 June 2005 order backlog totalled 622.3 m€, which represents an increase of 61% over the comparable prior year figure of 385.8 m€. Sales recorded by the **BÖHLER-UDDEHOLM** Group rose from 911.8 m€ by 31% to 1,190.8 m€ and earnings before interest and tax (EBIT) increased from 78.6 m€ by 78% to 139.8 m€. The EBIT margin totalled 11.7%, compared to 8.6% in the prior year.

Earnings before tax (EBT) rose from 64.5 m€ by 91% to 123.0 m€. The tax rate for the **BÖHLER-UDDEHOLM** Group equalled 28% for the first six months of 2005, versus 35% for the comparable period of 2004. Net income for the period totalled 88.6 m€, for an increase of 111% over the comparable prior year value of 41.9 m€.

ACQUISITION OF EDELSTAHLWERKE BUDERUS AG.

BÖHLER-UDDEHOLM AG finalized the acquisition of Edelstahlwerke Buderus AG (Wetzlar, Germany) from Robert Bosch GmbH on 30 June 2005 after the EU Commission in Brussels granted its approval for this takeover without reservation. This largest acquisition in the history of **BÖHLER-UDDEHOLM** will

not only strengthen the High Performance Metals, Precision Strip and Special Forgings Divisions, but also set a further important milestone in the Company's growth strategy. **BÖHLER-UDDEHOLM** will expand its product lines through the integration of this company and also improve its position on important core markets.

Edelstahlwerke Buderus AG was included in the consolidated financial statements of **BÖHLER-UDDEHOLM** AG as of 1 July 2005. Therefore, **BÖHLER-UDDEHOLM** AG results for the 2005 Business Year will include Edelstahlwerke Buderus AG for two quarters. Edelstahlwerke Buderus AG reported revenues of 405 m€ in 2004 with a workforce of roughly 1,700. Approximately one-third of these revenues represent sales of bar steel (tool steel and special engineering steel), but open die forging parts and hot and cold rolled strip are also key revenue generators. The company's most important market is Europe, where nearly 90% of sales are recorded.

SUCCESSFUL CAPITAL INCREASE.

BÖHLER-UDDEHOLM AG successfully concluded a capital increase and the sale of treasury shares on 8 June 2005. The transaction covered a total of 2,351,900 shares: 1,750,000 new shares from the capital increase, 451,900 shares of treasury stock and 150,000 shares from the stake owned by BU Industrieholding GmbH that were provided as a greenshoe. The price for the shares was set at 100 € per share in a bookbuilding process. The volume of the transaction totalled 220.19 m€ without the greenshoe and 235.19 m€ with the greenshoe. Following the exercise of the greenshoe, **BÖHLER-UDDEHOLM**'s free float rose to approximately 79% and the stake held by BU Industrieholding GmbH fell to roughly 21%. The proceeds from this transaction were used in part to finance the acquisition of Edelstahlwerke Buderus AG, and the remaining funds will be used by **BÖHLER-UDDEHOLM** to support further growth.

OVERVIEW OF CORE BUSINESSES.

The **High Performance Metals Division** reported steady and strong demand in America, Asia and Europe – and here primarily in Germany, Scandinavia and Eastern Europe – during the second quarter of 2005. A high level of demand was registered in the energy technology, aircraft construction, oil field technology, chemicals, offshore and machining tool sectors. However, the completion of numerous model changeovers earlier this year reduced sales

Further information:
BÖHLER-UDDEHOLM AG
Investor Relations & Corporate Communications Department
Randolf Fochler

Phone (+43-1) 798 69 01-707
Fax (+43-1) 798 69 01-713
randolf.fochler@bohler-uddeholm.com
www.boehler-uddeholm.com

ADR symbol: BDHHY
Bloomberg: BUD AV
Bridge: AT;BUD
Dow Jones: R.BUD
ÖTOB symbol: BUD
Reuters: BHLR.VI

to the German automotive industry. The electronics branch in Asia remained below expectations, in keeping with the slowdown that has characterized recent months. Business in the division continued to show a clear shift in the product mix toward higher quality grades such as re-melted and powder-metallurgy steels. Scrap prices were volatile throughout the second quarter, while further increases in the cost of key alloys were for the most part passed on to customers. This largest division of BÖHLER-UDDEHOLM closed the first half of 2005 with strong growth in sales, earnings and order intake.

The **Welding Consumables Division** continued its growth course during the second quarter of 2005. Sales volumes on Asian markets – especially in China and India – increased as a result of good demand from the pipeline construction, power station construction and LNG tank industries, and prices remained unchanged at a high level. As a result of this development, BÖHLER-UDDEHOLM plans to construct a smaller production facility for welding consumables in China. Demand weakened slightly in North America, but increased noticeably on the South American market. In this region, the division recorded significantly higher sales to the chemical and petrochemical branches and also in the area of machinery construction for the sugar industry. The demand for low-alloy welding consumables in Europe declined, but sales of high-alloy welding consumables increased, above all to the automotive and shipbuilding industries. The Welding Consumables Division recorded a significant increase in sales, earnings and order intake for the first six months of 2005 as well as an improvement in profitability over the previous year.

The favourable operating environment for the **Precision Strip Division** continued into the second quarter of 2005, with strong impulses coming from European markets. Order intake remained at a high level based on especially high demand for strip steels for the wood processing industry and very thin special cold rolled strip for automobile manufacturers. In contrast, sales of cutting and creasing rules as well as rule die steel decreased by a slight margin. This decline was triggered by the increasing relocation of textile and shoe producers from Europe to China. Manufacturing processes in China are still largely manual and not mechanical, which limits the potential for sales of such products. In spite of these developments, the Precision Strip Division was able to increase sales volumes and prices

over the comparable prior year period and recorded higher sales and stable earnings for the first six months of 2005.

The **Special Forgings Division** reported a steady improvement in the economic climate during the second quarter of 2005 and, as a result, an increase in business momentum. Rising demand was recorded above all in the aircraft industry following an increase in the annual construction rates by Airbus and Boeing, the two major producers. Moreover, the first forged structural parts for the prototype of the “Dreamliner” 787 were delivered to Boeing and the division will also supply the first forged components for the new A400M transport aircraft to Airbus in the coming months. The delays announced by Airbus in the delivery of the A380 will have no impact on the development of business in the Special Forgings Division. Sales volumes of turbine blades rose during the second quarter, above all as a result of power plant construction in Japan, and the demand for marine forged valves also increased. Sales, earnings and order intake recorded by the Special Forgings Division for the first half of 2005 showed a substantial improvement over the comparable prior year period.

OUTLOOK.

Recognizable weakness in the operating environment for the commercial steel industry could also intensify the seasonal effect of the summer months in the specialty steel branch during the third quarter 2005. One indicator of a slowdown in the commercial steel business was the significant decline in scrap prices over recent months. However, alloy prices, which are passed on by BÖHLER-UDDEHOLM to customers through surcharges, remain almost unchanged at a high level.

Based on the consolidation of two quarters of Edelmetallwerke Buderus AG, the management of BÖHLER-UDDEHOLM AG expects total sales of approximately 2,500 m€ for full year 2005 compared to 1,934 m€ in the previous year. Since Edelmetallwerke Buderus AG will make a positive contribution to earnings and BÖHLER-UDDEHOLM also expects the development of business to remain favourable during the second half of 2005, earnings for full year 2005 should exceed the levels of record year 2004.

THE FIRST 2 QUARTERS OF 2005

BÖHLER-UDDEHOLM GROUP

BALANCE SHEET		30/6/2005 in k€	31/12/2004 in k€
ASSETS	A. Non-current assets		
	I. Property, plant and equipment	575,070.8	562,831.6
	II. Goodwill	32,331.7	32,326.0
	III. Other intangible assets	8,874.1	9,140.4
	IV. Investments in associates	114.5	114.5
	V. Other financial assets	29,330.6	31,750.6
	VI. Deferred tax assets	66,238.9	60,247.1
		711,960.6	696,410.2
	B. Current assets		
	I. Inventories	825,666.0	652,410.8
	II. Accounts receivable from trade	486,329.9	373,018.9
	III. Accounts receivable from affiliated companies	1,633.8	2,659.4
	IV. Income tax receivables	890.8	356.1
	V. Other receivables	35,712.8	35,389.7
	VI. Securities available for sale	714.9	781.3
	VII. Cash and cash equivalents	224,605.0	89,676.7
	VIII. Prepaid expenses	16,446.8	13,196.9
		1,592,000.0	1,167,489.8
	Total assets	2,303,960.6	1,863,900.0
SHARE-HOLDERS' EQUITY AND LIABILITIES	A. Shareholders' equity		
	I. Share capital	92,692.5	79,970.0
	II. Capital reserves	489,571.7	264,596.6
	III. Treasury shares	0.0	(27,023.2)
	IV. Revenue reserves	418,380.8	328,612.2
	V. Minority interest	8,389.9	6,717.5
	VI. Retained earnings ¹⁾	(10,084.4)	46,515.6
		998,950.5	699,388.7
	B. Non-current liabilities		
	I. Interest-bearing debt	365,215.8	374,740.1
	II. Deferred tax liabilities	49,284.4	49,743.4
	III. Severance and pension provisions	206,214.2	203,885.2
	IV. Other long-term provisions	24,855.8	22,942.1
	V. Other long-term liabilities	7,154.6	6,371.9
		652,724.8	657,682.7
	C. Current liabilities		
	I. Accounts payable from trade	218,381.9	177,058.9
	II. Payments on account	3,498.2	3,192.9
	III. Short-term borrowings	151,216.3	107,379.7
	IV. Current portion of interest-bearing debt	24,454.0	28,803.6
	V. Short-term provisions	110,341.5	96,920.5
	VI. Income tax liabilities	31,767.1	18,013.9
	VII. Other short-term liabilities	107,688.7	70,475.3
	VIII. Prepaid income	4,937.6	4,983.8
		652,285.3	506,828.6
Total shareholders' equity and liabilities	2,303,960.6	1,863,900.0	

1) This position solely represents the retained earnings of BÖHLER-UDDEHOLM AG and does not include any income from shares of affiliated companies as at 30/6.

THE FIRST 2 QUARTERS OF 2005

BÖHLER-UDDEHOLM GROUP

CONSOLIDATED INCOME STATEMENT	1-6/2005	1-6/2004	Q2 2005	Q2 2004
	in m€	in m€	in m€	in m€
Net sales	1,190.8	911.8	611.7	495.4
Cost of sales	(809.5)	(618.6)	(419.3)	(339.4)
Gross profit	381.3	293.2	192.4	156.0
Other operating income	28.3	19.0	18.0	12.5
Distribution expense	(162.7)	(151.4)	(84.3)	(77.6)
Administrative expense	(70.6)	(55.6)	(36.5)	(27.1)
Amortization of goodwill	0.0	(2.2)	0.0	(1.1)
Other operating expense	(36.5)	(24.4)	(19.1)	(15.5)
Earnings before interest and tax (EBIT)	139.8	78.6	70.5	47.2
Income/expense from shares and associated companies	0.1	0.0	0.1	0.0
Income/expense from securities	0.0	0.1	0.0	(0.1)
Interest expense (net)	(17.3)	(14.3)	(11.0)	(6.4)
Other financial result	0.4	0.1	0.2	0.1
Financial result	(16.8)	(14.1)	(10.7)	(6.4)
Earnings before tax and extraordinary charges (EBT)	123.0	64.5	59.8	40.8
Income tax expense	(34.4)	(22.6)	(16.7)	(14.3)
Net income	88.6	41.9	43.1	26.5
Minority interest	(0.8)	(1.1)	(0.5)	(0.6)
Net income after minority interest	87.8	40.8	42.6	25.9
Basic earnings per share (in €)	8.0	3.9	3.9	2.5
Diluted earnings per share (in €)	6.9	3.7	3.3	2.4
Average number of shares outstanding – basic	10,912,583	10,461,767	10,912,583	10,461,767
Average number of shares outstanding – diluted	12,750,000 ¹⁾	11,000,000	12,750,000 ¹⁾	11,000,000
Depreciation	39.5	43.3	20.2	24.3
Currency gains (losses)	(3.4)	(0.7)	(2.2)	0.6
CHANGES IN SHAREHOLDERS' EQUITY	2005 in m€		2004 in m€	
Shareholders' equity as of 1/1	699.4		626.1	
Net income	87.8		41.9	
Translation reserve	47.4		3.6	
Dividend paid	(46.4)		(26.4)	
Capital increase	166.8		0.0	
Change in treasury shares	43.7		(3.0)	
Other	0.3		(2.2)	
Shareholders' equity as of 30/6	999.0		640.0	
CONSOLIDATED STATEMENT OF CASH FLOWS	2005 in m€		2004 in m€	
Cash and cash equivalents as of 1/1	90.5		49.6	
Cash flow before capital changes	125.6		81.4	
± Change in working capital	(185.7)		(40.6)	
Cash flow from operating activities	(60.1)		40.8	
Cash flow from investing activities	(49.3)		(81.2)	
Cash flow from financing activities	244.2		41.8	
Change in cash and cash equivalents	134.8		1.4	
Cash and cash equivalents as of 30/6	225.3		51.0	

1) Capital increase in June 2005

THE FIRST 2 QUARTERS OF 2005

BÖHLER-UDDEHOLM GROUP

SEGMENT OVERVIEW

High Performance				Precision Strip			
	1-6/05	1-6/04	Change		1-6/05	1-6/04	Change
Metals	in m€	in m€	in %		in m€	in m€	in %
Sales	895.6	648.5	38%	Sales	86.6	79.9	8%
EBIT	114.4	58.5	96%	EBIT	15.1	15.4	(2%)
Order intake	694.1	472.3	47%	Order intake	88.6	88.4	0%
Order backlog	387.6	224.1	73%	Order backlog	36.2	33.6	8%
Welding Consumables				Special Forgings			
Sales	163.8	142.7	15%	Sales	46.4	40.4	15%
EBIT	16.7	12.6	33%	EBIT	2.4	2.0	20%
Order intake	176.9	151.3	17%	Order intake	80.7	60.7	33%
Order backlog	37.2	32.5	14%	Order backlog	161.3	95.6	69%
Other/Consolidation				Group			
Sales	(1.6)	0.3	n.a.	Sales	1,190.8	911.8	31%
EBIT	(8.8)	(9.9)	(11%)	EBIT	139.8	78.6	78%
				Order intake	1,040.3	772.7	35%
				Order backlog	622.3	385.8	61%

STOCK MARKET INDICATORS

	1-6/2005 in €	1-6/2004 in €
Low	89.84	54.69
High	114.85	70.90
Price at 30/6	109.40	68.20
Market cap at 30/6 (in m€) ¹⁾	1,394.85	750.20

FINANCIAL CALENDAR 2005/2006

Results 1-9/2005	8 November 2005	Results 1-3/2006	23 May 2006
Preliminary Results 1-12/2005	21 February 2006	Dividend-Payment	26 May 2006
Results 1-12/2005	31 March 2006	Results 1-6/2006	1 September 2006
Annual General Meeting	16 May 2006	Results 1-9/2006	9 November 2006
Ex-Dividend	18 May 2006		

SHARE PRICE PERFORMANCE (10/4/1995 - 30/6/2005)



1) Capital increase in June 2005