



1st Quarter of 2002

- /// Slight decrease in Sales and Net Income
- /// Upswing in Order Intake continues from previous quarter
- /// Improved profitability
- /// Further increase of equity ratio
- /// Considerable increase in share price

Q1 2002

ANDRITZ

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Global economic upswing

General Economic Conditions

The global economy showed decisive signs of recovery during the first quarter of 2002. This is especially true of the USA, where economic data and leading indicators (purchasing manager index, consumer confidence) show that the country is experiencing moderate economic upswing that should become even stronger in the months to come, as analysts expect. Continued, high private consumption, which is favored by tax cuts, and the lower interest rates should support economic growth in America during the next months. Leading forecast institutes expect an annualized growth rate in the Gross National Product (GNP) of about 3 to 4% for the first and second quarter of 2002.

Subdued growth in Europe

Leading indicators in Euroland also point to increasing economic recovery, but economic development is unlikely to become more dynamic before the second half of 2002. Export trade is considered as the essential economic driver, and it should be able to profit from the improved economic situation in the USA and the more favorable exchange rate of the EURO versus the US Dollar. Due to the high rate of unemployment, private consumption is, however, unlikely to be a supportive factor. With an expected GNP growth rate of approx. 1.3%, the economic upswing in Euroland will be far more moderate than in the USA.

Sources: RZB, Wifo, OeNB

Slight decline in Sales

Business Development in the 1st Quarter of 2002

Slight Decrease in Sales

Despite the difficult economic situation, the financial results of the Andritz Group proceeded quite satisfactorily during 2002's first quarter, although Sales decreased 5.0% in comparison with the same period 2001, to 274.0 MEUR (Q1 2001: 288.3 MEUR).

Order Intake considerably below Q1 2001, but higher than during Q4 2001

At 246.4 MEUR, Order Intake was clearly below the extraordinarily high value achieved during the first quarter of 2001 (378.3 MEUR). It was, however, 13.2% higher than during the 4th quarter in 2001 (217.6 MEUR), a continuation of the upward trend begun during the previous quarter.

Increase in EBITDA and profitability

Slightly improved Profitability, Decline in Net Income

The Earnings and profitability development of the Group proceeded favorably. Earnings before interest, taxes, depreciation and amortization of goodwill (EBITDA) amounted to 18.9 MEUR, somewhat above the previous year's first quarter level (Q1 2001: 18.8 MEUR), despite the lower value of Sales. Profitability expressed as EBITDA in % of Sales increased from 6.5% in the first quarter of the previous year to 6.9% during the reporting period. All but one strategic Business Area (Environment and Process Technologies) increased their profitability. The Earnings before interest and taxes, EBIT, were 10.0 MEUR and thus virtually the same as the previous year's value (Q1 2001: 10.1 MEUR).

Key Figures for the First Quarter of 2002

MEUR	Q1 2002	Q1 2001	Change	2001
Sales	274.0	288.3	-5.0%	1,318.7
Order Intake	246.4	378.3	-34.9%	1,120.9
Order Backlog	714.7	1,040.8	-31.3%	740.4
EBITDA ¹⁾	18.9	18.8	+0.5%	94.5
EBITDA Margin	6.9%	6.5%	-	7.2%
EBITA ²⁾	13.3	13.4	-0.7%	68.0
EBITA Margin	4.9%	4.6%	-	5.2%
Earnings before Interest and Taxes (EBIT)	10.0	10.1	-1.0%	54.6
Earnings before Taxes	10.0	10.7	-6.5%	60.1
Net Income excluding Minority Interests	5.4	6.3	-14.3%	33.6
Cash flow from Operating Activities	-20.0	9.6	n.sp.	71.9
Capital Expenditure ³⁾	2.7	3.7	-27.0%	23.7
Employees (at end of reporting period)	4,532	4,493	+0.9%	4,545

1) EBITDA: Earnings before interest, taxes, depreciation and amortization of goodwill

2) EBITA: Earnings before amortization of goodwill

3) Additions to tangible and intangible assets

The Financial Results amounted to 0.05 MEUR, a considerable decline from the previous year's comparable period. The major reason for this decline is an approx. 0.5 MEUR income included in the financial results for 2001, resulting from price gains from a bond investment fund.

Due to the reduction in Financial Results, Earnings before taxes declined to 10.0 MEUR (Q1 2001: 10.7 MEUR). Net Income after minorities amounted to 5.4 MEUR (Q1 2001: 6.3 MEUR).

Net Worth Position and Capital Structure

The balance sheet as at March 31, 2002 shows the following major changes over the balance as at December 31, 2001:

The decrease of the Trade Accounts Receivable to 184.7 MEUR on the assets side is worth mentioning (December 31, 2001: 212.9 MEUR).

Due to the sustained favorable Earnings development, Equity Capital increased to 239.9 MEUR as of March 31, 2002 (December 31, 2001: 230.3 MEUR). The Equity Ratio of the Andritz Group thus increased to 26.6% (December 31, 2001: 24.5%). The Andritz Group has a very sound capital structure.

The Liabilities as of March 31, 2002 decreased to 437.1 MEUR (December 31, 2001: 484.0 MEUR). The main reason is the decrease in the Trade Accounts Payable and advance payments and partial payments received.

The Group's Net Liquidity as at March 31, 2002 was 54.8 MEUR (December 31, 2001: 77.3 MEUR).

Cash Flow and Capital Expenditure

The Cash flow from operating activities was -20.0 MEUR for the reporting period and therefore 29.6 MEUR lower than at the same time in 2001 (9.6 MEUR). The reasons for this were an increase in the Net Working Capital due to the higher degree of work in progress on current major orders and the utilization of the relevant advance payments. Due to the lower Order Intake in comparison with the previous year, the bookings of advance payments for new orders decreased. Investments in property, plant and equipment and intangible assets were 2.7 MEUR, 1.0 MEUR less than during the first quarter of 2001 (3.7 MEUR).

Increase in equity ratio

Development of the Business Areas



Pulp and Paper

Market Development

The weak growth of the pulp and paper market continued during Q1 2002. In the light of the unchanged low demand by paper mills, the pulp price (NBSK – Northern Bleached Softwood Kraft Pulp) declined further and reached an amount of approx. 440 US Dollars/tonne during the reporting period.

Key Figures for the Pulp and Paper Business Area

MEUR	Q1 2002	Q1 2001	Change	2001
Sales	167.1	187.3	-10.8%	883.0
Order Intake	154.4	223.5	-30.9%	642.8
Order Backlog	420.6	718.7	-41.5%	431.5
EBITDA	10.2	9.5	+7.4%	69.8
EBITDA Margin	6.1%	5.1%	-	7.9%
EBITA	6.9	6.1	+13.1%	53.9
EBITA Margin	4.1%	3.3%	-	6.1%

There were some slight recovery signs in March, with Norscan inventories declining by 55,000 tonnes in February and by a further 120,000 tonnes in March, to 1.7 million tonnes, despite a comparatively high capacity utilization (87%) of the pulp producers. The first price increases were noted in April, given the brisker demand, and some major pulp producers have announced further price increases for May and June.

The project activity was satisfactory despite the difficult market situation, many update and rebuild programs of existing plants are being implemented. In the services business, there was a brisk demand from North and Central Europe, South America, as well as Asia.

Business Development

Despite the continued weak market development, the Pulp and Paper Business Area developed satisfactorily during the first quarter of 2002.

While Sales declined 10.8% versus Q1 2001, to 167.1 MEUR (Q1 2001: 187.3 MEUR), the Business Area's EBITDA was increased by 7.4% to 10.2 MEUR (Q1 2001: 9.5 MEUR). Its profitability, expressed as EBITDA margin, improved to 6.1% from 5.1% for the previous year's first quarter. EBITA increased 13.1%, to 6.9 MEUR (Q1 2001: 6.1 MEUR).

Order Intake for the reporting period was subdued and, at 154.4 MEUR, well below the level achieved for Q1 2001 (223.5 MEUR). However, compared to the Order Intake for the fourth quarter 2001 (103.1 MEUR), Order Intake was boosted by nearly 50%.

Chilean wood processing company Celulosa Arauco y Constitución S.A., one of the largest producers of market pulp with production sites in Chile and Argentina, entrusted the Andritz Pulp and Paper Business Area with the supply and construction of a complete woodyard, extensive chemical recovery systems and an evaporation plant for a greenfield kraft pulp mill in Valdivia/Chile. The overall contract volume for Andritz is approximately 50 MEUR.

Other important orders that the Business Area booked were: supply of twin-wire and screw presses as well as screens for brown-stock washing to Yanbin Shixian Bailu Paper, China; supply of Andritz pressure refiners and MDF components to various Chinese MDF producers by the Andritz Mechanical Pulp- ing Systems Division; and construction of a second RTS-TMP system in Solikamsk, Russia.

Rolling Mills and Strip Processing Lines

Market Development

The global market for carbon steel showed strong tendencies toward recovery during Q1 2002. In particular in March, steel prices increased, especially in the United States. The reasons for this are the production cuts by global steel producers and import restrictions in the USA, but also a slight increase in the demand, caused by the economic upswing. Major steel producers have announced that they will raise prices during the second quarter.

Stainless steel price increases have become reality as a result of strong demand, especially in China and the USA, and the lower inventories. Further increases are planned for the coming months. Project activity was noted to be increasing in China, which was the leading consumer of stainless steel in 2001.

Business Development

The Rolling Mills and Strip Processing Lines Business Area increased its Sales by 17.3% to 47.4 MEUR (Q1 2001: 40.4 MEUR). Its EBITDA increased 19.4% to 3.7 MEUR (Q1 2001: 3.1 MEUR), profitability to 7.8% (Q1 2001: 7.7%).

Order Intake during the reporting period was weaker, as had been expected. It was 28.3 MEUR, substantially below the level of Q1 2001. It must be noted, however, that the first quarter of the previous year was extremely strong because of a large-scale order. In addition, some of the projects were postponed to the second and third quarters in 2002. Yet, Q1 2002 Order Intake was 6.8% higher than for Q4 2001 (26.5 MEUR). This positive trend is expected to continue in the second quarter of 2002. Further acceleration of the Order Intake development is expected from today's viewpoint.

The following major orders were booked: Posco Korea ordered a Pyromars mixed acid regeneration system; Maanshan, China, a hydrochloric acid regeneration system; Baoxin Ningbo, China, ordered a rebuild of its entire stainless steel annealing and pickling line. Corus Staal, Netherlands, signed a contract for modernization of a slitting line; VAW, Germany, will receive a tension levelling line for aluminium strip.



Key Figures for the Rolling Mills and Strip Processing Lines Business Area

MEUR	Q1 2002	Q1 2001	Change	2001
Sales	47.4	40.4	+17.3%	167.4
Order Intake	28.3	83.1	-65.9%	196.3
Order Backlog	140.1	172.7	-18.9%	159.2
EBITDA	3.7	3.1	+19.4%	8.7
EBITDA Margin	7.8%	7.7%	-	5.2%
EBITA	3.0	2.6	+15.4%	6.1
EBITA Margin	6.3%	6.4%	-	3.7%



Environment and Process Technologies

Market Development

The market for equipment to treat municipal waste water and sludge continued its favorable development during Q1 2002. However, due to the latent difficult economic conditions, some single projects were deferred to the second quarter of year 2002. Especially in the US and Western Europe, there was brisk project activity; some capital investments in the United States are about to be awarded.

Business Development

The Sales by the Business Area decreased 17.2% from the previous year, to 24.5 MEUR (Q1 2001: 29.6 MEUR).

Earnings did not develop satisfactorily. On account of the lower Sales and worsened results for some major contracts, EBITDA declined significantly and amounted to 0.5 MEUR for Q1 2002 (Q1 2001: 2.7 MEUR).

Order Intake was nearly the same as during the first quarter of the previous year (31.4 MEUR versus 32.1 MEUR for Q1 2001).

To Papeterie de Voiron, Usine de Voreppe, Andritz will supply a drying plant that has been developed in-house. It is the first dryer order for a fibrous sludge system in France. The high quality of reference plants played a decisive role in this order award, as did the short delivery time of only 10 months that Andritz was able to grant.

Key Figures for the Environment and Process Technologies Business Area

MEUR	Q1 2002	Q1 2001	Change	2001
Sales	24.5	29.6	-17.2%	135.3
Order Intake	31.4	32.1	-2.2%	140.6
Order Backlog	107.2	98.7	+8.6%	99.7
EBITDA	0.5	2.7	-81.5%	9.0
EBITDA Margin	2.0%	9.1%	-	6.7%
EBITA	0.1	2.3	-95.7%	7.2
EBITA Margin	0.4%	7.8%	-	5.3%

Feed Technology

Market Development

During the first quarter of 2002, the international feed market remained at a low level, in step with the general economic development. In Asia, there was satisfactory project activity for expansion of existing production systems, and in Europe, a slight increase in project activity was noted. In contrast to this, the situation in North and South America remained difficult.

Business Development

Feed Technology Sales increased 5.1% from the previous year's first quarter to 27.0 MEUR (Q1 2001: 25.7 MEUR). Earnings and profitability were far better than during the comparable reporting period: the Business Area's EBITDA increased 55.6% to 1.4 MEUR (Q1 2001: 0.9 MEUR), its EBITDA margin thus rose from 3.5% to 5.2%. This is due to the restructuring measures introduced in 2001. Integration of UMT into the Business Area was continued as planned.

Order Intake was 27.6 MEUR and thus 4.5% below the previous year's first quarter (Q1 2001: 28.9 MEUR). The Business Area booked some important contracts for conventional feed plants from British and Scandinavian customers. In the special feed segment, the Business Area was awarded a contract for construction of an animal feed plant with very high capacity.



Key Figures for the Feed Technology Business Area

MEUR	Q1 2002	Q1 2001	Change	2001
Sales	27.0	25.7	+5.1%	107.0
Order Intake	27.6	28.9	-4.5%	112.6
Order Backlog	27.5	25.2	+9.1%	27.6
EBITDA	1.4	0.9	+55.6%	4.7
EBITDA Margin	5.2%	3.5%	-	4.4%
EBITA	0.7	0.0	n.sp.	0.9
EBITA Margin	2.6%	0.0%	-	0.9%

Other Operations / Hydraulic Machines

Market Development

Project activity in Asia, especially in China, remained high in the reporting period. There are some very promising projects for turbines and large-scale pumps. In Europe, the investment propensity of utility companies has been somewhat better.

The market for centrifugal pumps has remained attractive, especially so in China. With its 60:40 Joint Venture Andritz-Kenflo in Foshan, China, Andritz is well positioned in this region. It succeeded in extending its market leadership for stock pumps further.

Business Development

The Other Operations / Hydraulic Machines increased both Sales and Earnings. Sales soared 50.9% to 8.0 MEUR (Q1 2001: 5.3 MEUR), and EBITDA was 3.1 MEUR, 19.2% better than for the previous year's comparable period (Q1 2001: 2.6 MEUR).



Key Figures for Other Operations/Hydraulic Machines

MEUR	Q1 2002	Q1 2001	Change	2001
Sales	8.0	5.3	+50.9%	26.0
Order Intake	4.7	10.7	-56.1%	28.6
Order Backlog	19.3	25.5	-24.3%	22.6
EBITDA	3.1	2.6	+19.2%	2.3
EBITDA Margin	38.8%	49.1%	-	8.9%
EBITA	2.6	2.4	+8.3%	-0.1
EBITA Margin	32.5%	45.3%	-	n.sp.

Order Intake during Q1 2002 amounted to 4.7 MEUR, considerably below the value of orders obtained during the first quarter in 2001 (10.7 MEUR). This fact is mainly attributable to the receipt of two major orders booked during the first three months of 2001.

The first machine set was placed in operation on schedule at Großbraming hydropower station on the river Enns, Austria.

Outlook

As explained in the notes on the general economic situation and on the markets that are relevant for Andritz, the current forecasts give reason to expect an upswing of the world economy in the further course of 2002. Along with this, analysts also expect the relevant markets for Andritz to recover. The pulp market is forecast to pick up from the middle of the year at the latest, and the global steel market, whose turnaround came in Q1 2002, should continue this upward trend, as forecasters say.

On account of these forecasts and expectations, the Andritz Group believes that the project activity will rise over the course of 2002 so that this should be reflected in the Order Intake. It will depend on the timing of awards how much of these order values will be reflected in Sales and results. On the Earnings side, the cost saving and pre-emptive restructuring measures to increase profitability and competitiveness will be continued over the months to come.

Based on this economic framework and through utilization of the Group-wide restructuring steps that are planned for this year, the Andritz Group expects further satisfactory business development.

Interim Consolidated Statements of Income for the
three months ended March 31, 2002 and 2001 *(unaudited)*

	Q1/2002 <i>(in TEUR)</i>	Q1/2001 <i>(in TEUR)</i>
Sales	273,970	288,340
Changes in inventories of finished goods and work in progress	(3,025)	8,710
Capitalized cost of self-constructed assets	95	22
	271,040	297,072
Other operating income	2,534	5,944
Cost of materials	(143,997)	(162,541)
Personnel expenses	(70,778)	(71,024)
Other operating expenses	(39,919)	(50,638)
Earnings before interest, taxes, depreciation and amortization (EBITDA)	18,880	18,813
Depreciation and amortization (without amortization of goodwill)	(5,538)	(5,446)
Earnings before interest, taxes and amortization of goodwill (EBITA)	13,342	13,367
Amortization of goodwill	(3,372)	(3,278)
Earnings before interest and taxes (EBIT)	9,970	10,089
Income/expense from associated companies	(18)	30
Interest results	155	777
Other income/expenses from financing activities	(89)	(147)
Financial results	48	660
Earnings before taxes (EBT)	10,018	10,749
Income taxes	(4,284)	(4,075)
Net Income	5,734	6,674
Share of profit/loss due to minority interests	(327)	(389)
Net Income excluding minority interests	5,407	6,285
Earnings per no-par value share (in EUR)	0.42	0.59
Weighted average number of no-par value shares	13,000,000	10,666,667

Consolidated Balance Sheets as at
March 31, 2002 and December 31, 2001 *(unaudited)*

	31.03.2002 <i>(in TEUR)</i>	31.12.2001 <i>(in TEUR)</i>
Assets		
Intangible assets	5,374	5,908
Goodwill	145,178	147,982
Property, plant and equipment	124,893	126,775
Shares in associated companies	2,985	3,276
Other financial assets	11,401	11,572
Fixed and financial assets	289,831	295,513
Deferred tax assets	22,910	21,114
Inventories	119,190	118,134
Advance payments made	22,613	25,287
Trade accounts receivable	184,740	212,945
Cost and earnings of projects under construction in excess of billings	101,661	99,392
Other receivables	38,028	34,204
Prepayments and deferred charges	12,557	9,393
Marketable securities	8,257	7,908
Cash and cash equivalents	101,119	117,835
Current assets	588,165	625,098
Total Assets	900,906	941,725
Shareholders' Equity and Liabilities		
Share capital	94,510	94,510
Capital reserves	45,966	45,966
Retained earnings	99,401	89,854
Shareholders' equity	239,877	230,330
Minority interests	9,683	9,345
Provisions for severance payments	22,407	23,468
Provisions for pensions	14,574	14,424
Other provisions	140,230	140,552
Provisions	177,211	178,444
Liabilities for deferred taxes	37,015	39,605
Non-current interest bearing borrowings	2,054	976
Interest bearing borrowings	52,549	47,494
Trade accounts payable	121,885	142,379
Billings in excess of cost and earnings of projects under construction	84,651	94,823
Advance payments received	61,209	73,618
Liabilities for current taxes	2,874	3,540
Other liabilities	111,898	121,171
Liabilities	437,120	484,001
Total Shareholders' Equity and Liabilities	909,906	941,725

Interim Consolidated Statement of Shareholders' Equity *(unaudited)*

<i>(in TEUR)</i>	Share capital	Capital reserves	Retained earnings	Currency translation adjustment	Total
Status as at 1 January 2002	94,510	45,966	69,176	20,678	230,330
Net income excl. minority interests			5,407		5,407
Currency translation adjustments				3,885	3,885
Other changes			255		255
Status as at 31 March 2002	94,510	45,966	74,838	24,563	239,877

Interim Consolidated Cash Flow Statement for the First Quarter of 2002 and 2001 *(unaudited)*

	Q1/2002 <i>(in TEUR)</i>	Q1/2001 <i>(in TEUR)</i>
Cash flow from operating activities	(19,965)	9,614
Cash flow from investing activities	(2,517)	(3,683)
Cash flow from financing activities	6,115	3,867
Change in cash and cash equivalents	(16,367)	9,798
Cash and cash equivalents at the beginning of the period	125,743	135,308
Cash and cash equivalents at the end of the period	109,376	145,106

Andritz Shares

Financial Calendar 2002:
First Half 2002: 8 August 2002
First three Quarters 2002: 7 November 2002

Development of the Share Price

The Andritz Share price developed very favorably during the first quarter of 2002. With a price increase of 18.1%, the ATX (+13.8%) was outperformed considerably during that period. Especially after publishing the results for the full year 2001 on March 14, 2002, which had been above analysts' expectations, there was a strong demand for Andritz shares, in particular from institutional investors in Germany and Great Britain.

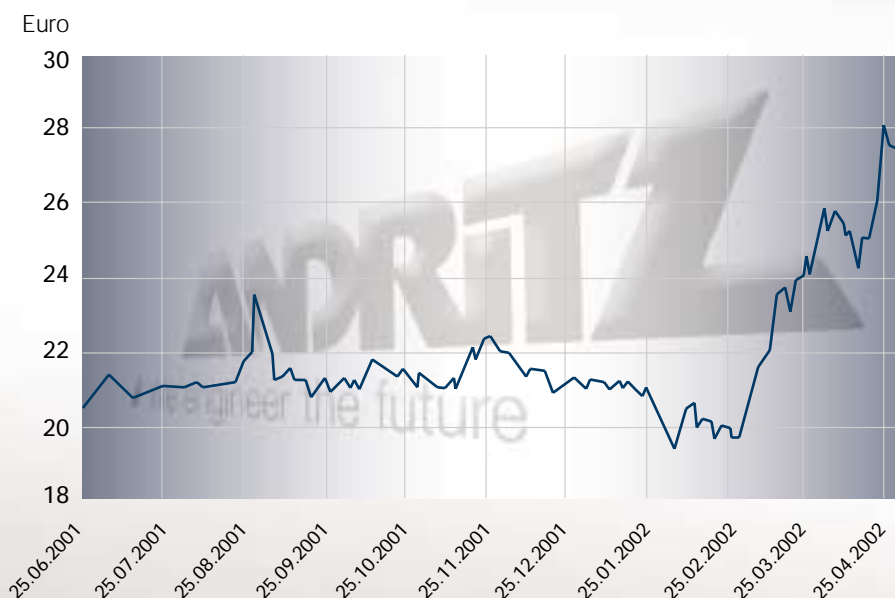
The highest closing price during the reporting period was 24.80 Euros (March 28, 2002). The lowest closing price was recorded on February 4, 2002 (19.40 Euros).

Trading Volume

The average daily trading volume was 15,827 Andritz shares, with a value of 351,507 Euros. The highest turnover was 194,396 shares (March 15, 2002), the lowest 184 shares (January 15, 2002).

The following investment firms publish research reports and updates on Andritz on a regular basis: Deutsche Bank, ERSTE Bank, RCB and BA/CA.

Share Price Performance of the Andritz Shares since IPO



Key Figures for Andritz Shares

Security Identification Number	AT 000 0730007
ISIN Code	073000
First Listing Day	June 25, 2001
Types of Shares	no-par value shares, bearer shares
Number of Shares	13 million
Free Float	approx. 16%
Stock Exchange	Vienna (<i>Prime Market</i>), Frankfurt (<i>Unofficial Market</i>)
Ticker Symbols	Reuters: ANDR.VI Bloomberg: ANDR,AV
Stock Exchange Indices	ATX; WBI
ATX Weighting	approx. 0.85%
Free Float Factor	0.25

Information on Andritz Shares

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