



First Quarter of 2004

**ANDRITZ**

## GENERAL ECONOMIC CONDITIONS

The global economy showed a varied development during the First Quarter of 2004.

In the US, the economy continued its upward trend noted since the Second Half of 2003, with all major economic indicators signalling a robust and sustained improvement in the economy. Growth is primarily based on corporate capital expenditure programs, which experienced a big jump during the reporting period, however mostly outside the industries served by Andritz. In March 2004, US payrolls grew at the fastest pace in nearly four years, with 308,000 new jobs created. Leading economic researchers expect the US Gross National Product (GNP) to grow by more than 4% in 2004.

In contrast to the US, economic activities in Euroland remained very subdued. The strength of the Euro against the US dollar, which affects the competitive position of the European exporting industry, as well as continued weak domestic demand are the major economic burdens. Economic researchers estimate Euroland's GNP for 2004 to increase by only 1.5%.

Sources: OECD, WIFO, OeNB, RZB, BA-CA, OEVAG

## BUSINESS DEVELOPMENT IN THE FIRST QUARTER OF 2004

### Strong increase in Sales

Sales of the Andritz Group in the First Quarter of 2004 developed very favorably. At 331.8 MEUR, they exceeded last year's reference Quarter (Q1 2003: 250.3 MEUR) by 32.6%. In particular, the Pulp and Paper, Rolling Mills and Strip Processing Lines and the Environment and Process Business Areas achieved significant Sales increases compared to the reference period of last year. This was mainly due to a higher level of work-in-progress for some major projects. In addition, Fiedler (acquired in September 2003) and Bird Machine (acquired in January 2004) added approx. 22 MEUR to Group Sales in Q1 2004. Both companies were not included in the consolidated financial statements of the reference Quarter last year.

### Order Intake above previous year's reference Quarter

Order Intake of the Group amounted to 369.6 MEUR for the period under review, surpassing the value of the previous year's reference Quarter by 5.3% (Q1 2003: 351.0 MEUR). Compared to the preceding Quarter (Q4 2003: 304.0 MEUR), Order Intake of the Group increased by 21.6%. Order Intake of Fiedler and Bird Machine amounted to approx. 36.5 MEUR.

## IN BRIEF

- Improving global economic conditions
- Order Intake, Order Backlog, Sales and Net Income above previous year's reference Quarter
- High net liquidity

While the Pulp and Paper, Environment and Process and Hydraulic Machines Business Areas succeeded in increasing the Order Intake compared to the reference Quarter of last year, Order Intake of the Rolling Mills and Strip Processing Lines Business Area was significantly down compared to Q1 2003 (from 110.6 MEUR in Q1 2003 to 35.1 MEUR in Q1 2004). This was due to the receipt of a large order of approx. 90 MEUR in Q1 2003. Market activity in China is still at a brisk level. As a consequence, Order Intake of the Rolling Mills and Strip Processing Lines Business Area in Q2 2004 is expected to be significantly up compared to Q1 2004.

Order Backlog as of 31.3.2004 amounted to 1,110.7 MEUR, 10.6% above the level for the previous year's reference date (31.3.2003: 1,004.7 MEUR). Compared to 31.12.2003 (1,053.6 MEUR), Order Backlog was up by 5.4%. This provides a solid base for the Sales and Earnings development for the coming months.

### Increase in Earnings

As a consequence of Sales growth and ongoing cost optimization programs, Earnings Before Interest, Tax, Depreciation, and Amortization of Goodwill (EBITDA) increased to 22.5 MEUR during the period under review, 37.2% above the previous year's reference Quarter (Q1 2003: 16.4 MEUR). EBITA surged from 11.1 MEUR in Q1 2003 to 17.1 MEUR in Q1 2004. Profitability (EBITA margin) improved to 5.2% (Q1 2003: 4.4%).

Earnings Before Interest and Taxes (EBIT) increased to 13.6 MEUR (Q1 2003: 7.6 MEUR).

Net Income excluding minority interests amounted to 8.0 MEUR, almost double the reference Quarter of last year (Q1 2003: 4.1 MEUR).

### Net worth position and capital structure

The net worth position and capital structure as of 31.3.2004 showed no major changes compared to 31.12.2003.

Net liquidity (interest bearing financial liabilities minus cash and cash equivalents) as of 31.3.2004 amounted to 99.8 MEUR, an increase of 81.5% compared to 31.12.2003 (55.0 MEUR). At 22.0%, the equity ratio was lower compared to the key date of the previous Quarter (24.0% as at 31.12.2003). This is mainly due to the dividend payment for the financial year 2003 (12.9 MEUR).

### Effects from changes in exchange rates

The strength of the Euro against the US dollar reduced Sales by approx. 8 MEUR, Order Intake by approx. 11 MEUR and EBITA by approx. 0.2 MEUR due to translation.

## OUTLOOK

Leading economic researchers predict a further revival of global economic activities in the course of 2004. In particular, the US is expected to continue its strong economic development shown in the previous quarters. The economy of Euroland should also revive, but much more subdued compared to the US.

Given this economic framework, the relevant Andritz markets – pulp, paper, and steel – should develop sat-

isfactorily in 2004 with increasing project activity in the course of the year. Projects in the pulp and paper area are expected to be focused in the southern hemisphere and Asia, where several greenfield and modernization projects are currently being evaluated. Market activities in Europe and North America are expected to remain modest.

In the area of Rolling Mills and Strip Processing Lines, investment activities – although below the very high level of last year - should continue in China. For Environment and Process, the integration of Bird Machine should offer attractive opportunities for growth.

Based on this relatively positive economic outlook and the high Order Backlog at the end of March 2004, Andritz expects Group Sales and Net Income for 2004 to increase compared to last year.

### Disclaimer

Certain statements contained in this report constitute "forward-looking statements." These statements, which contain the words "believe", "intend", "expect" and words of similar meaning, reflect Management's beliefs and expectations and are subject to risks and uncertainties that may cause actual results to differ materially. As a result, readers are cautioned not to place undue reliance on such forward-looking statements. The Company disclaims any obligation to publicly announce the result of any revisions to the forward-looking statements made herein, except where it would be required to do so under applicable law.

## KEY FIGURES FOR THE FIRST QUARTER OF 2004 (IAS)

MEUR	Q1 2004	Q1 2003	Change	2003
<b>Sales</b>	<b>331.8</b>	250.3	+32.6%	1,225.0
<b>Order Intake</b>	<b>369.6</b>	351.0	+5.3%	1,394.4
<b>Order Backlog</b> (as of end of period)	<b>1,110.7</b>	1,004.7	+10.6%	1,053.6
<b>EBITDA<sup>1)</sup></b>	<b>22.5</b>	16.4	+37.2%	84.4
<b>EBITDA Margin</b>	<b>6.8%</b>	6.6%	-	6.9%
<b>EBITA<sup>2)</sup></b>	<b>17.1</b>	11.1	+54.1%	63.1
<b>EBITA Margin</b>	<b>5.2%</b>	4.4%	-	5.2%
<b>Earnings before Interest and Taxes (EBIT)</b>	<b>13.6</b>	7.6	+78.9%	48.9
<b>Earnings before Taxes</b>	<b>13.6</b>	8.0	+70.0%	49.3
<b>Net Income excl. Minority Interests</b>	<b>8.0</b>	4.1	+95.1%	29.1
<b>Cash flow from Operating Activities</b>	<b>51.6</b>	20.4	+152.9%	4.6
<b>Capital Expenditure<sup>3)</sup></b>	<b>2.5</b>	2.4	+4.2%	20.5
<b>Employees</b> (as of end of period)	<b>5,008</b>	4,545	+10.2%	4,771

1) EBITDA: Earnings before Interest, Tax, Depreciation, and Amortization of Goodwill

2) EBITA: Earnings before Interest, Tax and Amortization of Goodwill

3) Additions to tangible and intangible assets

## PULP AND PAPER

### KEY FIGURES (IAS)

MEUR	Q1 2004	Q1 2003	Change	2003
<b>Sales</b>	<b>209.8</b>	159.6	+31.5%	810.3
<b>Order Intake</b>	<b>243.3</b>	178.4	+36.4%	857.3
<b>Order Backlog</b> as of end of period	<b>644.0</b>	598.7	+7.6%	622.7
<b>EBITDA</b>	<b>15.4</b>	12.4	+24.2%	63.9
<b>EBITDA Margin</b>	<b>7.3%</b>	7.8%	-	7.9%
<b>EBITA</b>	<b>12.2</b>	9.1	+34.1%	49.1
<b>EBITA Margin</b>	<b>5.8%</b>	5.7%	-	6.1%

### MARKET DEVELOPMENT

The international pulp market showed a favorable development during the First Quarter of 2004. As a result of increasing demand, the price for NBSK (Northern Bleached Softwood Kraft) pulp rose from approx. 560 USD at the beginning of January to approx. 610 USD at the end of March. Following initial price increases in February, Scandinavian and American pulp producers announced further increases for the coming months. This is particularly important for European and Canadian pulp producers, who are suffering from the strength of the Euro and of the Canadian Dollar versus the US dollar.

The price for short fiber pulp (eucalyptus) also improved during the reporting period. However, as a result of strong supply, price increases did not match those for NBSK. Project activity remained at a satisfactory level.

### BUSINESS DEVELOPMENT

As a result of higher work-in-progress and growth in the service business, Sales of the Business Area during the First Quarter increased by 31.5% to 209.8 MEUR (Q1 2003: 159.6 MEUR).

Earnings Before Interest, Tax, Depreciation, and Amortization of Goodwill (EBITDA) also progressed favorably. At 15.4 MEUR, EBITDA exceeded the level for the previous year's First Quarter (Q1 2003: 12.4 MEUR) by 24.2%. However, due to the processing of some large orders, which typically have lower margins, profitability expressed as EBITDA margin decreased to 7.3% (Q1 2003: 7.8%).

The woodyard, evaporation plant, recausticizing plant and lime kiln for Arauco, Valdivia in Chile were successfully started up in March.

The integration of Fiedler GmbH & Co. KG, which was acquired by Andritz in September 2003, is progressing well. Order Intake of Fiedler in Q1 2004 increased by more than 10% compared to the previous Quarter; profitability is improving as a result of ongoing restructuring measures. This acquisition makes Andritz one of the leading global suppliers of screen baskets.

Order Intake developed very satisfactorily, rising to 243.3 MEUR and topping the level of the reference quarter (Q1 2003: 178.4 MEUR) by 36.4%. Almost every Division of the Business Area was able to increase its Order Intake compared to the reference period of last year.

### MAJOR ORDERS

- The Wood Processing Division received a significant order from JSC Arkhangelsk Pulp and Paper Mill in Russia for a complete woodroom and chip handling system. The other major orders for Wood Processing were a woodyard crane order in the US and rebuilds in Canada. Also, modernization and equipment orders were booked from Brazil and Japan.
- In North America, the Fiberline Division sold a four-stage DD Washer to a Weyerhaeuser mill in Wisconsin and a Lo-Solids® Cooking upgrade for a digester to another major customer. In China, the Division sold a screening system to Shandong Zhanhua Jingbo.
- In the chemical recovery area, the Recovery Division received an order for a new recovery boiler for Portucel's Cacia mill in Portugal. The capacity of the boiler is 1,300 tons dry solids per day and it will replace two older, smaller boilers. Andritz is in the process of erecting a new recovery boiler for Soporcel, also a member of the Portucel group.
- The Chemical Systems Division booked an order from a renowned customer for a complete lime kiln system in Canada. The Division was also chosen to deliver two X-Filters for green liquor filtration to Södra Cell's Mörrum mill in Sweden.
- The Pulp Mill Services Division received significant orders for recovery boiler modernizations from SCA Packaging, Sweden, and Kappa Packaging, Slovakia. Also, the Division received several significant orders for the newly developed HQ Plus™ chipper knife system from Sappi in North America and Stora Enso in Finland.
- As a result of its excellent reputation in the Chinese MDF market, Andritz received four additional orders from Chinese MDF producers in the First Quarter.

■ The Mechanical Pulping Systems Division received a contract to supply key equipment for M-real's new BCTMP mill to be built in Kaskinen, Finland. The scope of supply includes systems for chip impregnation, bleaching, washing, dewatering, and a complete drying line. In addition, two new P-RC APMP plants were sold to China, one for Jiaozuo and one for Ningxia Meili.

■ An upgrade to the world's largest pulp drying line at a pulp mill currently under construction in Hainan, China, has been ordered by the mill to increase production from 3,000 to 3,250 tons per day.

■ The Fiber Preparation Systems Division recorded orders for two new FibreFlow® Drum pulpers. The pulpers will be delivered to Dai Han Paper in Korea and UPM-Kymmene in Finland. This makes a total of 140 FibreFlow® Drums sold to date and nine units within the last year.

■ The Tissue Machines Division received an order for a complete new tissue machine and stock preparation system from Changde Hengan Paper in Hunan Province, China. This is the third consecutive tissue machine installation by Andritz at Changde Hengan.

■ The Division also received an order from Procter & Gamble in Germany for modernization of their PM2 tissue machine. This will include a new headbox and a speed-increasing package for the wet end of the machine. A dust removal system from Andritz will also be installed.

## ROLLING MILLS AND STRIP PROCESSING LINES

### KEY FIGURES (IAS)

MEUR	Q1 2004	Q1 2003	Change	2003
<b>Sales</b>	<b>53.7</b>	39.2	+37.0%	173.1
<b>Order Intake</b>	<b>35.1</b>	110.6	-68.3%	287.6
<b>Order Backlog</b> as of end of period	<b>246.6</b>	234.9	+5.0%	265.4
<b>EBITDA</b>	<b>3.4</b>	0.6	+466.7%	6.6
<b>EBITDA Margin</b>	<b>6.3%</b>	1.5%	-	3.8%
<b>EBITA</b>	<b>2.9</b>	0.1	+2,800.0%	4.4
<b>EBITA Margin</b>	<b>5.4%</b>	0.3%	-	2.5%

### MARKET DEVELOPMENT

Demand for steel and stainless steel products continued to grow during the First Quarter of 2004 due to strong consumption in China. Prices for cold rolled steel and stainless products increased strongly in almost all major markets during the reporting period. International stainless steel producers indicated further price increases for the coming months. Capacity utilization rates are still on the rise although global production capacity continues to increase quite strongly in 2004.

Project activity concentrated mainly on China, where several big projects are in the evaluation phase. Project awards are expected for the upcoming months. No large projects were awarded in North America, and only selective investments were made in Europe.

### BUSINESS DEVELOPMENT

Sales of the Business Area during the First Quarter of 2004 amounted to 53.7 MEUR. This is an increase of 37.0% compared to the reference Quarter of last year (Q1 2003: 39.2 MEUR), mainly due to higher work-in-progress for many projects.

EBITDA also progressed very favorably. At 3.4 MEUR, it increased significantly compared to the low level of the reference Quarter of last year (Q1 2003: 0.6 MEUR), which was affected by a temporary capacity under-utilization in one of the Business Area's product segments.

Order Intake of the First Quarter of 2004 amounted to 35.1 MEUR, which is significantly lower than the reference value of the First Quarter in 2003 (110.6 MEUR). The major reason for this is the receipt of a very large order from ThyssenKrupp Stainless in the reference Quarter of last year. Due to ongoing high project activity in China, Order Intake for Q2 2004 is expected to be significantly up compared to Q1 2004.

### MAJOR ORDERS

■ The Business Area received several orders from different Chinese customers for acid regeneration plants and a push pull pickling line. Abul Kahir in India placed an order for an acid regeneration plant.

■ Hainan Automobile Manufacturing Comp. ordered a cut-to-length line including levelling and stacker for the processing of steel sheets used for automotive applications.

■ Andritz Selas in France received two orders from Corus, UK, to revamp hot dip galvanizing lines. These are important reference orders for Andritz Selas, enabling it to further strengthen its competitive profile in the market.

■ The services business showed a very pleasing development. The Business Area obtained several orders for shape meter rolls and spare parts.

## ENVIRONMENT AND PROCESS

### KEY FIGURES (IAS)

MEUR	Q1 2004	Q1 2003	Change	2003
<b>Sales</b>	<b>39.6</b>	21.8	+81.7%	110.4
<b>Order Intake</b>	<b>57.1</b>	26.5	+115.5%	110.2
<b>Order Backlog</b> as of end of period	<b>163.4</b>	121.5	+34.5%	113.8
<b>EBITDA</b>	<b>0.9</b>	0.1	+800.0%	3.3
<b>EBITDA Margin</b>	<b>2.3%</b>	0.5%	-	3.0%
<b>EBITA</b>	<b>0.4</b>	-0.4	+200.0%	1.5
<b>EBITA Margin</b>	<b>1.0%</b>	-1.8%	-	1.4%

### MARKET DEVELOPMENT

The market for sewage sludge dewatering and thickening equipment showed a slightly positive development during the First Quarter of 2004, with several projects awarded. However, in the area of sludge drying, the market activities remained very moderate. For 2004, market outlook remains cautious, although increasing project activity could be expected in the course of the year. Market growth is particularly high in the area of industrial process engineering, and especially in mineral processing.

### BUSINESS DEVELOPMENT

The Business Area's Sales of the First Quarter of 2004 increased to 39.6 MEUR, almost double the reference Quarter of last year (Q1 2003: 21.8 MEUR). The first-time consolidation of Bird Machine (acquired in January 2004) and the higher work-in-progress for some major projects are the main factors for this significant improvement.

The Business Area's EBITDA also improved to 0.9 MEUR (Q1 2003: 0.1 MEUR). Although profitability (EBITDA margin) went up from 0.5% in Q1 2003 to 2.3% in Q1 2004, it is still at a low level. This is due to the acquisition of Bird Machine, which showed - as planned - a break-even result during the reporting period.

Order Intake of the First Quarter of 2004 amounted to 57.1 MEUR, more than double the amount in Q1 2003 (26.5 MEUR). This is mainly due to the consolidation of Bird Machine, which was not included in last year's figures.

### MAJOR ORDERS

■ In the area of equipment for municipal sewage and sludge treatment, the Business Area secured several orders for decanter centrifuges, including deliveries for Hong Kong and for The Hague, the Netherlands. Also, the industrial process equipment sector developed favorably with several orders.

■ In the mining area, the Business Area received several orders for big decanters from Iran, Ukraine and the Czech Republic.

■ Another order for the newly developed belt dryer was secured from Spain. In the US, a DDS drum dryer was sold to the city of Cary, North Carolina. From Russia, the Business Area received an order for a hyperbaric pressure filter unit for dewatering copper concentrate.

## FEED TECHNOLOGY

### KEY FIGURES (IAS)

MEUR	Q1 2004	Q1 2003	Change	2003
<b>Sales</b>	<b>22.3</b>	22.2	+0.5%	99.2
<b>Order Intake</b>	<b>26.8</b>	30.3	-11.6%	102.0
<b>Order Backlog</b> as of end of period	<b>28.8</b>	30.6	-5.9%	24.5
<b>EBITDA</b>	<b>0.7</b>	0.6	+16.7%	7.4
<b>EBITDA Margin</b>	<b>3.1%</b>	2.7%	-	7.5%
<b>EBITA</b>	<b>-0.1</b>	0.0	n.sp.	4.8
<b>EBITA Margin</b>	<b>-0.4%</b>	0.0%	-	4.8%

## MARKET DEVELOPMENT

During the First Quarter of 2004 the global market for animal feed continued its moderate development of the previous quarters.

The market for conventional animal feed (mixed feed) showed satisfactory project activity in Europe and South America. The activity level in Asia was affected by the avian flu and related effects on feed producers. The investment activity for special feed mills was high in Europe and again on the rise in South America.

The market for wood pelleting equipment continued on a satisfactory level in Northern and Eastern Europe and North America. The market for waste and recycling pelleting equipment in Europe also showed reasonable activity.

## BUSINESS DEVELOPMENT

As a result of the moderate market development, especially in North America, Sales of the Feed Technology Business Area during the First Quarter of 2004 were almost unchanged compared to the reference period of last year (22.3 MEUR in Q1 2004 vs. 22.2 MEUR in Q1 2003). Excluding exchange rate effects, Sales of the Business Area would have been up by approx. 3.6%.

At 0.7 MEUR, EBITDA was slightly up compared to Q1 2003 (0.6 MEUR).

Order Intake was influenced by weakness of the extrusion market and a relatively poor development in Asia due to the avian flu. Compared to Q1 2003 (30.3 MEUR), it decreased by 11.6% to 26.8 MEUR for the period under review. Excluding exchange rate effects, Order Intake would have been down by 8.6%.

## MAJOR ORDERS

The Business Area succeeded in obtaining a number of orders for biofuel production systems in North America and a large order from Northern Europe. In the area of special feed, contracts for larger systems were booked from Eastern Europe and the Mediterranean region. Several process plant optimization projects will be carried out for large European salmon feed producers.

## HYDRAULIC MACHINES / OTHER OPERATIONS

### KEY FIGURES (IAS)

MEUR	Q1 2004	Q1 2003	Change	2003
<b>Sales</b>	<b>6.4</b>	7.5	-14.7%	32.0
<b>Order Intake</b>	<b>7.3</b>	5.2	+40.4%	37.3
<b>Order Backlog</b> as of end of period	<b>27.9</b>	19.0	+46.8%	27.2
<b>EBITDA</b>	<b>2.1</b>	2.7	-22.2%	3.2
<b>EBITDA Margin</b>	<b>32.8%</b>	36.0%	-	10.0%
<b>EBITA</b>	<b>1.7</b>	2.3	-26.1%	3.3
<b>EBITA Margin</b>	<b>26.6%</b>	30.7%	-	10.3%

## MARKET DEVELOPMENT

In the First Quarter of 2004, the strong project activity in the area of turbines and large-scale pumps continued in Asia, especially in China. Investments by the European power generation industry have increased considerably, not only for rebuilds and modernizations, but also for new plants.

In China, the market for stock pumps for pulp and paper applications continued to be very active. With two companies in Foshan, Andritz further strengthened its clear market leadership in this area.

## BUSINESS DEVELOPMENT

Sales of the Hydraulic Machines Business Area decreased to 6.4 MEUR (Q1 2003: 7.5 MEUR), and EBITDA amounted to 2.1 MEUR, compared to 2.7 MEUR for Q1 2003.

A total of five hydropower station projects in China are in various phases of engineering, manufacture, and order processing. Two Pelton runners that were manufactured with a fabrication process used for the first time in Austria will soon be delivered for the rehabilitation of an Austrian hydropower station. A large-scale revision of the machine sets in a pump storage plant was completed for E.ON in Germany.

At 7.3 MEUR, Order Intake during the First Quarter of 2004 increased significantly compared to Q1 2003 (5.2 MEUR). This is mainly due to the strong development of the Andritz-Kenflo joint venture in China as well as several large orders in the turbine business.

Jass paper mill in Schwarza, Germany, ordered over 100 pumps.

# INTERIM CONSOLIDATED STATEMENT OF INCOME

FOR THE FIRST QUARTERS OF 2004 AND 2003 (UNAUDITED)

(in TEUR)	Q1 2004	Q1 2003
<b>Sales</b>	<b>331,774</b>	<b>250,302</b>
Changes in inventories of finished goods and work in progress	11,248	8,339
Capitalized cost of self-constructed assets	177	60
	<b>343,199</b>	<b>258,701</b>
Other operating income	6,049	3,360
Cost of materials	(203,021)	(140,203)
Personnel expenses	(78,247)	(72,522)
Other operating expenses	(45,518)	(32,967)
<b>Earnings before interest, taxes, depreciation, and amortization of goodwill (EBITDA)</b>	<b>22,462</b>	<b>16,369</b>
Depreciation and amortization (without amortization of goodwill)	(5,352)	(5,293)
<b>Earnings before interest, taxes and amortization of goodwill (EBITA)</b>	<b>17,110</b>	<b>11,076</b>
Amortization of goodwill	(3,511)	(3,467)
<b>Earnings before interest and taxes (EBIT)</b>	<b>13,599</b>	<b>7,609</b>
Income/expenses from associated companies	(161)	(237)
Interest results	(254)	739
Other income/expenses from financing activities	391	(154)
<b>Financial results</b>	<b>(24)</b>	<b>348</b>
<b>Earnings before taxes (EBT)</b>	<b>13,575</b>	<b>7,957</b>
Income taxes	(5,289)	(3,499)
<b>Net income</b>	<b>8,286</b>	<b>4,458</b>
Share of profit/loss due to minority interests	(295)	(323)
<b>Net income excluding minority interests</b>	<b>7,991</b>	<b>4,135</b>
Earnings per non par value share (in EUR)	0.62	0.32
Weighted average number of non par value shares	12,889,002	12,886,746

# CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2004 (UNAUDITED) AND 31 DECEMBER 2003

(in TEUR)	31.3.2004	31.12.2003
<b>Assets</b>		
Intangible assets	4,597	4,921
Goodwill	120,313	122,785
Property, plant and equipment	125,357	127,165
Shares in associated companies	2,842	3,022
Investments	2,448	2,340
<b>Fixed and financial assets</b>	<b>255,557</b>	<b>260,233</b>
<b>Deferred tax assets</b>	<b>17,443</b>	<b>18,876</b>
Inventories	133,437	107,714
Advance payments made	27,538	17,334
Trade accounts receivable	188,010	216,702
Cost and earnings of projects under construction in excess of billings	117,399	107,738
Other receivables	70,620	60,510
Prepayments and deferred charges	6,027	4,224
Marketable securities	41,247	52,705
Cash and cash equivalents	178,396	120,876
<b>Current assets</b>	<b>762,674</b>	<b>687,803</b>
<b>Total assets</b>	<b>1,035,674</b>	<b>966,912</b>
<b>Shareholders' equity and liabilities</b>		
Share capital	94,510	94,510
Capital reserves	45,966	45,966
Retained earnings	86,965	92,008
<b>Shareholders' equity</b>	<b>227,441</b>	<b>232,484</b>
<b>Minority interests</b>	<b>6,940</b>	<b>6,616</b>
Bonds	100,000	100,000
Bank loans - non current	5,455	4,486
Provisions - non current	76,017	72,969
Obligation under finance leases - non current	831	919
<b>Non-current liabilities</b>	<b>182,303</b>	<b>178,374</b>
<b>Liabilities for deferred taxes</b>	<b>51,614</b>	<b>50,546</b>
Bank loans - current	13,115	11,104
Obligation under finance leases - current	431	484
Bills of exchange	0	1,550
Trade accounts payable	123,495	104,580
Billings in excess of cost and earnings of projects under construction	117,011	107,399
Advance payments received	46,495	30,765
Provisions - current	83,364	77,459
Liabilities for current taxes	12,647	16,670
Other current liabilities	170,818	148,881
<b>Current Liabilities</b>	<b>567,376</b>	<b>498,892</b>
<b>Total Shareholders' equity and liabilities</b>	<b>1,035,674</b>	<b>966,912</b>

# DEVELOPMENT OF SHAREHOLDERS' EQUITY

(UNAUDITED)

(in TEUR)	Share capital	Capital reserves	Retained earnings	Currency translation adjustments	Total
<b>Status as at 1 January 2003</b>	<b>94,510</b>	<b>45,966</b>	<b>92,518</b>	<b>(10,057)</b>	<b>222,937</b>
Net income excluding minority interests			4,135		4,135
Currency translation adjustments				(3,459)	(3,459)
Acquisition of own shares			(2,080)		(2,080)
Changes to IAS 39 reserve			1,271		1,271
<b>Status as at 31 March 2003</b>	<b>94,510</b>	<b>45,966</b>	<b>95,844</b>	<b>(13,516)</b>	<b>222,804</b>
<b>Status as at 1 January 2004</b>	<b>94,510</b>	<b>45,966</b>	<b>119,682</b>	<b>(27,674)</b>	<b>232,484</b>
Net income excluding minority interests			7,991		7,991
Dividend payments			(12,889)		(12,889)
Currency translation adjustments				3,571	3,571
Changes to IAS 39 reserve			(3,716)		(3,716)
<b>Status as at 31 March 2004</b>	<b>94,510</b>	<b>45,966</b>	<b>111,068</b>	<b>(24,103)</b>	<b>227,441</b>

# INTERIM CONSOLIDATED CASH FLOW STATEMENT

FOR THE FIRST QUARTERS OF 2004 AND 2003 (UNAUDITED)

	Q1 2004	Q1 2003
Cash flow from operating activities	51,578	20,374
Cash flow from investing activities	4,653	3,470
Cash flow from financing activities	1,289	(499)
Change in cash and cash equivalents	57,520	23,345
Cash and cash equivalents at the beginning of the period <sup>1)</sup>	120,876	188,129
Cash and cash equivalents at the end of the period <sup>1)</sup>	178,396	211,474

<sup>1)</sup> Payments for short-term financial investments were reclassified from Cash and Cash Equivalents.

## ANDRITZ SHARES

### Share price development

During the First Quarter of 2004, the Andritz share price increased 2.3%. With this development, the Andritz share under-performed the ATX, which increased by 19.0% in the same period. In this context it is worth mentioning that in 2003 the Andritz share - with an increase of 65.0% - developed significantly better than the ATX (+34.5% during the same period).

The highest closing price of the Andritz share during the reporting period was 39.90 Euros (February 16, 2004), and the lowest was 35.00 Euros (January 8, 2004).

### Trading volume

The average daily trading volume during the First Quarter of 2004 was approx. 72,300 shares (Q1 2003: approx. 10,446 shares).

The highest daily trading volume was noted on February 4, 2004 (305,806 shares), the lowest trading volume was 11,580 shares (March 30, 2004).

Source: Vienna Stock Exchange

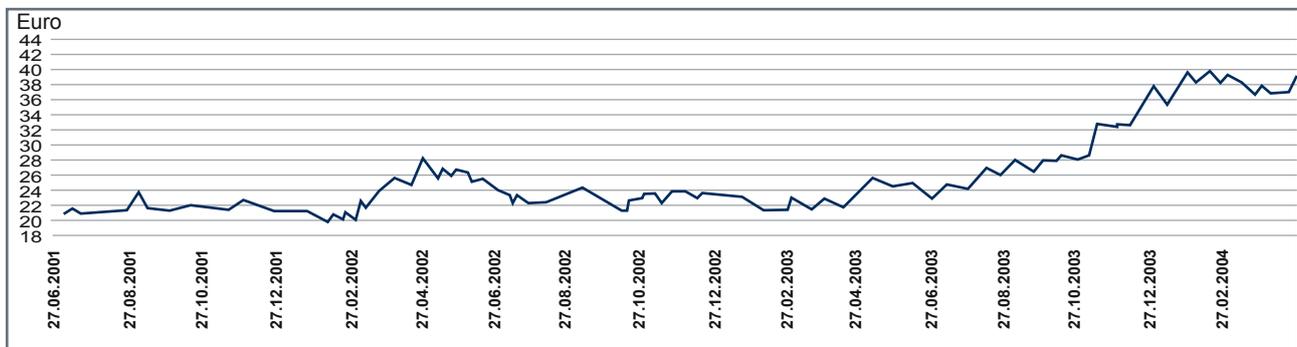
### Share buy-back/sale program

On March 30, 2004 the Annual General Meeting of Shareholders authorized the Managing Board to buy back and to sell up to 10% of Andritz AG's total shares. Authorization was given for a period of 18 months from the resolution. The maximum price for buy-back shares was fixed at 30% above the average, unweighted closing price of the share over the 10 trading days preceding the buy-back. The minimum price was fixed at 10.0 Euros per share.

### Share option program

A share option program for members of the Managing Board and other executives of the Andritz Group was approved. The program models option programs used by other international companies and aims at a long-term sustainable increase in shareholder value and staff commitment. Exercise of the share options is contingent on a certain share price increase as well as a certain improvement of earnings per share. The periods of exercise are between May 1, 2006, and April 30, 2008.

## SHARE PRICE PERFORMANCE OF THE ANDRITZ SHARES SINCE THE IPO



## KEY FIGURES FOR ANDRITZ SHARES

	Q1 2004	Q1 2003	2003
<b>Highest closing price (EUR)</b>	<b>39.90</b>	23.00	37.95
<b>Lowest closing price (EUR)</b>	<b>35.00</b>	21.00	21.00
<b>Closing price as of end of period (EUR)</b>	<b>37.63</b>	22.52	37.95
<b>Market capitalization as of end of period (MEUR)</b>	<b>489.2</b>	292.8	493.4
<b>Performance</b>	<b>+2.3%</b>	+1.3%	+65.0%
<b>ATX weighting as of end of period (%)</b>	<b>1.7169</b>	0.6415	2.3250
<b>Average daily number of shares traded</b>	<b>72,300</b>	10,446	45,410

## FINANCIAL CALENDAR FOR 2004

- Roadshows in Frankfurt, Munich, Copenhagen and Stockholm ▶ **May 11-12, 2004**
- Roadshows in Milan and London - in cooperation with the Vienna Stock Exchange (planned) ▶ **June 23-24, 2004**
- First Half of 2004 ▶ **August 6, 2004**
- First three Quarters of 2004 ▶ **November 8, 2004**

## CONTACT

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