



FIRST QUARTER OF 2006

**Solid development of global economy
Order Intake, Sales and Net Income above
previous year's reference Quarter
Strong rise of Andritz share price**

ANDRITZ

FIRST QUARTER OF 2006

General economic conditions

The US economy showed robust growth during the First Quarter of 2006. Private consumer spending, as well as capital investments by companies, continued to expand. Manufacturing activity increased due to strong demand for factory goods across industries, particularly in sectors including construction materials, electrical equipment, and defense products. As a result of this positive economic development and in order to dampen potential inflationary pressures in the future, the Federal Reserve Board (the FED) increased key interest rates to 4.75% during the reporting period, the highest level since 2001.

In contrast to the USA, economic activities in Euroland remained relatively moderate. Continued slow domestic demand, the strong rise of crude oil prices, and the strength of the Euro against the US dollar, which affected the competitive position of the European exporting industries, are the main reasons for this slow economic development.

In Asia, economic activities remained strong, with China showing continued economic growth during the First Quarter of 2006. After a growth of the Gross Domestic Product (GDP) of approximately 10% in 2005, economic researchers expect China's GDP to increase by a further 9-10% in 2006. In Japan, leading economic indicators have signalled a continued upturn of the economy.

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

Business Development in the First Quarter of 2006

Increase in Sales

In the First Quarter of 2006, Sales of the Andritz Group amounted to 451.5 MEUR, an increase of 31.8% compared to the reference Quarter of last year (Q1 2005: 342.5 MEUR). This increase was mainly due to the processing of the high Order Backlog. In particular, the Rolling Mills and Strip Processing Lines and the Environment and Process Business Areas showed strong increases in Sales.

First-time consolidated companies added approximately 10.7 MEUR to Group Sales in the First Quarter of 2006.

Order Intake significantly up

Order Intake of the Group developed very favorably during the reporting period. At 747.6 MEUR, it surged by 90.1% compared to the First Quarter of 2005 (393.2 MEUR). In particular, the Pulp and Paper, Rolling Mills and Strip Processing Lines, and Feed and Biofuel Business Areas were able to increase the Order Intake considerably compared to the reference period of last year. However, it has to be stated that the Order Intake of the Group in the First Quarter of 2006 reached an extraordinarily high level, which should not be extrapolated for the full year of 2006.

The combined Order Intake of first-time consolidated companies amounted to approximately 13.5 MEUR.

Order Backlog as of 31.3.2006 amounted to 2,007.1 MEUR, an increase of 34.9% compared to the value at the reference date of last year (31.3.2005: 1,487.7 MEUR). This provides a solid workload for the coming Quarters.

Increase in Earnings

In step with higher Sales, Earnings in the First Quarter of 2006 also increased compared to the reference Quarter of last year. Earnings before Interest, Taxes, Depreciation, and Amortization of goodwill (EBITDA) increased to 32.3 MEUR. This is an increase of 27.2% compared to the First Quarter of 2005 (25.4 MEUR). EBIT in the First Quarter of 2006 amounted to 26.6 MEUR (Q1 2005: 19.6 MEUR). The EBIT margin, at 5.9%, showed a slight increase compared to the reference period of last year (Q1 2005: 5.7%)

Net Income (before deduction of minorities) amounted to 19.5 MEUR, exceeding last year's reference Quarter by 36.4% (Q1 2005: 14.3 MEUR).

Net worth position and capital structure

The net worth position and capital structure of the Andritz Group as of 31.3.2006 showed no major changes compared to 31.12.2005.

Net liquidity (cash and cash equivalents minus interest bearing financial liabilities) as of 31.3.2006 amounted to 354.3 MEUR, decreasing 7.7% compared to the very high level as of 31.12.2005 (383.9 MEUR). During the coming months, net liquidity will be reduced by the payment of the purchase price for VA TECH Hydro. Nevertheless, net liquidity should remain at a solid level.

The equity ratio as of 31.3.2006 was 22.7% (31.12.2005: 23.6%).

Effects from changes in exchange rates

Changes in exchange rates had practically no impact on the Group's Sales and Earnings development in the First Quarter of 2006.

Acquisitions

In April 2006, Andritz AG and Siemens Austria signed the contract for the purchase of VA TECH Hydro. The acquisition is subject to the approval by antitrust authorities, and is expected to become effective at the end of May 2006. VA TECH Hydro ideally complements Andritz's product portfolio. With this acquisition, Andritz will become one of the world's leading manufacturers of water turbines with a global presence.

Key figures for the First Quarter of 2006 (IFRS)

| in MEUR | Q1 2005 | Q1 2006 | Change | 2005 |
|-------------------------------------|---------|----------------|---------|---------|
| Sales | 342.5 | 451.5 | +31.8% | 1,744.3 |
| Order Intake | 393.2 | 747.6 | +90.1% | 1,974.6 |
| Order Backlog (as of end of period) | 1,487.7 | 2,007.1 | +34.9% | 1,695.6 |
| EBITDA ¹⁾ | 25.4 | 32.3 | +27.2% | 130.9 |
| EBITDA Margin | 7.4% | 7.2% | - | 7.5% |
| EBITA ²⁾ | 19.6 | 26.6 | +35.7% | 107.0 |
| EBITA Margin | 5.7% | 5.9% | - | 6.1% |
| Operating Results (EBIT) | 19.6 | 26.6 | +35.7% | 106.7 |
| EBIT Margin | 5.7% | 5.9% | - | 6.1% |
| Earnings before Taxes | 20.1 | 27.9 | +38.8% | 110.0 |
| Net Income excl. Minority Interests | 14.0 | 18.9 | +35.0% | 78.7 |
| Cash Flow from Operating Activities | 23.6 | -24.8 | -205.1% | 237.3 |
| Capital Expenditure ³⁾ | 4.9 | 4.6 | -6.1% | 26.7 |
| Employees (as of end of period) | 5,408 | 6,090 | +12.6% | 5,943 |

1) EBITDA: Earnings before Interest, Taxes, Depreciation, and Amortization of goodwill

2) EBITA: Earnings before Interest, Taxes, and Amortization of goodwill

3) Additions to tangible and intangible assets

PULP AND PAPER

Market development

The international pulp markets developed favorably during the First Quarter of 2006. As a result of solid demand from European and Asian paper producers and a series of pulp mill closures in Canada, the price for NBSK (Northern Bleached Softwood Kraft) pulp rose from approximately 600 US dollars at the beginning of January to approximately 630 US dollars at the end of the First Quarter 2006. At the end of March, some American and European pulp producers announced further price increases for the coming months.

Prices for short fiber pulps (eucalyptus, birch, etc.) developed in step with the prices for NBSK. During the First Quarter of 2006, the price for eucalyptus pulp increased from approximately 590 US dollars to approximately 620 US dollars at the end of March.

Project activity for both greenfield plants and modernizations/refurbishments remained at a satisfactory level.

Business development

Due to the processing of the high Order Backlog, Sales of the Business Area during the First Quarter of 2006 increased by 19.4% to 249.8 MEUR (Q1 2005: 209.2 MEUR). However, despite the increase in Sales, EBITA decreased to 13.2 MEUR (Q1 2005: 13.7 MEUR). This was mainly due to both the processing of some larger orders, which typically have lower margins, and cost-overruns in some of the Business Area's Divisions.

In February 2006, the Pulp Drying Systems and Tissue Machines Divisions were combined into one division – the Paper Machines Division – to better use the synergies of the closely-related technologies and processes, while maintaining the focused sales organizations.

In the chemical recovery area, a new recovery boiler for Empresa Produtora de Pasta e Papel, S.A. (Portucel's Cacia mill in Portugal) started up one month ahead of schedule. A recovery boiler retrofit started up at Mondi Business Paper's Syktyvkar mill, Russia.

The Fiber Preparation Systems Division successfully completed the rebuild and extension of the existing deinked pulp line at Perlen Papier AG, Switzerland, including the final acceptance of a new SelectaFlot™ flotation system, which proved state-of-the-art deinking performance. Stora Enso Hylte AB, Sweden took over the new FibreFlow®

equipment (drum pulper and coarse screening) delivered by Andritz. SP Newsprint, Dublin, GA, USA started up a new FibreFlow® drum pulper in record time and achieved production figures far in excess of guarantees. In China, the new OCC screening for Nine Dragon achieved all performance guarantees.

The Mechanical Pulping Systems Division successfully started up a TMP refiner system for Norske Skog's Golbey mill, France. Mechanical completion has been achieved at Estonian Cell, Estonia; the first pulp was produced on March 16, 2006, substantially ahead of schedule. Operational test runs from the woodyard through the baling line have been successful.

For the MDF industry, the Mechanical Pulping Systems Division successfully executed the upgrade of a refining system for Egger Holzwerkstoffe, Wismar, Germany.

Order Intake during the First Quarter of 2006 amounted to 433.0 MEUR, significantly up compared to the very low level of the First Quarter of 2005 (145.5 MEUR). All Divisions were able to increase Order Intake compared to the reference period of last year, thus confirming Andritz's strong market position in pulp and paper equipment.

Key figures for the Pulp and Paper Business Area

| MEUR | Q1 2005 | Q1 2006 | Change | 2005 |
|-------------------------------------|---------|----------------|---------|---------|
| Sales | 209.2 | 249.8 | +19.4% | 1,032.9 |
| Order Intake | 145.5 | 433.0 | +197.6% | 1,017.0 |
| Order Backlog (as of end of period) | 882.9 | 1,151.6 | +30.4% | 950.4 |
| EBITDA | 17.1 | 16.0 | -6.4% | 76.1 |
| EBITDA Margin | 8.2% | 6.4% | - | 7.4% |
| EBITA | 13.7 | 13.2 | -3.6% | 63.6 |
| EBITA Margin | 6.5% | 5.3% | - | 6.2% |
| Employees (as of end of period) | 2,874 | 3,079 | +7.1% | 3,018 |

Major orders

The **Wood Processing Division** received several orders from Indonesia and Russia for key process machines. The Division will also deliver a grinder feeding system to a customer in the Czech Republic.

Georgia-Pacific, Palatka, FL, USA ordered a recovery boiler upgrade from the **Recovery Division**. Nanning Pulp Mill, China ordered an upgrade of its existing Andritz evaporation plant.

The **Chemical Systems Division** was awarded a major order from Bahia Pulp S.A. for a complete white liquor plant to be built in the state of Camacari, Brazil. The Division was also chosen to upgrade the white liquor plant for Australian Paper's Maryvale pulp mill, Australia. An Indonesian customer selected the Division to supply a new LMD lime kiln. With a capacity of 1,000 t/d, the lime kiln will be the largest Andritz has ever delivered. The length of the kiln will be 140 m.

Nanning Phoenix Pulp & Paper Co. Ltd., China selected the **Fiberline Division** to provide a cooking and fiberline capacity increase for the mill. Production will be raised to 470 t/d and the project is scheduled to start up in early 2007. Guangxi Laibin Dongtang Group Co., Ltd., China ordered a bagasse pulp screening system from the Division. The equipment will start up at the end of 2006.

The **Pulp Mill Services Division** received orders from Natron Hayat, Bosnia-Herzegovina for upgrades of the cooking plant, evaporation plant, white liquor plant, and start up services for the mill's recovery boiler. Metsä-Botnia Kemi, Finland selected the Division to upgrade its continuous cooking system. Inland Paperboard & Packaging, USA ordered upgrades for both digester systems, including new chip chutes. Smurfit-Stone, USA ordered a new scrubber system for its West Point mill. PT Lontar Papyrus Pulp & Paper Industry, Indonesia selected the Division to increase the capacity of its recovery boiler. As part of the upgrade, an Andritz Vertical Air™ system will be retrofitted on the Kvaerner boiler. Also in Indonesia, the Division will rebuild the existing evaporation plant for PT Toba Pulp Lestari. In Japan, the Division was selected to provide upgraded equipment for a continuous digester. In Brazil, Aracruz Celulose ordered woodyard equipment and Veracel Celulose ordered plates for heat exchangers.

The **Paper Machines Division** received an order for a 6.7 m working width pulp drying plant from an Indonesian customer. The Division also booked orders for a tissue machine at Shandong Hengang Paper Co., Ltd., China and for a wide TAD machine from a renowned customer. For Zellstoff Celgar, Castlegar, Canada the Division will increase the capacity of the existing Fläkt Dryer.

The **Fiber Preparation Systems Division** received an order from Shandong Hengan Paper, China for the stock preparation equipment for the mill's new PM5. Thai Union Paper, Thailand ordered equipment for its recycled fiberline for packaging grades. Metso Paper ordered Andritz stock preparation equipment for a new paper machine to be built at Opatovice, Czech Republic.

Solikamsk Bumprom, Russia placed an important order with the **Mechanical Pulping Systems Division** for a new groundwood reject refining system. This new line will have a capacity of 250 t/d for newspaper grades. Petrozavodsk Mash, Russia ordered an RTS-TMP line, including a bleaching stage. The line, which will have a capacity of 144 t/d, consists of mainline, second stage, reject and low-consistency post refiners.

The **Panelboard Systems department** received an order from Siam Fiberboard, Thailand for a pressurized refining system. Shenyang Heavy Machinery Group, China placed a second order for a pressurized refining system. With this order, the Division has sold more than 75 pressurized refining systems to the fiberboard industry in China.

The **Paper Mill Services Division** received major orders from Mondi, Poland and Cheng Loong, Taiwan. In the dewatering/drying service area, significant orders were received from CMPC, Chile; Steyermühl, Austria; Steti, Czech Republic; Stora Enso, Finland; SCA, USA; and Sappi, South Africa. Major orders for mechanical pulping services and equipment were received from Perlen Papier, Switzerland; Norske Skog, Czech Republic; UPM, France; and Natron, Bosnia-Herzegovina. Significant automation orders were received from Bowater, USA; Unilin, USA; and Eurocan, Canada. Orders of note for fiber preparation services included Mepco, Saudi Arabia; Hainan, China; and Bowater, USA.

ROLLING MILLS AND STRIP PROCESSING LINES

Market development

In the First Quarter of 2006, the market for carbon steel and stainless steel equipment continued to develop positively. Projects concentrated mainly on China, India, and Europe; in all these regions, several orders for new plants and modernization of existing mills were awarded. Increased project activity was also seen in the field of silicon steel.

Global production of carbon steel was up by approximately 5% in the First Quarter of 2006 compared to the same period of last year. In particular, production in China increased significantly compared to the reference period of last year, thus continuing the trend shown in 2005. Global production of stainless steel in the First Quarter of 2006 was slightly down by approximately 1% compared to the reference Quarter of last year. However, there was a strong increase in production in China and India.

Business development

Sales of the Business Area during the First Quarter of 2006 amounted to 82.5 MEUR. This is a significant increase of 58.3% compared to the First Quarter of 2005 (52.1 MEUR), and mainly due to the processing of the very high Order Backlog.

EBITA also developed favorably. Due to the strong increase in Sales, it surged to 5.7 MEUR, significantly up compared to the First Quarter of 2005 (2.1 MEUR).

Andritz successfully passed the final acceptance test for a pyromars mixed acid recovery plant executed for Baoxin revamping project phase IV, Ningbo Baoxin Stainless Steel Company, Ltd., Zhejiang Province, China. The plant achieved a capacity of 5,400 l/h waste mixed acid entering the system.

In March 2006, the final acceptance certificate for a push pickling line with waste acid regeneration and silica removal plant for China Shougang International Trade & Engineering Corp., Beijing, China was issued. The push pickling line has a capacity of 800,000 t/y.

The final acceptance certificate for a push pickling line (capacity: approximately 560,000 t/y) and acid regeneration plant for Jiangyin Hong Hua Color Coated Strip Co., Ltd., Jiangyin, China was obtained in February 2006.

Order Intake for the First Quarter of 2006 developed very favorably. At 136.1 MEUR, it increased by 53.6% compared to the reference period of last year (Q1 2005: 88.6 MEUR). The Business Area won several important orders in Russia and China, the latter accounting for approximately 47.3% of the Business Area's Order Intake in the First Quarter of 2006.

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

| MEUR | Q1 2005 | Q1 2006 | Change | 2005 |
|-------------------------------------|---------|--------------|---------|-------|
| Sales | 52.1 | 82.5 | +58.3% | 275.9 |
| Order Intake | 88.6 | 136.1 | +53.6% | 444.8 |
| Order Backlog (as of end of period) | 329.0 | 506.5 | +54.0% | 458.9 |
| EBITDA | 2.6 | 6.1 | +134.6% | 18.2 |
| EBITDA Margin | 5.0% | 7.4% | - | 6.6% |
| EBITA | 2.1 | 5.7 | +171.4% | 15.9 |
| EBITA Margin | 4.0% | 6.9% | - | 5.8% |
| Employees (as of end of period) | 738 | 772 | +4.6% | 749 |

Major orders

- Andritz received an order from OJSC Novolipetsk Steel, Russia for a turnkey push pickling line with acid regeneration. Start-up of the plant is scheduled for the First Quarter of 2007. This new pickling plant is designed for the treatment of a product mix of oriented silicon steel strip as well as standard carbon steel. It will have an annual production capacity of approximately 300,000 tons, for strip up to 1,300 mm wide and in a thickness range of 1.5-3 mm. The maximum design speed of the pickling line is 180 m/min. Nominal acid regeneration capacity will be 2,500 l/hour. Optimized balancing of operating fluids and agents will minimize consumption levels and effluents.
- Shanghai Baoshan Iron and Steel Co. Ltd., China ordered a stainless steel hot strip annealing and pickling line with in-line rolling mill for the new stainless steel mill in Baoshan. The order comprises the complete engineering services and start-up of the complete plant as well as the supply of important machinery and plant components. All required processes (rolling, annealing, pickling) will be based on Andritz's own technologies. The line has been designed for approximately 900,000 tons of strip per year, depending on the product mix, and will process strip in the thickness range of 2-10 mm and up to 1,600 mm wide. Production is scheduled to start in the summer of 2007.
- Taiyuan Iron and Steel Company Ltd. (TISCO), China placed orders for two very wide (2,100 mm) cold-rolling mills, thus once again demonstrating the customer's satisfaction with Andritz's excellent support and technology.
- ThyssenKrupp Nirosta, Germany ordered two new rolling grinding machines for work rolls with diameters up to 540 mm from Andritz Lynson, Sweden.

ENVIRONMENT AND PROCESS

Market development

During the First Quarter of 2006, the market for sewage sludge dewatering equipment remained at a satisfactory level in Central Europe, UK, and the USA. In China, project activity continued to be very high. Due to rising fuel prices and increased environmental regulations, the market for sewage sludge drying systems remained very active with investments and projects focused on Europe, the USA, and China.

Project activity for industrial applications for the petrochemical, minerals, mining and food processing industries was very high in most areas of the world, but especially in China. The demand for dewatering equipment to treat industrial sludges, especially for steel plants, was also very high.

Business development

The Business Area's Sales during the First Quarter of 2006 increased to 80.8 MEUR, up 61.0% compared to the reference Quarter of last year (Q1 2005: 50.2 MEUR). The main reason for this very solid development was the processing of the high Order Backlog. In step with higher Sales, and due to the very positive development of all newly-acquired companies, EBITA increased to 4.5 MEUR (Q1 2005: 1.5 MEUR).

Lenser Filtration, which was acquired in May 2005, has developed very positively. The demand for Lenser's filter plates reached a record level, which required a significant expansion of the production capacity.

Order Intake during the First Quarter of 2006 amounted to 127.2 MEUR, increasing slightly compared to the First Quarter of 2005 (123.2 MEUR). In particular, orders for dewatering systems for industrial applications (especially for the mining and steel industries) continued to develop very strongly.

Key figures for the Environment and Process Business Area

| MEUR | Q1 2005 | Q1 2006 | Change | 2005 |
|-------------------------------------|---------|--------------|---------|-------|
| Sales | 50.2 | 80.8 | +61.0% | 289.2 |
| Order Intake | 123.2 | 127.2 | +3.2% | 340.1 |
| Order Backlog (as of end of period) | 214.7 | 251.4 | +17.1% | 202.2 |
| EBITDA | 2.3 | 5.7 | +147.8% | 22.0 |
| EBITDA Margin | 4.6% | 7.1% | - | 7.6% |
| EBITA | 1.5 | 4.5 | +200.0% | 17.7 |
| EBITA Margin | 3.0% | 5.6% | - | 6.1% |
| Employees (as of end of period) | 928 | 1,255 | +35.2% | 1,213 |

Major orders

- In the dewatering segment, major orders for centrifuges and filter presses were received from the chemical, mining and minerals industries in Russia, Arabic countries, China, and the USA.
- American Power, USA awarded a contract for five filter presses with 2x2 m to dewater the sludge from flue gas de-sulphurization at two locations.
- Clark County, USA ordered eight large centrifuges to dewater the sludge from the City of Las Vegas.
- A number of orders were received from Baosteel, China to dewater various sludges from steel production.
- Three special CENSOR centrifuges were sold to Entec, USA for separating the various synthetics which are used for carpets to obtain pure products for recycling.
- Beijing Drainage Group, China ordered a sewage sludge drying plant for its Qinghe wastewater treatment plant. The drying plant is based on the fluid bed technology and comprises two lines, each with 6.5 t/h evaporation capacity.
- A fluid bed dryer for solidification of 5,500 t/a calcium chloride brine, a by-product of soda ash production, was ordered by Tangshan Sanyou International Industry Co. Ltd., China.
- Four lines of a drum drying system (DDS) for the biggest sewage treatment plant in Europe on the island of Psytalia, Greece were ordered by a joint venture for the municipality of Athens. This plant will dry up to 330,000 tons of sludge per year.

FEED AND BIOFUEL

Market development

The First Quarter of 2006 was characterized by good project activity for animal feed plants. Investments mainly focused on Asia, South America, and Eastern Europe.

The aquatic feed sectors in Asia, Central and South America, and the Mediterranean region showed increased investment activity, both for freshwater and marine fish farming. Also, many private label pet food producers in Europe and South America have announced an increasing number of new projects.

In renewable energy, the rapidly growing wood pelleting industry continued at a high level of investments, mainly in Northern/Eastern Europe and North America. Additionally, the number of new wood pelleting projects from new regions, such as Southern Europe and South America, has been increasing. In Central Europe, waste pelleting for combustion purposes also developed favorably.

Business development

Due to the processing of the high Order Backlog as of the end of 2005, Sales of the Business Area during the First Quarter of 2006 increased to 27.3 MEUR (Q1 2005: 21.0 MEUR). EBITA also developed favorably, increasing significantly to 2.2 MEUR during the First Quarter of 2006 (Q1 2005: 1.5 MEUR)

Order Intake during the First Quarter of 2006 continued the positive trend shown in 2005. It surged to 30.3 MEUR, increasing organically by 35.9% compared to the reference period of last year (Q1 2005: 22.3 MEUR).

Major orders

- The Business Area received a number of large orders for animal feed expansion projects in South America, Asia, and Scandinavia.
- Several new extrusion line orders were secured from the aquatic feed industry in South America, China, other Asian regions, as well as the Mediterranean area.
- In the biofuel industry, several larger orders for wood pellet plants were received in North America, Russia, and Scandinavia.
- Several orders for waste pelleting lines were secured in Central Europe.

Key figures for the Feed and Biofuel Business Area

| MEUR | Q1 2005 | Q1 2006 | Change | 2005 |
|-------------------------------------|---------|---------|--------|-------|
| Sales | 21.0 | 27.3 | +30.0% | 93.6 |
| Order Intake | 22.3 | 30.3 | +35.9% | 101.2 |
| Order Backlog (as of end of period) | 17.2 | 26.9 | +56.4% | 23.6 |
| EBITDA | 2.1 | 2.8 | +33.3% | 9.8 |
| EBITDA Margin | 10.0% | 10.3% | - | 10.5% |
| EBITA | 1.5 | 2.2 | +46.7% | 7.2 |
| EBITA Margin | 7.1% | 8.1% | - | 7.7% |
| Employees (as of end of period) | 468 | 497 | +6.2% | 489 |

HYDRAULIC MACHINES/ OTHER OPERATIONS

Market development

During the First Quarter of 2006, project activity for new water power stations and large-scale pumps continued to be very brisk in Asia, especially in China. The market for centrifugal pumps in China, where Andritz is the undisputed market leader, was also very active during the First Quarter of 2006.

Europe also saw the continuation of the high investment propensity of the energy generation industry, both for new plants (in particular small hydro power plants) and for modernizations.

Business development

Sales of the Hydraulic Machines/Other Operations Business Area increased to 11.1 MEUR (Q1 2005: 10.0 MEUR). EBITA, at 1.0 MEUR, was up compared to the First Quarter of 2005 (0.8 MEUR).

Various water power station projects are in different phases of engineering, manufacturing, or order handling. The rehabilitation of the large Aschach hydro power station on the Danube, ordered by Austrian Hydropower, is in its implementation phase, with the first components currently being fabricated. A major order for two pump stations in Sudan is also currently being processed.

Order Intake during the First Quarter of 2006 increased to 21.0 MEUR. This strong increase of 54.4% compared to the reference Quarter of last year (Q1 2005: 13.6 MEUR) was mainly due to the very successful development of Andritz's pump business in China and to several orders in the area of water turbines.

Major orders

- The order for eight large pumps for the "South Water to North China" large-scale project was signed. In addition, two major orders for the supply of core components for water power stations in China were put in force.
- Also from China, orders for the supply of pumps for a large test stand, as well as for turbine core parts and the realization of model tests, were received.
- A contract relating to a turbine project for Floros, Norway was signed.

Key figures for Hydraulic Machines/Other Operations

| MEUR | Q1 2005 | Q1 2006 | Change | 2005 |
|-------------------------------------|---------|---------|--------|------|
| Sales | 10.0 | 11.1 | +11.0% | 52.7 |
| Order Intake | 13.6 | 21.0 | +54.4% | 71.5 |
| Order Backlog (as of end of period) | 43.9 | 70.7 | +61.0% | 60.5 |
| EBITDA | 1.3 | 1.7 | +30.8% | 4.8 |
| EBITDA Margin | 13.0% | 15.3% | - | 9.1% |
| EBITA | 0.8 | 1.0 | +25.0% | 2.6 |
| EBITA Margin | 8.0% | 9.0% | - | 4.9% |
| Employees (as of end of period) | 400 | 487 | +21.8% | 474 |

OUTLOOK

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.

Based on the forecasts of leading economic researchers, who expect the global economy to continue to grow this year, Andritz expects its relevant markets to develop favorably in 2006.

For Pulp and Paper, project activity is expected to remain concentrated on South America and Asia, where one or the other greenfield pulp mill and several major modernization projects are currently being evaluated. For Europe and North America, only selective investments are expected.

In the area of Rolling Mills and Strip Processing Lines, investment activities will continue to focus on China. Project activity will concentrate on production equipment and plants for high-quality steel and on downstream production equipment to produce stainless steel products. Increased project activity is expected for India.

For Environment and Process, high project activity for both sludge dewatering and drying equipment should continue. Increased stringent environmental regulations, especially in Europe, will remain the key growth drivers in the future. In the area of mining, the current global shortage of raw materials, such as coal, iron ore, and other minerals should lead to increased investments in solid/liquid separation equipment.

For the full year of 2006, Andritz expects Sales and Net Income to increase compared to 2005. This is due to the very high Order Backlog as of the end of 2005, which will be processed during the coming Quarters. In addition, VA TECH Hydro, which is expected to be included in the Group's financial accounts from the beginning of the Third Quarter of 2006, will add Sales and make a contribution to the Group's Earnings, which is expected to gradually increase to the current Group profitability level.

INTERIM CONSOLIDATED INCOME STATEMENT

For the First Quarter of 2006 (unaudited) and the
First Quarter of 2005 (unaudited)

| | Q1 2006 (in TEUR) | Q1 2005 (in TEUR) |
|---|----------------------|----------------------|
| Sales | 451,525 | 342,462 |
| Changes in inventories of finished goods and work in progress | 25,573 | 18,359 |
| Capitalized cost of self-constructed assets | 36 | 15 |
| | 477,134 | 360,836 |
| Other operating income | 4,731 | 5,109 |
| Cost of materials | (287,630) | (208,662) |
| Personnel expenses | (98,498) | (84,412) |
| Other operating expenses | (63,400) | (47,447) |
| Earnings before interest, taxes, depreciation, and amortization (EBITDA) | 32,337 | 25,424 |
| Depreciation and amortization (without amortization of goodwill) | (5,783) | (5,869) |
| Earnings before interest, taxes, and amortization of goodwill (EBITA) | 26,554 | 19,555 |
| Earnings before interest and taxes (EBIT) | 26,554 | 19,555 |
| Income/Expenses from associated companies | 416 | (17) |
| Interest result | 898 | 550 |
| Financial results | 1,314 | 533 |
| Earnings before taxes (EBT) | 27,868 | 20,088 |
| Income taxes | (8,347) | (5,830) |
| Net income | 19,521 | 14,258 |
| Thereof attributable to: | | |
| Shareholders of the parent company | 18,928 | 14,013 |
| Minority interests | 593 | 245 |
| Weighted average number of non par value shares | 12,803,665 | 12,908,190 |
| Earnings per non par value share (in EUR) | 1.48 | 1.09 |
| Effect of potential dilution of share options | 109,320 | 82,543 |
| Weighted average number of non par value shares and share options | 12,912,985 | 12,990,733 |
| Diluted Earnings per non par value share (in EUR) | 1.47 | 1.08 |

CONSOLIDATED BALANCE SHEET

as of March 31, 2006 (unaudited) and as
of December 31, 2005

| | 31.3.2006 (in TEUR) | 31.12.2005 (in TEUR) |
|--|------------------------|-------------------------|
| Assets | | |
| Intangible assets | 8,522 | 8,745 |
| Goodwill | 119,487 | 120,683 |
| Property, plant, and equipment | 140,367 | 140,538 |
| Shares in associated companies | 2,669 | 2,319 |
| Investments | 14,182 | 13,828 |
| Fixed and financial assets | 285,227 | 286,113 |
| Deferred tax assets | 26,466 | 21,845 |
| Inventories | 231,591 | 198,788 |
| Advance payments made | 26,673 | 21,265 |
| Trade accounts receivable | 219,499 | 237,180 |
| Cost and earnings of projects under construction in excess of billings | 95,439 | 80,532 |
| Other receivables | 52,586 | 46,148 |
| Prepayments and deferred charges | 6,736 | 5,378 |
| Marketable securities | 75,193 | 75,257 |
| Cash and cash equivalents | 387,679 | 418,785 |
| Current assets | 1,095,396 | 1,083,333 |
| Total assets | 1,407,089 | 1,391,291 |
| Shareholders' equity and liabilities | | |
| Share capital | 94,510 | 94,510 |
| Capital reserves | 45,966 | 45,966 |
| Retained earnings | 170,366 | 179,941 |
| Equity attributable to shareholders of the parent company | 310,842 | 320,417 |
| Minority interests | 8,610 | 8,335 |
| Total shareholders' equity | 319,452 | 328,752 |
| Bonds | 100,000 | 100,000 |
| Bank loans - non current | 5,984 | 6,200 |
| Provisions - non current | 93,483 | 92,105 |
| Obligation under finance leases - non current | 177 | 198 |
| Non-current liabilities | 199,644 | 198,503 |
| Liabilities for deferred taxes | 51,489 | 45,036 |
| Bank loans - current | 2,130 | 3,361 |
| Obligations under finance leases - current | 310 | 384 |
| Trade accounts payable | 151,108 | 151,398 |
| Billings in excess of cost and earnings of projects under construction | 244,480 | 250,609 |
| Advance payments received | 106,954 | 103,827 |
| Provisions - current | 98,179 | 97,773 |
| Liabilities for current taxes | 15,898 | 20,643 |
| Other current liabilities | 217,445 | 191,005 |
| Current liabilities | 836,504 | 819,000 |
| Total shareholders' equity and liabilities | 1,407,089 | 1,391,291 |

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(unaudited)

| (in TEUR) | Attributable to shareholders of the parent | | | | Total | Minority interests | shareholders' equity |
|------------------------------------|--|------------------|-------------------------|----------------------------------|----------------|--------------------|----------------------|
| | Share capital | Capital reserves | Other retained earnings | Currency translation adjustments | | | |
| Status as at 1 January 2005 | 94,510 | 45,966 | 164,307 | (34,871) | 269,912 | 7,169 | 277,081 |
| Net income | | | 14,013 | | 14,013 | 245 | 14,258 |
| Dividends | | | (18,013) | | (18,013) | (190) | (18,203) |
| Currency translation adjustments | | | | 5,367 | 5,367 | 70 | 5,437 |
| Changes concerning own shares | | | (6,769) | | (6,769) | | (6,769) |
| Changes to IAS 39 reserve | | | (7,795) | | (7,795) | | (7,795) |
| Status as at 31 March 2005 | 94,510 | 45,966 | 145,743 | (29,504) | 256,715 | 7,294 | 264,009 |
| Status as at 1 January 2006 | 94,510 | 45,966 | 188,257 | (8,316) | 320,417 | 8,335 | 328,752 |
| Net income | | | 18,928 | | 18,928 | 593 | 19,521 |
| Dividends | | | (25,550) | | (25,550) | (256) | (25,806) |
| Currency translation adjustments | | | | (3,516) | (3,516) | (77) | (3,638) |
| Changes to IAS 39 reserve | | | 608 | | 608 | 15 | 623 |
| Status as at 31 March 2006 | 94,510 | 45,966 | 182,243 | (11,877) | 310,842 | 8,610 | 319,452 |

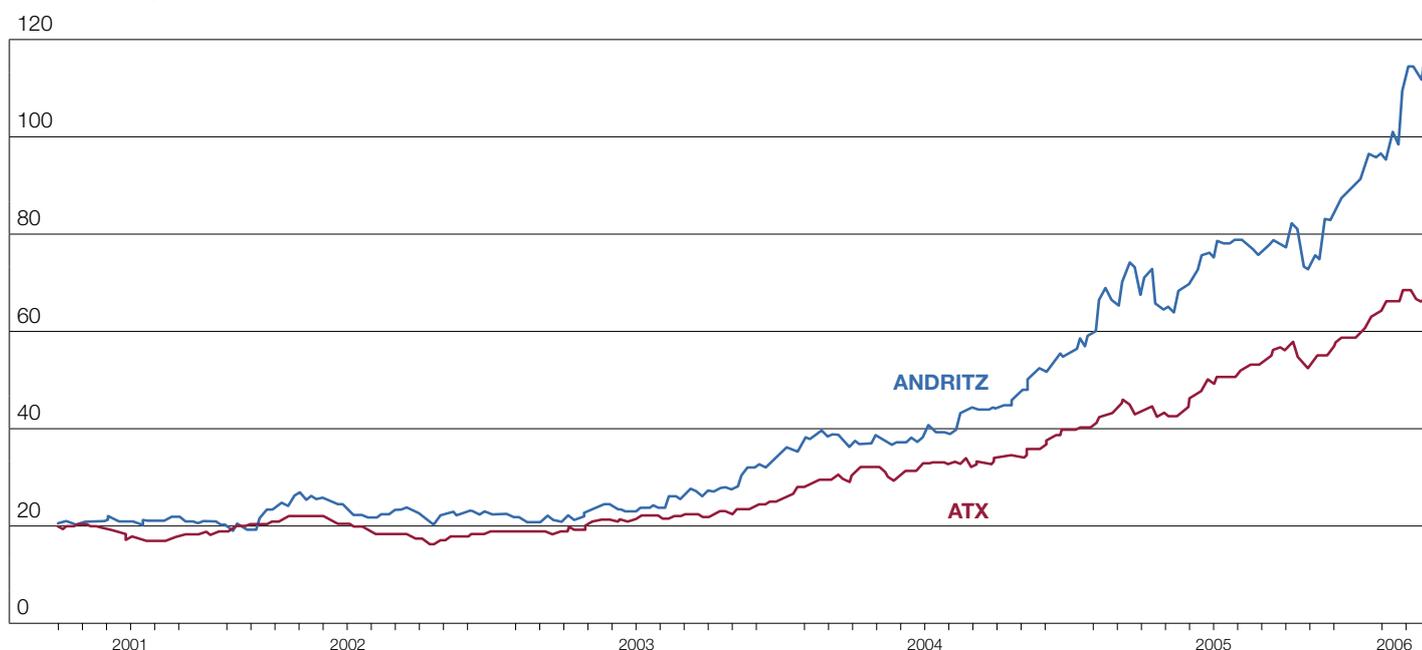
Interim Consolidated Cash Flow Statement

For the First Quarter of 2006 (unaudited) and the First Quarter of 2005 (unaudited)

| | Q1 2006 (in TEUR) | Q1 2005 (in TEUR) |
|---|----------------------|----------------------|
| Cash flow from operating activities | (25,031) | 23,615 |
| Cash flow from investing activities | (4,533) | (10,192) |
| Cash flow from financing activities | (1,542) | (10,032) |
| Change in cash and cash equivalents | (31,106) | 3,391 |
| Cash and cash equivalents at the beginning of the period | 418,785 | 273,939 |
| Cash and cash equivalents at the end of the period | 387,679 | 277,330 |

ANDRITZ SHARE

Relative performance of the Andritz share vs. the ATX since the IPO



Share price development

During the First Quarter of 2006, the Andritz share price developed very favorably. With an increase of 27.9%, it significantly outperformed the ATX, which increased by 12.4% in the same period. The highest closing price of the Andritz share during the reporting period was 120.19 Euros (March 31, 2006), and the lowest was 92.50 Euros (January 18, 2006).

Financial Calendar for 2006

| | |
|--------------------|------------------|
| First Half of 2006 | August 4, 2006 |
| Q1-Q3 2006 | November 7, 2006 |

Further information on planned roadshows, participation in investor conferences, etc. can be found on www.andritz.com.

Trading volume on the Stock Exchange

The average daily trading volume during the First Quarter of 2006 was 73,131 shares (Q1 2005: 96,284 shares). The highest daily trading volume was noted on February 17, 2006 (225,504 shares), the lowest on February 15, 2006 (9,500 shares).

New Stock Option Program

On March 29, 2006 the Annual General Meeting of Shareholders approved a Stock Option Program for Members of the Managing Board and other executives of the Andritz Group. 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 on a certain improvement of earnings per share. Options can be exercised between May 1, 2008 and April 30, 2010.

Key figures for Andritz shares

| | Q1 2005 | Q1 2006 | 2005 |
|--|---------|---------|---------|
| Highest closing price (EUR) | 74.41 | 120.19 | 92.85 |
| Lowest closing price (EUR) | 56.59 | 92.50 | 56.59 |
| Closing price as of end of period (EUR) | 68.94 | 120.19 | 92.85 |
| Market capitalization as of end of period (MEUR) | 896.2 | 1,562.5 | 1,207.1 |
| Performance | +20.8% | +27.9% | +62.8% |
| ATX weighting as of end of period (%) | 2.0011 | 1.9369 | 1.8200 |
| Average daily number of shares traded | 96,284 | 73,131 | 83,993 |

Source: Vienna Stock Exchange

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