



# FIRST QUARTER OF 2007

Continued solid development of global economy

Order Intake, Sales, and Net Income  
above previous year's reference Quarter

Favorable performance of the Andritz share price

**ANDRITZ**

# FIRST QUARTER OF 2007

## General economic conditions

During the First Quarter of 2007, the U.S. economy showed signs of weakening economic growth. Private consumer spending, as well as capital investments by companies, continued to decline, while at the same time inflation remained at a relatively high level. In addition, construction of new houses has plunged and increasing problems on the real estate market have prompted worries about the future economic development. As a result, the Federal Reserve Board (the FED) left its benchmark rate unchanged at 5.25% during the First Quarter of 2007.

In contrast to the USA, economic activities in Euroland developed very favorably during the First Quarter of 2007. Continued strong investments by companies, as well as high exports, were the main drivers for this development. To counter potential inflationary developments, the European Central Bank (ECB) increased key interest rates to 3.75% in March 2007. In Asia, economic activities remained strong, with China showing continued economic growth during the First Quarter of 2007.

Sources: OECD, WIFO

## Business development in the First Quarter of 2007

### Increase in Sales

In the First Quarter of 2007, Sales of the Andritz Group amounted to 730.9 MEUR, an increase of 61.9% compared to the reference Quarter of last year (Q1 2006: 451.5 MEUR). This increase was due to both continued solid organic growth and the first-time consolidation of VA TECH HYDRO, which added 140.2 MEUR to the Group's Sales during the First Quarter of 2007.

In total, first-time consolidated companies added approximately 159.8 MEUR to Group Sales in the First Quarter of 2007. Organic growth of the Andritz Group, therefore, amounted to approximately 26.5%.

### Order Intake significantly up

Order Intake of the Group during the First Quarter of 2007 amounted to 1,031.0 MEUR, thus 37.9% higher compared to the First Quarter of 2006 (Q1 2006: 747.6 MEUR). This increase was mainly due to the first-time consolidation of VA TECH HYDRO, adding approximately 278.0 MEUR to the Group's Order Intake in the First Quarter of 2007. The combined Order Intake of first-time consolidated companies amounted to approximately 293.6 MEUR.

In particular, the Rolling Mills and Strip Processing Lines, and the Feed and Biofuel Business Areas were able to increase their Order Intakes considerably compared to the reference period of last year. Order Intake of the Pulp and Paper Business Area was somewhat lower compared to the very high level of last year's reference period.

Order Backlog as of 31.3.2007 amounted to 3,664.5 MEUR, an increase of 82.6% compared to the value at the reference date of last year (31.3.2006: 2,007.1 MEUR). VA TECH HYDRO added approximately 1,682.9 MEUR to the Group's Order Backlog as of 31.3.2007.

### Increase in Earnings

The Group's Earnings before Interest and Taxes (EBIT) amounted to 38.4 MEUR. This is an increase of 44.4% compared to the First Quarter of 2006 (26.6 MEUR). However, the EBIT margin, at 5.3%, was lower compared to the reference period of last year (Q1 2006: 5.9%). This was mainly due to a decline of profitability in the Pulp and Paper Business Area resulting from the processing of some larger orders with lower margins, increasing costs for steel, erection services and other outsourced supplies, as well as costs incurred in connection with the expansion of the product range. However, Earnings and margins of the Rolling Mills and Strip Processing Lines, the Environment and Process and the Feed and Biofuel Business Areas increased compared to the reference period of last year.

Net Income excluding minority interests amounted to 28.5 MEUR, exceeding last year's reference Quarter by 50.8% (Q1 2006: 18.9 MEUR).

## Net worth position and capital structure

The net worth position and capital structure of the Andritz Group as of 31.3.2007 showed no major changes compared to 31.12.2006.

Net liquidity (cash and cash equivalents minus interest-bearing financial liabilities) as of 31.3.2007 amounted to 401.5 MEUR, thus slightly increasing compared to the level as of the end of last year (31.12.2006: 365.7 MEUR). The equity ratio as of 31.3.2007 was 16.8% (31.12.2006: 17.5%).

## Key Figures for the First Quarter of 2007 (IFRS)

in MEUR	Q1 2006	Q1 2007	Change	2006
Sales	451.5	<b>730.9</b>	+61.9%	2,709.7
Order Intake	747.6	<b>1,031.0</b>	+37.9%	2,891.0
Order Backlog (as of end of period)	2,007.1	<b>3,664.5</b>	+82.6%	3,397.1
EBITDA <sup>1)</sup>	32.3	<b>49.5</b>	+53.3%	194.2
EBITDA Margin	7.2%	<b>6.8%</b>	-	7.2%
EBITA <sup>2)</sup>	26.6	<b>39.8</b>	+49.6%	162.7
EBITA Margin	5.9%	<b>5.4%</b>	-	6.0%
Earnings before Interest and Taxes (EBIT)	26.6	<b>38.4</b>	+44.4%	159.8
EBIT Margin	5.9%	<b>5.3%</b>	-	5.9%
Earnings before Taxes	27.9	<b>40.5</b>	+45.2%	165.9
Net Income excl. Minority Interests	18.9	<b>28.5</b>	+50.8%	118.5
Cash Flow from Operating Activities	-24.8	<b>39.7</b>	+260.1%	143.1
Capital Expenditure <sup>3)</sup>	4.6	<b>10.8</b>	+134.8%	45.7
Employees (as of end of period)	6,090	<b>10,422</b>	+71.1%	10,215

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

2) EBITA: Earnings before Interest, Taxes, and Amortization of intangibles related to acquisitions

3) Additions to tangible and intangible assets

# PULP AND PAPER

## Market development

The market for pulp mill equipment developed favorably during the First Quarter of 2007. Project activity for greenfield pulp mills remained concentrated on South America, Asia, and Australia where several new projects have been evaluated. Investments for modernization and refurbishment of existing pulp mills were primarily focused on Europe, and to some extent North America.

Supported by continued strong demand from international paper producers, the price for NBSK (Northern Bleached Softwood Kraft) pulp developed solidly, rising slightly from 750 US dollars at the end of 2006 to approximately 780 US dollars at the end of the First Quarter of 2007. At the end of March, some American and European pulp producers announced price increases for the coming months.

The price for eucalyptus pulp didn't show much movement during the First Quarter of 2007, consolidating at approximately 670 US dollars during the reporting period. Due to new capacities coming on stream during the next months, market researchers expect no major price increases in the near future.

## Business development

During the First Quarter of 2007, Sales of the Business Area increased by 33.1% to 332.5 MEUR (Q1 2006: 249.8 MEUR). EBITA, at 14.9 MEUR (Q1 2006: 13.2 MEUR), showed an under-proportionate increase (+12.9%) compared to Sales. This was mainly due to the processing of some larger orders, which typically have lower margins, increasing costs for steel, erection services and other outsourced supplies, as well as costs incurred in connection with the expansion of the product range.

Order Intake of the Business Area amounted to 379.9 MEUR, a decrease of 12.3% compared to the high level of last year (Q1 2006: 433.0 MEUR).

The largest project starting up during the First Quarter of 2007 was the new Line 2 for CMPC Celulosa S.A.'s Santa Fe mill in Nacimiento, Chile. Line 2 is designed to produce 780,000 t/a of bleached eucalyptus market pulp. Andritz supplied all the main equipment for the fiberline – from digester to dried pulp bales – and the chemical recovery systems on an EPC basis. Production and quality goals were quickly met during the start-up.

In the area of mechanical pulp grades, Estonian Cell AS took over the entire BCTMP mill in Kunda, Estonia. Andritz successfully passed all the acceptance tests for the woodroom and BCTMP line for all the pulp grades defined in the contract.

## Key Figures Pulp and Paper

MEUR	Q1 2006	Q1 2007	Change	2006
Sales	249.8	<b>332.5</b>	+33.1%	1,304.2
Order Intake	433.0	<b>379.9</b>	-12.3%	1,432.4
Order Backlog (as of end of period)	1,151.6	<b>1,163.2</b>	+1.0%	1,124.4
EBITDA	16.0	<b>19.1</b>	+19.4%	89.6
EBITDA Margin	6.4%	<b>5.7%</b>	-	6.9%
EBITA	13.2	<b>14.9</b>	+12.9%	75.9
EBITA Margin	5.3%	<b>4.5%</b>	-	5.8%
Employees (as of end of period)	3,079	<b>3,986</b>	+29.5%	3,863

## Major orders

The **Wood Processing Division** received a significant order from Sappi Saiccor Pty. Ltd., South Africa for a complete chipping line. Andritz will also deliver key woodroom equipment to Japan, Austria, and Australia.

The **Fiberline Division** received an order from Stora Enso Fine Papers in Varkaus, Finland for modernization of the chip feeding system (Diamondback® chip bin, TurboFeed® system, and a vapor reboiler). The Division will also upgrade the softwood digester at Domtar Industries mill in Ashdown, Arkansas, USA with a TurboFeed® chip feeding system, Diamondback® chip bin, and RETRO-fit™ flash tank. In Canada, St-Félicienne Kraft Pulp ordered a new blowline Pressure Difuser system for its northern softwood fiberline.

The **Chemical Systems Division** booked a repeat order from an Indonesian customer for a new Sector Cooler for an LMD lime kiln.

The **Recovery Division** will supply a new recovery boiler, power boiler, and evaporation plant for Ence Group's Navia Asturias mill, Spain as part of a program to increase pulp production at the mill. The new plants will also significantly increase the amount of energy generated from biomass. The Division will deliver a new MVR evaporator for the Andritz mechanical pulping line at Sun Paper's Yangzhou mill, Shandong, China. In addition, Mondi Packaging ordered an evaporation plant upgrade for their Stamboljiski mill, Bulgaria.

The **Pulp Drying Systems Division** received an order for a machine rebuild (wet end) from Pitkyaranta Pulp Works OAO, Russia. The machine has a working width of 5.2 m and a production capacity of 255 t/d. The Division also booked an order for a dryer upgrade from Jari Celulose S.A., Brazil.

The **Paper Machine Division** received the first order for a complete board machine from Hebei Yongxin Paper Co. Ltd., China. The machine will produce kraft liner and linerboard and will have a design capacity of 1,200 t/d on the pope reel. Production speed is designed for 1,000 m/min. The order is expected to come in force during the Second Quarter of 2007. In addition to this order, the Division received an order for headboxes from Zhangzhou Liansheng Paper Co. Ltd., China.

The Division also received an order from Swedish Tissue AB, Sweden for a new tissue machine. Working width of the new machine will be 3,370 mm. The machine will incorporate the new XT-Press from Andritz Küsters, which features a shoe roll pressed against the Yankee. This permits the customer to produce softer and bulkier tissue paper and reduce energy costs at the same time.

The **Engineered Wear Products Division** received significant orders from Solikamsk, Russia and Cheng Loong, Taiwan.

Orders for **Pulp Mill Engineered Services** included evaporation replacement lamellas for UPM, Finland and projects for three different Stora Enso mills in Finland (evaporation lamellas, recovery boiler economizer upgrade, debarking drum rebuild, and Downflow Lo-Solids® cooking upgrade). In Sweden, the Division will rebuild a lime kiln for Billerud and a feeder for MoDo's Husum mill. In Russia, equipment for a digester upgrade at JSC Bratsk Pulp and Board Mill and the upgrade of a lime kiln at International Paper's Svetogorsk mill have been ordered. In North America, upgrades will be performed for International Paper and Georgia-Pacific mills.

Orders for **Paper Mill Engineered Services** included significant dewatering orders from Steyrermühl, Austria; Ence Pontevedra, Spain; and NorskeSkog Halden, Norway. The first repair order for a Thune screw press was received from Stadacona, Canada. Major orders for mechanical pulping services were received from Jiangxi

and Yueyang, China; Holmen Paper's Braviken mill, Sweden; Mondi Syktyvkar, Russia; and Stora Enso's Varkaus mill, Finland. Among significant orders for the pulper business were orders from Mepco, Saudi Arabia and Dunapack, Hungary. The first major lubrication system upgrade was ordered by Stora Enso's Kotka, Finland mill.

The **Fiber Preparation Systems Division** received an order from Shandong Chenming Paper Holdings Limited, Shandong Province, China for a 500 t/d deinking line. Mondi Packaging South Africa Pty Ltd., Felixton Mill, South Africa ordered a FibreFlow® drum pulper, coarse screening, and reject press. A confidential customer in China ordered a line to process mixed office waste and four paper machine approach systems. Also in China, Lee & Man Paper ordered an OCC processing system. The Division will also deliver the stock preparation system for the new Andritz tissue machine at Swedish Tissue AB, Kisa, Sweden. In the USA, the Division secured orders for two new FibreFlow® drum pulpers. One will be installed at Abitibi-Consolidated's Snowflake, Arizona mill and the other will go to Georgia-Pacific's Muskogee, Oklahoma mill.

The **Mechanical Pulping Systems Division** will modernize the TMP system at Holmen Paper's Braviken mill in Sweden. This rebuild will help the mill lower its energy costs and includes systems for chip washing, RT Pre-treatment, and equipment for the rejects system. In addition, Nanning Jinlang Pulp Co. Ltd., China placed an order for a new P-RC™ APMP system. The mill plans to produce 200 t/d of market pulp for lightweight printing and writing grades. The Division will also provide the detailed engineering, equipment, and erection work for the new Peroxide High Consistency bleach plant for SC<sup>++</sup> paper grades at Stora Enso's Kvarnsveden mill, Sweden.

The **Panelboard Department** received two orders from Brazil for pressurized refining systems. The systems will be supplied to new MDF plants for Industria de Compensados Guararapes Ltda. and Industria de Compensados Sudati Ltda. Shangqiu Dingsheng Wood Industry Co. Ltd., China also ordered a new pressurized refining system.

The Panelboard Department received its first order for a pressurized refining system in Nigeria. The system was sold via Salzgitter Mannesmann International and will be installed at OMO Wood, Lagos.

# HYDRO POWER

## Market development

Project activity for hydropower plant equipment continued to develop favorably during the First Quarter of 2007. In China and India, several new hydropower plants are under construction and in planning due to the continued strong increase in electricity demand.

In Europe and North America, investment activity primarily focused on modernization and capacity increases of existing plants. In order to secure grid stability, project activity for pumped storage power stations remained at a very high level.

The market for small hydropower plants also developed very favorably. The main driving force is the increased usage of renewable energies in the light of the implementation of the Kyoto Protocol.

Demand for large-scale pumps, especially in China, remained very high during the First Quarter of 2007. With its successful joint venture Andritz-Kenflo, Andritz is the clear market leader for centrifugal pumps for the Chinese pulp and paper industries.

## Business development

Sales of the Business Area amounted to 162.0 MEUR, of which 140.2 MEUR came from the first-time consolidation of VA TECH HYDRO. Excluding VA TECH HYDRO, Sales would have been 21.8 MEUR, an increase of 96.4% compared to the reference period of last year (Q1 2006: 11.1 MEUR). This is mainly due to the continued successful development of the pumps business.

EBITA of the Business Area during the First Quarter of 2007 amounted to 7.6 MEUR. The Business Area's profitability (EBITA Margin) amounted to 4.7%.

Order Intake of the Business Area was 294.0 MEUR, of which 278.0 MEUR came from VA TECH HYDRO. All Divisions of the Business Area showed a strong development of the Order Intake.

## Key Figures Hydro Power<sup>\*)</sup>

MEUR	Q1 2006	Q1 2007	Change	2006
Sales	11.1	162.0	+1,359.5%	467.9
Order Intake	21.0	294.0	+1,300.0%	585.4
Order Backlog (as of end of period)	70.7	1,770.2	+2,403.8%	1,659.5
EBITDA	1.7	10.9	+541.2%	33.3
EBITDA Margin	15.3%	6.7%	-	7.1%
EBITA	1.0	7.6	+660.0%	25.1
EBITA Margin	9.0%	4.7%	-	5.4%
Employees (as of end of period)	487	3,738	+667.6%	3,678

<sup>\*)</sup> VA TECH HYDRO was consolidated into the financial accounts of the Andritz Group for the first time in Q3 2006. For the reference periods of last year, no pro-forma figures are available.

## Major orders

Rheinkraftwerk Albrück-Dogern AG, 77% owned by German RWE, placed an order for the electromechanical equipment for a new weir power station on the Rhine, which – together with the existing facilities – will supply electricity to more than 180,000 households. The core of the new plant will be a bulb turbine generator set with a runner diameter of 6.1 m.

VA TECH HYDRO AG, Vevey received an order for the delivery of four MicroGuss™ Pelton runners to Chhukha, Bhutan. Each of the four units has an output of 84 MW and is formed by 21 buckets with a total weight of more than 17 tons. Andritz VA TECH HYDRO was able to win the contract, thanks to the outstanding reliability of the proven MicroGuss™ Pelton technology installed in more than 300 hydropower plants worldwide. In Bhutan, hydropower has become a very important source of electricity generation. Forty-five percent of the electricity produced is exported.

After having successfully rehabilitated unit 1, VA TECH HYDRO was also awarded the rehabilitation of units 2 - 5 of the Rock Island hydropower station, which is the oldest hydropower station on the Columbia River, Washington, USA. For Chelan County Public Utility District, one of the decisive criteria for the order award was the fish friendliness of the design. A habitat conservation plan aims at improving the migration of the red salmon in this region.

Andritz VA TECH HYDRO through its affiliate VA TECH Escher Wyss S.r.l. in Schio, Italy was awarded three contracts by Endesa Italia for refurbishment of hydropower plants in the north of Rome. In total, six Francis turbines and two Kaplan turbines, as well as new power systems and complete plant automation according to the Andritz VA TECH HYDRO NEPTUN concept, will be delivered.

SAF Hydroelectric, LLC awarded a contract to VA TECH HYDRO USA Corp., a company of Andritz VA TECH HYDRO, to install HYDROMATRIX® units at the lower Saint Anthony Falls Lock & Dam in Minneapolis, Minnesota, USA. The 16 units will produce a total of 10 MW and are scheduled to come online in late 2008. SAF Hydroelectric was created for the purpose of developing the Lower Saint Anthony Falls Project and is majority-owned by Brookfield Power, a major producer of hydropower in North America. Brookfield Power's portfolio comprises almost 3,800 MW of capacity, including 140 hydroelectric power stations.

The HYDROMATRIX® Turbine-Generator Concept is a leading solution for the development of hydropower at low-head sites with existing dam or gate structures, utilizing a factory assembled grid or "matrix" of small propeller turbine-generator units.

This contract represents years of engineering and development in close relationship with the customer to bring this first major U.S. HYDROMATRIX® project to fruition.

The Business Area will supply vertical large-scale pumps for irrigation in India.

# ROLLING MILLS AND STRIP PROCESSING LINES

## Market development

In the first Quarter of 2007, the market for carbon steel and stainless steel equipment developed favorably. Project activity has been good in all major steel producing regions worldwide, especially in China, Russia, and the USA. Several orders for new plants and modernization of existing steel mills were awarded.

Global crude steel production in the first three months of 2007 rose by approximately 8% compared to the same period last year. The prices for most steel products have also been on the rise. In Asia, there is an increasing demand for electro-galvanized sheets, mainly driven by the rising production of TV flat screens.

In the stainless steel sector, project activity for new plants, as well as for modernization of existing plants, also developed positively. The continued strong demand for stainless steel, especially from the fast growing economies like China and India, but also from North America is the main driver for this development.

## Business development

Sales of the Business Area during the First Quarter of 2007 amounted to 121.5 MEUR, a significant increase compared to the reference period of last year (Q1 2006: 82.5 MEUR). In line with Sales, EBITA, at 8.7 MEUR during the First Quarter of 2007, was also higher than during the same period of last year (Q1 2006: 5.7 MEUR).

Order Intake for the First Quarter of 2007 surged to 216.9 MEUR, increasing 59.4% compared to the First Quarter of 2006 (136.1 MEUR). The Business Area won several important orders in North America, Russia, and China, the latter accounting for approximately 19.2% of the Business Area's Order Intake in the First Quarter of 2007.

## Key Figures Rolling Mills and Strip Processing Lines

MEUR	Q1 2006	Q1 2007	Change	2006
Sales	82.5	121.5	+47.3%	450.5
Order Intake	136.1	216.9	+59.4%	401.9
Order Backlog (as of end of period)	506.5	498.9	-1.5%	403.7
EBITDA	6.1	9.3	+52.5%	32.8
EBITDA Margin	7.4%	7.7%	-	7.3%
EBITA	5.7	8.7	+52.6%	30.6
EBITA Margin	6.9%	7.2%	-	6.8%
Employees (as of end of period)	772	836	+8.3%	819

## Major orders

North America's largest integrated stainless steel producer, North American Stainless, a member of the Acerinox Group, placed an order for one of the world's largest annealing and pickling lines for hot-rolled stainless steel. With a capacity of approximately 1.2 million tons per year, the plant will process strip in the thickness range from 1.5 to 14 mm and up to 1,600 mm wide. Production is scheduled to start by the end of 2008. In addition to the mechanical equipment, Andritz will supply the annealing furnace and the complete pickling section with all ancillary equipment.

Baosteel Ltd., Shanghai, the largest steel producer in China, ordered an electrolytic galvanizing plant for steel strip with an annual capacity of 300,000 tons. This is the second steel strip galvanizing plant that Andritz will supply to Baosteel, which confirms the customer's satisfaction with the performance of the Andritz system already installed. Start-up is scheduled for August 2008.

Russian steel company NLMK, Lipezk placed an order for the erection of a hot-dip galvanizing plant with an annual capacity of approximately 300,000 tons, which is scheduled for start-up in the Fourth Quarter of 2008. This is the second hot-dip galvanizing plant that Andritz will supply to NLMK. Andritz's scope for this project comprises the overall engineering as well as the supply and start-up of the mechanical equipment. In addition, NLMK placed an order for the supply of a combined four-high/S-6 high reversing cold rolling mill for transformer sheet for their Lipezk mill, and for the supply of a four-high reversing cold rolling mill for transformer sheet at NLMK's affiliate, Viz Stal, Jekatarinenburg. Andritz will supply the complete mechanical systems as well as all ancillary and electrical equipment. This will help to substantially improve operational reliability as well as productivity and product quality.

# ENVIRONMENT AND PROCESS

## Market development

During the First Quarter of 2007, the market for sewage sludge dewatering equipment remained at a satisfactory level in Western Europe and the USA. In China, project activity continued to be very high.

Project activity for industrial applications for the petrochemical, minerals, mining, and food processing industries was very high in most areas of the world. The demand for dewatering equipment for treatment of industrial sludges also remained at a very high level.

Project activity for sludge drying plants mainly focused on the UK, the Arabic States, and South-east Asia. Due to rising gas prices, the market for refurbishments of drying plants with combined heat and power solutions and plants with combined incineration is increasing.

As a consequence of the increasing demand for alternative fuel sources, project activity for equipment to dry wood chips and saw-dust for the production of wood pellets has been on the rise.

## Business development Major orders

The Business Area's Sales during the First Quarter of 2007 amounted to 79.6 MEUR, thus practically unchanged compared to the reference Quarter of last year (Q1 2006: 80.8 MEUR). EBITA increased to 5.3 MEUR (Q1 2006: 4.5 MEUR).

Order Intake during the First Quarter of 2007 amounted to 98.0 MEUR, decreasing 23.0% compared to the very high level in the reference period of last year (Q1 2006: 127.2 MEUR). Orders for dewatering systems for industrial applications (especially for the mining and steel industries) continued to develop very strongly. In thermal drying, one project in Turkey was awarded to the Business Area during the reporting period.

In the dewatering segment, major orders for centrifuges and filter presses were received from municipalities, the chemical, mining, and minerals industries in Europe, the Arabic Countries, South-east Asia, China, South America, and the USA.

The Business Area was awarded a contract to deliver two large filter presses for a titanium dioxide plant in the Ukraine.

Six large filter presses will be delivered for dewatering of kaolin in Brazil.

A total of four Hyperbaric Filters (HBFs) were ordered by customers in the Ukraine and China.

Three centrifuges with a diameter of 1,100 mm will be delivered to Saudi Arabia for dewatering of HDPE.

Sodawerke Staßfurth, Germany ordered a 1,000 t/d fluidized bed plant for conversion of light soda ash from their Solvay process to dense ash using Andritz's monohydrate process. Dense ash is primarily used in the production of flat glass.

The city of Antalya ordered a sludge drying plant with a water evaporation capacity of 4.9 t/h. This will be the first plant of this kind in Turkey.

## Key Figures Environment and Process

MEUR	Q1 2006	Q1 2007	Change	2006
Sales	80.8	<b>79.6</b>	-1.5%	366.5
Order Intake	127.2	<b>98.0</b>	-23.0%	344.2
Order Backlog (as of end of period)	251.4	<b>195.4</b>	-22.3%	179.3
EBITDA	5.7	<b>6.5</b>	+14.0%	25.6
EBITDA Margin	7.1%	<b>8.2%</b>	-	7.0%
EBITA	4.5	<b>5.3</b>	+17.8%	20.5
EBITA Margin	5.6%	<b>6.7%</b>	-	5.6%
Employees (as of end of period)	1,255	<b>1,325</b>	+5.6%	1,324

# FEED AND BIOFUEL

## Market development

During the First Quarter of 2007, project activity for animal feed plants continued to develop positively, especially in the emerging regions of Eastern Europe, Russia, Asia, and Central and South America.

Investment activity in the aquatic feed industries also developed favorably. In particular, South America and Asia have been very active markets, with projects focusing on both plant expansions and new greenfield projects. The petfood industry also showed good market activity, especially in Western and Eastern Europe.

In the area of wood pelleting equipment, several projects for greenfield mills, as well as for the modernization of existing plants, have been evaluated; several orders for wood pelleting lines with substantial capacities were awarded. The most active regions were North America as well as Northern and Central Europe. In addition, project activity for wood pelleting lines has been on the rise in South America and Asia.

## Business development Major orders

Sales of the Business Area during the First Quarter of 2007 increased to 35.3 MEUR (Q1 2006: 27.3 MEUR). EBITA also developed favorably, increasing significantly to 3.3 MEUR during the First Quarter of 2007 (Q1 2006: 2.2 MEUR).

Order Intake during the First Quarter of 2007 reached 42.2 MEUR, the highest number ever achieved during a Quarter. This is a strong organic increase of 39.3% compared to the reference period of last year (Q1 2006: 30.3 MEUR).

The Business Area received several orders for large processing lines from the wood pelleting industries in North America, Northern and Western Europe, as well as from Asia and South America.

Significant orders for fish feed extrusion lines were received from aquatic feed companies in South America, Asia, and the Mediterranean region.

Several orders for animal feed lines were awarded by customers in Asia, Eastern and Central Europe, and in South America.

## Key Figures Feed and Biofuel

MEUR	Q1 2006	Q1 2007	Change	2006
Sales	27.3	35.3	+29.3%	120.6
Order Intake	30.3	42.2	+39.3%	127.1
Order Backlog (as of end of period)	26.9	36.8	+36.8%	30.2
EBITDA	2.8	3.7	+32.1%	12.9
EBITDA Margin	10.3%	10.5%	-	10.7%
EBITA	2.2	3.3	+50.0%	10.6
EBITA Margin	8.1%	9.3%	-	8.8%
Employees (as of end of period)	497	537	+8.0%	531

# OUTLOOK

## Disclaimer

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 continue to develop favorably in 2007. In all of Andritz's Business Areas, project activity should remain on a satisfactory level, with investments focusing on both greenfield plants and modernizations/refurbishments of existing installations.

Based on the figures for the First Quarter of 2007, the mix of orders of the existing backlog, and the high project activity in all of Andritz's markets, Andritz expects Group Sales for the full year of 2007 to reach approximately 3.1 billion EUR (Sales 2006: 2,709.7 MEUR). Net Income after taxes of the Group is expected to increase in line with Sales (Net Income after taxes 2006: 121.4 MEUR).

*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.*

# INTERIM CONSOLIDATED INCOME STATEMENT

for the First Quarter of 2007 (unaudited)  
and the First Quarter of 2006 (unaudited)

	Q1 2007 (in TEUR)	Q1 2006 (in TEUR)
<b>Sales</b>	<b>730,899</b>	<b>451,525</b>
Changes in inventories of finished goods and work in progress	2,504	25,573
Capitalized cost of self-constructed assets	455	36
	733,858	477,134
Other operating income	6,193	4,731
Cost of materials	(426,959)	(287,630)
Personnel expenses	(163,826)	(98,498)
Other operating expenses	(99,750)	(63,400)
<b>Earnings before interest, taxes, depreciation and amortization (EBITDA)</b>	<b>49,516</b>	<b>32,337</b>
Depreciation and amortization	(11,147)	(5,783)
<b>Earnings before interest and taxes (EBIT)</b>	<b>38,369</b>	<b>26,554</b>
Income/Expenses from associated companies	806	416
Interest result	1,264	898
Other income from financing activities	101	0
<b>Financial results</b>	<b>2,171</b>	<b>1,314</b>
<b>Earnings before taxes (EBT)</b>	<b>40,540</b>	<b>27,868</b>
Income taxes	(11,479)	(8,347)
<b>Net income</b>	<b>29,061</b>	<b>19,521</b>
Thereof attributable to:		
Shareholders of the parent company	28,537	18,928
Minority interests	524	593
Weighted average number of no par value shares	12,894,947	12,803,665
Earnings per no par value share (in EUR)	2.21	1.48
Effect of potential dilution of share options	45,863	109,320
Weighted average number of no par value shares and share options	12,940,810	12,912,985
Diluted Earnings per no par value share (in EUR)	2.21	1.47

# CONSOLIDATED BALANCE SHEET

as of March 31, 2007 (unaudited)  
and as of December 31, 2006

	31.03.2007 (in TEUR)	31.12.2006 (in TEUR)
<b>Assets</b>		
Intangible assets	48,796	50,990
Goodwill	208,909	207,392
Property, plant and equipment	238,816	237,089
Shares in associated companies	7,028	6,222
Investments	27,931	32,738
Other non-current receivables and assets	5,174	6,132
Deferred tax assets	61,272	58,969
<b>Non-current assets</b>	<b>597,926</b>	<b>599,532</b>
Inventories	228,028	213,728
Advance payments made	63,375	35,710
Trade accounts receivable	322,428	347,368
Cost and earnings of projects under construction in excess of billings	334,274	346,777
Other current receivables	108,017	108,699
Prepayments and deferred charges	10,553	10,594
Marketable securities	92,430	39,592
Cash and cash equivalents	661,921	670,591
<b>Current assets</b>	<b>1,821,026</b>	<b>1,773,059</b>
<b>Total assets</b>	<b>2,418,952</b>	<b>2,372,591</b>
<b>Shareholders' equity and liabilities</b>		
Share capital	94,510	94,510
Capital reserves	45,966	45,966
Retained earnings	254,138	262,352
<b>Equity attributable to shareholders of the parent company</b>	<b>394,614</b>	<b>402,828</b>
<b>Minority interests</b>	<b>11,772</b>	<b>11,712</b>
<b>Total shareholders' equity</b>	<b>406,386</b>	<b>414,540</b>
Bonds	295,034	296,358
Bank loans and other financial liabilities - non-current	23,583	21,826
Provisions - non-current	188,372	182,002
Obligations under finance leases - non-current	726	778
Other liabilities - non-current	6,717	8,144
Liabilities for deferred taxes	83,376	80,093
<b>Non-current liabilities</b>	<b>597,808</b>	<b>589,201</b>
Bank loans - current	32,836	24,900
Obligations under finance leases - current	638	599
Trade accounts payable	297,380	340,682
Billings in excess of cost and earnings of projects under construction	424,251	391,934
Advance payments received	92,610	70,730
Provisions - current	187,091	204,106
Liabilities for current taxes	24,408	22,605
Other current liabilities	355,544	313,294
<b>Current liabilities</b>	<b>1,414,758</b>	<b>1,368,850</b>
<b>Total Shareholders' equity and liabilities</b>	<b>2,418,952</b>	<b>2,372,591</b>

# CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

for the First Quarter of 2007 (unaudited)  
and the First Quarter of 2006 (unaudited)

(in TEUR)	Attributable to shareholders of the parent					Total	Minority	Total share-
	Share capital	Capital reserves	Other retained earnings	IAS 39 reserve	Currency translation adjustments		interests	holders' equity
<b>Status as at 1 January 2006</b>	<b>94,510</b>	<b>45,966</b>	<b>191,429</b>	<b>(3,172)</b>	<b>(8,316)</b>	<b>320,417</b>	<b>8,335</b>	<b>328,752</b>
Currency translation adjustments					(3,561)	(3,561)	(77)	(3,638)
Changes to IAS 39 reserve				608		608	15	623
Gains/(losses) recognized directly in equity,								
net of taxes on income	0	0	0	608	(3,561)	(2,953)	(62)	(3,015)
Net income			18,928			18,928	593	19,521
Total gains/(losses) for the year	0	0	18,928	608	(3,561)	15,975	531	16,506
Dividends			(25,550)			(25,550)	(256)	(25,806)
Changes from acquisitions						0		0
Changes concerning own shares						0		0
Other changes						0		0
<b>Status as at 31 March 2006</b>	<b>94,510</b>	<b>45,966</b>	<b>184,807</b>	<b>(2,564)</b>	<b>(11,877)</b>	<b>310,842</b>	<b>8,610</b>	<b>319,452</b>
<b>Status as at 1 January 2007</b>	<b>94,510</b>	<b>45,966</b>	<b>283,725</b>	<b>673</b>	<b>(22,046)</b>	<b>402,828</b>	<b>11,712</b>	<b>414,540</b>
Currency translation adjustments					(1,403)	(1,403)	143	(1,260)
Changes to IAS 39 reserve				2,320		2,320	(24)	2,296
Gains/(losses) recognized directly in equity,								
net of taxes on income	0	0	0	2,320	(1,403)	917	119	1,036
Net income			28,537			28,537	524	29,061
Total gains/(losses) for the year	0	0	28,537	2,320	(1,403)	29,454	643	30,097
Dividends			(38,690)			(38,690)	(583)	(39,273)
Changes from acquisitions						0		0
Changes concerning own shares			211			211		211
Other changes			811			811		811
<b>Status as at 31 March 2007</b>	<b>94,510</b>	<b>45,966</b>	<b>274,594</b>	<b>2,993</b>	<b>(23,449)</b>	<b>394,614</b>	<b>11,772</b>	<b>406,386</b>

# CASH FLOW STATEMENT

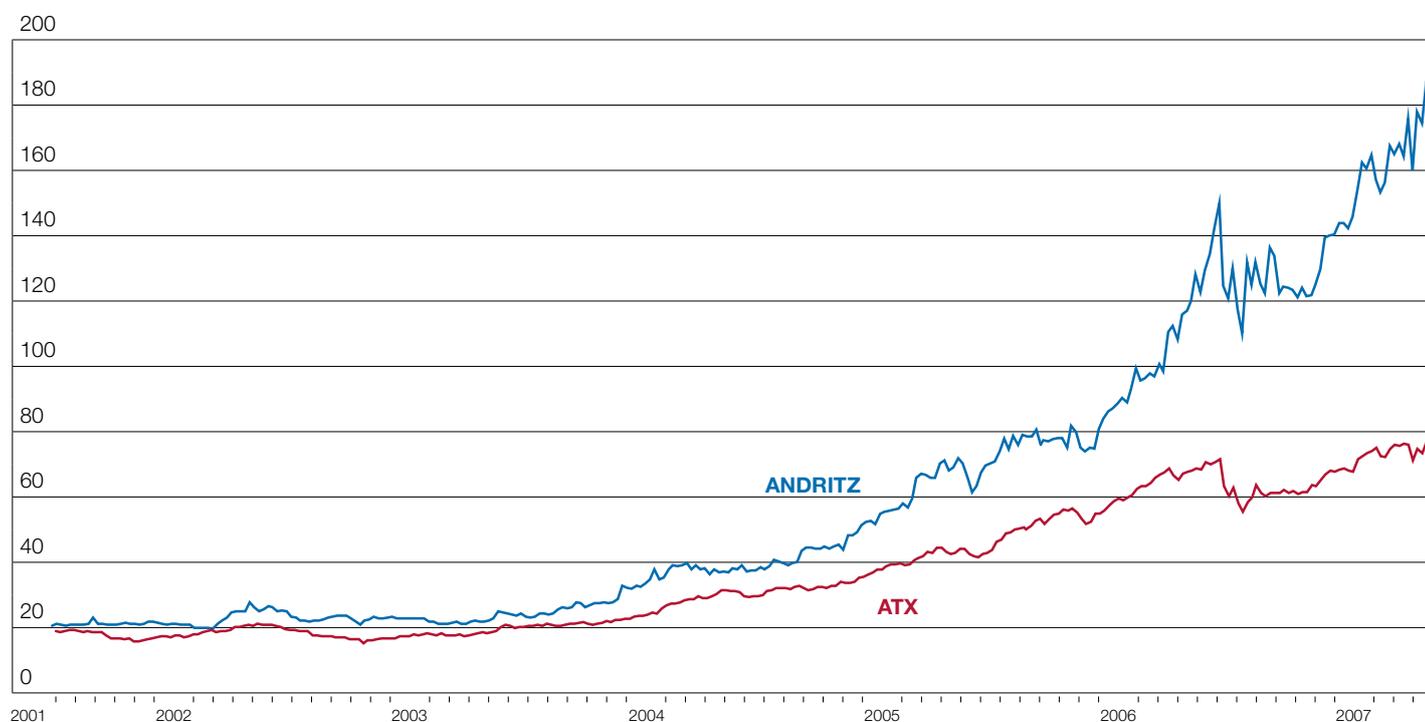
for the First Quarter of 2007 (unaudited)  
and the First Quarter of 2006 (unaudited)

## Interim Consolidated Cash Flow Statement

	Q1 2007 (in TEUR)	Q1 2006 (in TEUR)
Cash flow from operating activities	39,747	(25,031)
Cash flow from investing activities	(56,983)	(4,533)
Cash flow from financing activities	8,566	(1,542)
Change in cash and cash equivalents	(8,670)	(31,106)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>670,591</b>	<b>418,785</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>661,921</b>	<b>387,679</b>

# ANDRITZ SHARE

## Relative performance of the Andritz share vs. the ATX



## Share price development

During the First Quarter of 2007, the Andritz share price developed very favorably. With an increase of 16.2%, it significantly outperformed the ATX, which increased by only 1.9% in the same period.

The highest closing price of the Andritz share during the reporting period was 190.11 Euros (March 26, 2007), and the lowest was 152.48 Euros (January 12, 2007).

## Trading volume on the Stock Exchange

The average daily trading volume during the First Quarter of 2007 was 90,129 shares (Q1 2006: 73,131 shares). The highest daily trading volume was noted on March 1, 2007 (358,208 shares), the lowest trading volume was 21,310 shares (January 2, 2007).

## Share split

On March 29, 2007, the Annual General Meeting agreed to a split (ratio: 1:4) of the Andritz shares, thus increasing the total number of shares from 13 million to 52 million. The conversion day for the price of the split shares on the Vienna Stock Exchange ("ex day") was May 3, 2007.

## Share buy-back

The General Meeting of Shareholders also authorized the Managing Board to buy back and sell up to 10% of Andritz's total shares for 18 months, starting April 1, 2007. The minimum price was fixed at EUR 5.00 per share to be purchased, the maximum price for buy-back shares was fixed at 30% above the average unweighted closing price during the ten trading days preceding the buy-back.

## Key figures for Andritz shares

	Q1 2006	Q1 2007	2006
Highest closing price (EUR)	120.19	190.11	164.30
Lowest closing price (EUR)	92.50	152.48	92.50
Closing price as of end of period (EUR)	120.19	187.79	164.30
Market capitalization as of end of period (MEUR)	1,562.5	2,441.3	2,135.9
Performance	+27.9%	+16.2%	+74.9%
ATX weighting as of end of period (%)	1.9369	2.7090	2.4077
Average daily number of shares traded	73,131	90,129	88,895

Source: Vienna Stock Exchange

## Financial Calendar for 2007

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First Half of 2007

August 3, 2007

Q1-Q3 2007

November 7, 2007

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Further information about planned roadshows, participation in investor conferences, etc. can be found on [www.andritz.com](http://www.andritz.com).

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