



## First three Quarters of 2002

- /// Continued difficult economic environment
- /// Order Intake during 3<sup>rd</sup> Quarter again higher than in previous Quarter and considerably higher than for same period in 2001
- /// Sales and Earnings below previous year's value
- /// Continuation of complementary acquisition strategy
- /// Andritz shares outperform ATX

**Q3 2002**

**ANDRITZ**

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# First three Quarters of 2002

Continued weak economic development in the USA and Europe

## General Economic Conditions

At the end of the 2<sup>nd</sup> Quarter of 2002, there was some conservative optimism regarding the general recovery of the world economy, but it has so far not proved justified. The US economy continued to be mired in a weak condition also during the 3<sup>rd</sup> Quarter of 2002. Most of the data published are still pointing to a continuation of the sluggish economic development. In its "Beige Book", published in early September, the US Federal Reserve Board stated that the economic growth had once more slowed down slightly last summer. There were, however, wide differences in the various sectors: while industrial orders declined for the first time in nine months, retailers reported slightly rising sales. Private consumption was once more the pillar of economic development. The US Federal Reserve Board made no changes to its interest policy during the reporting period. The key interest rate remained at its lowest in 40 years.

In Euroland, the economic development in the 3<sup>rd</sup> Quarter of 2002 remained very subdued. On account of deteriorated perspectives and appraisals for the building industry and retail trade, leading economic forecast institutes expect a sustained economic upswing to occur not before the first Quarter of next year. Forecasters say that Europe's Gross Domestic Product (GDP) is likely to grow by 1.3% in 2002; the German and Austrian GDP is expected to increase by 0.3% and 0.6% respectively.

Sources: OECD, WIFO, OeNB

## Business Development during the first three Quarters of 2002

### Decrease in Sales

Andritz Group Sales for the first three Quarters of 2002 amounted to 801.1 MEUR, which is 14.4% less than for the 2001 reference period (936.0 MEUR). The decisive factors for this decline were the low Order Intake amount in the second half of last year and partly also the lower degree of work in progress on projects.

### Order Intake during 3<sup>rd</sup> Quarter again higher than in previous Quarter and considerably higher than for same period in 2001

Despite the very difficult economic conditions, the Andritz Group's Order Intake was very satisfactory as a whole. At an amount of 962.8 MEUR for the reporting period, it was increased 6.6% in comparison with the Order Intake booked during the previous year's reference period (first three Quarters of 2001: 903.3 MEUR).

Order Intake in the 3<sup>rd</sup> Quarter of 2002 was 363.5 MEUR, 3.0% higher than the high level of the previous Quarter (2<sup>nd</sup> Quarter of 2002: 352.9 MEUR), and nearly double the amount obtained during the 3<sup>rd</sup> Quarter of the previous year (201.6 MEUR). This means that the Andritz Group's Order Intake has been on the rise for four consecutive Quarters.

With the exception of Feed Technology, all Business Areas of the Andritz Group succeeded in increasing their Order Intake for the 3<sup>rd</sup> Quarter of 2002 in comparison with the previous year's 3<sup>rd</sup> Quarter, some quite considerably.

Order Intake in Q3 2002 rises for the 4<sup>th</sup> consecutive Quarter

## Key Figures for the first three Quarters of 2002

MEUR	Q1-Q3 2002	Q1-Q3 2001	Change	Q3 2002	Q3 2001	Change
Sales	801.1	936.0	-14.4%	263.9	322.3	-18.1%
Order Intake	962.8	903.3	+6.6%	363.5	201.6	+80.3%
Order Backlog (as of end of period)	888.0	897.3	-1.0%	888.0	897.3	-1.0%
EBITDA <sup>1)</sup>	54.4	67.7	-19.6%	19.1	26.6	-28.2%
EBITDA Margin	6.8%	7.2%	-	7.2%	8.3%	-
EBITA <sup>2)</sup>	37.7	50.7	-25.6%	13.6	20.8	-34.6%
EBITA Margin	4.7%	5.4%	-	5.2%	6.5%	-
Earnings before Interest and Taxes (EBIT)	27.6	40.6	-32.0%	10.4	17.3	-39.9%
Earnings before Taxes	27.5	43.8	-37.2%	10.2	18.7	-45.5%
Net Income excl. Minority Interests	15.1	26.1	-42.1%	5.9	13.9	-57.6%
Cash flow from Operating Activities	33.1	64.3	-48.5%	21.1	4.0	+427.5%
Capital Expenditure <sup>3)</sup>	8.8	11.3	-22.1%	2.6	3.3	-21.2%
Employees (as of end of period)	4,445	4,585	-3.1%	4,445	4,585	-3.1%

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

2) EBITA: Earnings before amortization of goodwill

3) Additions to tangible and intangible assets

Order Backlog as of September 30, 2002 was 888.0 MEUR and was thus only slightly below the value at the reference date for the previous year (30.9.2001: 897.3 MEUR). Compared to the value at the key date for the previous Quarter (797.9 MEUR on June 30, 2002), Order Backlog increased noticeably, by 11.3%.

### Earnings lower than in the previous year

Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) for the first three Quarters of 2002 amounted to 54.4 MEUR, versus 67.7 MEUR for the previous year's reference period, a decline of 19.6%. Considering the Earnings development by Quarters, it is to be noted that the EBITDA for the 3<sup>rd</sup> Quarter of 2002 was improved in comparison with the previous Quarter both absolutely and expressed as percentage of overall Sales (EBITDA Margin). EBITDA for the 3<sup>rd</sup> Quarter of 2002 was 19.1 MEUR and was thus 16.5% above the previous Quarter (2<sup>nd</sup> Quarter of 2002: 16.4 MEUR). The EBITDA Margin increased to 7.2% in the 3<sup>rd</sup> Quarter of 2002 (2<sup>nd</sup> Quarter of 2002: 6.2%). This is essentially due to the improved Earnings of the Pulp and Paper Business Area.

EBIT for the first three Quarters of 2002 was 27.6 MEUR (first three Quarters of 2001: 40.6 MEUR).

The Financial Result for the 3<sup>rd</sup> Quarter of 2002 amounted to -0.1 MEUR, a decline from the 3<sup>rd</sup> Quarter of 2001 (1.4 MEUR). This decrease is attributable to the generally lower interest level, especially in North America, to expenses in conjunction with hedging of the interest risk related to the issue of the 100 million Euro Andritz corporate bond in the form of a SWAP, and to the valuation of bonds and forward exchange contracts as per key date.

The Net Income (incl. Minority Interests) for the 3<sup>rd</sup> Quarter of 2002 (after taxes in the amount of 4.2 MEUR), is 6.1 MEUR, compared to 13.8 MEUR for the 3<sup>rd</sup> Quarter of 2001. It is to be noted that due to release of provisions, the tax rate in the 2001 reference period was considerably lower than for the 3<sup>rd</sup> Quarter of 2002.

### Net Worth Position and Capital Structure

The balance sheet as at September 30, 2002 shows no major changes over the balance as at the key date for the previous Quarter. Compared to the balance sheet as at December 31, 2001 it is to be noted that the long-term borrowings increased to 107.5 MEUR as at September 30, 2002 (31.12.2001: 1.0 MEUR); this is due to the issue of the 100 million Euro corporate bond.

Increase in Earnings and Margins in Q3 compared to previous Quarter

Andritz to acquire  
Furnace Division  
from SELAS, and  
ABB Drying

The reduction in the Shareholders' Equity from 230.3 MEUR as of December 31, 2001, to 218.6 MEUR as of September 30, 2002, is mostly attributable to exchange rate differences resulting from the higher rate of the Euro versus the US Dollar. The conversion effect of the value of the equities of Andritz subsidiaries in the Dollar area as per key date is the main factor here, which was, in part, compensated by the valuation of the hedging contracts as per key date (hedging reserve pursuant to IAS 39).

With an Equity Ratio of 23.8% as at September 30, 2002, the Andritz Group has a solid balance sheet structure (31.12.2001: 24.5%). The net liquidity as of September 30, 2002, was 74.2 MEUR (31.12.2001: 77.3 MEUR).

#### **Continuation of complementary acquisition policy**

In October 2002, Andritz continued its strategy of acquiring complementary companies in the fields of pulp and paper as well as rolling mills and strip processing lines with the planned acquisition of ABB Drying, a leading supplier of pulp drying equipment, and of the Furnace Technology Division for hot-dip galvanizing and annealing lines from SELAS SAS.

Both planned acquisitions will serve to extend Andritz' process competence in these two areas considerably. By acquiring ABB Drying, as it is planned, Andritz will be able to act as supplier for entire pulp drying and baling lines, offering customers the entire product range from the woodyard to equipment for the production of all types of pulp to the finished pulp bales.

The planned purchase of the SELAS SAS Furnace Technology Division completes the product and system portfolio for hot-dip galvanizing. It will enable Andritz to offer its own know-how for the two widely used steel strip finishing processes - electrolytic galvanizing and hot-dip galvanizing.

## Outlook

The forecasts of international economic research institutes predict only a moderate recovery of the global economy for the coming months. The Andritz Group's main markets (pulp, paper, and steel) have seen a slight upswing since the 2<sup>nd</sup> Quarter of 2002, but it is not clear whether the recovery will be a sustained one given the difficult fundamental framework conditions and drastic downward development of international capital markets. In the light of this difficult environment we expect Sales and Earnings for the year 2002 to be below those for the previous year.

Despite the very difficult economic background, the development of the Andritz Group's Order Intake has been satisfactory altogether. Based on the Order Intake for the first three Quarters of 2002, and considering the project awards that might materialize during the current 4<sup>th</sup> Quarter, we expect the total Order Intake for the year 2002 to exceed that for 2001. This should have positive effects on the Sales und Earnings development in year 2003. The operative focus for the coming year are the group-wide continuation of the strict cost-saving and capacity management and the intensified integration of the Group through optimizing the structural and business process organization.

Order Intake for  
2002 expected  
to be higher than  
for previous year

# Development of the Business Areas

## Pulp and Paper

### Market Development

The international pulp market receded slightly over the 3<sup>rd</sup> Quarter of 2002. During that period Norscan inventories rose from approx. 1.3 million tonnes as per the end of June 2002 to just over 1.6 million tonnes by the end of September. This increase had largely been expected by the market participants, but it caused a slight drop in prices in the course of the 3<sup>rd</sup> Quarter. Throughout the reporting period, the price of NBSK (Northern Bleached Softwood Kraft pulp) remained in a range between 470 - 490 USD/t. The demand for short-fiber (birch and eucalyptus) pulp continued to be strong; the price of this type of pulp levelled out at the 520 USD/t mark.

Despite the difficult overall economic conditions, project activity remained at a satisfactory level.

### Business Development

The Business Area's Sales during the first three Quarters of 2002 amounted to 479.1 MEUR and were thus 22.7% below the previous year's reference period (619.8 MEUR). One essential reason is the lower Order Intake of the previous Quarters, affecting the Sales development with a certain time lag. The Sales of the 3<sup>rd</sup> Quarter of 2002, 160.7 MEUR, were 6.2% higher than the Sales in the 2<sup>nd</sup> Quarter (151.3 MEUR).

#### Key Figures for the Pulp and Paper Business Area

MEUR	Q1-Q3 2002	Q1-Q3 2001	Change	Q3 2002	Q3 2001	Change
<b>Sales</b>	<b>479.1</b>	619.8	-22.7%	<b>160.7</b>	215.5	-25.4%
<b>Order Intake</b>	<b>599.9</b>	539.7	+11.2%	<b>223.1</b>	111.1	+100.8%
<b>Order Backlog</b>	<b>539.2</b>	584.2	-7.7%	<b>539.2</b>	584.2	-7.7%
<b>EBITDA</b>	<b>32.8</b>	44.0	-25.5%	<b>12.6</b>	18.8	-33.0%
<b>EBITDA Margin</b>	<b>6.8%</b>	7.1%	-	<b>7.8%</b>	8.7%	-
<b>EBITA</b>	<b>22.7</b>	33.4	-32.0%	<b>9.2</b>	15.2	-39.5%
<b>EBITA Margin</b>	<b>4.7%</b>	5.4%	-	<b>5.7%</b>	7.1%	-

EBITDA for the first three Quarters of 2002 amounted to 32.8 MEUR, versus 44.0 MEUR for the 2001 reference period. This decline of 25.5% is, in the main, due to the restrained project activity in North American services business. Its effects on Earnings were especially felt during the first half of 2002. However, there was a slight improvement during the 3<sup>rd</sup> Quarter of 2002. EBITDA during the 3<sup>rd</sup> Quarter of the current year was 12.6 MEUR and therefore 26% higher than in the 2<sup>nd</sup> Quarter (10.0 MEUR). Profitability expressed as EBITDA Margin was increased substantially, from 6.6% for the 2<sup>nd</sup> Quarter to 7.8% for the 3<sup>rd</sup> Quarter of 2002.

At the end of October 2002, Andritz AG signed an agreement for the purchase of ABB Drying, a leading supplier of drying equipment for pulp, and a supplier of high-performance hoods for tissue machines and other drying equipment for paper making.

Upon the planned acquisition Andritz will extend its product program for pulp drying and baling line equipment, adding ABB's drying equipment to Andritz' present offering of pulp dewatering equipment as well as cutter-layboy and baling line equipment.

The Business Area's Order Intake progressed very favorably over the first three Quarters of 2002, especially due to the extremely positive development in the field of recovery systems - reaching a value of 599.9 MEUR or 11.2% above last year's comparable period (539.7 MEUR). Order Intake in the 3<sup>rd</sup> Quarter of 2002 was 223.1 MEUR, slightly above the level for the previous Quarter (222.4 MEUR). Thus, the Order Intake has increased for the fourth consecutive Quarter. Compared to the previous year's 3<sup>rd</sup> Quarter, Order Intake was approximately doubled (3<sup>rd</sup> Quarter of 2001: 111.1 MEUR).



High Order Intake  
for recovery  
plants



A number of major orders were booked by Pulp and Paper during the 3<sup>rd</sup> Quarter of the current year. At the end of September of the reporting period, the contract concluded in October last year between Andritz and RWE Industrie-Lösungen GmbH, which has been commissioned to construct a new kraft pulp mill for Zellstoff Stendal GmbH in Saxony-Anhalt, Germany, became finally effective. Andritz will supply a chemical recovery island consisting of a recovery boiler, evaporation, and recausticizing plant.

The Fiber Preparation Systems Division, which started its worldwide operations as recently as July 1, 2002, has undergone a successful development. Just a few weeks after market entry, the Division recorded its first sales successes with the new SelectaFlot™ flotation technology and the new CompaDis™ disperger. Stadacona, Canada, ordered an extension for an existing deinking line; to Vipap Videm Krsko, Slovenia, the Division will supply a new deinking line.

The first refiner with a completely new refining concept – the Papillon™ – is currently being tested together with an Austrian customer. Many new products are in their development phases and will be introduced to the market step by step.

The Mechanical Pulping Systems Division received orders for delivery of pressurized refiner systems for fiber board production from renowned Chinese customers. The Division has thus extended its market leadership in China.

The Tissue Machines Division has continued the successful development of the past months. Renova S.A., the largest tissue producer and converter in Portugal, and Gomà-Camps, Spain, ordered extensive modernisation and rebuild work on tissue machines. The goal of the rebuilds is to increase production capacity, to improve product quality and to reduce gas consumption.

*Papillon™: Andritz Refiner  
with a new refining concept*



## Rolling Mills and Strip Processing Lines

### Market Development

The international market for flat steel products (steel and stainless steel) continued its very moderate development during the 3<sup>rd</sup> Quarter of 2002. International steel producers continued to be reluctant to make investments, only in China was there higher project activity. Only a few projects were awarded in North America. Generally speaking, customers appear to be inclined to make new investments, especially on account of increased quality requirements by final customers. The price pressure among suppliers continued at a high level, but thanks to its technological know-how and installed base, Andritz was able to win some important orders.



### Business Development

During the first three Quarters of 2002, the Business Area saw a favorable development. Sales increased to 136.4 MEUR, 12.8% above the amount for the previous year's first three Quarters (120.9 MEUR). Earnings also progressed satisfactorily, with EBITDA increasing to 9.9 MEUR over the first three Quarters of 2002 (first three Quarters of 2001: 6.7 MEUR). The EBITDA Margin rose from 5.5% for the first three Quarters of 2001 to 7.3% for the first three Quarters of 2002.

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

MEUR	Q1-Q3 2002	Q1-Q3 2001	Change	Q3 2002	Q3 2001	Change
Sales	136.4	120.9	+12.8%	43.8	39.2	+11.7%
Order Intake	147.3	169.8	-13.3%	60.9	27.3	+123.1%
Order Backlog	170.0	179.6	-5.3%	170.0	179.6	-5.3%
EBITDA	9.9	6.7	+47.8%	1.7	2.4	-29.2%
EBITDA Margin	7.3%	5.5%	-	3.9%	6.1%	-
EBITA	7.9	5.1	+54.9%	1.1	1.9	-42.1%
EBITA Margin	5.8%	4.2%	-	2.5%	4.8%	-

Order Intake progressed very favorably. At 60.9 MEUR, the Order Intake in the 3<sup>rd</sup> Quarter of 2002 was more than doubled from the previous year's reference period (3<sup>rd</sup> Quarter of 2001: 27.3 MEUR). It was increased 4.8% from the 2<sup>nd</sup> Quarter of 2002 (58.1 MEUR). The total Order Intake for the first three Quarters of 2002 was 147.3 MEUR, 13.3% less than in the previous year (first three Quarters of 2001: 169.8 MEUR). The Order Intake fallback noted at the end of the first half of 2002 (-39.4% versus the previous year), which was due to a large order received in 2001, was further reduced in the course of the 3<sup>rd</sup> Quarter.

In mid-October Andritz AG acquired the Furnace Technology Division from SELAS SAS, a French subsidiary of SELAS Corp., USA. The furnaces are used for continuous hot-dip galvanizing and annealing of steel strip. With the SELAS equipment now in its portfolio, Andritz has become a supplier of complete plants for continuous hot dip galvanizing lines for steel strip surface finishing. Andritz and its affiliates Sundwig, Andritz-Ruthner and SELAS now cover almost the entire production line for hot-dip galvanizing.

Baoxin Stainless Steel, China, placed an order for a straightening and levelling line. Mitsubishi Hitachi Metals, Japan, will receive an acid regeneration system in China designed and supplied by the Business Area. Other major orders came from Rome Strip and from North American Stainless, two US companies, for constructing a two-high skin pass mill and for the chemical process part in a stainless steel annealing and pickling line.

Acquisition of  
Furnace Division  
from SELAS SAS



## Environment and Process Technologies

### Market Development

The demand for waste water and sludge treatment plants from municipal customers remained stable over the reporting period, but demand from industrial customers remained weak. There was strong project activity in the United States, Central Europe and Asia.

### Business Development

The Business Area's Sales during the first three quarters of 2002 declined to 85.4 MEUR (first three Quarters of 2001: 100.1 MEUR). This is mainly attributable to many projects that are only in their starting phase and will not have an effect on Sales until later.

The Earnings development was - in addition to the lower Sales - influenced by cost overruns on some of the large projects.

These were financially burdening, especially during the first two Quarters of the current year. During the 3<sup>rd</sup> Quarter of 2002, Earnings were slightly improved over those obtained during the previous Quarters. EBITDA for the 3<sup>rd</sup> Quarter of 2002 was 1.3 MEUR, versus -0.1 MEUR for the 2<sup>nd</sup> Quarter of 2002. As a whole, however, EBITDA for the first three Quarters of 2002 declined considerably in comparison to that for the 2001 reference period (7.0 MEUR), reaching 1.7 MEUR.

Order Intake for the first three Quarters of 2002 amounted to 119.4 MEUR, 41.1% above the comparable value in 2001. The Order Intake for the 3<sup>rd</sup> Quarter of 2002, 45.5 MEUR, exceeded the Order Intake value for the 3<sup>rd</sup> Quarter of 2001 by 68.5%.

Southern Water, Great Britain, concluded a five-year services contract with Andritz, relating to several plants in the South of England. The contract covers supply of spare parts and telecontrol of the plant operation, inspections, process evaluations, maintenance work and safety audits. The goal of the cooperation consists in ensuring high plant availability and in saving operating costs.

The Business Area booked important orders also from the USA: three centrifuges for King County South Wastewater Treatment Plant, Renton, Washington; four large centrifuges for Southerly Wastewater Treatment Plant, Columbus, Ohio; a large order consisting of 13 Aqua-Screens for waste water cleaning by The District of Columbia Water and Sewer Authority, Washington, DC; two large centrifuges and a DDS drum drying system for Sacramento Regional County Sanitation District, Sacramento, California, and the reconstruction of eleven existing belt presses to increase dewatering performance at Metropolitan St. Louis Sewer District, Bissell Point, St. Louis, Missouri.

Andritz Technologies Inc., China, will supply a PowerPress E 2000 to Dongguan Jinzhou Paper Co., Ltd., Guangdong Province. The city of Florence, Italy, ordered four D6L centrifuges for sewage sludge thickening and two D5LN centrifuges for sewage sludge dewatering from Guinard Centrifugation S.A., France (via Fisia Italimpianti).

### Key Figures for the Environment and Process Technologies Business Area

MEUR	Q1-Q3 2002	Q1-Q3 2001	Change	Q3 2002	Q3 2001	Change
Sales	85.4	100.1	-14.7%	29.9	35.1	-14.8%
Order Intake	119.4	84.6	+41.1%	45.5	27.0	+68.5%
Order Backlog	132.4	77.4	+71.1%	132.4	77.4	+71.1%
EBITDA	1.7	7.0	-75.7%	1.3	1.3	0.0%
EBITDA Margin	2.0%	7.0%	-	4.3%	3.7%	-
EBITA	0.4	5.8	-93.1%	0.9	0.8	+12.5%
EBITA Margin	0.5%	5.8%	-	3.0%	2.3%	-

Significant increase in Order Intake



The sludge drying system for Glasgow/Daldowie, Scotland, which includes six DDS drum drying lines with a total evaporation rate of 22,000 liters of water per hour, and twelve large centrifuges, was started up successfully. One DDS drying line each at Sandown and Portsmouth were taken over by Southern Water, England. The city of Louisville and Jefferson County MSD, USA, started up four drum drying systems. The sludge drying system at Granollers, Barcelona, Spain, passed acceptance tests and is now in full operation.

## Feed Technology

### Market Development

The international feed market continued its moderate development of previous Quarters also in the 3<sup>rd</sup> Quarter of 2002. In the area of conventional feed (mixed feed) there was good project activity especially in Northern and Eastern Europe and in some Asian countries. In the salmon feed sector, some large projects were awarded or a decision is imminent on them over the coming months. The biofuel pellet market has been developing favorably, there is increasing demand from Northern and Eastern Europe and North America.



### Business Development

The Sales of the Feed Technology Business Area for the first three Quarters of 2002 were 78.8 MEUR, slightly more than for the 2001 reference period (first three Quarters of 2001: 78.1 MEUR). EBITDA was 3.8 MEUR, an improvement of 31.0% versus the previous year's comparable value (2.9 MEUR).

Order Intake for the first three Quarters of 2002 was 76.9 MEUR, 10.8% less than in the previous year's first three Quarters (86.2

MEUR). The 3<sup>rd</sup> Quarter of the reporting period saw Order Intake bookings to the total value of 23.1 MEUR, 23.3% less than for the same Quarter in 2001 (30.1 MEUR). The main reason for this is the continued reluctance of customers in North and South America to make capital investments.

The Business Area was able to win several orders in the area of conventional feed from customers in Northern and Eastern Europe. A complete extrusion line for salmon feed production will be supplied to a Norwegian customer. Extrusion line orders for making pet food were won in Asia and Eastern Europe.

### Key Figures for the Feed Technology Business Area

MEUR	Q1-Q3 2002	Q1-Q3 2001	Change	Q3 2002	Q3 2001	Change
<b>Sales</b>	<b>78.8</b>	78.1	+0.9%	<b>23.7</b>	26.5	-10.9%
<b>Order Intake</b>	<b>76.9</b>	86.2	-10.8%	<b>23.1</b>	30.1	-23.3%
<b>Order Backlog</b>	<b>25.5</b>	30.3	-15.8%	<b>25.5</b>	30.3	-15.8%
<b>EBITDA</b>	<b>3.8</b>	2.9	+31.0%	<b>0.4</b>	1.3	-69.2%
<b>EBITDA Margin</b>	<b>4.8%</b>	3.7%	-	<b>1.7%</b>	4.9%	-
<b>EBITA</b>	<b>1.8</b>	0.3	+500%	<b>-0.3</b>	0.3	n.sp.
<b>EBITA Margin</b>	<b>2.3%</b>	0.4%	-	<b>neg.</b>	1.1%	-



## Other Operations / Hydraulic Machines

### Market Development

Project activity in Asia, especially in China, is still quite high. There are a few very promising projects for turbines and large pumps. In Europe, the propensity of the power producing industry to make capital investments improved slightly.

The market for stock pumps for the pulp and paper industry has continued to be attractive, especially in China. This is a segment where Andritz is well positioned thanks to the successful 60:40 Joint Venture, Andritz-Kenflo in Foshan, China. Andritz-Kenflo sold more stock pumps during the reporting period than in full year 2001.

### Business Development

Sales of Other Operations increased by 25.1% to 21.4 MEUR in the reporting period (first three Quarters of 2001: 17.1 MEUR). EBITDA amounted to 6.2 MEUR (first three Quarters of 2001: 7.1 MEUR).

The Order Intake by Other Operations was 19.3 MEUR during the first three Quarters of 2002 (first three Quarters of 2001: 23.0 MEUR). Order Intake for the 3<sup>rd</sup> Quarter of 2002 was 10.9 MEUR, 78.7% above the

comparable value last year and nearly three times as high as for the previous Quarter (3.7 MEUR).

Two further orders for supply of core parts - including engineering - for large bulb turbines for Shapotou and Jin Yin Tai power stations in China became effective during the 3<sup>rd</sup> Quarter of 2002. Final negotiations on a further project, viz. Meng Li, were conducted and the contract was signed.

### Key Figures for Other Operations

MEUR	Q1-Q3 2002	Q1-Q3 2001	Change	Q3 2002	Q3 2001	Change
Sales	21.4	17.1	+25.1%	5.8	6.0	-3.3%
Order Intake	19.3	23.0	-16.1%	10.9	6.1	+78.7%
Order Backlog	20.9	25.8	-19.0%	20.9	25.8	-19.0%
EBITDA	6.2	7.1	-12.7%	3.1	2.8	+10.7%
EBITDA Margin	29.0%	41.5%	-	53.4%	46.7%	-
EBITA	4.9	6.1	-19.7%	2.7	2.6	+3.8%
EBITA Margin	22.9%	35.7%	-	46.6%	41.7%	-

## Interim Consolidated Statement of Income *(unaudited)*

	Q1-Q3/2002 <i>(in TEUR)</i>	Q1-Q3/2001 <i>(in TEUR)</i>	Q3/2002 <i>(in TEUR)</i>	Q3/2001 <i>(in TEUR)</i>
<b>Sales</b>	<b>801,119</b>	<b>935,962</b>	<b>263,906</b>	<b>322,293</b>
Changes in inventories of finished goods and work in progress	5,398	3,609	3,303	-2,625
Capitalized cost of self-constructed assets	115	293	-2	157
	<b>806,632</b>	<b>939,864</b>	<b>267,207</b>	<b>319,825</b>
Other operating income	9,730	9,438	3,132	5,081
Cost of materials	-450,373	-570,118	-149,282	-196,422
Personnel expenses	-216,201	-213,741	-67,285	-73,578
Other operating expenses	-95,419	-97,725	-34,671	-28,329
<b>Earnings before interest, taxes, depreciation and amortization (EBITDA)</b>	<b>54,369</b>	<b>67,718</b>	<b>19,101</b>	<b>26,577</b>
Depreciation and amortization (without amortization of goodwill)	-16,711	-17,036	-5,500	-5,785
<b>Earnings before interest, taxes and amortization of goodwill (EBITA)</b>	<b>37,658</b>	<b>50,682</b>	<b>13,601</b>	<b>20,792</b>
Amortization of goodwill	-10,017	-10,085	-3,242	-3,544
<b>Earnings before interest and taxes (EBIT)</b>	<b>27,641</b>	<b>40,597</b>	<b>10,359</b>	<b>17,248</b>
Income/expense from associated companies	48	0	-35	0
Interest results	130	2,220	66	737
Other income/expenses from financing activities	-282	938	-156	710
<b>Financial results</b>	<b>-104</b>	<b>3,158</b>	<b>-125</b>	<b>1,447</b>
<b>Earnings before taxes (EBT)</b>	<b>27,537</b>	<b>43,755</b>	<b>10,234</b>	<b>18,695</b>
Income taxes	-11,633	-14,898	-4,169	-4,899
<b>Net Income</b>	<b>15,904</b>	<b>28,857</b>	<b>6,065</b>	<b>13,796</b>
Share of profit/loss due to minority interests	-784	-2,730	-204	93
<b>Net Income excluding minority interests</b>	<b>15,120</b>	<b>26,127</b>	<b>5,861</b>	<b>13,889</b>
Earnings per no-par value share (in EUR)	1.16	2.26	0.45	1.07
Weighted average number of no-par value shares	12,992,839	11,555,556	12,978,516	13,000,000

# Consolidated Balance Sheet as at September 30, 2002 (*unaudited*) and December 31, 2001

	30.09.2002 (in TEUR)	31.12.2001 (in TEUR)
<b>Assets</b>		
Intangible assets	4,756	5,908
Goodwill	133,194	147,982
Property, plant and equipment	116,412	126,775
Shares in associated companies	2,830	3,276
Other financial assets	11,328	11,572
<b>Fixed and financial assets</b>	<b>268,520</b>	<b>295,513</b>
<b>Deferred tax assets</b>	<b>14,726</b>	<b>21,114</b>
Inventories	119,764	118,134
Advance payments made	16,315	25,287
Trade accounts receivable	175,345	212,945
Cost and earnings of projects under construction in excess of billings	80,845	99,392
Other receivables	45,065	34,204
Prepayments and deferred charges	5,697	9,393
Marketable securities	4,843	7,908
Cash and cash equivalents	186,155	117,835
<b>Current assets</b>	<b>634,029</b>	<b>625,098</b>
<b>Total Assets</b>	<b>917,275</b>	<b>941,725</b>
<b>Shareholders' Equity and Liabilities</b>		
Share capital	94,510	94,510
Capital reserves	45,966	45,966
Retained earnings	78,086	89,854
<b>Shareholders' equity</b>	<b>218,562</b>	<b>230,330</b>
<b>Minority interests</b>	<b>5,963</b>	<b>9,345</b>
Provisions for severance payments	25,016	23,468
Provisions for pensions	14,730	14,424
Other provisions	113,586	140,552
<b>Provisions</b>	<b>153,332</b>	<b>178,444</b>
<b>Liabilities for deferred taxes</b>	<b>42,133</b>	<b>39,605</b>
Non-current interest bearing borrowings	1,454	976
Bonds	106,003	0
Interest bearing borrowings	9,311	47,494
Trade accounts payable	100,790	142,379
Billings in excess of cost and earnings of projects under construction	110,347	94,823
Advance payments received	32,785	73,618
Liabilities for current taxes	6,178	3,540
Other liabilities	130,417	121,171
<b>Liabilities</b>	<b>497,285</b>	<b>484,001</b>
<b>Total Shareholders' Equity and Liabilities</b>	<b>917,275</b>	<b>941,725</b>

## Development of Shareholders' Equity *(unaudited)*

(in TEUR)	Share capital	Capital reserves	Amounts due to agreed capital increase	Retained earnings	Currency translation adjustment	Total
<b>Status as at 1 January 2001</b>	72,700	1,931	27,000	40,259	18,768	160,658
Adjustment 1.1.2001 due to IAS 39				-372		-372
Net income excl. minority interests				26,127		26,127
Dividend payments				-3,000		-3,000
Currency translation adjustments				-296	-1,459	-1,755
Capital increase	7,270	19,730	-27,000			0
Initial public offering	14,540	27,460				42,000
Costs of initial public offering		-3,155				-3,155
Changes to IAS 39 reserve				-873		-873
Other changes						0
<b>Status as at 30 September 2001</b>	94,510	45,966	0	61,845	17,309	219,630
<b>Status as at 1 January 2002</b>	94,510	45,966	0	69,176	20,678	230,330
Net income excl. minority interests				15,120		15,120
Dividend payments				-11,700		-11,700
Currency translation adjustments					-22,985	-22,985
Acquisition of own shares				-756		-756
Changes to IAS 39 reserve				8,761		8,761
Other changes				-208		-208
<b>Status as at 30 September 2002</b>	94,510	45,966	0	80,393	-2,307	218,562

## Interim Consolidated Cash Flow Statement *(unaudited)*

	Q1-Q3/2002 <i>(in TEUR)</i>	Q1-Q3/2001 <i>(in TEUR)</i>
Cash flow from operating activities	33,140	64,347
Cash flow from investing activities	-14,015	-69,762
Cash flow from financing activities	46,130	30,314
Change in cash and cash equivalents	65,255	24,899
Cash and cash equivalents at the beginning of the period	125,743	135,308
Cash and cash equivalents at the end of the period	190,998	160,207



Andritz shares  
outperform ATX

## Andritz Shares

### Share price development

The Andritz share price developed satisfactorily during the 3<sup>rd</sup> Quarter of 2002, despite the general downturn on international stock markets. The price of Andritz shares declined slightly by 4.3%, but considerably outperformed the ATX of the Vienna Stock Exchange, which lost 15.0% over the same period. Viewed over the first three Quarters of 2002, Andritz shares gained 7.1%. By comparison, the ATX lost 5.6% over the same period.

The highest closing price during the 3<sup>rd</sup> Quarter of 2002 was 24.19 Euros, the lowest was 22.0 Euros. The highest closing price for the first three Quarters was 28.00 Euros, the lowest 19.40 Euros.

### Turnover

The average daily trading volume during the 3<sup>rd</sup> Quarter of 2002 was 12,827 Andritz shares (first three Quarters of 2002: 14,519 shares) or 291,786 Euros (first three Quarters of 2002: 341,436 Euros).

### Share Price Performance of the Andritz Shares since the IPO



### Financial Calendar 2003 (preliminary)

Full Year 2002 .....	27 February 2003
Annual General Meeting .....	8 April 2003
Ex dividend .....	11 April 2003
Dividend payment .....	14 April 2003
1 <sup>st</sup> Quarter of 2003 .....	12 May 2003
1 <sup>st</sup> Half of 2003 .....	7 August 2003
First three Quarters of 2003 .....	6 November 2003

### Andritz receives Austrian Stock Exchange Award 2002 and PIROL 2002

In October 2002 Andritz received the Austrian Stock Exchange Award for 2002. This award is conferred annually by the Austrian Association for Financial Analysis (ÖVFA) and is based on an assessment of the Investor Relations activities of publicly listed companies. The assessment criteria include the depth of information and transparency of Annual and Quarterly Reports, the accuracy of the Earnings forecasts, competence and availability of the Investor Relations contact, and corporate strategy.



Andritz was also the winner of the PIROL Award (Prize for Investor Relations Online). The websites of publicly listed companies in Austria are assessed in terms of content, technical viewpoint, and service offer from the perspective of investors.

Both awards go far toward affirming the open and transparent information policy of Andritz vis-à-vis its shareholders and the financial community.

### Shareholders' Club

We invite you to register as a member of our Shareholders' Club, free of charge and without any obligation.

As a member of our Shareholders' Club you will be sent all new Andritz Group publications and press releases automatically, and will also have the opportunity to take part in a guided tour of the company.

Please contact Andritz Investor Relations by phone (+43 316 6902 2722), e-mail ([welcome@andritz.com](mailto:welcome@andritz.com)) or our website ([www.andritz.com](http://www.andritz.com)).

### Key Figures for Andritz Shares

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

### Information on Andritz Shares

#### Andritz Investor Relations

Stattegger Strasse 18  
A-8045 Graz  
Phone: +43 316 6902 2979  
Fax: +43 316 6902 465  
Internet: [www.andritz.com](http://www.andritz.com)  
E-mail:  
[michael.buchbauer@andritz.com](mailto:michael.buchbauer@andritz.com)



***Imprint:***

**Andritz AG**

Stattegger Strasse 18  
A-8045 Graz, Austria  
Phone: +43 316 6902-0  
Fax: +43 316 6902 415  
E-Mail: [welcome@andritz.com](mailto:welcome@andritz.com)  
Internet: <http://www.andritz.com>

***Editor:***

Michael Buchbauer

***Layout:***

Grafikatelier Sabine A. Müller

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