



## First three Quarters of 2003

- Moderate development of the global economy
- Order Intake almost 1.1 billion Euros
- Order Backlog reaches record value
- Improved Sales and Net Income
- Andritz shares outperform the ATX

**ANDRITZ**

# First three Quarters of 2003

## General Economic Conditions

The global economy showed signs of a slight recovery in the course of the third Quarter of 2003. Most notably, the economy in the USA began to revive. In August, the index of leading economic indicators - an important gauge for the future economic development in the USA - was on the rise for the fourth month in a row. Other economic indicators, such as orders for durable goods, housing starts, etc., also pointed to growing economic revival. Leading economic research institutes expect a further increase in economic activities and forecast a rise in the real gross domestic product (GDP) by 2.5% for 2003.

In Euroland, the economic development remained subdued once again in the third Quarter of 2003. While essential economic indicators showed an upward trend in business activities, the same as in the USA, it will be only moderate according to forecasts. Economic researchers do not predict a major economic revival until the first Quarter of 2004. Europe's gross domestic product is expected to rise 0.5% in 2003.

China's economy recovered from the effects of the SARS epidemic comparatively quickly. Current forecasts say that the influence of SARS on the country's GDP will be limited to an 0.8% reduction. The GDP is expected to grow by about 7 to 8% in 2003.

Sources: OECD, WIFO, OeNB, RZB, Volksbank

## Business Development during the first three Quarters of 2003

### Significant Sales increase versus previous year's reference period

Andritz Group Sales amounted to 869.3 MEUR for the first three Quarters of 2003, an 8.5% increase versus the previous year's reference period (Q1-Q3 2002: 801.1 MEUR). The reason for this was the good development of the Pulp and Paper Business Area, where Sales increased by 19.2% to 571.0 MEUR during the period under review (Q1-Q3 2002: 479.1 MEUR).

Sales during the third Quarter of 2003 were 292.3 MEUR, which was 10.8% above the previous year's reference Quarter (Q3 2002: 263.9 MEUR).

### Order Intake in the third Quarter of 2003 exceeds 400 MEUR

The positive development of the Order Intake continued from the previous Quarters: during the third Quarter of 2003, it amounted to 423.3 MEUR, 33.9% higher than in the previous Quarter (Q2 2003: 316.1 MEUR), and 16.5% higher than in the previous year's reference Quarter (Q3 2002: 363.5 MEUR). Marked increases in Order Intake were in particular noted by the Pulp and Paper Business Area (receipt of a large order from Veracel, Brazil) and the Rolling Mills and Strip Processing Lines Business Area (receipt of some key reference orders from Asia).

The price quality continues to reflect the high intensity of competition in each of the Business Areas. In addition, large orders usually have a lower percentage margin than smaller orders.

Order Intake for the first three Quarters of 2003 reached a value of 1,090.4 MEUR, a 13.3% increase compared to the same period in 2002 (Q1-Q3 2002: 962.8 MEUR).

## Key figures for the first three Quarters of 2003

MEUR	Q1-Q3 2003	Q1-Q3 2002	Change	Q3 2003	Q3 2002	Change
Sales	869.3	801.1	+8.5%	292.3	263.9	+10.8%
Order Intake	1,090.4	962.8	+13.3%	423.3	363.5	+16.5%
Order Backlog (as of end of period)	1,120.5	888.0	+26.2%	1,120.5	888.0	+26.2%
EBITDA <sup>1)</sup>	55.0	54.4	+1.1%	20.1	19.1	+5.2%
EBITDA Margin	6.3%	6.8%	-	6.9%	7.2%	-
EBITA <sup>2)</sup>	39.6	37.7	+5.0%	15.3	13.6	+12.5%
EBITA Margin	4.6%	4.7%	-	5.2%	5.2%	-
Earnings before Interest and Taxes (EBIT)	29.2	27.6	+5.8%	11.8	10.4	+13.5%
Earnings before Taxes	30.1	27.5	+9.5%	12.0	10.2	+17.6%
Net Income excl. Minority Interests	16.5	15.1	+9.3%	6.7	5.9	+13.6%
Cashflow from Operating Activities	16.2	33.1	-51.1%	-25.0	21.1	-218.5%
Capital Expenditure <sup>3)</sup>	12.4	8.8	+40.9%	6.7	2.6	+157.7%
Employees (as of end of period)	4,508	4,445	+1.4%	4,508	4,445	+1.4%

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

2) EBITA: Earnings before amortization of goodwill

3) Additions to tangible and intangible assets

### Order Backlog reaches record level with over 1.1 billion Euros

Order Backlog as of 30.09.2003 amounted to 1,120.5 MEUR, considerably above the previous year's reference value (30.09.2002: 888.0 MEUR). Thus, the Andritz Group has a solid order backlog for the coming months.

### Slight increase of EBITDA

The Earnings before interest, taxes, depreciation, and amortization of goodwill (EBITDA) amounted to 55.0 MEUR for the first three Quarters of 2003, slightly above the previous year's value (Q1-Q3 2002: 54.4 MEUR). Due to the increase in Sales during the third Quarter of 2003, EBITDA was improved to 20.1 MEUR (Q3 2002: 19.1 MEUR).

Profitability of the Andritz Group, expressed as EBITDA margin, decreased during the first three Quarters of 2003 to 6.3% (Q1-Q3 2002: 6.8%). This decline is essentially due to processing of some major orders with lower margins in the Rolling Mills and Strip Processing Lines Business Area, as well as the decrease in Sales in the Environment and Process Business Area. The EBITDA margin for the Pulp and Paper Business Area, however, progressed favorably, to 7.4% (Q1-Q3 2002: 6.8%).

### Net Income higher than during the previous year

Earnings before Interest and Taxes (EBIT) for the first three Quarters of 2003 increased by 5.8% to 29.2 MEUR (Q1-Q3 2002: 27.6 MEUR). Due to the rise of the financial result (from -0.1 MEUR for Q1-Q3 2002 to 0.9 MEUR for Q1-Q3 2003), Earnings before Tax were increased to 30.1 MEUR (Q1-Q3 2002: 27.5 MEUR). Net Income excluding Minority Interests increased to 16.5 MEUR (Q1-Q3: 15.1 MEUR).

### Solid net worth position and balance structure

The balance sheet as of 30.09.2003 shows the following major changes in comparison with 31.12.2002:

Net liquidity (cash and cash equivalents plus marketable securities, minus interest-bearing borrowings) decreased to 67.3 MEUR (31.12.2002: 102.6 MEUR). Contributing to this is the acquisition price for Fiedler GmbH & Co KG, bought in September 2003, including the take-over of financial liabilities. In addition, major trade accounts payable were reduced.

All other balance sheet items as of 30.09.2003 are virtually unchanged in comparison with 31.12.2002.

The Group's equity ratio, 23.6% as of 30.9.2003, slightly declined in comparison with the value on 31.12.2002 (24.5%). This is essentially due to exchange rate differences resulting from the increase of the Euro against the US dollar.

### **Acquisitions**

In July 2003, Andritz signed an agreement to acquire Heinrich Fiedler GmbH & Co. KG, Germany, a company with world-wide activities.

Following the favorable conclusion of the due diligence investigation, and approval by antitrust authorities, the contract came into effect in September this year.

With this purchase, Andritz is successfully continuing with its expansion strategy in the service business, making it one of the leading suppliers of screen baskets world-wide, with references around the globe.

In October 2003, Andritz concluded an agreement with US-based Baker Hughes Incorporated to buy certain assets and technologies of its Bird Machine Company business. The acquisition will become effective upon approval by antitrust authorities and fulfillment of certain contractual obligations.

The acquisition of Bird Machine will complement the Andritz Group's range of products for the Environment and Process Business Area and will enable it to offer very large centrifuges and filter presses for industrial and municipal applications as well as relevant services. Annual Sales of the Bird Machine segments that Andritz will acquire amount to approx. 60 million Euros, more than half of it from the services business.

## **Outlook**

No significant improvement in the world economy is to be expected for the remaining months of 2003. Especially in Europe, a sustained upswing of the global economy will probably not begin to materialize until the first Half of 2004 according to economic forecasters.

The relevant markets for Andritz – pulp, paper, and steel – should continue to develop only moderately during the months to come according to current forecasts. For the full year 2004, higher project activity is expected for greenfield pulp mills and modernizations of existing installations in the Southern hemisphere. Judging from the current situation, the brisk investment activity in China in the stainless steel area is likely to continue.

Andritz expects its Sales during 2003 to exceed those for 2002. The Andritz Group's Net Income should reach approximately the same level as in the previous year.

### **Disclaimer**

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

# Development of the Business Areas



## Pulp and Paper

### Market development

The international pulp market weakened during the third Quarter of 2003. High Norscan inventories (1.7 million tons) at the end of June and a very moderate demand caused the price of NBSK (Northern Bleached Softwood Kraft Pulp) to decrease during the summer months, reaching a price level of around 500 US dollars per ton toward mid-August. Only at the beginning of September was there a slight recovery, with prices rising somewhat due to the rise in Chinese demand. Some North American and Scandinavian pulp producers have announced price increases for the fourth Quarter of 2003, despite the growth in Norscan inventories, which were approx. 1.7 million tons as at the end of September 2003. Because of the increase in the value of the Euro, it is essential especially for European producers that these claims can be put through.

The short-fiber pulp market (birch and eucalyptus) progressed very little during the period under review. Some eucalyptus pulp producers have announced price increases for the near future.

The prices for various paper grades, for instance LWC, were under high pressure during the period under review.

### Business development

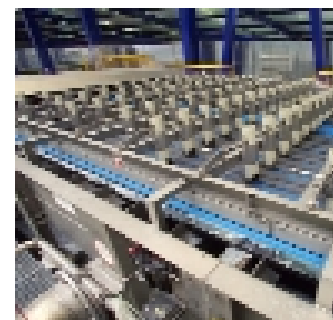
Sales of the first three Quarters in 2003 amounted to 571.0 MEUR, 19.2% higher than in the same period of the previous year (Q1-Q3 2002: 479.1 MEUR). During the third Quarter of 2003, Sales were 193.4 MEUR and thus exceeded the previous year's third Quarter by 20.3% (Q3 2002: 160.7 MEUR). Especially the Tissue Machines and Mechanical Pulping Systems Divisions were able to improve their Sales in comparison to the previous year's third Quarter.

Earnings and profitability of the Business Area progressed favorably. As a result of the good development seen during the Quarter under review, Earnings before interest, taxes, depreciation and amortization of goodwill (EBITDA) for the first three Quarters of 2003 were boosted by 28.7%, to 42.2 MEUR (Q1-Q3 2002: 32.8 MEUR). Profitability expressed as EBITDA margin rose noticeably to 7.4% (Q1-Q3 2002: 6.8%).

The Business Area's Order Intake during the first three Quarters of 2003 amounted to 654.3 MEUR, 9.1% higher than during the previous year's first three Quarters (Q1-Q3 2002: 599.9 MEUR). This increase is mainly attributable to the good development during the third Quarter of 2003, which saw Order Intake 26.2% up from the previous year's third Quarter, to 281.6 MEUR (Q3 2002: 223.1 MEUR). Especially the Mechanical Pulping Systems Division and Fiberline Division were responsible for this very favorable Order Intake development.

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

(in MEUR)	Q1-Q3 2003	Q1-Q3 2002	Change	Q3 2003	Q3 2002	Change
Sales	571.0	479.1	+19.2%	193.4	160.7	+20.3%
Order Intake	654.3	599.9	+9.1%	281.6	223.1	+26.2%
Order Backlog (as of end of period)	659.9	539.2	+22.4%	659.9	539.2	+22.4%
EBITDA	42.2	32.8	+28.7%	14.9	12.6	+18.3%
EBITDA margin	7.4%	6.8%	-	7.7%	7.8%	-
EBITA	32.7	22.7	+44.1%	11.9	9.2	+29.3%
EBITA margin	5.7%	4.7%	-	6.2%	5.7%	-



### Major orders

Andritz was entrusted with an order to plan and build the complete fiberline (from the digester to finished market pulp bales) including the white liquor plant for the new Brazilian greenfield mill to be constructed by Veracel Celulose, a joint venture of Stora Enso and Aracruz. The line's production capacity will be 900,000 tons of kraft pulp per year, the largest world-wide in a single line. This order confirms Andritz's strong market position in large systems for eucalyptus pulp production.

For Riau Andalan Pulp & Paper in Indonesia, the Fiberline Division of Andritz will supply a pin chip cooking system.

In the chemical recovery area, Andritz received an order for upgrades of the recovery boiler and evaporation plant at Portucel, Tejo mill, Portugal.

Orders for pulp sheet drying systems came from Veracel, Brazil, and Jian Lin, China. With a capacity of over 3,000 tons/day both systems are among the largest world-wide.

The Mechanical Pulping Systems Division will supply a third HC refining stage and a second bleaching stage to Jiangxi Chenming, China. Renowned customers in Sweden, Finland, and Germany ordered large high-consistency bleaching systems, confirming the Andritz Group's leadership in this segment. Orders for production systems for MDF board were again received from Chinese customers. In 2003 alone, Andritz received 20 such orders from China, making it the undisputed market leader in that country. Kronostar, Russia ordered the largest MDF refiner system in the world, with a capacity of 1,100 tons per day.

The Fiber Preparation Systems Division booked orders for supply of complete deinking lines from Qiqihar and Jiangxi Chenming, both in China. M-real, Finland ordered several Papillon™ refiners, the new cylindrical refining technology for stock preparation applications. The Fiber Preparation Systems Division also introduced a new Drum Pulper based upon the proven FibreFlow® technology. The new drum is designed for smaller production capacities (40-130 t/d).

## Rolling Mills and Strip Processing Lines

### Market development

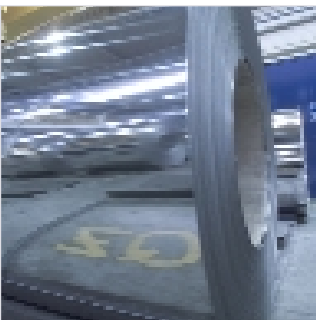
During the third Quarter of 2003, the market for flat steel products continued its moderate development. As during the two previous Quarters, investment activities by international steel producers in Europe were very cautious, and also in North America no major projects were awarded. Price pressure among suppliers persisted throughout the reporting period.

The Chinese market, on the other hand, continued its positive development, particularly in the stainless steel area where there was brisk project activity.

### Business development

The Business Area's Sales during the first three Quarters of 2003 were 134.1 MEUR, only slightly below the value for last year's reference period (Q1-Q3 2002: 136.4 MEUR). In this connection, the low percentage of completion of a number of projects, with the resulting lower Sales realization, is worth mentioning.

EBITDA during the first three Quarters amounted to 3.0 MEUR, a marked decline from the previous year's reference period (Q1-Q3 2002: 9.9 MEUR). The main reason for this were start-up losses by Selas, a company acquired by Andritz in 2002, and the low capacity utilization in one of the Business Area's product segments during the first Half of 2003.



However, Earnings and profitability for the third Quarter of 2003 were improved from the previous year's value. EBITDA, at 2.0 MEUR, was 17.6% above the reference Quarter of 2003 (Q3 2002: 1.7 MEUR), EBITDA margin rose from 3.9% for the third Quarter in 2002 to 4.8% for the third Quarter of 2003. EBITDA was also improved compared to the previous Quarter (Q2 2003: 0.4 MEUR).

The Business Area's Order Intake developed very favorably. At 249.2 MEUR, it was 69.2% above the previous year's reference period (Q1-Q3 2002: 147.3 MEUR). During the third Quarter of 2003, the positive development of the previous Quarter continued, as Order Intake amounted to 78.5 MEUR, exceeding the amount of the third Quarter of 2002 by 28.9% (Q3 2002: 60.9 MEUR) and the previous Quarter by 30.6% (Q2 2003: 60.1 MEUR).

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

(in MEUR)	Q1-Q3 2003	Q1-Q3 2002	Change	Q3 2003	Q3 2002	Change
Sales	134.1	136.4	-1.7%	41.7	43.8	-4.8%
Order Intake	249.2	147.3	+69.2%	78.5	60.9	+28.9%
Order Backlog (as of end of period)	279.4	170.0	+64.4%	279.4	170.0	+64.4%
EBITDA	3.0	9.9	-69.7%	2.0	1.7	+17.6%
EBITDA Margin	2.2%	7.3%	-	4.8%	3.9%	-
EBITA	1.5	7.9	-81.0%	1.5	1.1	+36.4%
EBITA Margin	1.1%	5.8%	-	3.6%	2.5%	-

#### Major orders

The Business Area won several orders from Asia during the reporting period.

Yieh United, Taiwan ordered a complete stainless steel hot-strip annealing and pickling line with electrical and mechanical equipment.

This was complemented by orders for a push pickling line with acid regeneration from an affiliate of Yieh United in China and from Capital Steel in Beijing. Tayuan Stainless Steel (TISCO) gave Andritz an order for the pickling section in a cold strip annealing and pickling line for stainless steel, and Baoutou Steel Union in Inner Mongolia ordered an acid regeneration system for a new cold rolling mill.

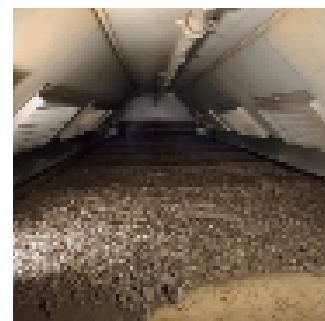
## Environment and Process

#### Market development

The market for sewage sludge dewatering and drying developed quite moderately during the first nine months of 2003. Major investment projects for sewage sludge drying systems were postponed due to budget restrictions of municipalities, with the expected negative effects on the Business Area's Order Intake and Sales. The difficult market conditions in the area of municipal investment projects are likely to continue next year.

#### Business development

The Business Area's Sales during the first three Quarters of 2003 were affected by a lower Order Intake that was due to the market development as well as postponements on the part of customers in handling projects, especially during the first Half of the year. Sales amounted to 69.7 MEUR, which is 18.4% less than during the previous year's reference period (Q1-Q3 2002: 85.4 MEUR).



In the third Quarter of 2003, Sales rose in comparison to the previous Quarter by 23.8% to 26.5 MEUR as more projects were nearing completion (Q2 2003: 21.4 MEUR). Yet, compared to the previous year's reference Quarter, Sales were 11.4% down (Q3 2002: 29.9 MEUR).

Due to the low Sales, EBITDA decreased to 0.2 MEUR (Q1-Q3 2002: 1.7 MEUR) during the first three Quarters of 2003. During the third Quarter of 2003, EBITDA reached 0.8 MEUR, which is 38.5% less than during the third Quarter of 2002 (1.3 MEUR). However, compared to the previous Quarter (Q2 2003: -0.7 MEUR) EBITDA was improved.

Order Intake during the first three Quarters of 2003 was characterized by a very reluctant investment policy on the part of municipalities, which resulted in postponement of a number of projects. Virtually no medium to large municipal sludge drying system orders were awarded during the reporting period. At 76.4 MEUR, Order Intake was 36.0% below the previous year's reference period (Q1-Q3 2002: 119.4 MEUR). During the third Quarter of 2003, Order Intake amounted to 29.2 MEUR, considerably less than in the third Quarter of 2002 (Q3 2002: 45.5 MEUR). An increase of 41.1% was, however, achieved over the previous Quarter (Q2 2003: 20.7 MEUR).

#### Major orders

Orders for the newly developed belt dryer came from Germany, Austria, and Switzerland. This product has met with good interest, especially on the European markets. Andritz hyperbaric pressure filters for dewatering coal and copper ore suspensions were ordered by major customers in China and Russia.

The positive development of the centrifuge business noted during the first Half of 2003 continued. Andritz-Guinard succeeded in increasing the number of centrifuges sold in comparison to the reference period for 2002.

#### Key figures for the Environment and Process Business Area

(in MEUR)	Q1-Q3 2003	Q1-Q3 2002	Change	Q3 2003	Q3 2002	Change
Sales	69.7	85.4	-18.4%	26.5	29.9	-11.4%
Order Intake	76.4	119.4	-36.0%	29.2	45.5	-35.8%
Order Backlog (as of end of period)	121.3	132.4	-8.4%	121.3	132.4	-8.4%
EBITDA	0.2	1.7	-88.2%	0.8	1.3	-38.5%
EBITDA Margin	0.3%	2.0%	-	3.0%	4.3%	-
EBITA	-1.4	0.4	-450.0%	0.2	0.9	-77.8%
EBITA Margin	neg.	0.5%	-	0.8%	3.0%	-



## Feed Technology

### Market development

The market for conventional feed (mixed feed) was stable during the third Quarter of 2003, with higher project activity noted in Eastern Europe, Asia, and South America.

In the area of aquatic (fish and shrimps) feed, the capital investment activities by Asian and South American customers were slightly on the rise. The demand for plants for salmon feed remained at a low level.

The market for biofuel pellets continued to develop favorably.

### Business development

Sales by the Business Area during the first three Quarters of 2003 amounted to 70.1 MEUR, a decrease of 11.0% versus the same period last year (Q1-Q3 2002: 78.8 MEUR). Basically, this is due to the weakness of the North American feed market which was noted over the entire period.

Despite receding Sales, EBITDA for the period increased to 4.1 MEUR (Q1-Q3 2002: 3.8 MEUR) due to successful restructuring measures. During the third Quarter of 2003, EBITDA (0.7 MEUR) was almost twice as high as during the previous year's third Quarter (Q3 2002: 0.4 MEUR).

Order Intake progressed favorably and rose to 82.3 MEUR, 7.0% above the value of the previous year's reference period (Q1-Q3 2002: 76.9 MEUR). Especially during the third Quarter of 2003, a favorable progress of Order Intake was recorded (Q3 2003: 26.8 MEUR vs. Q3 2002: 23.1 MEUR). The Business Area recorded growth in all important sales regions, except in North America, whose feed market continued its weak development.

### Key figures for the Feed Technology Business Area

(in MEUR)	Q1-Q3 2003	Q1-Q3 2002	Change	Q3 2003	Q3 2002	Change
Sales	70.1	78.8	-11.0%	21.4	23.7	-9.7%
Order Intake	82.3	76.9	+7.0%	26.8	23.1	+16.0%
Order Backlog (as of end of period)	34.6	25.5	+35.7%	34.6	25.5	+35.7%
EBITDA	4.1	3.8	+7.9%	0.7	0.4	+75.0%
EBITDA Margin	5.8%	4.8%	-	3.3%	1.7%	-
EBITA	2.4	1.8	+33.3%	0.4	-0.3	+233.3%
EBITA Margin	3.4%	2.3%	-	1.9%	neg.	-





## Other Operations / Hydraulic Machines

### Market development

Project activity for turbines and large-scale pumps remained high in China. In Europe, the increasing investment propensity of the power producing industry continued during the third Quarter in 2003. The stock pump market for pulp and paper industry applications is still very attractive, especially in China. Andritz is well positioned in this region due to the 60:40 Joint Venture Andritz-Kenflo in Foshan, China. It succeeded in further boosting its market leadership for stock pumps.

### Business development

The Andritz Group's Other Operations increased Sales during the first three Quarters of 2003 by 14.0% to 24.4 MEUR (Q1-Q3 2002: 21.4 MEUR). Especially during the third Quarter of 2003, Sales increased considerably compared to the previous year's third Quarter (Q3 2003: 9.3 MEUR vs. Q3 2002: 5.8 MEUR).

EBITDA during the first three Quarters of 2003 decreased to 5.5 MEUR (Q1-Q3 2002: 6.2 MEUR). This is due to the completion of a higher-margin project during the third Quarter of 2002.

Model tests were carried out in the presence of the customer for the five bulb turbines destined for Zhou Zhou Power Plant, China.

Work on the three orders for Shapo Tou, Jin Jin Tai and Meng Li, all of them in China, for core parts of bulb turbines, is fully under way. Delivery is to take place between the beginning of 2004 and mid-2005.

Order Intake progressed favorably compared to the previous year's reference period (Q1-Q3 2002: 19.3 MEUR), amounting to 28.2 MEUR during the first three Quarters of 2003.

### Major orders

During the period under review, Andritz received a further order for engineering and supply of the core parts of large bulb turbines for Xin Zheng in China.

The German utility company E.ON gave Andritz an order for rehabilitation and upgrading of Tanzmühle pump storage plant, Germany.

### Key figures for Other Operations

(in MEUR)	Q1-Q3 2003	Q1-Q3 2002	Change	Q3 2003	Q3 2002	Change
Sales	24.4	21.4	+14.0%	9.3	5.8	+60.3%
Order Intake	28.2	19.3	+46.1%	7.2	10.9	-33.9%
Order Backlog (as of end of period)	25.3	20.9	+21.1%	25.3	20.9	+21.1%
EBITDA	5.5	6.2	-11.3%	1.7	3.1	-45.2%
EBITDA Margin	22.5%	29.0%	-	18.3%	53.4%	-
EBITA	4.4	4.9	-10.2%	1.3	2.7	-51.9%
EBITA Margin	18.0%	22.9%	-	14.0%	46.6%	-

# Interim Consolidated Statement of Income

for the first three Quarters of 2003 and 2002 (unaudited)

	Q1-Q3/2003 (in TEUR)	Q1-Q3/2002 (in TEUR)	Q3/2003 (in TEUR)	Q3/2002 (in TEUR)
<b>Sales</b>	<b>869,297</b>	<b>801,119</b>	<b>292,323</b>	<b>263,906</b>
Changes in inventories of finished goods and work in process	11,427	5,398	1,878	3,303
Capitalized cost of self-constructed assets	284	115	226	(2)
	<b>881,008</b>	<b>806,632</b>	<b>294,427</b>	<b>267,207</b>
Other operating income	8,887	9,730	2,756	3,132
Cost of materials	(494,505)	(450,373)	(161,753)	(149,282)
Personnel expenses	(215,457)	(216,201)	(69,099)	(67,285)
Other operating expenses	(124,947)	(95,419)	(46,227)	(34,671)
<b>Earnings before interest, taxes, depreciation and amortization of goodwill (EBITDA)</b>	<b>54,986</b>	<b>54,369</b>	<b>20,104</b>	<b>19,101</b>
Depreciation and amortization (without amortization of goodwill)	(15,345)	(16,711)	(4,812)	(5,500)
<b>Earnings before interest, taxes and amortization of goodwill (EBITA)</b>	<b>39,641</b>	<b>37,658</b>	<b>15,292</b>	<b>13,601</b>
Amortization of goodwill	(10,406)	(10,017)	(3,501)	(3,242)
<b>Earnings before interest and taxes (EBIT)</b>	<b>29,235</b>	<b>27,641</b>	<b>11,791</b>	<b>10,359</b>
Income/expenses from associated companies	(265)	48	(49)	(35)
Interest results	1,088	130	264	66
Other income/expenses from financing activities	78	(282)	3	(156)
<b>Financial results</b>	<b>901</b>	<b>(104)</b>	<b>218</b>	<b>(125)</b>
<b>Earnings before taxes (EBT)</b>	<b>30,136</b>	<b>27,537</b>	<b>12,009</b>	<b>10,234</b>
Income taxes	(12,625)	(11,633)	(4,984)	(4,169)
<b>Net income</b>	<b>17,511</b>	<b>15,904</b>	<b>7,025</b>	<b>6,065</b>
Share of profit/loss due to minority interests	(1,041)	(784)	(373)	(204)
<b>Net income excluding minority interests</b>	<b>16,470</b>	<b>15,120</b>	<b>6,652</b>	<b>5,861</b>
Earnings per non par value share (in EUR)	1.28	1.16	0.52	0.45
Weighted average number of non par value shares	12,872,139	12,992,839	12,868,102	12,978,516

# Consolidated Balance Sheet

as at 30 September 2003 (unaudited) and 31 December 2002

	30.9.2003 (in TEUR)	31.12.2002 (in TEUR)
<b>Assets</b>		
Intangible assets	4,522	5,651
Goodwill	129,690	133,687
Property, plant and equipment	129,094	120,679
Shares in associated companies	3,189	3,384
Investments	9,581	11,748
<b>Fixed and financial assets</b>	<b>276,076</b>	<b>275,149</b>
<b>Deferred tax assets</b>	<b>16,743</b>	<b>17,696</b>
Inventories	126,516	113,206
Advance payments made	13,105	3,225
Trade accounts receivable	175,586	188,244
Cost and earnings of projects under construction in excess of billings	79,352	61,411
Other receivables	54,149	39,993
Prepayments and deferred charges	5,686	3,411
Marketable securities	47,682	19,401
Cash and cash equivalents	140,005	188,129
<b>Current assets</b>	<b>642,081</b>	<b>617,020</b>
<b>Total Assets</b>	<b>934,900</b>	<b>909,865</b>
<b>Shareholders' Equity and Liabilities</b>		
Share capital	94,510	94,510
Capital reserves	45,966	45,966
Retained earnings	79,732	82,461
<b>Shareholders' equity</b>	<b>220,208</b>	<b>222,937</b>
<b>Minority interests</b>	<b>6,318</b>	<b>6,238</b>
Provisions for severance payments	26,724	26,845
Provisions for pensions	22,681	18,621
Other provisions	121,009	121,968
<b>Provisions</b>	<b>170,414</b>	<b>167,434</b>
<b>Liabilities for deferred taxes</b>	<b>53,530</b>	<b>45,803</b>
Non-current interest bearing borrowings	1,789	610
Bonds	100,000	100,000
Interest bearing borrowings	18,624	4,292
Trade accounts payable	97,332	84,129
Billings in excess of cost and earnings of projects under construction	104,420	113,493
Advance payments received	35,468	30,931
Liabilities for current taxes	7,118	8,298
Other liabilities	119,679	125,700
<b>Liabilities</b>	<b>484,430</b>	<b>467,453</b>
<b>Total Shareholders' Equity and Liabilities</b>	<b>934,900</b>	<b>909,865</b>

# Development of Shareholders' Equity

(unaudited)

(in TEUR)	Share capital	Capital reserves	Retained earnings	Currency translation adjustments	Total
<b>Status as at 1 January 2002</b>	<b>94,510</b>	<b>45,966</b>	<b>69,176</b>	<b>20,678</b>	<b>230,330</b>
Net income excluding 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>	<b>94,510</b>	<b>45,966</b>	<b>80,393</b>	<b>(2,307)</b>	<b>218,562</b>
<b>Status as at 1 January 2003</b>	<b>94,510</b>	<b>45,966</b>	<b>92,518</b>	<b>(10,057)</b>	<b>222,937</b>
Net income excluding minority interests			16,470		16,470
Dividend payments			(11,543)		(11,543)
Currency translation adjustments				(9,763)	(9,763)
Acquisition of own shares			(1,748)		(1,748)
Changes to IAS 39 reserve			3,855		3,855
Other Changes					
<b>Status as at 30 September 2003</b>	<b>94,510</b>	<b>45,966</b>	<b>99,552</b>	<b>(19,820)</b>	<b>220,208</b>

## Interim Consolidated Cash Flow Statement

for the first three Quarters of 2003 and 2002 (unaudited)

	Q1-Q3/2003 (in TEUR)	Q1-Q3/2002 (in TEUR)
Cash flow from operating activities	16,171	33,140
Cash flow from investing activities	(26,493)	(14,015)
Cash flow from financing activities	(9,521)	46,130
Change in cash and cash equivalents	19,843	65,255
Cash and cash equivalents at the beginning of the period	207,530	125,743
Cash and cash equivalents at the end of the period	187,687	190,998

# Investor Relations

## Andritz Shares

### Share price development

The price of the Andritz shares increased by 20.7% during the first three Quarters of 2003. This is in particular attributable to the very favorable development of the share price during the third Quarter of 2003, when it increased 18.8%. The main reason was the successful completion of the Secondary Public Offering in June 2003, through which the free float was raised from 15% to 62%. Andritz shares also outperformed the ATX, whose price increased by 17.3% during that period. The outperformance of the ATX by Andritz shares was especially pronounced in the third Quarter of the current year. The highest closing price during the period under review was 28.02 Euros (05.09.2003), the lowest 21.00 Euros (04.02. and 21.02.2003).

### Trading volume

The average daily trading volume during the first three Quarters of 2003 was 41,597 shares (first three Quarters of 2002: 14,519 shares), and was nearly tripled. Especially during the third Quarter of 2003, the average daily trading volume increased to 66,237 shares, compared to 12,827 for the third Quarter in 2002, as a result of the substantial increase of the free float. The highest trading volume was noted on June 18, 2003 (364,452 shares), the lowest trading volume was 116 shares (11.03.2003).

### Financial Calendar 2003/2004 (preliminary):

01.12.2003

Participation in the Roadshow of the Vienna Stock Exchange in New York

27.02.2004

Results for 2003

30.03.2004

Annual General Meeting

02.04.2004

Ex-Dividend

08.04.2004

Dividend payment

10.05.2004

First Quarter of 2004

06.08.2004

First Half of 2004

08.11.2004

First three Quarters of 2004

Key figures for Andritz shares	Q1-Q3 2003	Q1-Q3 2002	Q3 2003	Q3 2002
Highest price (EUR)	28.02	28.00	28.02	24.19
Lowest price (EUR)	21.00	19.40	23.10	22.00
Closing price (EUR)	27.75	22.50	27.75	22.50
Market capitalization at end of period (MEUR)	360.8	292.5	360.8	292.5
Performance	+20.7%	+7.1%	+18.8%	-4.3%
ATX weighting at end of period (%)	1.9032	0.8567	1.9032	0.8567
Average daily number of shares traded	41,597	14,519	66,237	12,827

### Andritz receives further award for outstanding Investor Relations work

Andritz once again received a stock exchange prize for its special performance in the area of Investor Relations. Andritz came in third in the most important category, the "Austrian Financial Analysts" Stock Exchange Award. In 2002, Andritz had received an award in the same category, and also for "Investor Relations Online".

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

