Results for the first half of 2008

August 1, 2008

Highlights in H1 and Q2 2008

Sales

- Group sales in H1 2008 amounted to 1,650.0 MEUR (+7.4% vs. H1 2007: 1,537.0 MEUR); significant sales growth in Q2 2008 (+11.5% vs. Q2 2007).
- Organic growth in H1 2008: 4.0%.

Earnings

- EBIT in H1 2008 rose significantly more strongly than sales (+17.1% to 98.8 MEUR vs. H1 2007: 84.4 MEUR).
- Thus, profitability (EBIT margin) improved to 6.0% in H1 2008 (H1 2007: 5.5%).
- Net income (excl. minority interests) up to 69.8 MEUR in H1 2008 (+13.3% vs. H1 2007: 61.6 MEUR).

Order intake and order backlog

- Order intake in H1 2008, at 2,128.7 MEUR, surpasses high level of H1 2007 by 4.5% (2,037.5 MEUR).
- Order intake in Q2 2008 declined to 933.0 MEUR (-7.3% vs. Q2 2007: 1,006.5 MEUR); mainly due to decline of order intake in Pulp & Paper (large order of ~200 MEUR in Q2 2007).
- High order backlog of 4,619.5 MEUR as of June 30, 2008 gives solid visibility for coming quarters (+19.4% vs. June 30, 2007: 3,867.9 MEUR).

Balance sheet

- Total assets increased to 2,956.0 MEUR as of June 30, 2008 (December 31, 2007: 2,507.5 MEUR), mainly due to acquisition of GE Energy's hydro businesses and successful placement of 150 MEUR corporate bond.
- Equity ratio amounted to 17.6% as of June 30, 2008 (December 31, 2007: 19.2%).
- Liquid funds as of June 30, 2008 at 777.0 MEUR; net liquidity as of June 30, 2008 increased to 366.4 MEUR (December 31, 2007: 246.5 MEUR).

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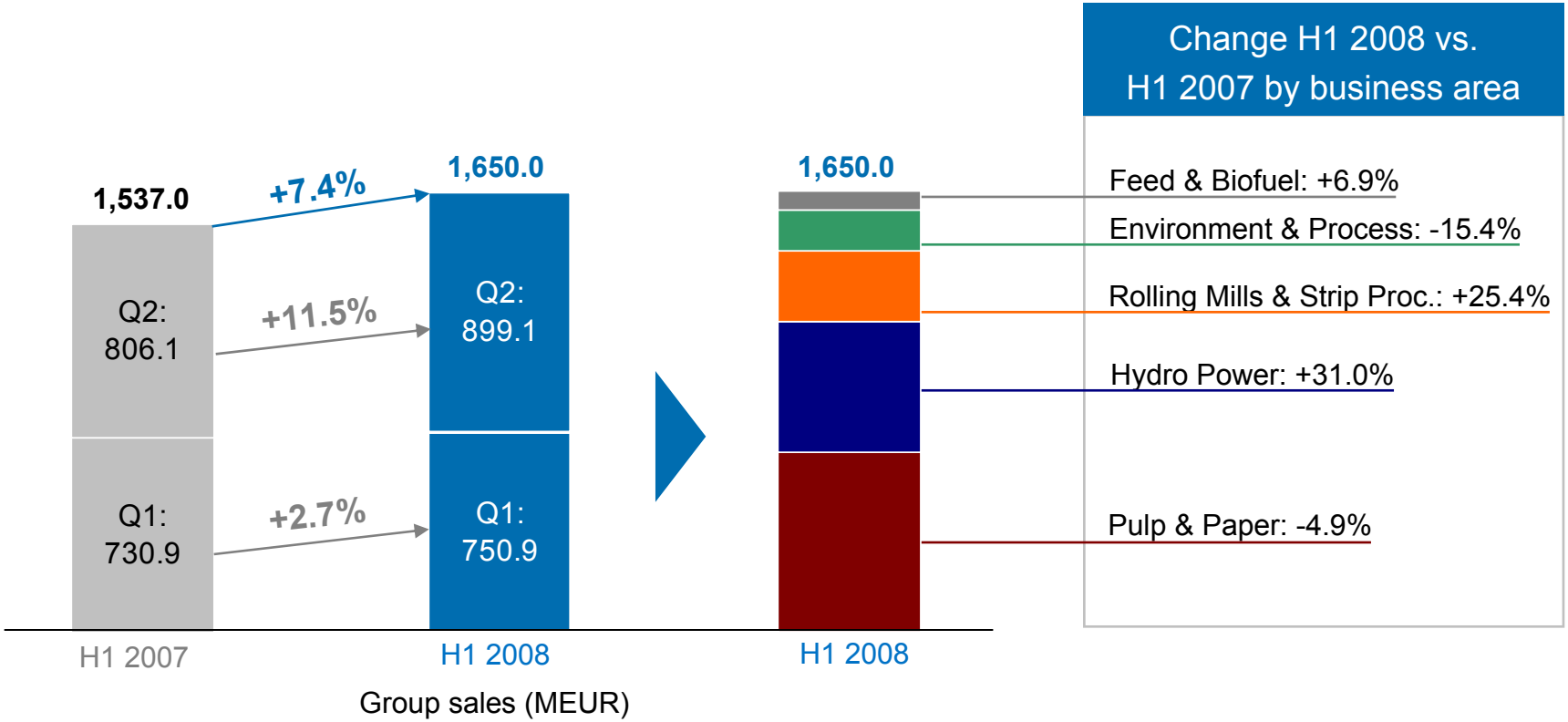
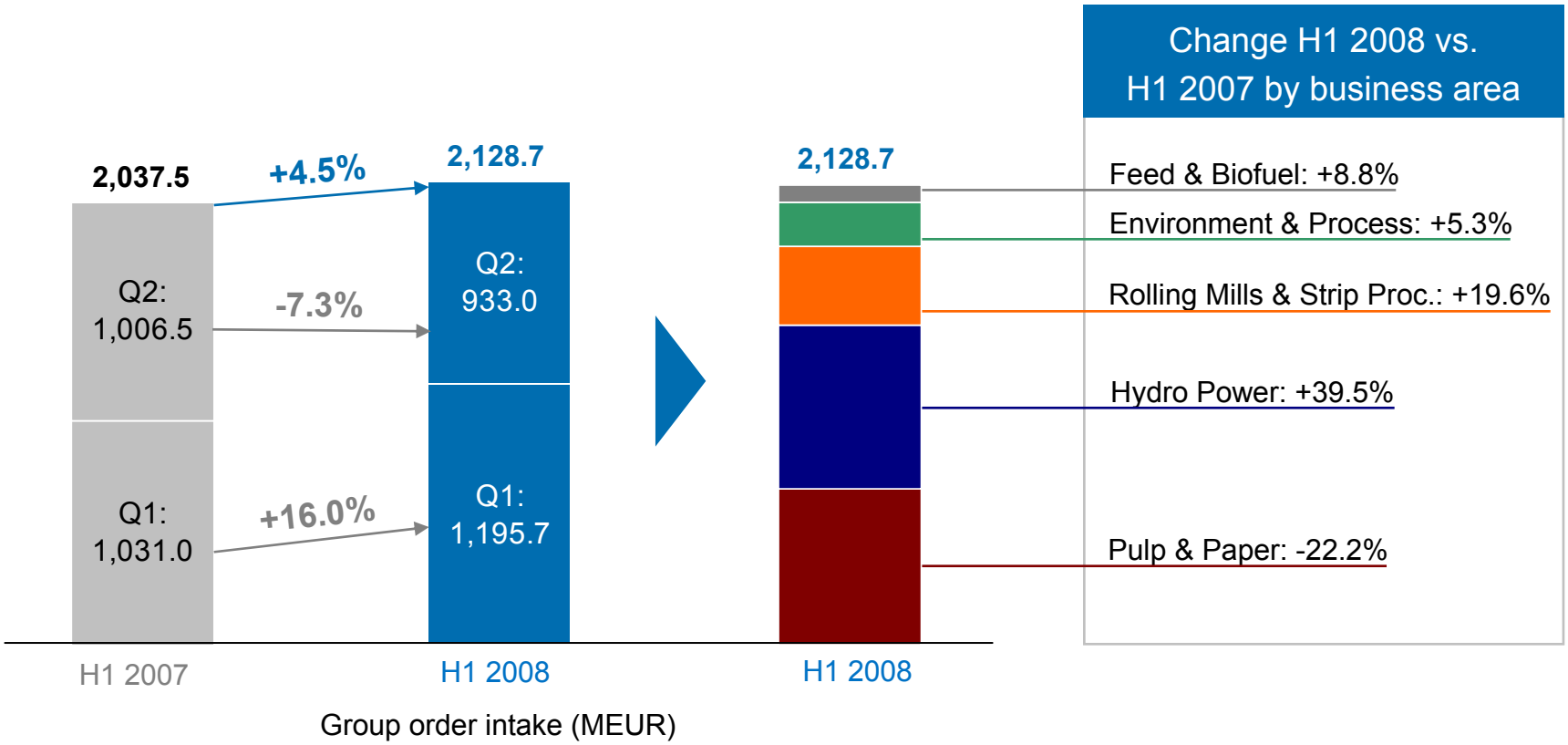
Sales

- Organic growth in H1 2008: 4.0%.
- Significant increases in Hydro Power and Rolling Mills & Strip Processing Lines.



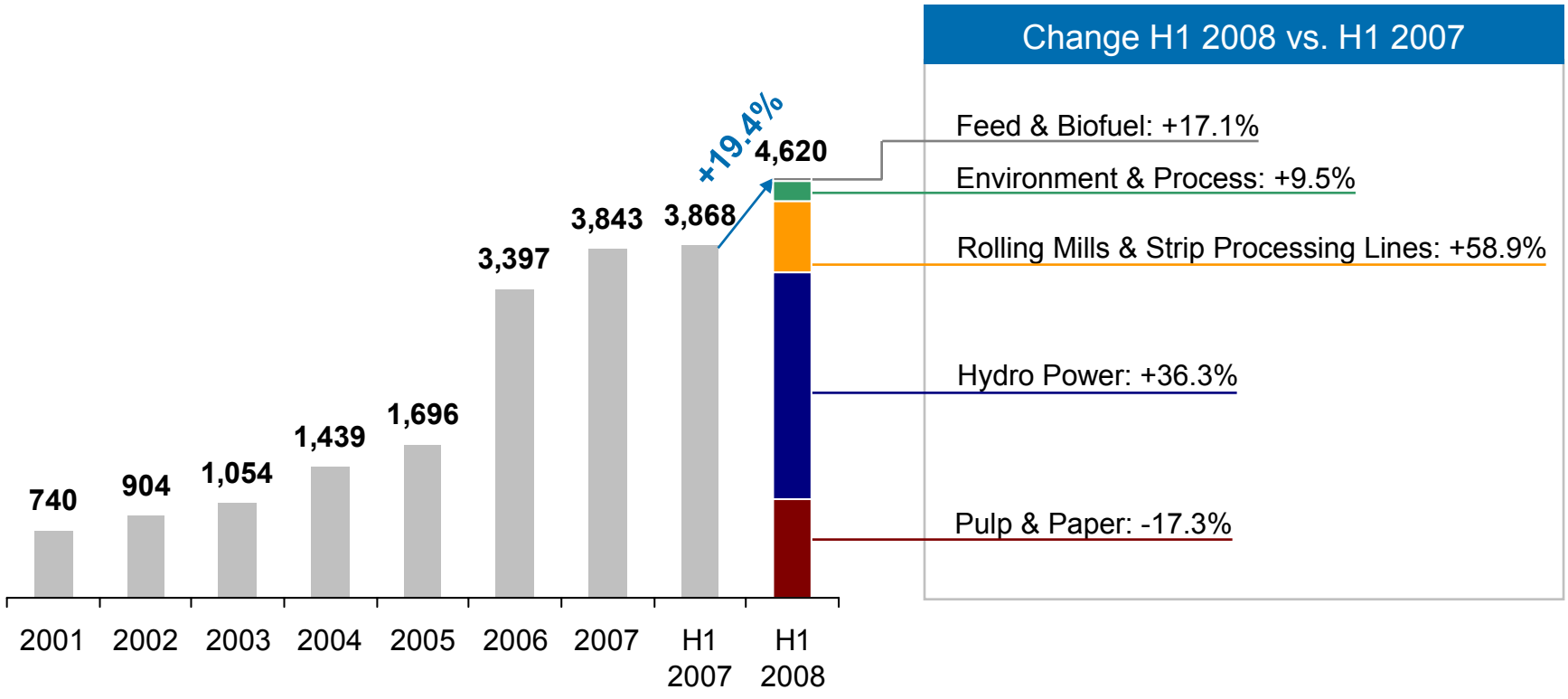
Order intake

- Significant increases in Hydro Power and Rolling Mills & Strip Processing Lines.
- Strong decline in Pulp & Paper compared to high level of last year's reference period due to the fact that no large order was booked during H1 2008.



Order backlog

- Record order backlog of more than 4.6 bn Euros provides solid visibility for business development for the coming quarters.



Group order backlog (MEUR) as of end of period

Order intake and sales

Order intake by region (%)	H1 2008	H1 2007
Europe	56	43
Asia (excl. China)	14	5
North America	12	23
China	9	13
South America	8	14
Others	1	2
(Order intake H1 2008: 2,128.7 MEUR)		

Sales by region (%)	H1 2008	H1 2007
Europe	50	42
North America	13	16
China	12	14
South America	10	10
Asia (excl. China)	9	12
Others	6	6
(Sales H1 2008: 1,650.0 MEUR)		

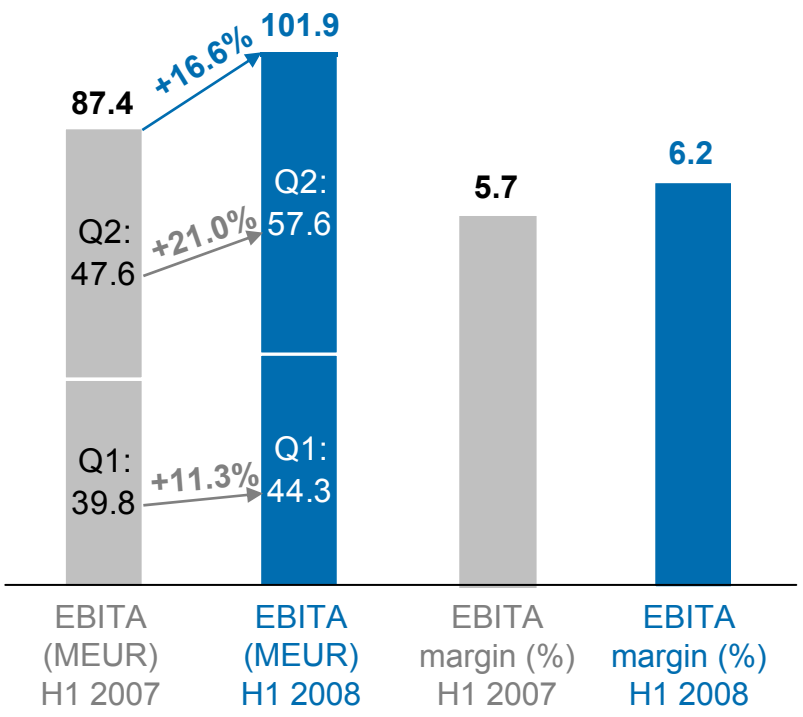
Sales by business area (%)	H1 2008	H1 2007
Pulp & Paper	41	46
Hydro Power	30	24
Rolling Mills & Strip Proc.	16	14
Environment & Process	9	12
Feed & Biofuel	4	4
(Sales H1 2008: 1,650.0 MEUR)		

Service sales as % of business area's sales	H1 2008	H1 2007
Pulp & Paper	30	26
Hydro Power	24	25
Rolling Mills & Strip Proc.	3	3
Environment & Process	28	25
Feed & Biofuel	50	47
(Service sales as % of Group sales: H1 2008: 25%);		
H1 2007: 23%)		

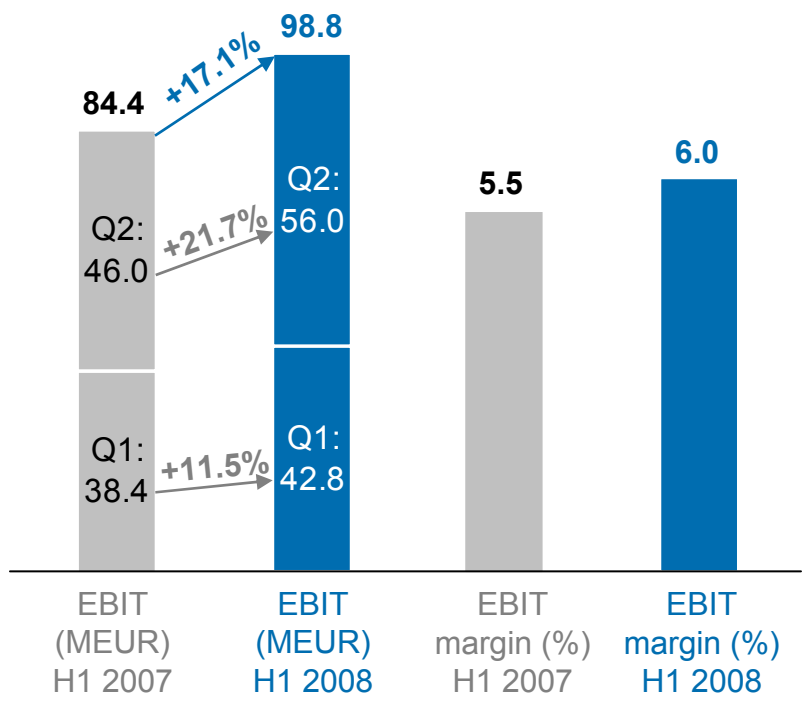
Earnings

- EBIT(A) increased significantly more strongly than sales; thus, profitability – EBIT(A) margin – improved.
- Solid development in Pulp & Paper, Hydro Power, and Rolling Mills & Strip Processing Lines; unsatisfactory development in Environment & Process.

EBITA and EBITA margin of the Andritz Group



EBIT and EBIT margin of the Andritz Group



H1 and Q2 2008 results at a glance

Key figures of the Andritz Group						
MEUR (according to IFRS)	**H1 2008**	**H1 2007**	**+/-**	**Q2 2008**	**Q2 2007**	**+/-**
Order intake	**2,128.7**	2,037.5	+4.5%	**933.0**	1,006.5	-7.3%
Order backlog (as of end of period)	**4,619.5**	3,867.9	+19.4%	**4,619.5**	3,867.9	+19.4%
Sales	**1,650.0**	1,537.0	+7.4%	**899.1**	806.1	+11.5%
EBITDA	**124.0**	107.9	+14.9%	**68.6**	58.4	+17.5%
EBITA	**101.9**	87.4	+16.6%	**57.6**	47.6	+21.0%
Earnings before interest and taxes (EBIT)	**98.8**	84.4	+17.1%	**56.0**	46.0	+21.7%
Earnings before taxes (EBT)	**100.5**	87.7	+14.6%	**57.0**	47.1	+21.0%
Net income (including minority interests)	**72.0**	63.0	+14.3%	**40.8**	33.9	+20.4%
Cash flow from operating activities	**126.2**	34.6	+264.7%	**-7.6**	-5.1	-49.0%
Capital expenditure	**27.7**	23.1	+19.9%	**13.8**	12.3	+12.2%
Employees (as of end of period)	**12,949**	10,946	+18.3%	**12,949**	10,946	+18.3%
EBITDA margin (%)	**7.5**	7.0	-	**7.6**	7.2	-
EBITA margin (%)	**6.2**	5.7	-	**6.4**	5.9	-
EBIT margin (%)	**6.0**	5.5	-	**6.2**	5.7	-

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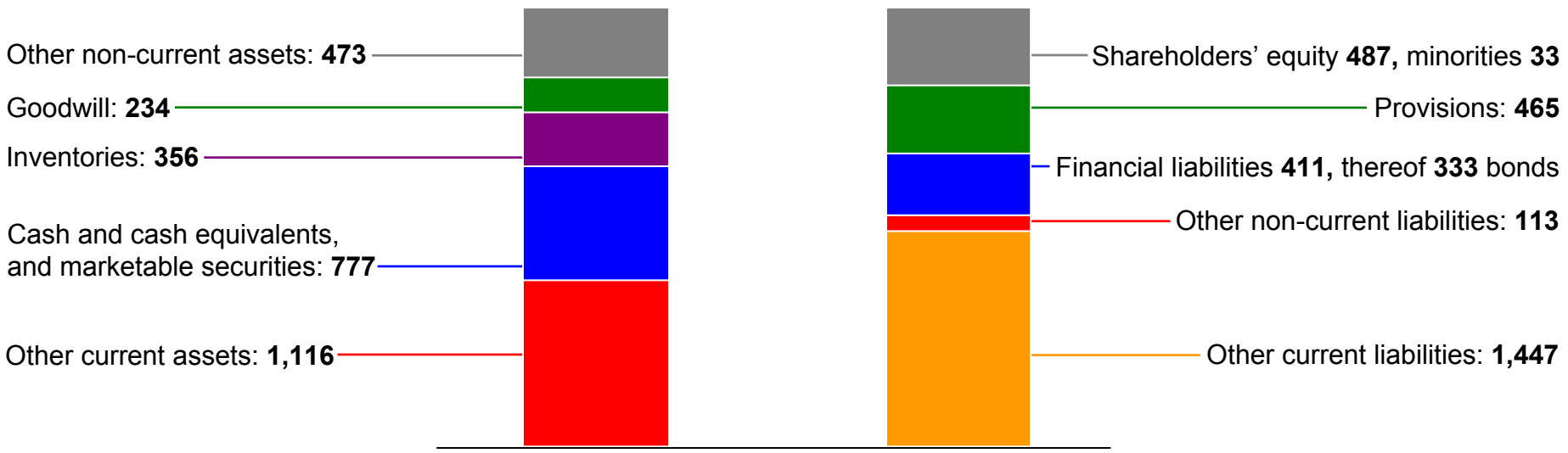
Solid balance sheet structure

- **Increase of total assets** due to first-time inclusion of assets and liabilities of hydro businesses acquired from GE Energy and successful placement of a 150 MEUR corporate bond in February 2008 (replaces the matured 2002-2008 bond).
- **Liquid funds** of 777.0 MEUR as of June 30, 2008:
  > Net liquidity increased to 366.4 MEUR as of June 30, 2008 (December 31, 2007: 246.5 MEUR).
- **Equity ratio** as of June 30, 2008 amounted to 17.6% (December 31, 2007: 19.2%).

Total assets as of June 30, 2008: 2,956 MEUR (December 31, 2007: 2,508 MEUR)



Balance sheet of the Andritz Group as of June 30, 2008 (MEUR)

Pulp & Paper

- Market: satisfactory project activity, mainly focused on the southern hemisphere, China, and Europe.
- Decline of order intake compared to high level of last year's reference period (included a major order of ~200 MEUR).
- Despite decline in sales, increase in profitability in H1 2008.

Key figures						
MEUR	**H1 2008**	**H1 2007**	**+/-**	**Q2 2008**	**Q2 2007**	**+/-**
Order intake	**711.5**	914.6	-22.2%	**294.2**	534.7	-45.0%
Order backlog (as of end of period)	**1,090.8**	1,318.3	-17.3%	**1,090.8**	1,318.3	-17.3%
Sales	**670.1**	704.7	-4.9%	**351.0**	372.2	-5.7%
EBITDA	**48.2**	47.9	+0.6%	**25.1**	28.8	-12.8%
EBITDA margin	**7.2%**	6.8%	-	**7.2%**	7.7%	-
EBITA	**39.4**	39.0	+1.0%	**20.7**	24.1	-14.1%
EBITA margin	**5.9%**	5.5%	-	**5.9%**	6.5%	-
Employees (as of end of period)	**4,750**	4,369	+8.7%	**4,750**	4,369	+8.7%

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Hydro Power

- Market: high project activity; new hydropower plant projects mainly focused on India, China, and South America; modernization of existing plants concentrated on Europe and North America.
- Very positive development of order intake in H1 2008.
- Significant increases in sales, earnings, and profitability.

Key figures						
MEUR	**H1 2008**	**H1 2007**	**+/-**	**Q2 2008**	**Q2 2007**	**+/-**
Order intake	**769.2**	551.3	+39.5%	**377.0**	257.3	+46.5%
Order backlog (as of end of period)	**2,491.9**	1,827.7	+36.3%	**2,491.9**	1,827.7	+36.3%
Sales	**490.6**	374.5	+31.0%	**273.0**	212.5	+28.5%
EBITDA	**36.5**	22.3	+63.7%	**19.6**	11.4	+71.9%
EBITDA margin	**7.4%**	6.0%	-	**7.2%**	5.4%	-
EBITA	**27.9**	15.5	+80.0%	**15.3**	7.9	+93.7%
EBITA margin	**5.7%**	4.1%	-	**5.6%**	3.7%	-
Employees (as of end of period)	**5,256**	3,848	+36.6%	**5,256**	3,848	+36.6%

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Acquisition of assets of GE's Hydro business

Transactions

May 2008:

- Acquisition of GE Energy's hydropower technology and other assets including engineering and project management resources, research and development capabilities, and specialized generator component production facilities in Canada (total staff: ~200 employees).

June 2008:

- Acquisition of GE Energy's majority interest in the GEHI (General Electric Hydro Inepar) joint venture.
- GEHI has sales, engineering, and project management resources in Campinas, Brazil; Tampere, Finland; and Kristinehamn, Sweden (total staff: ~200 employees).

Opportunities

- GE's Hydro business further complements the existing product portfolio of Andritz Hydro Power in the field of large Francis-type turbines and generators with an output capacity of 400 MW and more.
- Increased presence of Andritz Hydro Power in North America, South America, and Northern Europe.

Expectations

- Expected annual sales contribution: ~200 million EUR.
- No significant margin dilution of Hydro Power business area expected.

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Rolling Mills & Strip Processing Lines

- Market: good project activity, especially in China, Europe, Russia, and India.
- Favorable development of order intake.
- Significant increases in sales and earnings.
- Successful development of Andritz Maerz (acquired in March 2008).

Key figures						
MEUR	**H1 2008**	**H1 2007**	**+/-**	**Q2 2008**	**Q2 2007**	**+/-**
Order intake	**362.6**	303.2	+19.6%	**118.1**	86.3	+36.8%
Order backlog (as of end of period)	**781.9**	492.1	+58.9%	**781.9**	492.1	+58.9%
Sales	**267.8**	213.5	+25.4%	**154.6**	92.0	+68.0%
EBITDA	**21.6**	15.8	+36.7%	**13.9**	6.5	+113.8%
EBITDA margin	**8.1%**	7.4%	-	**9.0%**	7.1%	-
EBITA	**20.1**	14.4	+39.6%	**13.1**	5.7	+129.8%
EBITA margin	**7.5%**	6.7%	-	**8.5%**	6.2%	-
Employees (as of end of period)	**970**	855	+13.5%	**970**	855	+13.5%

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Environment & Process

- Market: good project activity for centrifuges (focus on Europe, Asia, and USA); very low investment activity for sludge drying plants; rising demand for biomass drying plants.
- Favorable development of order intake for centrifuges; slow development of order intake for sludge drying plants due to weak market conditions.
- Decline of sales and earnings due to weakness in sludge drying.

Key figures						
MEUR	**H1 2008**	**H1 2007**	**+/-**	**Q2 2008**	**Q2 2007**	**+/-**
Order intake	**198.9**	188.9	+5.3%	**99.9**	90.9	+9.9%
Order backlog (as of end of period)	**204.9**	187.1	+9.5%	**204.9**	187.1	+9.5%
Sales	**150.5**	177.9	-15.4%	**84.2**	98.3	-14.3%
EBITDA	**10.8**	14.4	-25.0%	**6.9**	7.9	-12.7%
EBITDA margin	**7.2%**	8.1%	-	**8.2%**	8.0%	-
EBITA	**8.3**	11.8	-29.7%	**5.6**	6.5	-13.8%
EBITA margin	**5.5%**	6.6%	-	**6.7%**	6.6%	-
Employees (as of end of period)	**1,413**	1,335	+5.8%	**1,413**	1,335	+5.8%

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Feed & Biofuel

- Market: good project activity for animal feed plants (especially in Eastern Europe, Russia, Asia, Central and South America) and aquatic feed plants (South America and Asia); with the exception of North America, high investment activity for wood pelleting equipment, especially in Northern and Southern Europe, and South East Asia.
- Order intake surpassed high level of last year's reference period.
- Despite increasing sales, earnings down due to sales decline in North America.

Key figures						
MEUR	**H1 2008**	**H1 2007**	**+/-**	**Q2 2008**	**Q2 2007**	**+/-**
Order intake	**86.5**	79.5	+8.8%	**43.8**	37.3	+17.4%
Order backlog (as of end of period)	**50.0**	42.7	+17.1%	**50.0**	42.7	+17.1%
Sales	**71.0**	66.4	+6.9%	**36.3**	31.1	+16.7%
EBITDA	**6.9**	7.5	-8.0%	**3.1**	3.8	-18.4%
EBITDA margin	**9.7%**	11.3%	-	**8.5%**	12.2%	-
EBITA	**6.2**	6.7	-7.5%	**2.9**	3.4	-14.7%
EBITA margin	**8.7%**	10.1%	-	**8.0%**	10.9%	-
Employees (as of end of period)	**560**	539	+3.9%	**560**	539	+3.9%

Outlook 2008

Market environment and project activities

- Satisfactory project activity in all business areas.
- Solid development expected in all business areas.

Group sales and profitability: Confirmation of financial guidance

- Andritz confirms financial guidance for full year 2008:
  - > Group sales are expected to increase to a good 3.5 bn Euros.
  - > Profitability (EBITA margin) is expected to improve compared to 2007.

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