



Results for the first half of 2009

August 7, 2009

Results for H1 2009 and Q2 2009

Decline in order intake and sales, solid order backlog

Slight decline in sales in H1 2009

- Group **sales** in H1 2009 amounted to 1,574.1 MEUR (-4.6% vs. H1 2008: 1,650.0 MEUR); decline in PULP & PAPER and METALS mostly offset by continued good development in HYDRO.
- Sales in Q2 2009 down to 784.0 MEUR (Q2 2008: 899.1 MEUR), mainly due to PULP & PAPER and METALS.

Order intake below high level of last year, solid order backlog

- Group **order intake**, at 1,712.7 MEUR in H1 2009, at favorable level, however significantly down compared to over-proportionally high value of H1 2008 (2,128.7 MEUR).
- Order intake in Q2 2009 decreased to 731.3 MEUR (Q2 2008: 933.0 MEUR); strong increase in HYDRO, significant decrease of order intake in PULP & PAPER and METALS.
- Smaller business areas (ENVIRONMENT & PROCESS, FEED & BIOFUEL) also somewhat impacted by weak macro-environment.
- Group **order backlog** as of June 30, 2009 amounted to 4,426.9 MEUR (June 30, 2008: 4,619.5 MEUR).

Results for H1 2009 and Q2 2009

Earnings down, impacted by one-off restructuring expenses

Sharp drop in earnings, mainly due to restructuring expenses

- One-off restructuring expenses of ~24 MEUR booked in Q2 2009 for capacity adjustments (esp. in PULP & PAPER) and structural optimization in other business areas of the Group.
- As a result, **EBITA** and **EBITA margin** (after restructuring expenses) declined sharply:

	Unit	Q2 2009	Q2 2008*	H1 2009	H1 2008*
EBITA excl. restructuring	MEUR	37.1	59.0	80.8	104.5
EBITA margin excl. restructuring	%	4.7	6.6	5.1	6.3
EBITA incl. restructuring	MEUR	12.8	59.0	56.5	104.5
EBITA margin incl. restructuring	%	1.6	6.6	3.6	6.3

* restated

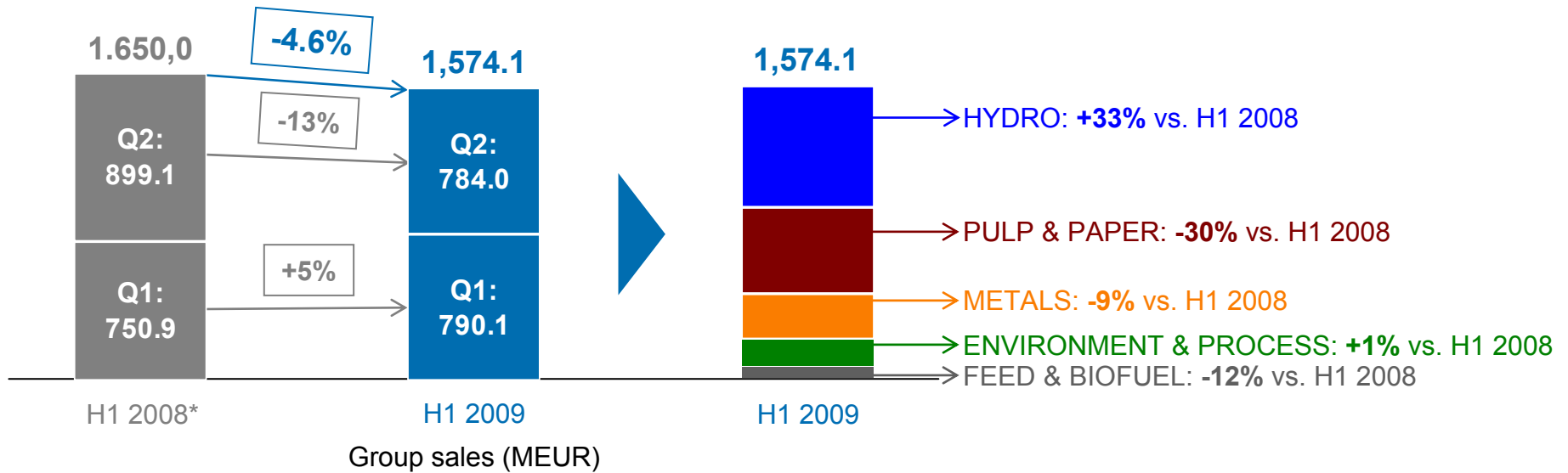
- **Net income** excluding minority interests in H1 2009 amounted to 32.5 MEUR (H1 2008: 69.8 MEUR).

Unchanged solid balance sheet structure with high net liquidity of 444 MEUR

- **Total assets** increased slightly, to 3,099.7 MEUR as of June 30, 2009 (December 31, 2008: 3,086.3 MEUR).
- **Liquid funds** amounted to 845.8 MEUR as of June 30, 2009 (December 31, 2008: 821.8 MEUR).
Net liquidity increased to 443.7 MEUR (December 31, 2008: 408.9 MEUR).
- **Equity ratio** amounted to 18.4% (December 31, 2008: 18.7%).

Group sales

Good development in HYDRO, decrease in METALS and PULP & PAPER

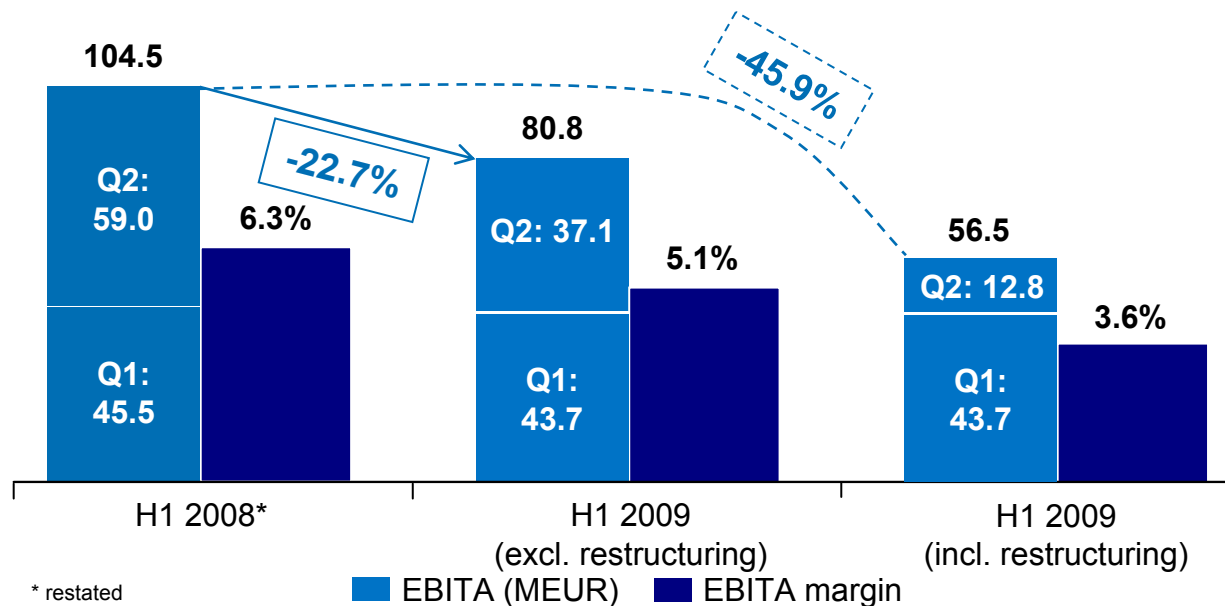


* restated

Earnings

Significant decrease mainly due to restructuring expenses

- Restructuring expenses of ~24 MEUR booked in Q2 2009; approx. half of that for PULP & PAPER, the rest for selective adjustments in the other business areas.
- Before deduction of these restructuring expenses, EBITA in H1 2009 amounts to 80.8 MEUR, equivalent to an EBITA margin of 5.1% (H1 2008: 6.3%).
- Good development in HYDRO negatively offset by decline in PULP & PAPER and METALS.



	Q2 2009	Q2 2008*	H1 2009	H1 2008*
EBITA margin incl. restructuring	1.6%	6.6%	3.6%	6.3%
EBITA margin excl. restructuring	4.7%	6.6%	5.1%	6.3%

* restated

Group restructuring to cope with weak global economy (I)

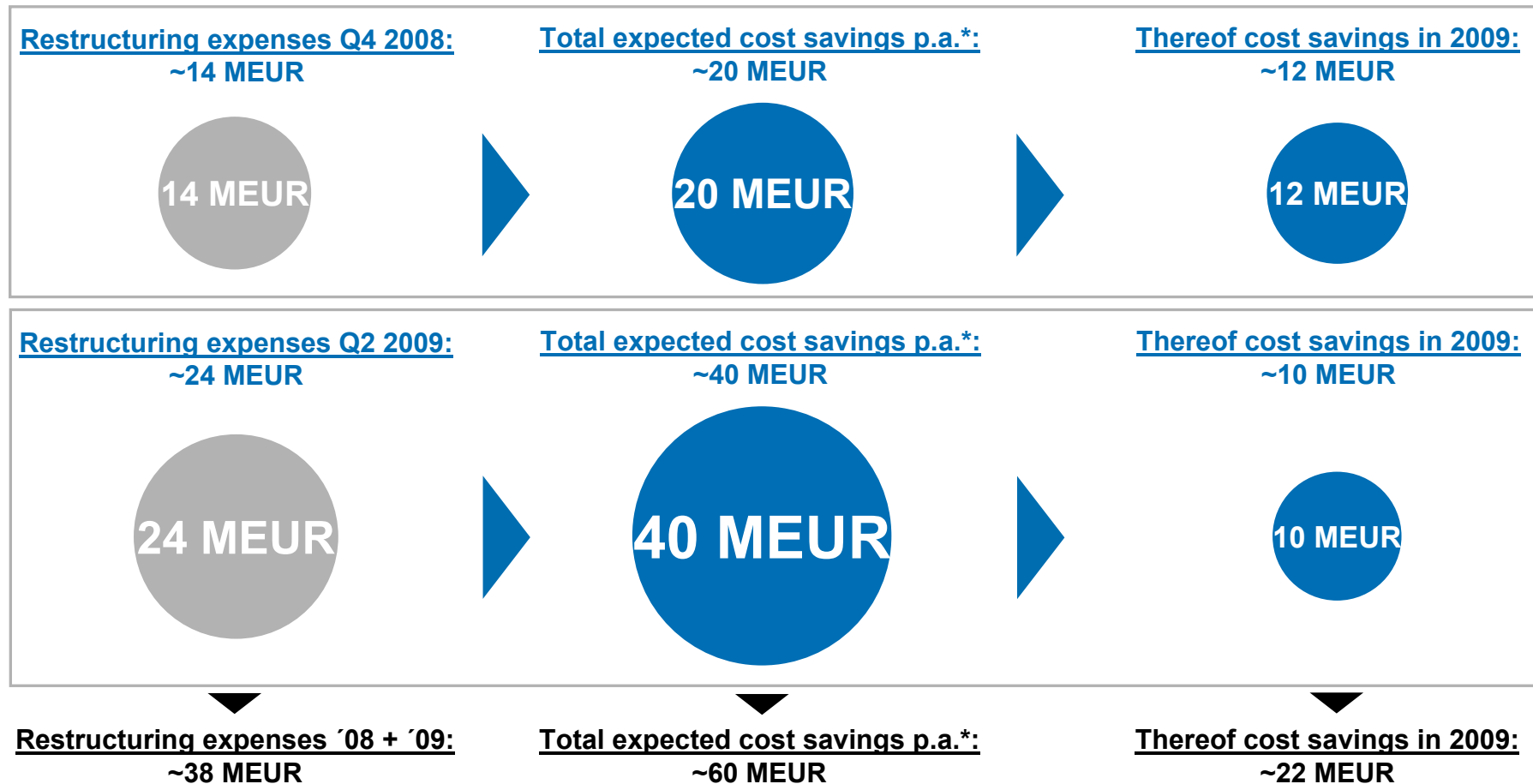
Capacity and operational adjustments

- ▶ Reduction of outsourcing (esp. external contracting of engineering and manufacturing).
- ▶ Adjustment of own capacities to lower volume (mainly Northern Europe, North America, Brazil); cautious capacity increase in HYDRO.
- ▶ General cost containment throughout the Group.

Group restructuring to cope with weak global economy (II)

Major cost savings expected for 2010

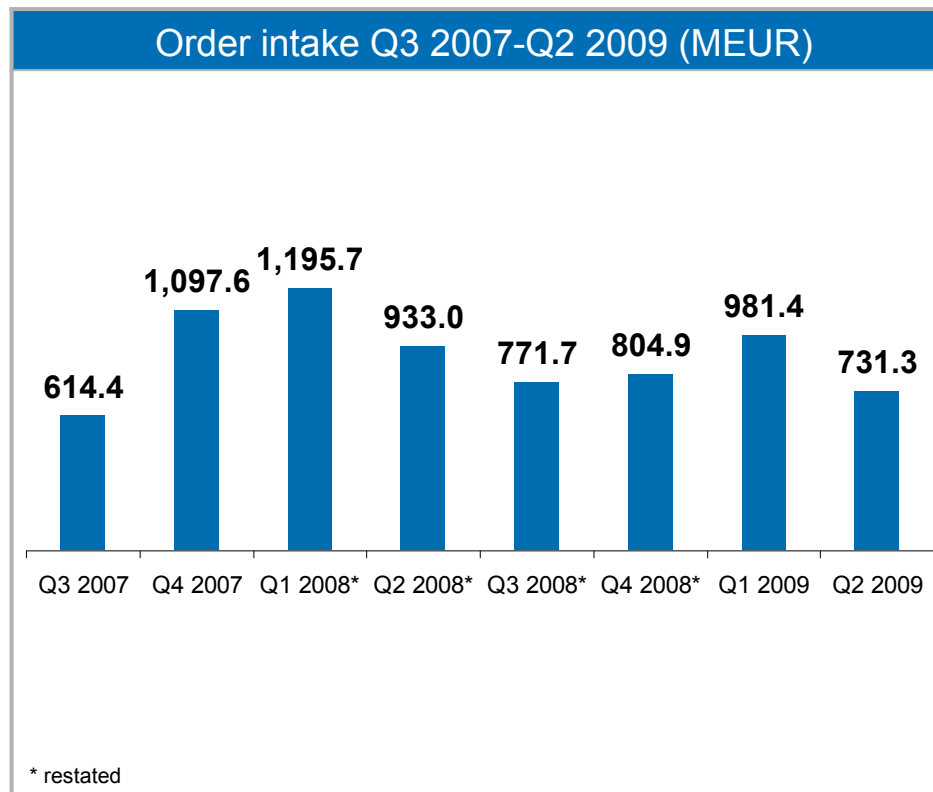
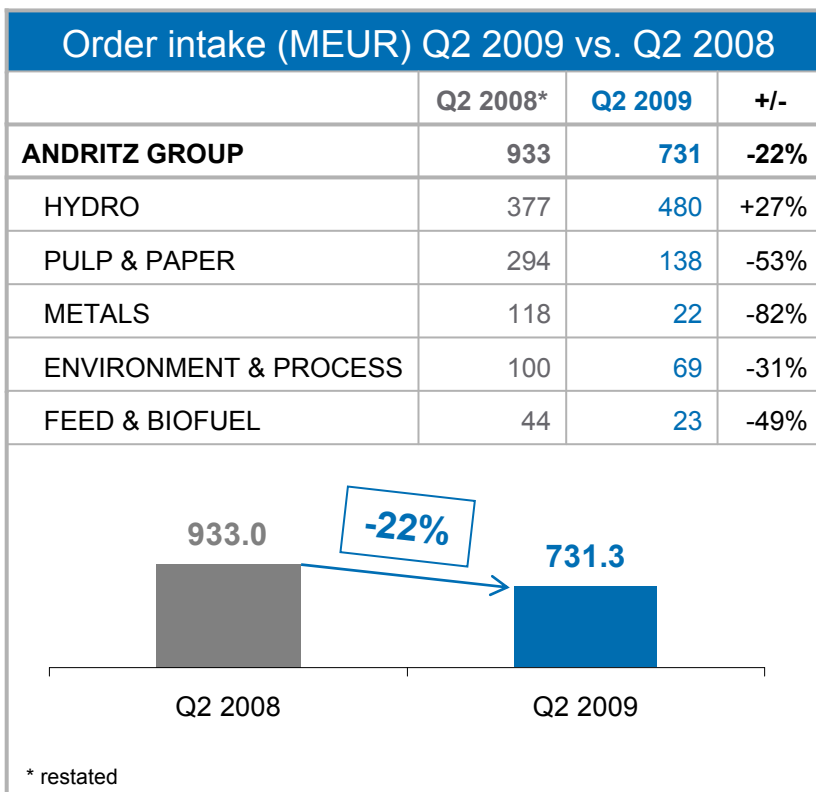
Restructuring measures mainly in PULP & PAPER; selective adjustments in the other business areas.



* vs. 2008 cost level

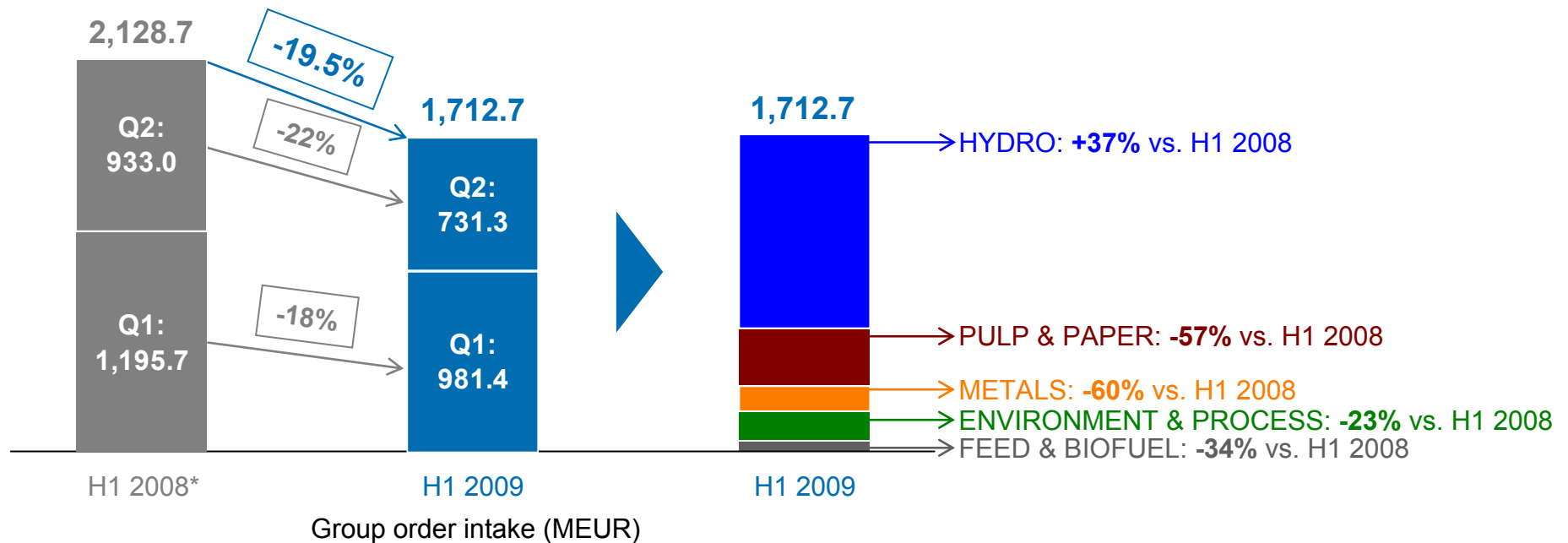
Order intake in Q2 2009

HYDRO up, PULP & PAPER and METALS significantly down



Order intake in H1 2009

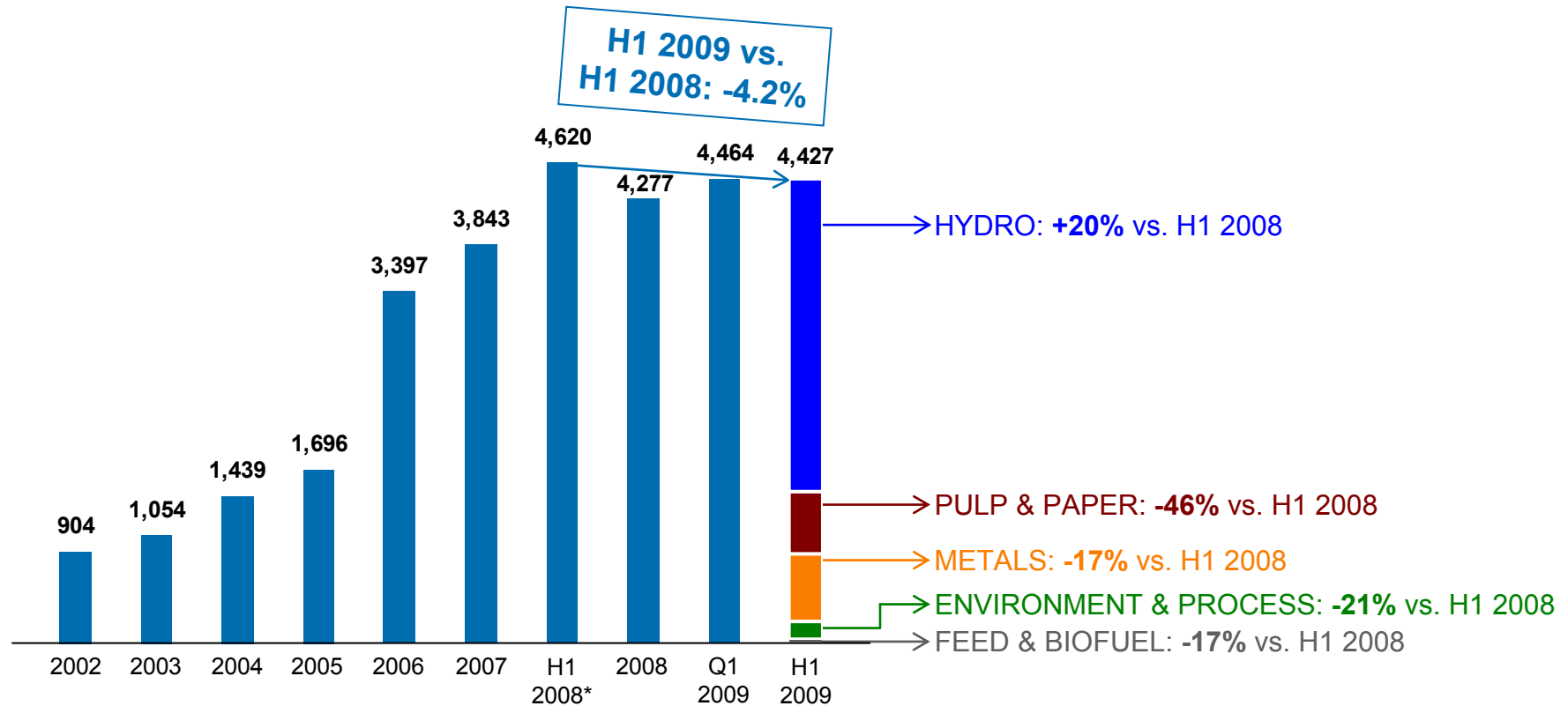
Good development in HYDRO offset by PULP & PAPER and METALS



* restated

Order backlog

Good backlog, however sharply declining in all business areas except HYDRO



Group order backlog as of end of period (MEUR)

* restated

Service sales

Share of service sales increased to 27%

- Service sales relatively resilient in weak economic environment, thus increasing to 27% of total sales in H1 2009 (H1 2008: 25%).
- Strong relative increase in service sales in the PULP & PAPER business area due to decline of sales in the capital business.

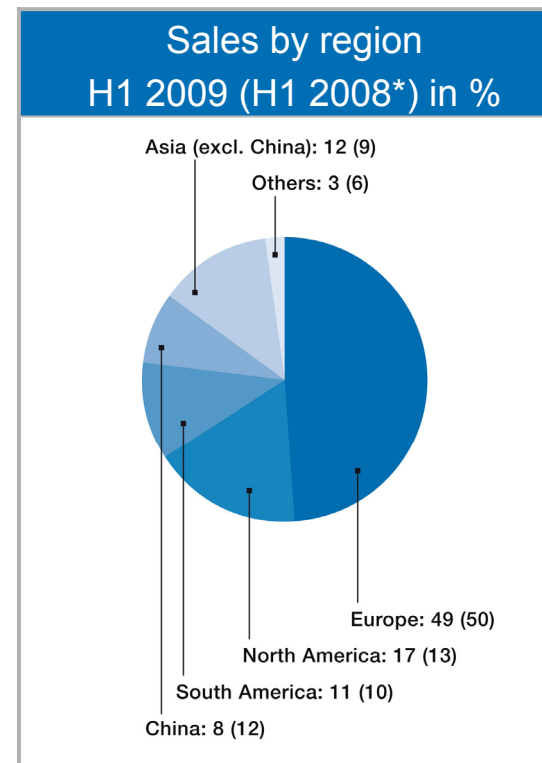
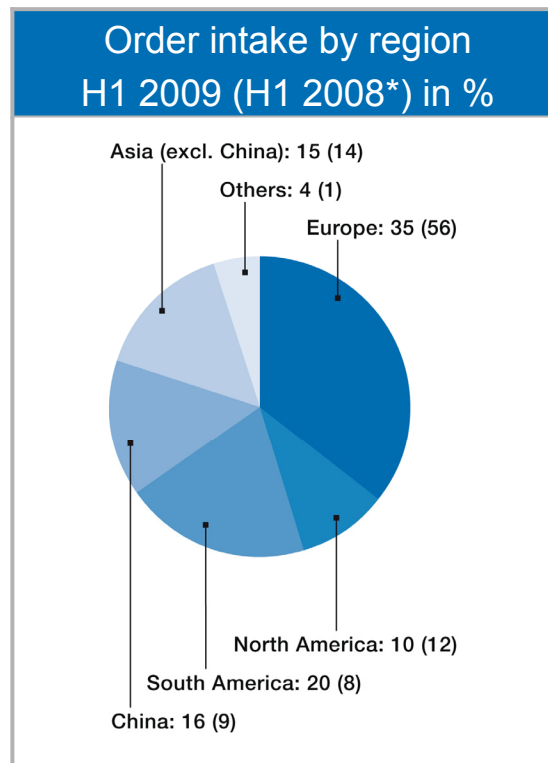
Service sales as % of total sales				
	H1 2009	H1 2008*	Q2 2009	Q2 2008*
ANDRITZ GROUP	27%	25%	28%	24%
HYDRO	24%	24%	25%	22%
PULP & PAPER	40%	30%	40%	31%
METALS	3%	3%	4%	3%
ENVIRONMENT & PROCESS	28%	28%	28%	26%
FEED & BIOFUEL	57%	50%	58%	51%

* restated

Order intake and sales by region

Well balanced geographical exposure

- Europe remains the Group's most important market in terms of sales and order intake.
- Order intake from China and South America strongly up, mainly due to HYDRO.



* restated

H1 2009 and Q2 2009 results at a glance

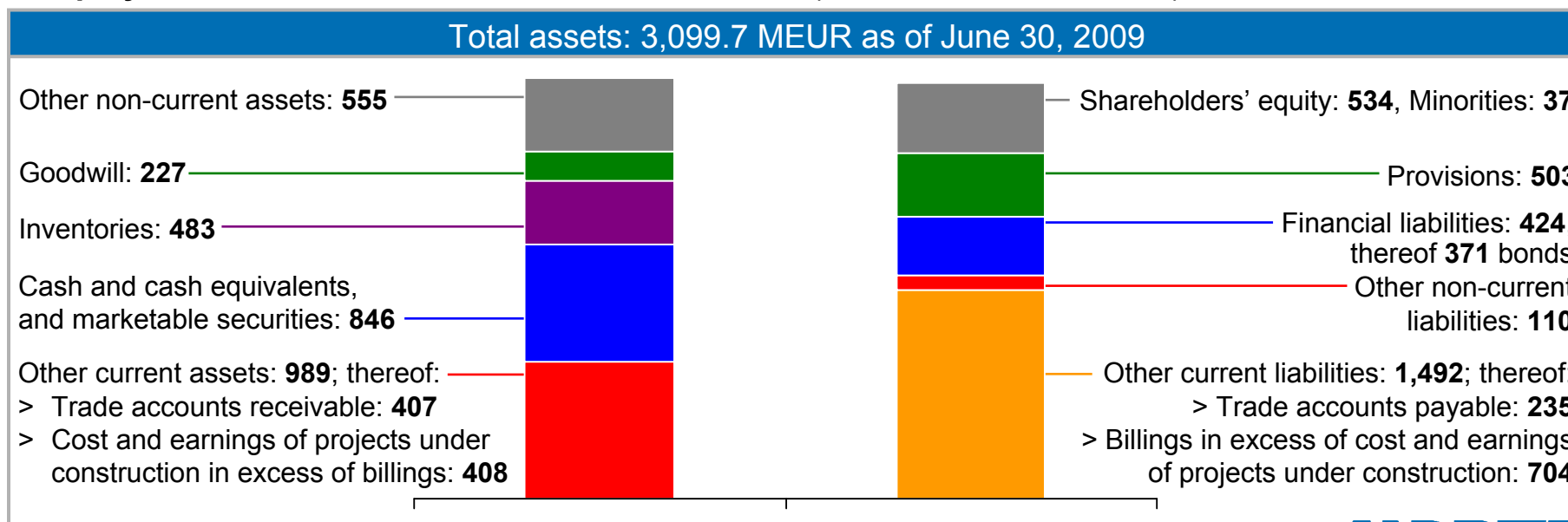
Key figures of the ANDRITZ GROUP								
(according to IFRS)	Unit	H1 2009	H1 2008*	+/-	Q2 2009	Q2 2008*	+/-	2008
Order intake	MEUR	1,712.7	2,128.7	-19.5%	731.3	933.0	-21.6%	3,705.3
Order backlog (as of end of period)	MEUR	4,426.9	4,619.5	-4.2%	4,426.9	4,619.5	-4.2%	4,277.4
Sales	MEUR	1,574.1	1,650.0	-4.6%	784.0	899.1	-12.8%	3,609.8
EBITDA	MEUR	89.2	126.6	-29.5%	33.0	70.0	-52.9%	278.2
EBITA (excl. restructuring expenses)	MEUR	80.8	104.5	-22.7%	37.1	59.0	-37.1%	246.8
EBITA (incl. restructuring expenses)	MEUR	56.5	104.5	-45.9%	12.8	59.0	-78.3%	233.2
Earnings Before Interest and Taxes (EBIT)	MEUR	52.0	101.4	-48.7%	10.4	57.4	-81.9%	218.5
Financial result	MEUR	-2.9	-0.9	-222.2%	1.3	-0.4	+425.0%	-8.1
Earnings Before Taxes (EBT)	MEUR	49.1	100.5	-51.1%	11.7	57.0	-79.5%	210.5
Net income (incl. minority interests)	MEUR	34.5	72.0	-52.1%	8.2	40.8	-79.9%	147.0
Cash flow from operating activities	MEUR	117.6	126.2	-6.8%	62.6	-7.6	+923.7%	255.0
Capital expenditure	MEUR	40.2	27.7	+45.1%	17.3	13.8	+25.4%	69.7
EBITDA margin	%	5.7	7.7	-	4.2	7.8	-	7.7
EBITA margin (excl. restructuring expenses)	%	5.1	6.3	-	4.7	6.6	-	6.8
EBITA margin (incl. restructuring expenses)	%	3.6	6.3	-	1.6	6.6	-	6.5
EBIT margin	%	3.3	6.1	-	1.3	6.3	-	6.1
Employees (as of end of period)	-	13,397	12,949	+3.5%	13,397	12,949	+3.5%	13,707

* restated

Balance sheet structure

Continued good net cash position

- **Total assets** increased slightly, to 3,099.7 MEUR as of June 30, 2009 (December 31, 2008: 3,086.3 MEUR).
- **Gross cash position** of 846 MEUR as of June 30, 2009 (822 MEUR as of December 31, 2008); **net liquidity** increased to 444 MEUR as of June 30, 2009 (December 31, 2008: 409 MEUR).
- Low **net working capital**, at -1.6 MEUR as of June 30, 2009 (December 31, 2008: 22.7 MEUR).
- **Equity ratio** amounted to 18.4% as of June 30, 2009 (18.7% as of end of 2008).



HYDRO

Continuing strong market activity

- Market: continuing high project activity worldwide with modernization of existing plants concentrated on Europe and North America; new hydropower plant projects mainly focused on emerging markets, especially Asia and South America.
- Very high order intake in H1 2009; good development in all divisions, including the pumps and turbo generator businesses.
- Sales and earnings increased compared to reference period of last year.

Key figures								
(according to IFRS)	Unit	H1 2009	H1 2008*	+/-	Q2 2009	Q2 2008*	+/-	2008
Order intake	MEUR	1,054.5	769.2	+37.1%	480.3	377.0	+27.4%	1,543.4
Order backlog (as of end of period)	MEUR	2,984.4	2,491.9	+19.8%	2,984.4	2,491.9	+19.8%	2,590.1
Sales	MEUR	650.4	490.6	+32.6%	333.8	273.0	+22.3%	1,205.9
EBITDA	MEUR	50.8	38.0	+33.7%	25.0	20.5	+22.0%	105.7
EBITDA margin	%	7.8	7.7	-	7.5	7.2	-	8.8
EBITA	MEUR	37.1	29.4	+26.2%	16.6	16.2	+2.5%	87.9
EBITA margin	%	5.7	6.0	-	5.0	5.6	-	7.3
Employees (as of end of period)	-	5,863	5,256	+11.5%	5,863	5,256	+11.5%	5,606

* restated

PULP & PAPER

Capital business strongly impacted by economic weakness

- Market: Continuing very low project activity in the capital business; however, slight upturn of market activity expected; service business relatively resilient.
- Order intake substantially below last years' reference level; greenfield pulp mill order from China (Chenming, 160 MEUR) expected to be booked in Q3 2009.
- Margins impacted by restructuring expenses and lower sales; price pressure in (large) capital business.
- Organizational restructuring and capacity reductions underway to adjust to weak market environment.

Key figures								
(according to IFRS)	Unit	H1 2009	H1 2008*	+/-	Q2 2009	Q2 2008*	+/-	2008
Order intake	MEUR	302.8	711.5	-57.4%	138.1	294.2	-53.1%	1,033.8
Order backlog (as of end of period)	MEUR	588.9	1,090.8	-46.0%	588.9	1,090.8	-46.0%	752.8
Sales	MEUR	465.8	670.1	-30.5%	232.1	351.0	-33.9%	1,326.6
EBITDA	MEUR	14.4	48.7	-70.4%	1.1	25.3	-95.7%	84.5
EBITDA margin	%	3.1	7.3	-	0.5	7.2	-	6.4
EBITA	MEUR	0.2	39.9	-99.5%	-8.3	20.9	-139.7%	66.3
EBITA margin	%	0.0	6.0	-	-3.6	5.9	-	5.0
Employees (as of end of period)	-	4,533	4,750	-4.6%	4,533	4,750	-4.6%	5,102

* restated

METALS

Heavily impacted by weak market conditions

- Market: Very low project activity worldwide.
- Order intake in H1 2009, at 145.3 MEUR, substantially below H1 2008; Q2 2009 heavily impacted by weak market conditions.
- Sales, earnings, and profitability down compared to last years' reference values.

Key figures								
(according to IFRS)	Unit	H1 2009	H1 2008*	+/-	Q2 2009	Q2 2008*	+/-	2008
Order intake	MEUR	145.3	362.6	-59.9%	21.7	118.1	-81.6%	611.5
Order backlog (as of end of period)	MEUR	651.0	781.9	-16.7%	651.0	781.9	-16.7%	736.2
Sales	MEUR	243.6	267.8	-9.0%	108.6	154.6	-29.8%	566.2
EBITDA	MEUR	10.9	22.0	-50.5%	2.3	14.1	-83.7%	42.6
EBITDA margin	%	4.5	8.2	-	2.1	9.0	-	7.5
EBITA	MEUR	9.4	20.5	-54.1%	1.5	13.3	-88.7%	40.1
EBITA margin	%	3.9	7.7	-	1.4	8.5	-	7.1
Employees (as of end of period)	-	1,012	970	+4.3%	1,012	970	+4.3%	996

* restated

ENVIRONMENT & PROCESS

Stable sales development, order intake down

- **Market:** relatively solid project activity for sludge dewatering equipment, especially in China; low project activity in the industrial process applications sector; continuing low demand in the area for drying applications; demand for biomass drying systems continued to remain relatively stable in Europe and Scandinavia.
- Order intake down, mainly due to lower orders from industrial customers (petrochemical, minerals, and mining industries) and low demand in the drying area.
- Flat sales; however, earnings and profitability slightly down.

Key figures								
(according to IFRS)	Unit	H1 2009	H1 2008*	+/-	Q2 2009	Q2 2008*	+/-	2008
Order intake	MEUR	153.0	198.9	-23.1%	68.7	99.9	-31.2%	361.2
Order backlog (as of end of period)	MEUR	161.0	204.9	-21.4%	161.0	204.9	-21.4%	151.8
Sales	MEUR	151.8	150.5	+0.9%	81.0	84.2	-3.8%	366.6
EBITDA	MEUR	10.3	10.9	-5.5%	4.9	6.9	-29.0%	32.1
EBITDA margin	%	6.8	7.2	-	6.0	8.2	-	8.8
EBITA	MEUR	7.9	8.4	-6.0%	3.7	5.6	-33.9%	27.3
EBITA margin	%	5.2	5.6	-	4.6	6.7	-	7.4
Employees (as of end of period)	-	1,424	1,413	+0.8%	1,424	1,413	+0.8%	1,437

* restated

FEED & BIOFUEL

Slow project activity in animal feed, solid in biomass equipment

- Market: in the animal feed sector, many projects were put on hold or project decisions delayed due to project funding restrictions; low project activity in special feed; reasonable project activity within the biomass/wood pelletizing market (especially in Northern and Eastern Europe, and South America), although also somewhat impacted by funding restrictions.
- Order intake down compared to H1 2008, very weak development in Q2 2009.
- Earnings and margins down.

Key figures								
(according to IFRS)	Unit	H1 2009	H1 2008*	+/-	Q2 2009	Q2 2008*	+/-	2008
Order intake	MEUR	57.1	86.5	-34.0%	22.5	43.8	-48.6%	155.4
Order backlog (as of end of period)	MEUR	41.6	50.0	-16.8%	41.6	50.0	-16.8%	46.5
Sales	MEUR	62.5	71.0	-12.0%	28.5	36.3	-21.5%	144.5
EBITDA	MEUR	2.8	7.0	-60.0%	-0.3	3.2	-109.4%	13.3
EBITDA margin	%	4.5	9.9	-	-1.1	8.5	-	9.2
EBITA	MEUR	1.9	6.3	-69.8%	-0.7	3.0	-123.3%	11.6
EBITA margin	%	3.0	8.9	-	-2.5	8.0	-	8.0
Employees (as of end of period)	-	567	560	+1.3%	567	560	+1.3%	566

* restated

Outlook

No change in market expectations, guidance confirmed

- Unchanged difficult economic environment in all major regions of the world; low project visibility, especially in the PULP & PAPER and METALS business areas, thus making it very difficult to predict the development of the Group's order intake for the next quarters.
- Continuing good project and market activity expected for HYDRO.
- If project awards expected for H2 2009 are realized, order intake in the PULP & PAPER business area in H2 2009 could substantially be above the level of H1 2009.
- Order intake of the METALS business is expected to decline substantially from the high level of last year. ENVIRONMENT & PROCESS and FEED & BIOFUEL less impacted by weak macro environment.
- Based on these expectations and the current order backlog, ANDRITZ continues to expect its sales in 2009 to decrease by ~15% compared to 2008; net income is also expected to decline versus 2008.
- Restructuring measures to be executed during the coming months, major cost savings expected for 2010.



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