

The background of the entire page is a photograph of industrial machinery, specifically large rollers or conveyor belts. The rollers are made of a dark, metallic material and are arranged in a series of parallel lines that recede into the distance, creating a strong sense of perspective. The lighting is dramatic, with bright highlights on the curved surfaces of the rollers and deep shadows in the gaps between them, giving the image a high-contrast, industrial feel.

# **INTERIM FINANCIAL REPORT FIRST THREE QUARTERS OF 2007**

**Solid development of Andritz's relevant markets**

**Increase in Order Intake, Sales, and Earnings**

**Andritz shares outperform ATX**

**ANDRITZ**

# STATUS REPORT

## General economic conditions

The development of the global economy during the Third Quarter of 2007 was mainly influenced by the U.S. sub-prime market crisis and the resulting collapse of the home mortgage market. The slump in housing and real estate prices led to the fear that consumer spending in the USA – the main contributor to the strong GDP growth during recent years – will decline significantly in the future, thus leading to a sustained slow-down of economic activities or potentially to a recession. As a consequence, the Federal Reserve Board (FED) cut key interest rates by half a percentage point to 4.75% on 18 September 2007, and provided an extensive amount of cash to the banking system to counter a potential liquidity crunch.

In Euroland, the European Central Bank (ECB) also injected cash to stabilize the liquidity crisis, but left key interest rates unchanged due to the continued strong economic activities. This positive economic development is mainly driven by unchanged solid domestic consumption and high exports, despite the increasing strength of the Euro against the U.S. dollar. In Asia, economic activities also remained very robust during the reporting period, with fast growth in both private consumption and corporate capital expenditure.

Sources: OECD, WIFO, OeNB, RZB, Volksbank

## Business development

### Sales

Sales in the Third Quarter of 2007 amounted to 762.6 MEUR, increasing 3.7% compared to the reference period of last year (Q3 2006: 735.2 MEUR). In particular, Sales of the Pulp and Paper, Hydro Power, and Feed and Biofuel Business Areas increased significantly compared to the reference period of last year.

During the First Three Quarters of 2007, Sales of the Andritz Group increased to 2,299.6 MEUR (Q1-Q3 2006: 1,702.6 MEUR). Organic growth of the Group amounted to 16.7% during the First Three Quarters of 2007.

### Order Intake

Group Order Intake in the Third Quarter of 2007 amounted to 614.4 MEUR, a decrease of 21.8% compared to the reference period of last year (Q3 2006: 785.8 MEUR). This decline is mainly due to the strong decrease of Order Intake of the Pulp and Paper Business Area. At 185.6 MEUR in Q3 2007, it was down by 51.2% compared to the high level of the reference Quarter of last year (Q3 2006: 380.1 MEUR). All other Business Areas, in particular the Environment and Process, and Feed and Biofuel Business Areas, showed a satisfactory development of Order Intake.

Order Intake for the First Three Quarters of 2007 was 2,651.9 MEUR, increasing 28.6% compared to the reference period of last year (Q1-Q3 2006: 2,062.9 MEUR).

Order Backlog as of 30.09.2007 amounted to 3.722,4 MEUR, slightly up compared to the reference value of last year (30.09.2006: 3,561.9 MEUR). Thus, the Andritz Group has a solid visibility with regard to Sales for the coming months.

### Earnings

Earnings before Interest and Taxes (EBIT) increased to 50.2 MEUR during the Third Quarter of 2007 (Q3 2006: 42.0 MEUR). EBIT margin, at 6.6% for the Third Quarter of 2007, increased significantly compared to Q3 2006 (5.7%). This was mainly due to the favorable Earnings development of the Pulp and Paper, Rolling Mills and Strip Processing Lines, and the Hydro Power Business Areas.

EBIT for the First Three Quarters of 2007 amounted to 134.6 MEUR, an increase of 35.0% compared to the reference period of last year (Q1-Q3 2006: 99.7 MEUR). Net Income excluding Minority Interests amounted to 96.5 MEUR, increasing 41.5% compared to the reference period of last year (Q1-Q3 2006: 68.2 MEUR).

### Net worth position and capital structure

The net worth position and capital structure of the Andritz Group as of 30.09.2007 showed no major changes compared to 31.12.2006.

Net liquidity (cash and cash equivalents minus interest-bearing financial liabilities) as of 30.09.2007 amounted to 305.9 MEUR, thus slightly decreased compared to the very high level as of the end of last year (31.12.2006: 365.7 MEUR). The equity ratio as of 30.09.2007 was 18.9% (31.12.2006: 17.4%).

## Major risks during the remaining months of the financial year and risk management

As a global company serving a variety of different markets and customers, the Group is subject to certain general and industry-specific risks in all of its Business Areas. The major risks for the business development of the Andritz Group during the remaining months of the financial year 2007 mainly relate to the industries served by the Group and their dependence on the general economic development, to the Group's business, major orders, and the conversion of the substantial backlog into sales. For detailed information on the major risks for the Andritz Group, see the Andritz Annual Report 2006.

Andritz has a long-established Group-wide risk management system whose main task is to identify nascent risks early and to take countermeasures. This is an important element in the active risk management within the Group.

The monitoring and management of financial risks are integral parts of Andritz's Group-wide accounting and controlling activities. Continuous controlling and regular reporting should increase the probability that major risks are identified at an early stage and countermeasures are taken, if necessary.

For most of the orders, the risk of payment failure by customers is reduced by bank guarantees and export insurances. Risks related to deliveries in countries with medium to high political risks typically are also insured to a large extent. Interest and exchange rate risks are mitigated and controlled by using derivative financial instruments; in particular, forward exchange contracts and swaps. Net currency exposure of orders in non-Euro currencies – mainly U.S. dollars, British pounds, and Swedish crowns – is frequently hedged by forward contracts. Cash flow risks are monitored by monthly cash reports. However, there is no guarantee that the monitoring and risk control systems are sufficiently effective.

## Information pursuant to Article 87 (4) of the (Austrian) Stock Exchange Act

During the First Three Quarters of 2007, no major businesses with related persons and companies were concluded.

## Effects from exchange rates

Changes in exchange rates are hedged by forward rate contracts.



## Key figures for the First Three Quarters of 2007 (IFRS)

MEUR	Q1-Q3 2006	Q1-Q3 2007	Change	Q3 2006	Q3 2007	Change
Sales	1,702.6	<b>2,299.6</b>	+35.1%	735.2	<b>762.6</b>	+3.7%
Order Intake	2,062.9	<b>2,651.9</b>	+28.6%	785.8	<b>614.4</b>	-21.8%
Order Backlog (as of end of period)	3,561.9	<b>3,722.4</b>	+4.5%	3,561.9	<b>3,722.4</b>	+4.5%
EBITDA <sup>1)</sup>	122.7	<b>169.1</b>	+37.8%	52.5	<b>61.2</b>	+16.6%
EBITDA Margin	7.2%	<b>7.4%</b>	-	7.1%	<b>8.0%</b>	-
EBITA <sup>2)</sup>	101.1	<b>139.0</b>	+37.5%	43.4	<b>51.6</b>	+18.9%
EBITA Margin	5.9%	<b>6.0%</b>	-	5.9%	<b>6.8%</b>	-
Earnings before Interest and Taxes (EBIT)	99.7	<b>134.6</b>	+35.0%	42.0	<b>50.2</b>	+19.5%
EBIT Margin	5.9%	<b>5.9%</b>	-	5.7%	<b>6.6%</b>	-
Earnings before Taxes	101.4	<b>137.9</b>	+36.0%	41.5	<b>50.3</b>	+21.2%
Net Income excl. Minority Interests	68.2	<b>96.5</b>	+41.5%	28.2	<b>34.9</b>	+23.8%
Cash flow from Operating Activities	-35.6	<b>16.3</b>	+145.8%	52.4	<b>-18.3</b>	-134.9%
Capital Expenditure <sup>3)</sup>	27.2	<b>32.1</b>	+18.0%	14.1	<b>9.0</b>	-36.2%
Employees (as of end of period)	10,010	<b>11,200</b>	+11.9%	10,010	<b>11,200</b>	+11.9%

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

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

3) Additions to property, plant, and equipment and intangible assets

### Outlook for the Andritz Group

For the coming months, Andritz expects its relevant markets to continue to develop favorably. In all of Andritz's Business Areas, project activity should remain on a satisfactory level, with investments focusing on both greenfield plants and modernizations/refurbishments of existing installations.

Based on the figures for the First Three Quarters of 2007, the mix of orders of the existing backlog, and the high project activity in all of Andritz's markets, Andritz expects Group Sales for the full year of 2007 to reach approximately 3.2 billion EUR (Sales 2006: 2,709.7 MEUR). Group Net Income after taxes is expected to increase in line with Sales (Net Income after taxes 2006: 121.4 MEUR). For 2008, Group Sales are expected to increase to approximately 3.5 billion Euros, with Earnings increasing at least at the same rate as Sales.

### Significant events after September 30, 2007

No significant events have occurred between the balance sheet date and the publication of this report.

### Declaration pursuant to Article 87 (1) of the (Austrian) Stock Exchange Act

The Executive Board of Andritz AG herewith declares that both the condensed Financial Statements drawn up in compliance with the applicable accounting standards and the status report for the First Three Quarters of 2007 present fairly, in all material respects, the financial position of the Group as of September 30, 2007, and its financial performance and its cash flows for the financial period January 1, 2007 to September 30, 2007.

The Executive Board of Andritz AG  
 Graz, November 7, 2007

#### 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.

# PULP AND PAPER

## Market development

During the Third Quarter of 2007, pulp prices continued the upward trend shown during the previous Quarters of the year. Due to the continuing strong demand from international paper producers, the strike of the forestry workers in British Columbia, and uncertainties regarding the potential increase in export tariffs for Russian wood, the price for Northern Bleached Softwood Kraft Pulp (NBSK) increased from approximately 780 U.S. dollars per ton as of the beginning of July to approximately 830 U.S. dollars per ton as of the end of September 2007. International pulp producers have announced further price increases for the coming months.

In step with NBSK, the price for short-fiber pulp (birch and eucalyptus) also increased during the Third Quarter of 2007. Strong demand and some new capacities in South America coming on stream somewhat later than expected led to a price increase for eucalyptus pulp from 700 U.S. dollars as of the beginning of July to over 730 U.S. dollars as of the end of September. The increase of the Euro against the U.S. dollar somewhat dampened the effect of the price increase for European customers.

Project activity during the reporting period remained at a satisfactory level, with the focus for greenfield pulp mills again concentrating on the Southern hemisphere (South America, Australia, and Asia), and China. Investments for the modernization and refurbishment of existing pulp mills remained focused on Europe, and to some extent North America.

## Business development

Sales of the Business Area for the Third Quarter of 2007 amounted to 338.8 MEUR, increasing 6.0% compared to the reference Quarter of 2006 (319.5 MEUR). EBITA, at 21.5 MEUR, also developed favorably during the Third Quarter of 2007 (Q3 2006: 18.6 MEUR).

The Business Area's Sales for the First Three Quarters of 2007 amounted to 1,043.5 MEUR, an increase of 21.5% compared to the reference value of last year (Q1-Q3 2006: 859.0 MEUR). EBITA increased to 60.5 MEUR (Q1-Q3 2006: 50.0 MEUR).

The Wood Processing Division successfully started up three chipping lines and chip handling systems at Suzano Bahia Sul Papel e Celulose S.A.'s Mucuri mill, Brazil. Also in Brazil, a new chipping line was started up at the Aracruz mill.

The Fiberline Division successfully started up fiberline systems (washing, oxygen delignification, knot separation/screening and bleaching) for the new eucalyptus fiberline at Suzano Bahia Sul Papel e Celulose S.A.'s Mucuri mill, Brazil. The bleaching line includes four of the largest DD washers ever delivered.

## Key figures Pulp and Paper

MEUR	Q1-Q3 2006	Q1-Q3 2007	Change	Q3 2006	Q3 2007	Change
Sales	859.0	<b>1,043.5</b>	+21.5%	319.5	<b>338.8</b>	+6.0%
Order Intake	1,128.5	<b>1,100.2</b>	-2.5%	380.1	<b>185.6</b>	-51.2%
Order Backlog (as of end of period)	1,273.6	<b>1,168.9</b>	-8.2%	1,273.6	<b>1,168.9</b>	-8.2%
EBITDA	59.9	<b>73.6</b>	+22.9%	22.1	<b>25.7</b>	+16.3%
EBITDA Margin	7.0%	<b>7.1%</b>	-	6.9%	<b>7.6%</b>	-
EBITA	50.0	<b>60.5</b>	+21.0%	18.6	<b>21.5</b>	+15.6%
EBITA Margin	5.8%	<b>5.8%</b>	-	5.8%	<b>6.3%</b>	-
Employees (as of end of period)	3,767	<b>4,546</b>	+20.7%	3,767	<b>4,546</b>	+20.7%

Major projects started up during the reporting period by the Recovery Division include a new High Energy Recovery Boiler (HERB) at SCA's Obbola mill, Sweden.

The Paper Machine Division reports a new world speed record set by PT Lontar Papyrus, Jambi, Indonesia for CrescentFormers with an Andritz tissue machine, breaking the 2004 record of the same mill. In July 2007, the machine ran at 2,125 m/min for three consecutive days producing 13.5 gsm. Procter & Gamble's new Andritz machine was successfully started up in Green Bay, WI, USA.

The Order Intake of the Business Area in the Third Quarter of 2007 amounted to 185.6 MEUR, down 51.2% compared to the high level for the reference period of last year (Q3 2006: 380.1 MEUR). This is mainly due to the fact that no large orders were awarded during Q3 2007. Order Intake of the First Three Quarters of 2007 reached 1,100.2 MEUR, practically unchanged compared to the reference period of last year (Q1-Q3 2006: 1,128.5 MEUR).

## Major orders

- The **Wood Processing Division** received an order from Russia for a wood processing plant. In addition, there were equipment orders from PT Sarana Bina Semesta Alam, Indonesia for an HHQ Chipper system, a debarking line modernization order from Mondi Packaging Stambolijski EAD, Bulgaria, and a power screw order from Tableros Talsa, S.L., Spain.
- The **Chemical Systems Division** booked an order from Munksjö Paper, Sweden for a lime kiln upgrade at the Aspabruk pulp mill. The Division was also chosen to deliver a recausticizing plant for West Coast Paper Mills, India, including an X-Filter™ for green liquor handling and a CD-Filter for white liquor filtration.
- The **Recovery Division** will upgrade the evaporation plant at Zellstoff Pöls, Austria to increase capacity and volume of reusable condensate for other processes in the mill. The upgrade includes a new six-effect surface condenser and a condensate stripper.
- The **Paper Machine Division** received an order from Hebei Yongxin Paper Co., Ltd., Hebei Province, China for a complete packaging paper machine, including stock preparation plant, winder, and mill automation. The machine has a wire width of 6.2 m and will produce over 400,000 tons of kraftliner and linerboard per year.
- The **Paper Finishing Division's** products developed positively during the reporting period. The PrimeCal Soft with MatOnLine Technology continues to be the most popular product. Hard and soft nip units were sold to several Chinese mills.
- The **Fiber Preparation Systems Division** received an order from Georgia-Pacific, Green Bay, WI, USA for deinking line equipment including a FibreFlow® drum pulper, RotoWash, SpeedWasher, screens, and cleaners. Stock preparation equipment was ordered by Henan Yinge Industrial Investment Holding, Luoho City, Henan Province, China, and Weidmann, Rapperswil, Switzerland.
- The **Mechanical Pulping Systems Division** received its fourth order from PF Louisenthal, Germany to supply a bleach plant for cotton combers-based pulp. PF Louisenthal runs Andritz bleach plants in its own mills and also procures them for other banknote paper producers. In addition, the Division received a follow-up order for a distributed control system from Sun Paper Industry Joint Stock Co. Ltd., China for the 260 t/d P-RC™ APMP system, which is now in the first stage of erection. The DCS will control the woodyard, fiberline, and evaporation plant. An additional order for a heat recovery unit in Belarus has been received.
- The **Panelboard Systems Department** received an order from Vezirkopru Orman Urunleri Ve Kagit San. A.S., Turkey for the supply of a pressurized refining system for a new MDF plant at Turanlar Group, Samsun. The Department also sold a pressurized refining system to Abinsk MDF, Russia. Andritz's scope of supply comprises a 45/49"-1CP refiner. The order was received via IMAL of Italy. An additional pressurized refining system, the fourth for the Guandong Weihua Group, will be delivered to Liaoning Taian Weiliban Woodworking Industry Co. Ltd., China.
- The refiner plate business of the **Engineered Wear Products Division** developed very favorably during the reporting period. The highlight was a two-year framework agreement with Mondi. The screen basket and rotor business is well ahead of budget. Major orders were received from Tamil Nadu Newsprint and Papers, India, and Paper Corea, Korea.
- The **Pulp Mill Engineered Services Division** received a significant recovery boiler retrofit order from Sweden and an order to rebuild a wash press. In Finland, the Division signed a multi-year maintenance contract (OPE™) for Botnia's Joutseno mill. Recently acquired Sindus Andritz in Brazil signed a three-year contract with Klabin for complete electrical and instrumentation maintenance. Sindus Andritz is a leading maintenance outsourcing service provider for the pulp and paper industry in Brazil. The Division also signed a contract with Mondi Packaging Corporate Group to jointly develop and optimize refiner systems operation and reduce energy consumption.
- The **Paper Mill Engineered Services Division** received significant orders for dewatering equipment from Steti, Czech Republic; Rottneros, Sweden; Klabin, Brazil; and M-real Stockstadt, Germany. Significant orders for mechanical pulping systems service were received from Yueyang and Jilin, China. WKI, Germany, and Jilin, China ordered automation systems. Large spare parts orders for stock preparation equipment were received from China, India, and Turkey.

# HYDRO POWER

## Market development

The high project activity in the hydropower sector – especially in China and India – continued during the Third Quarter of 2007. A large number of hydropower stations are in the planning or construction stages.

Investments in Europe and North America focused on modernization and rehabilitation, as well as on capacity increasing projects for existing plants. Due to the necessity of securing network stability, pumped storage systems also saw a continued high level of project activity.

Apart from investments by governmental institutions, private investments are also increasing in several countries. Typical examples are Turkey where the new privatization law has driven local and foreign investors to start new projects, and Canada where the private sector has become an essential driver of the hydropower development especially in British Columbia.

The market for small-scale hydropower stations is also seeing a continued positive development. Additional drivers of this segment are the worldwide activities in respect of climate protection and the increase in the use of renewable energy sources.

The strong project activity in the sector of irrigation and drinking water pumps in Asia – especially in China and India – continued during the Third Quarter of 2007. The market for centrifugal pumps also continued its solid development, especially in China. With its successful 60:40 joint venture Andritz-Kenflo in Foshan, Andritz has been the clear market leader in this region for some years now.

## Business development

Sales of the Business Area for the Third Quarter of 2007 amounted to 227.5 MEUR, an increase of 24.1% compared to the reference period of last year (Q3 2006: 183.3 MEUR). All product segments of the Business Area showed a solid development of Sales.

Sales of the Business Area for the First Three Quarters of 2007 were 602.0 MEUR (Q1-Q3 2006: 214.8 MEUR), and EBITA reached 30.6 MEUR (Q1-Q3 2006: 11.5 MEUR). The EBITA margin, at 5.1%, developed as expected.

At Aschach power station on the Danube, which is operated by Verbund-Austrian Hydro Power (AHP), the implementation phase of the machine renewal project is currently taking place. Reconstruction of the first of a total of four machine sets was successfully completed at the end of March 2007. Work on the second machine set commenced during the Third Quarter of 2007.

In 2006, Salzburg AG entrusted Andritz VA TECH HYDRO with the contract for delivery of a pumped storage unit supplying 75 MVA for the underground power station at Hintermuhr. Now the overspeed tests of the generator rotor were held successfully. At a runaway speed of 1,492 revolutions per minute, the rotor is subject to forces equivalent to up to 3,000 times the acceleration due to gravity. Andritz VA TECH HYDRO has proved once again that it can ensure high quality even near material stress limits.

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

MEUR	Q1-Q3 2006	Q1-Q3 2007	Change	Q3 2006	Q3 2007	Change
Sales	214.8	<b>602.0</b>	+180.3%	183.3	<b>227.5</b>	+24.1%
Order Intake	234.0	<b>744.9</b>	+218.3%	183.7	<b>193.6</b>	+5.4%
Order Backlog (as of end of period)	1,538.4	<b>1,793.9</b>	+16.6%	1,538.4	<b>1,793.9</b>	+16.6%
EBITDA	16.1	<b>40.6</b>	+152.2%	12.5	<b>18.3</b>	+46.4%
EBITDA Margin	7.5%	<b>6.7%</b>	-	6.8%	<b>8.0%</b>	-
EBITA	11.5	<b>30.6</b>	+166.1%	9.1	<b>15.1</b>	+65.9%
EBITA Margin	5.4%	<b>5.1%</b>	-	5.0%	<b>6.6%</b>	-
Employees (as of end of period)	3,604	<b>3,916</b>	+8.7%	3,604	<b>3,916</b>	+8.7%

<sup>\*)</sup> VA TECH HYDRO was consolidated into the financial accounts of the Andritz Group for the first time in Q3 2006. For the reference period Q1-Q3 2006, no pro-forma figures are available.



On September 29, 2007, Andritz VA TECH HYDRO celebrated the delivery of the 500<sup>th</sup> turbo generator for gas turbines from its workshops in Weiz, Austria, to General Electric (GE). This marks an important milestone in the very successful business relationship with GE since the early 1990's. The Order Intake for turbo generators during the First Three Quarters of 2007 was clearly above expectations.

Order Intake of the Business Area for the Third Quarter of 2007 amounted to 193.6 MEUR, slightly up compared to the reference period of last year (Q3 2006: 183.7 MEUR). All Divisions of the Business Area showed a solid and satisfactory development. Order Intake of the Business Area for the First Three Quarters of 2007 amounted to 744.9 MEUR (Q1-Q3 2006: 234.0 MEUR).

## Major orders

- Peter Kiewit Sons Co., Richmond, British Columbia, Canada awarded VA TECH HYDRO Canada Inc. a large order for the supply of electromechanical equipment for East Toba and Montrose hydropower stations located 190 km to the northwest of Vancouver. The two plants will provide an average 750 GWh of electric power per year. This corresponds to the electricity demand of about 75,000 households and saves approximately 455,000 tons of CO<sub>2</sub> per year. The excellent, long-term cooperation already resulted in an order by Peter Kiewit Sons Co. to supply the electromechanical equipment for six hydropower stations in the Harrison Lake region during the First Half of 2007.
- The Cengiz Group, a private Turkish investor, entrusted Andritz VA TECH HYDRO with the modernization of the complete secondary equipment for the Oymapinar power station, Turkey. The goal lies in the accomplishment of a fully automatic power station with the possibility of remote control. Turbine governors, protection and excitation equipment, instrumentation, automatic system, and the master controls will be raised to the latest technological level. Remote control will be enabled by additional SCADA, synchronization, online monitoring, and diagnostics systems. This underground power station is located on the river Manavgat in the Taurus mountain range, approximately 80 km east of Antalya. It started its commercial operation during the 1980's and has an output of 4 x 138.5 MW. This order marks Andritz VA TECH HYDRO's entry into the developing rehabilitation market of Turkey.
- From Illwerke AG, Vorarlberg, Austria, Andritz VA TECH HYDRO received an order for replacement of two further rotors in Rodund I pumped storage plant. The renewal of the first two machines was awarded to Andritz VA TECH HYDRO in 2004. The horizontal machines built in 1943 will be prepared for an output increase of over 20%, which can be achieved after future replacement of the stators. Rodund I is located in the Montafon region in the westernmost part of Austria and provides an important contribution for the supply of regulating and peak energy to the European power grid. With its pumped storage power plants, Illwerke is additionally making an essential contribution towards flood protection in this region.
- Regional utility company CVA (Compagnie Valdotaîne des Eaux), Italy entrusted VA TECH Escher Wyss S.r.l. in Schio, a member of the Andritz VA TECH HYDRO Group, with the contract for supply of the Fauburg hydropower station with an output of 10.4 MW. The decisive factor in this order award was the long-term, good experience that this customer has had with Andritz VA TECH HYDRO.
- The Order Intake for centrifugal pumps progressed well during the First Three Quarters of 2007. The total of pumps ordered so far has reached approximately 4,500, including major orders from Germany and orders for medium-consistency pumps from the new MC series for China. Order intake for centrifugal pumps is therefore expected to reach a new record in 2007.

# ROLLING MILLS AND STRIP PROCESSING LINES

## Market development

During the Third Quarter of 2007, the market for carbon steel and stainless steel equipment continued to develop favorably. Project activity has been good in all major steel producing regions worldwide, especially in the USA, Europe, China, and India. Several orders for new plants and modernization of existing steel mills were awarded. For the full year 2007, global crude steel production is expected to increase by approximately 7% compared to last year.

In the stainless steel sector, project activity for modernization of existing plants, as well as for new plants also developed positively. The continued strong demand for stainless steel, especially from the fast growing economies like India and China, was the main driver for this development. For the full year 2007, market researchers expect global stainless steel production to increase by approximately 9% compared to 2006.

## Business development

Sales of the Business Area amounted to 78.7 MEUR during the Third Quarter of 2007, thus significantly down by 34.6% compared to the reference period of last year (Q3 2006: 120.4 MEUR). Many large orders have been in its initial processing stages during the reference period, thus making low Sales contributions. Due to the decline in Sales, EBITA, at 6.4 MEUR during the Third Quarter of 2007, was also lower compared to the reference period of last year (Q3 2006: 8.6 MEUR).

Sales for the First Three Quarters of 2007 amounted to 292.2 MEUR, thus practically unchanged compared to the reference period of last year (Q1-Q3 2006: 294.8 MEUR). EBITA was up, to 20.8 MEUR for the First Three Quarters of 2007 (Q1-Q3 2006: 18.4 MEUR).

Order Intake during the Third Quarter of 2007 was 116.3 MEUR, thus reaching practically the same high level as during the reference period of last year (Q3 2006: 116.8 MEUR). Order Intake for the First Three Quarters of 2007 amounted to 419.5 MEUR, significantly up compared to the reference period of last year (Q1-Q3 2006: 316.5 MEUR).

## Key figures Rolling Mills and Strip Processing Lines

MEUR	Q1-Q3 2006	Q1-Q3 2007	Change	Q3 2006	Q3 2007	Change
Sales	294.8	<b>292.2</b>	-0.9%	120.4	<b>78.7</b>	-34.6%
Order Intake	316.5	<b>419.5</b>	+32.5%	116.8	<b>116.3</b>	-0.4%
Order Backlog (as of end of period)	474.1	<b>529.2</b>	+11.6%	474.1	<b>529.2</b>	+11.6%
EBITDA	20.0	<b>22.8</b>	+14.0%	9.1	<b>7.0</b>	-23.1%
EBITDA Margin	6.8%	<b>7.8%</b>	-	7.6%	<b>8.9%</b>	-
EBITA	18.4	<b>20.8</b>	+13.0%	8.6	<b>6.4</b>	-25.6%
EBITA Margin	6.2%	<b>7.1%</b>	-	7.1%	<b>8.1%</b>	-
Employees (as of end of period)	805	<b>863</b>	+7.2%	805	<b>863</b>	+7.2%

## Major orders

- Outokumpu Stainless AB Thin Strip, Nyby, Sweden ordered a grinding line for high-alloy austenitic and Duplex steels for up to 6 mm strip thickness and strip widths of up to 1,600 mm. This system will be the second Andritz Sundwig plant in the Nyby mill and will have an annual capacity of 120,000 tons.
- Andritz Sundwig received an order from ThyssenKrupp AST, Terni, Italy for extending an existing hot strip annealing and pickling line for stainless steel strip of up to 1,600 mm width and up to 7 mm thickness. The scope of supply includes a two-stand tandem S6-high rolling mill with inlet section for direct rolling of the oxidized hot strip. The scope of supply also includes equipment such as S rolls for building and reducing tension, loopers, emulsion filter systems, and the hydraulic unit.
- From Arinox S.p.A., Italy, Andritz Sundwig received an order for a stainless steel strip slitting line. This will be the second slitting line for precision stainless steel strip with up to 1,250 mm strip width and a thickness of 0.1 – 1.5 mm supplied by Andritz Sundwig to Arinox. The first line had been ordered in 2006 and is now in the installation phase.
- To NLMK Novolipetskij Metallurgitscheskij Kombinat, Lipezk, Russia, Andritz Sundwig will supply a strip coating system. The plant is designed for maximum 0.8 mm strip thickness, with maximum widths of 1,250 mm. Its annual capacity is 200,000 tons. A similar line had been supplied to the Lipezk by Andritz Sundwig four years ago.
- Baosteel Group Meishan, Nanjing, China ordered an acid regeneration plant with a capacity of 6,000 l/h.
- Jiuquan Iron & Steel Co. (JISCO), Jiuquan, China ordered an acid regeneration plant with a capacity of 10,000 l/h for the new pickling line tandem mill project.
- POSCO, Pohang, South Korea ordered a pickling section for the new annealing and pickling line for cold-rolled stainless steel for the plant in Pohang. This line will be one of the largest annealing and pickling lines in the world.
- Taiyuan Iron & Steel Co. (TISCO), Taiyuan, China ordered an acid regeneration plant with a capacity of 3,200 l/h for the existing silicon-steel strip pickling line. This plant is also equipped with a silicon-steel pre-sedimentation and a WAPUR plant in order to obtain good oxide quality when pickling silicon-steel strip.

# ENVIRONMENT AND PROCESS

## Market development

During the Third Quarter of 2007, the market for sewage sludge dewatering equipment remained at a good level, especially in Asia and the USA.

Project activity for industrial applications for the petrochemical, minerals, mining, and food processing industries was very high in most regions of the world. In parallel, the demand for dewatering equipment to treat industrial sludges remained at a very high level.

Project activity for sludge drying plants mainly focused on the UK, the Arabic States, and South East Asia. Due to rising fuel prices, the market for refurbishments of drying plants with combined heat and power solutions, heat recovery, and plants with combined incineration should develop favorably.

The rising demand for alternative fuel sources results in high project activity for equipment and systems to dry wood chips and sawdust for the production of pellets.

## Business development Major orders

The Business Area's Sales during the Third Quarter of 2007 amounted to 81.8 MEUR, thus practically unchanged compared to the Third Quarter of 2006 (82.3 MEUR). EBITA, at 4.6 MEUR for the Third Quarter of 2007, increased compared to the Third Quarter of 2006 (4.2 MEUR).

Sales of the Business Area for the First Three Quarters of 2007 were 259.7 MEUR, which is a slight increase compared to the reference period of last year (Q1-Q3 2006: 249.6 MEUR). EBITA amounted to 16.4 MEUR (Q1-Q3 2006: 13.9 MEUR).

Order Intake during the Third Quarter of 2007 amounted to 82.8 MEUR, 12.5% higher than during the reference Quarter of last year (Q3 2006: 73.6 MEUR). In particular, the Separation Technologies Division continued to show a strong inflow of orders. Order Intake of the Business Area for the First Three Quarters of 2007 amounted to 271.7 MEUR (Q1-Q3 2006: 284.4 MEUR).

- In the segment of sludge dewatering, major orders for centrifuges and filter presses were received from municipalities as well as from the chemical, mining, and minerals industries in the U.S., Korea, China, and Russia.
- A major PVC producer in the U.S. placed an order for a turnkey fluid bed drying and cooling system for Suspension-PVC (S-PVC) including mechanical dewatering with solid bowl Andritz Bird decanter centrifuges. The plant will be located in the Midwest of the U.S. and will process about 300,000 tons S-PVC annually in a single line and use stationary fluid bed drying technology.
- Four large centrifuges were sold for the production of bisphenol in Korea.
- The City of Detroit, USA ordered six large screens for the stormwater overflow system.
- A gold washing company in Russia ordered two large filter presses from Andritz due to their superior reliability.
- Nuh Cimento, one of the biggest cement producers in Turkey, ordered a belt dryer with 8.15 t/h water evaporation capacity.

## Key figures Environment and Process

MEUR	Q1-Q3 2006	Q1-Q3 2007	Change	Q3 2006	Q3 2007	Change
Sales	249.6	<b>259.7</b>	+4.0%	82.3	<b>81.8</b>	-0.6%
Order Intake	284.4	<b>271.7</b>	-4.5%	73.6	<b>82.8</b>	+12.5%
Order Backlog (as of end of period)	237.1	<b>187.5</b>	-20.9%	237.1	<b>187.5</b>	-20.9%
EBITDA	17.8	<b>20.1</b>	+12.9%	5.5	<b>5.7</b>	+3.6%
EBITDA Margin	7.1%	<b>7.7%</b>	-	6.7%	<b>7.0%</b>	-
EBITA	13.9	<b>16.4</b>	+18.0%	4.2	<b>4.6</b>	+9.5%
EBITA Margin	5.6%	<b>6.3%</b>	-	5.1%	<b>5.6%</b>	-
Employees (as of end of period)	1,303	<b>1,328</b>	+1.9%	1,303	<b>1,328</b>	+1.9%



# FEED AND BIOFUEL

## Market development

Project activity in the animal feed sector continued its positive development during the Third Quarter of 2007. The most active regions were Eastern Europe and Russia, as well as Central and South America.

In the aquaculture feed industry for both freshwater and marine species, new projects in Asia, South America and the Mediterranean Region were released. The pet food industry also showed good market activity, especially in Europe.

Investment activity for new wood pelleting systems was particularly strong in Northern and Western Europe, North America, as well as in the 'new' regions of Southern Europe and South America.

## Business development Major orders

The Feed and Biofuel Business Area continued its positive development during the Third Quarter of 2007. Sales grew organically by 20.9%, to 35.8 MEUR (Q3 2006: 29.6 MEUR). EBITA, at 4.0 MEUR, was also significantly higher than during the same period of last year (Q3 2006: 2.9 MEUR).

Sales for the First Three Quarters of 2007 increased by 21.1%, to 102.2 MEUR (Q1-Q3 2006: 84.4 MEUR). EBITA was 10.7 MEUR (Q1-Q3 2006: 7.3 MEUR).

Order Intake during the Third Quarter of 2007 surged to 36.1 MEUR, increasing 14.2% compared to Q3 2006 (31.6 MEUR). Feed extrusion lines and wood pelleting systems were the main contributors to this strong organic growth. During the First Three Quarters of 2007, Order Intake amounted to 115.6 MEUR, which is an increase of 16.2% compared to the reference period of last year (Q1-Q3 2006: 99.5 MEUR).

- The Business Area received several large orders for animal feed processing lines from Eastern Europe, Russia, and South America.
- Orders for aquatic feed extrusion equipment mainly came from customers in Asia.
- In the area of wood pelleting systems, many orders were received from North America, Scandinavia, Southern Europe, and South America.

## Key figures Feed and Biofuel

MEUR	Q1-Q3 2006	Q1-Q3 2007	Change	Q3 2006	Q3 2007	Change
Sales	84.4	<b>102.2</b>	+21.1%	29.6	<b>35.8</b>	+20.9%
Order Intake	99.5	<b>115.6</b>	+16.2%	31.6	<b>36.1</b>	+14.2%
Order Backlog (as of end of period)	38.7	<b>42.9</b>	+10.9%	38.7	<b>42.9</b>	+10.9%
EBITDA	8.9	<b>12.0</b>	+34.8%	3.3	<b>4.5</b>	+36.4%
EBITDA Margin	10.5%	<b>11.7%</b>	-	11.1%	<b>12.6%</b>	-
EBITA	7.3	<b>10.7</b>	+46.6%	2.9	<b>4.0</b>	+37.9%
EBITA Margin	8.6%	<b>10.5%</b>	-	9.8%	<b>11.2%</b>	-
Employees (as of end of period)	531	<b>547</b>	+3.0%	531	<b>547</b>	+3.0%

# INTERIM CONSOLIDATED INCOME STATEMENT

for Q1-Q3 2007 (unaudited)  
and Q1-Q3 2006 (unaudited)

	Q1-Q3 2007 (in TEUR)	Q1-Q3 2006 (in TEUR)	Q3 2007 (in TEUR)	Q3 2006 (in TEUR)
<b>Sales</b>	<b>2,299,630</b>	<b>1,702,622</b>	<b>762,621</b>	<b>735,153</b>
Changes in inventories of finished goods and work in progress	62,180	57,758	34,903	12,755
Capitalized cost of self-constructed assets	1,761	1,589	553	1,110
	<b>2,363,571</b>	<b>1,761,969</b>	<b>798,077</b>	<b>749,018</b>
Other operating income	34,178	26,006	10,405	14,348
Cost of materials	(1,408,424)	(1,055,737)	(472,386)	(434,070)
Personnel expenses	(494,198)	(360,368)	(163,493)	(159,720)
Other operating expenses	(326,074)	(249,184)	(111,432)	(117,069)
<b>Earnings before interest, taxes, depreciation, and amortization (EBITDA)</b>	<b>169,053</b>	<b>122,686</b>	<b>61,171</b>	<b>52,507</b>
Depreciation and amortization	(34,455)	(23,029)	(11,012)	(10,525)
<b>Earnings before interest and taxes (EBIT)</b>	<b>134,598</b>	<b>99,657</b>	<b>50,159</b>	<b>41,982</b>
Income/Expenses from associated companies	833	803	(151)	218
Interest result	2,458	874	339	(989)
Other income from financing activities	23	57	(94)	292
<b>Financial results</b>	<b>3,314</b>	<b>1,734</b>	<b>94</b>	<b>(479)</b>
<b>Earnings before taxes (EBT)</b>	<b>137,912</b>	<b>101,391</b>	<b>50,253</b>	<b>41,503</b>
Income taxes	(39,160)	(31,056)	(14,481)	(12,527)
<b>Net income</b>	<b>98,752</b>	<b>70,335</b>	<b>35,772</b>	<b>28,976</b>
Thereof attributable to:				
Shareholders of the parent company	96,528	68,168	34,924	28,233
Minority interests	2,224	2,167	848	743
Weighted average number of no par value shares	51,611,369	51,210,696	51,633,592	51,349,104
Earnings per no par value share (in EUR)	1.87	1.33	0.68	0.55
Effect of potential dilution of share options	261,762	364,796	285,985	372,044
Weighted average number of no par value shares and share options	51,873,131	51,575,492	51,919,577	51,721,148
Diluted Earnings per no par value share (in EUR)	1.86	1.32	0.67	0.55

# CONSOLIDATED BALANCE SHEET

as of September 30, 2007 (unaudited)  
and as of December 31, 2006 (restated)

	30.09.2007 (in TEUR)	31.12.2006 (in TEUR)
<b>Assets</b>		
Intangible assets	46,430	50,990
Goodwill	227,052	222,617
Property, plant and equipment	241,982	237,089
Shares in associated companies	6,780	6,222
Investments	31,232	32,738
Other non-current receivables and assets	7,866	6,132
Deferred tax assets	70,048	58,969
<b>Non-current assets</b>	<b>631,390</b>	<b>614,757</b>
Inventories	292,778	213,728
Advance payments made	80,391	35,710
Trade accounts receivable	318,034	347,368
Cost and earnings of projects under construction in excess of billings	392,060	346,777
Other current receivables	120,800	106,949
Prepayments and deferred charges	10,721	10,594
Marketable securities	102,180	39,592
Cash and cash equivalents	555,585	670,591
<b>Current assets</b>	<b>1,872,549</b>	<b>1,771,309</b>
<b>Total assets</b>	<b>2,503,939</b>	<b>2,386,066</b>
<b>Shareholders' equity and liabilities</b>		
Share capital	104,000	94,510
Capital reserves	36,476	45,966
Retained earnings	320,497	262,352
<b>Equity attributable to shareholders of the parent company</b>	<b>460,973</b>	<b>402,828</b>
<b>Minority interests</b>	<b>13,268</b>	<b>11,712</b>
<b>Total shareholders' equity</b>	<b>474,241</b>	<b>414,540</b>
Bonds	292,266	296,358
Bank loans and other financial liabilities - non-current	24,809	21,826
Provisions - non-current	187,182	182,002
Obligations under finance leases - non-current	608	778
Other liabilities - non-current	8,030	8,144
Liabilities for deferred taxes	92,511	80,093
<b>Non-current liabilities</b>	<b>605,406</b>	<b>589,201</b>
Bank loans - current	33,543	24,900
Obligations under finance leases - current	624	599
Trade accounts payable	278,088	340,682
Billings in excess of cost and earnings of projects under construction	434,488	391,934
Advance payments received	83,387	70,730
Provisions - current	187,533	204,106
Liabilities for current taxes	20,712	22,605
Other current liabilities	385,917	326,769
<b>Current liabilities</b>	<b>1,424,292</b>	<b>1,382,325</b>
<b>Total shareholders' equity and liabilities</b>	<b>2,503,939</b>	<b>2,386,066</b>

# CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

for Q1-Q3 2007 (unaudited)  
and Q1-Q3 2006 (unaudited)

(in TEUR)	Attributable to shareholders of the parent					Total	Minority	Total share-
	Share capital	Capital reserves	Other retained earnings	IAS 39 reserve	Currency translation adjustments		interests	holders' equity
<b>Status as at 1 January 2006</b>	<b>94,510</b>	<b>45,966</b>	<b>191,429</b>	<b>(3,172)</b>	<b>(8,316)</b>	<b>320,417</b>	<b>8,335</b>	<b>328,752</b>
Currency translation adjustments					(10,511)	(10,511)	(63)	(10,574)
Changes to IAS 39 reserve				9,901		9,901	(29)	9,872
<b>Gains/(losses) recognized directly in equity, net of taxes on income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,901</b>	<b>(10,511)</b>	<b>(610)</b>	<b>(92)</b>	<b>(702)</b>
Net income			68,168			68,168	2,167	70,335
<b>Total gains/(losses) for the year</b>	<b>0</b>	<b>0</b>	<b>68,168</b>	<b>9,901</b>	<b>(10,511)</b>	<b>67,558</b>	<b>2,075</b>	<b>69,633</b>
Dividends			(25,550)			(25,550)	(583)	(26,133)
Changes from acquisitions			(3,942)			(3,942)	1,245	(2,697)
Changes concerning own shares			(712)			(712)		(712)
Other changes						0		0
<b>Status as at 30 September 2006</b>	<b>94,510</b>	<b>45,966</b>	<b>229,393</b>	<b>6,729</b>	<b>(18,827)</b>	<b>357,771</b>	<b>11,072</b>	<b>368,843</b>
<b>Status as at 1 January 2007</b>	<b>94,510</b>	<b>45,966</b>	<b>283,725</b>	<b>673</b>	<b>(22,046)</b>	<b>402,828</b>	<b>11,712</b>	<b>414,540</b>
Currency translation adjustments					(6,367)	(6,367)	444	(5,923)
Changes to IAS 39 reserve				3,498		3,498	(34)	3,464
<b>Gains/(losses) recognized directly in equity, net of taxes on income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,498</b>	<b>(6,367)</b>	<b>(2,869)</b>	<b>410</b>	<b>(2,459)</b>
Net income			96,528			96,528	2,224	98,752
<b>Total gains/(losses) for the year</b>	<b>0</b>	<b>0</b>	<b>96,528</b>	<b>3,498</b>	<b>(6,367)</b>	<b>93,659</b>	<b>2,634</b>	<b>96,293</b>
Dividends			(38,690)			(38,690)	(1,078)	(39,768)
Changes from acquisitions						0		0
Capital increase								
from the company's own reserves	9,490	(9,490)				0		0
Changes concerning own shares			925			925		925
Other changes			2,251			2,251		2,251
<b>Status as at 30 September 2007</b>	<b>104,000</b>	<b>36,476</b>	<b>344,739</b>	<b>4,171</b>	<b>(28,413)</b>	<b>460,973</b>	<b>13,268</b>	<b>474,241</b>

# CASH FLOW STATEMENT

for Q1-Q3 2007 (unaudited)  
and Q1-Q3 2006 (unaudited)

## Interim Consolidated Cash Flow Statement

	Q1-Q3 2007 (in TEUR)	Q1-Q3 2006 (in TEUR)
Cash flow from operating activities	16,314	(35,648)
Cash flow from investing activities	(99,593)	(40,500)
Cash flow from financing activities	(31,727)	183,291
Change in cash and cash equivalents	(115,006)	107,143
<b>Cash and cash equivalents at the beginning of the period</b>	<b>670,591</b>	<b>418,785</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>555,585</b>	<b>525,928</b>

## Cash Flows from Acquisition of Subsidiaries\*

(in TEUR)	Business Area	Total	Total (restated)
	Pulp and Paper	Q1-Q3 2007	Q1-Q3 2006
Cash and cash equivalents	(214)	(214)	(163,892)
Marketable securities	(807)	(807)	(673)
Receivables	(623)	(623)	(289,808)
Inventories	(179)	(179)	(86,852)
Intangible assets	(2,400)	(2,400)	(44,134)
Property, plant and equipment	(320)	(320)	(89,372)
Financial assets	0	0	(16,331)
Accounts payable and accrued expenses	1,765	1,765	552,864
Financial debt	0	0	20,444
Net assets / liabilities acquired	(2,778)	(2,778)	(117,754)
Cash and cash equivalents	214	214	163,892
Goodwill	(3,108)	(3,108)	(93,708)
Changes in equity attributable to shareholders of the parent company	0	0	(3,942)
<b>Net cash flow</b>	<b>(5,672)</b>	<b>(5,672)</b>	<b>(51,512)</b>

\* Converted by exchange rates as per dates of transaction



# NOTES

## Explanatory notes to the interim consolidated financial report as of September 30, 2007

### General

The interim report as of September 30, 2007 was prepared in accordance with the principles set forth in the International Financial Reporting Standards – Guidelines for Interim Reporting (IAS 34) – which are to be applied in the European Union. The accounting and valuation methods as of December 31, 2006 have been maintained without any change. For additional information on the accounting and valuation principles, see the consolidated financial statements as of December 31, 2006, which form the basis for this interim consolidated financial report.

Due to the utilization of automatic calculation programs, differences can arise in the addition of rounded totals and percentages.

This interim report as of September 30, 2007 was neither subject to a complete audit nor to an audit review by an auditor.

### Changes in consolidated companies/acquisitions

The following companies were not, or only partially, included in the Andritz Group's consolidated financial statements of the reference period 01.01.-30.09.2006:

- Küsters Group (rolling and calendering technologies for paper and nonwoven textiles)
- Pilão Equipamentos Ltda. (service offerings and products for the pulp and paper industries)
- VA TECH HYDRO GmbH and its subsidiaries (one of the world's leading suppliers of electro-mechanical equipment and services for hydro-power plants)

- CONTEC Decanter Inc. (service company for the repair and maintenance of centrifuges and separators)
- Coater Division of Bachofen + Meier (a globally active specialist for technologies and systems for paper coatings)

At the beginning of June 2007, Andritz acquired 50% of the Brazilian company Sindus Human Technology for approximately 5.9 MEUR. Sindus specializes in servicing pulp and paper plants, thus complementing the existing service offerings in the Pulp and Paper Business Area. Sindus is accounted for as a joint venture in the consolidated financial statements. Since its date of acquisition, the acquired company contributed 3.2 MEUR to the Andritz Group's Sales and 0.4 MEUR to the Andritz Group's EBIT. If the business had been acquired at the beginning of 2007, the Group's Sales would have been 2,302.9 MEUR and the Group's EBIT would have amounted to 135.0 MEUR.

The initial accounting for the companies acquired in 2006 was based on preliminary figures. The changes made within the 12 months of the acquisition date result in the following changes in assets and liabilities as of December 31, 2006:

(in TEUR)	
Goodwill	15,225
Other current receivables	(1,750)
Other current liabilities	13,475

### Seasonality

As a rule, the business of the Andritz Group is not characterized by any seasonality.

### Notes to the Interim Consolidated Income Statement

The Sales of the Andritz Group during the First Three Quarters of 2007 amounted to 2,299.6 MEUR, which is an increase of 35.1% in comparison with the reference period of last year (Q1-Q3 2006: 1,702.6 MEUR). EBIT during the First Three Quarters of 2007 amounted to 134.6 MEUR (Q1-Q3 2006: 99.7 MEUR).

Sales during the Third Quarter of 2007 amounted to 762.6 MEUR, an increase of 3.7% compared to the Third Quarter of 2006 (735.2 MEUR). EBIT during the Third Quarter of 2007 amounted to 50.2 MEUR (Q3 2006: 42.0 MEUR).

### Notes to the Consolidated Balance Sheet

On the basis of the Resolution of the General Meeting of Shareholders on March 29, 2007, the Andritz shares were split in a ratio of 1:4 as of May 3, 2007; as a result, the total number of Andritz shares was increased from 13,000,000 to 52,000,000.

Total assets as of 30.09.2007 amounted to 2,503.9 MEUR, thus 117.9 MEUR higher than as of 31.12.2006. The net working capital as of 30.09.2007 amounted to 12.0 MEUR.

During the current business year, Andritz AG paid dividends in the amount of 38.7 MEUR for the business year 2006. No shares were bought back during the First Three Quarters of 2007.

## Notes to the Consolidated Cash Flow Statement

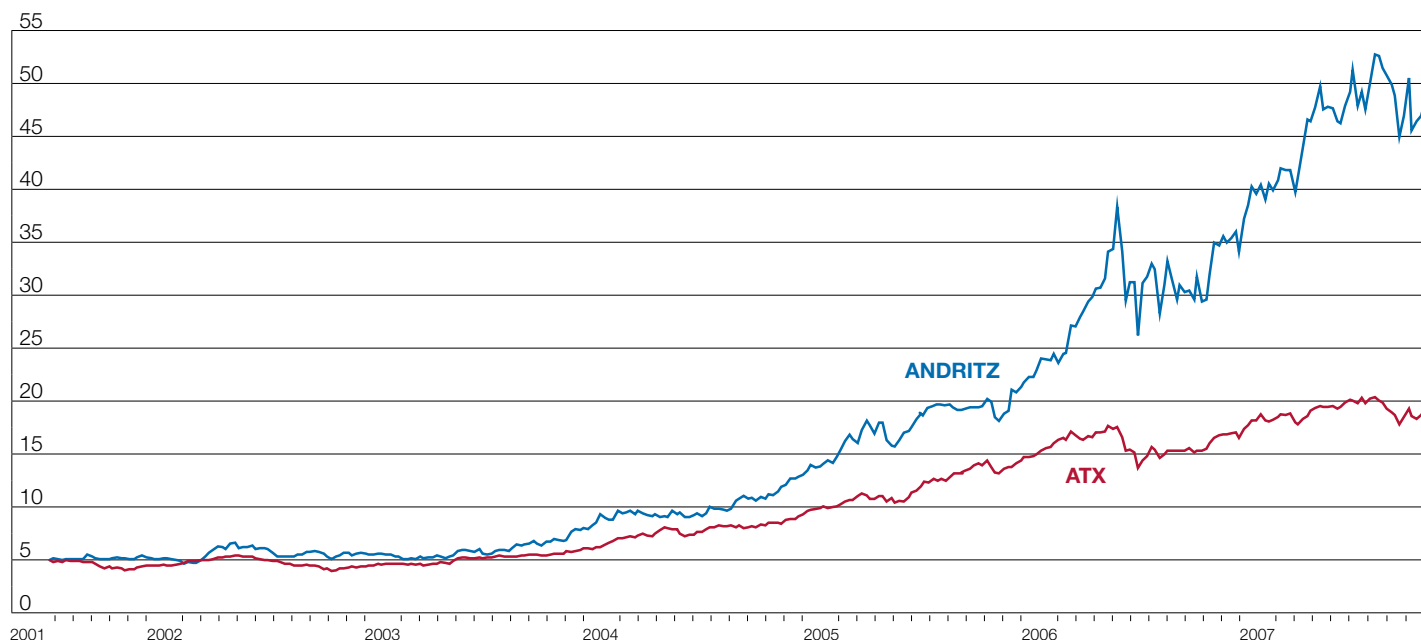
The Cash flow from operating activities amounted to 16.3 MEUR for the First Three Quarters of 2007 (Q1-Q3 2006: -35.6 MEUR). This increase compared to the reference period of last year was mainly due to the good Earnings development and the changes in the net current assets.

The Cash flow from investing activities during the First Three Quarters of 2007 amounted to -99.6 MEUR (Q1-Q3 2006: -40.5 MEUR) and resulted from investments in tangible and intangible assets and securities of -93.9 MEUR, plus payments for the acquisition of companies or business areas.

# ANDRITZ SHARE

Note: On May 3, 2007, the Andritz share was split in a ratio of 1:4; historical share price data were adjusted accordingly.

## Share price performance of the Andritz share vs. ATX since the IPO



## Share price development

During the First Three Quarters of 2007, the Andritz share price increased by 20.0%. With this development, the Andritz shares significantly outperformed the ATX, which slightly declined by 0.7% during the same period. The highest closing price during the reporting period was 54.00 Euros (July 13, 2007), the lowest 38.12 Euros (January 12, 2007).

## Trading volume

The average daily trading volume during the First Three Quarters of 2007 was 410,758 shares (Q1-Q3 2006: 353,704 shares). The highest trading volume was 1,755,770 shares (August 16, 2007), the lowest 85,240 shares (January 2, 2007).

This year's Andritz Investor Days – held on 22-25 October in China – focused on Andritz's activities in China and the Rolling Mills and Strip Processing Lines Business Area, including a site visit of the SKS ThyssenKrupp stainless steel mill in Shanghai.

## Investor Relations activities

Following the announcement of the results for the First Half of 2007, over 60 one-on-one meetings with institutional shareholders were held in Montreal, Toronto, Singapore, Sydney, Tokyo, London, Edinburgh, Madrid, Lisbon, and Amsterdam.

At the end of August 2007, Credit Agricole Cheuvreux Frankfurt initiated the research coverage on Andritz. As a consequence, 11 national and international banks and investment companies publish reports on Andritz on a regular basis.

## Key figures for Andritz shares

	Q1-Q3 2006	Q1-Q3 2007	Q3 2006	Q3 2007
Highest closing price (EUR)	40.13	<b>54.00</b>	34.25	<b>54.00</b>
Lowest closing price (EUR)	23.13	<b>38.12</b>	28.36	<b>44.25</b>
Closing price as of end of period (EUR)	30.08	<b>48.45</b>	30.08	<b>48.45</b>
Market capitalization as of end of period (MEUR)	1,564.2	<b>2,519.4</b>	1,564.2	<b>2,519.4</b>
Performance	+28.0%	<b>+20.0%</b>	-9.5%	<b>-2.1%</b>
ATX weighting as of end of period (%)	2.0174	<b>2.9592</b>	2.0174	<b>2.9592</b>
Average daily number of shares traded	353,704	<b>410,758</b>	296,456	<b>515,968</b>

Source: Vienna Stock Exchange

## Financial calendar (preliminary):

<b>Results for the full year 2007</b>	February 29, 2008
<b>Annual General Meeting</b>	March 27, 2008
<b>Ex-dividend</b>	March 31, 2008
<b>Dividend payment</b>	April 4, 2008
<b>Results for Q1 2008</b>	May 7, 2008
<b>Results for H1 2008</b>	August 1, 2008
<b>Results for Q1-Q3 2008</b>	November 7, 2008

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

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