INTERIM FINANCIAL REPORT
FIRST THREE QUARTERS OF 2008

Increase in order intake, sales, and net income

Net liquidity at record high

High order backlog gives solid visibility for coming months

ANDRITZ

KEY FIGURES OF THE ANDRITZ GROUP

ACCORDING TO IFRS

MEUR	Q1-Q3 2008	Q1-Q3 2007*	+/-	Q3 2008	Q3 2007*	+/-	2007*
Order intake	**2,900.4**	2,651.9	+9.4%	**771.7**	614.4	+25.6%	**3,749.5**
Order backlog (as of end of period)	**4,558.1**	3,722.4	+22.5%	**4,558.1**	3,722.4	+22.5%	**3,843.3**
Sales	**2,538.9**	2,299.6	+10.4%	**888.9**	762.6	+16.6%	**3,282.5**
EBITDA[1)]	**192.4**	169.1	+13.8%	**68.4**	61.2	+11.8%	**242.3**
EBITA[2)]	**158.0**	139.0	+13.7%	**56.1**	51.6	+8.7%	**201.3**
Earnings before interest and taxes (EBIT)	**151.5**	134.6	+12.6%	**52.7**	50.2	+5.0%	**192.6**
Earnings before taxes (EBT)	**156.2**	137.9	+13.3%	**55.7**	50.3	+10.7%	**198.0**
Net income (including minority interests)	**110.0**	98.8	+11.3%	**38.0**	35.8	+6.1%	**136.1**
Cash flow from operating activities	**309.2**	16.3	+1,796.9%	**183.0**	-18.3	+1,100.0%	**33.1**
Capital expenditure[3)]	**42.2**	32.1	+31.5%	**14.5**	9.0	+61.1%	**57.0**
Employees (as of end of period, excl. apprentices)	**13,225**	11,200	+18.1%	**13,225**	11,200	+18.1%	**12,016**
Fixed assets	**707.7**	623.5	+13.5%	**707.7**	623.5	+13.5%	**630.4**
Current assets	**2,366.5**	1,880.4	+25.9%	**2,366.5**	1,880.4	+25.9%	**1,877.1**
Total shareholders' equity[4)]	**560.0**	474.2	+18.1%	**560.0**	474.2	+18.1%	**481.6**
Provisions	**457.9**	374.7	+22.2%	**457.9**	374.7	+22.2%	**394.8**
Other liabilities	**2,056.3**	1,655.0	+24.2%	**2,056.3**	1,655.0	+24.2%	**1,631.1**
Total assets	**3,074.2**	2,503.9	+22.8%	**3,074.2**	2,503.9	+22.8%	**2,507.5**
Equity ratio[5)] (%)	**18.2**	18.9	-	**18.2**	18.9	-	**19.2**
Net liquidity[6)]	**528.5**	305.9	+72.8%	**528.5**	305.9	+72.8%	**246.5**
Net debt[7)]	**-365.0**	-157.9	+131.2%	**-365.0**	-157.9	+131.2%	**-94.8**
Net working capital[8)]	**-120.1**	12.0	-1,100.8%	**-120.1**	12.0	-1,100.8%	**99.1**
Capital employed[9)]	**236.9**	300.4	-21.1%	**236.9**	300.4	-21.1%	**405.6**
Gearing[10)] (%)	**-65.2**	-33.3	-	**-65.2**	-33.3	-	**-19.7**
EBITDA margin (%)	**7.6**	7.4	-	**7.7**	8.0	-	**7.4**
EBITA margin (%)	**6.2**	6.0	-	**6.3**	6.8	-	**6.1**
EBIT margin (%)	**6.0**	5.9	-	**5.9**	6.6	-	**5.9**
Net income/sales (%)	**4.3**	4.3	-	**4.3**	4.7	-	**4.1**

* restated

Notes

1) EBITDA: Earnings before interest, taxes, depreciation, and amortization.
2) EBITA: Earnings before interest, taxes, amortization of identifiable assets acquired in a business combination and recognized separately from goodwill at the amount of 4,835 TEUR for Q1-Q3 2008 (4,443 TEUR for Q1-Q3 2007 and 5,967 TEUR for 2007) and impairment of goodwill of 1,663 TEUR (2007: 2,771 TEUR).
3) Capital expenditure: Additions to property, plant, and equipment and intangible assets.
4) Equity: Total shareholders' equity incl. minority interests.
5) Equity ratio: Shareholders' equity/total assets.
6) Net liquidity: Cash and cash equivalents, and marketable securities, minus financial liabilities.
7) Net debt: Interest-bearing liabilities including provisions for severance payments, provisions for pensions, and jubilee provisions minus cash and cash equivalents incl. marketable securities.
8) Net working capital: Non-current and current receivables and other assets minus non-current and current liabilities excl. financial liabilities and provisions.
9) Capital employed: Net working capital plus property, plant, and equipment and intangible assets.
10) Gearing: Net debt/shareholders' equity.

HIGHLIGHTS OF THE FIRST THREE QUARTERS OF 2008 AT A GLANCE

ORDER INTAKE AND ORDER BACKLOG

Order intake, at 2,900.4 MEUR for the first three quarters of 2008, and order backlog, at 4,558.1 MEUR as of September 30, 2008, increase compared to the previous year (order intake +9.4% vs. Q1-Q3 2007: 2,651.9 MEUR; order backlog +22.5% vs. as of September 30, 2007: 3,722.4 MEUR).

SALES AND EARNINGS

Sales amount to 2,538.9 MEUR in the first three quarters of 2008, an increase of 10.4% compared to last year's reference period (2,299.6 MEUR). EBITA, at 158.0 MEUR in the first three quarters of 2008, increases by 13.7% (Q1-Q3 2007: 139.0 MEUR), thus showing a stronger growth than sales. EBITA margin increases to 6.2% (Q1-Q3 2007: 6.0%). Net income excluding minority interests increases to 105.5 MEUR in the first three quarters of 2008 (Q1-Q3 2007: 96.5 MEUR).

ACQUISITIONS

On October 1, Andritz acquires major assets of Andreas Kufferath GmbH & Co. KG, Düren, Germany, including its affiliates in Slovakia and China, from insolvency. The acquired forming fabrics and technical wire cloth businesses, with some 550 employees, should help to further expand Andritz's service business for pulp and paper mills.

BALANCE SHEET STRUCTURE

Total assets as of September 30, 2008 increase to 3,074.2 MEUR (December 31, 2007: 2,507.5 MEUR). Net liquidity rises to 528.5 MEUR as of September 30, 2008 (December 31, 2007: 246.5 MEUR).

INVESTOR RELATIONS

Andritz again receives an award for its Investor Relations activities. At the international GEWINN fair held in Vienna, Andritz is ranked third place in the most important category, which assesses the companies' Investor Relations activities, transparency, financial reporting, etc. This is the second important Investor Relations award Andritz has won this year. In May, Andritz received the Viennese Stock Exchange Award 2008, winning the main category, the ATX prize (the ATX prize is awarded to companies for the quality of their Investor Relations work in the Austrian capital market).

PHOTO PAGE 1

Andritz delivers 100th DAAR ring for Ariane

On September 11, 2008 acceptance of the 100th DAAR ring manufactured by Andritz for Ariane 5 rockets took place in the Graz works, in the presence of the customer, MT Aerospace, Germany.

Ariane 5 is a European booster rocket developed for the European Space Agency (ESA) to launch satellites into space. The DAAR rings are the rear retaining rings of the solid fuel boosters. The first ring was delivered by Andritz in 1994, and since then, 33 Ariane rockets have been launched with Andritz rings. Negotiations for a further 70 rings to be delivered in the period until 2013 are under way.

An Andritz DAAR ring weighs approximately 750 kg and has an outer diameter of approximately 3.5 m. The ring is machined from a solid piece of about 2,200 kg. It combines the highest possible strength with the lowest possible mass and must, of course, be 100% reliable. Andritz complies with the highest requirements in strength calculation, quality assurance, and machining techniques.

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STATUS REPORT

GENERAL ECONOMIC CONDITIONS

During the third quarter of 2008, the development of the global economy continued to be negatively impacted by the financial crisis. In the face of the collapse of several major banks in the USA, the Senate and the House of Representatives agreed on a 700 billion US dollar bailout plan to safeguard the US financial system and to secure inter-bank liquidity. The US economy showed further signs of weakening; most economic experts expect the US economy to slip into recession during the next few quarters. To counter a potential collapse of the financial system and to stimulate economic growth, the Federal Reserve Board (FED) reduced key interest rates to 1.0% in October.

In Europe, the economic development was also considerably impacted by the financial turmoil and slowdown in most European countries, in particular in the UK, Germany, France, and Spain. Private consumer spending declined considerably, European export-oriented companies suffered from the economic weakness in the USA and Asia. The European Central Bank (ECB) injected massive amounts of cash into the banking system to secure inter-bank liquidity. It reduced key interest rates by 50 basis points to 3.75% at the beginning of October.

In Asia, economic activities in most countries have also slowed down. The Japanese economy is on the verge of a recession, and in China the growth in most industrial sectors has significantly cooled down, mainly due to the slowdown in exports and the weakening of domestic consumption.

Source: OECD

BUSINESS DEVELOPMENT

Sales

During the first three quarters of 2008, sales of the Andritz Group were 2,538.9 MEUR, an increase of 10.4% compared to the reference period of last year (Q1-Q3 2007: 2,299.6 MEUR). In particular, the Rolling Mills & Strip Processing Lines and the Hydro Power business areas achieved strong increases in sales.

Newly acquired companies, which were not included in the consolidated financial statements of the first three quarters of 2007, added 139.3 MEUR to Group sales in the first three quarters of 2008. Organic growth of the Group, therefore, amounted to 4.3%.

Group sales in the third quarter of 2008 amounted to 888.9 MEUR, increasing by 16.6% compared to the third quarter of 2007 (762.6 MEUR). This was mainly due to a strong sales increase of the Rolling Mills & Strip Processing Lines and the Hydro Power business areas.

Earnings

In the first three quarters of 2008, the Group's EBITA amounted to 158.0 MEUR. This is an increase of 13.7% compared to the first three quarters of 2007 (139.0 MEUR), thus showing a stronger growth than sales. As a result, the Group's EBITA margin improved to 6.2% in the first three quarters of 2008 (Q1-Q3 2007: 6.0%), mainly due to the very favorable development of the Hydro Power business area.

EBITA during the third quarter of 2008 amounted to 56.1 MEUR (+8.7% vs. Q3 2007: 51.6 MEUR). EBITA margin was 6.3% (Q3 2007: 6.8%).

Net income excluding minority interests amounted to 105.5 MEUR in the first three quarters of 2008, exceeding last year's reference value by 9.3% (Q1-Q3 2007: 96.5 MEUR).

Order intake and order backlog

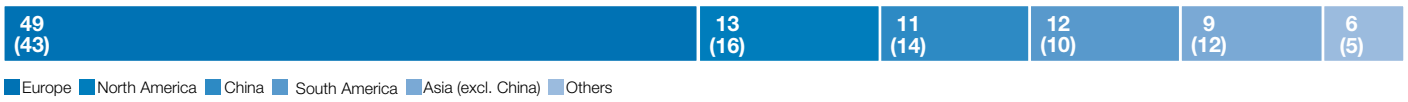
In spite of the global economic weakness, order intake of the Group developed solidly during the first three quarters of 2008. At 2,900.4 MEUR, it surpassed the high level of last year's reference period (Q1-Q3 2007: 2,651.9 MEUR) by 9.4%. In particular, the Hydro Power and the Rolling Mills & Strip Processing Lines business areas increased their order intakes compared to the reference period of last year.

Newly acquired companies noted an order intake of 207.8 MEUR during the reporting period; organic growth of order intake was 1.5%.

Group order intake in the third quarter of 2008 developed very positively. At 771.7 MEUR, it increased by 25.6% compared to the third quarter of 2007 (614.4 MEUR). Especially, the Pulp & Paper, Hydro Power, and Rolling Mills & Strip Processing Lines business areas showed a solid development of order intake compared to last year's reference period.

Order backlog as of September 30, 2008 amounted to 4,558.1 MEUR, an increase of 22.5% compared to the value at the reference date of last year (September 30, 2007: 3,722.4 MEUR). Thus, the Andritz Group has a solid visibility with regard to sales for the coming months.

Sales by region in % Q1-Q3 2008 (Q1-Q3 2007)



Order intake by region in % Q1-Q3 2008 (Q1-Q3 2007)

Acquisition

On October 1, 2008, Andritz acquired major assets of Andreas Kufferath GmbH & Co. KG, Düren, Germany, including its affiliates in Slovakia and China, from insolvency. The Kufferath fabrics business, with some 550 employees, will further expand Andritz's service business for pulp and paper mills.

Net worth position and capital structure

Total assets as of September 30, 2008 increased to 3,074.2 MEUR (December 31, 2007: 2,507.5 MEUR). This is mainly due to the first-time inclusion of the assets and liabilities of the companies acquired in 2008 and the successful issue of a public 150 MEUR corporate bond, in February 2008. This bond (tenor: seven years, fixed coupon: 5.25% p. a.) replaces the 100 MEUR corporate bond (tenor: six years, fixed coupon: 6.0% p. a.), which was redeemed at the beginning of June 2008.

The equity ratio as of September 30, 2008 amounted to 18.2% (December 31, 2007: 19.2%).

Liquid funds amounted to 930.9 MEUR as of September 30, 2008; net liquidity (liquid funds minus financial liabilities) increased to 528.5 MEUR as of September 30, 2008, thus significantly higher compared to the level as of the end of last year (December 31, 2007: 246.5 MEUR).

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

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. However, there is no guarantee that the monitoring and risk control systems are sufficiently effective.

The major risks for the business development of the Andritz Group during the remaining months of the financial year 2008, and during 2009, mainly relate to its dependence on the general global economic development and the development of the industries served by the Group, the receipt of major orders, and the conversion of the substantial backlog into sales. The persistent global financial crisis and the ongoing global economic slowdown also pose a major risk for the financial development of the Andritz Group during the remaining months in 2008 and during the full year 2009. The global economic weakness may lead to delays in the execution of existing orders as well as to postponement or discontinuation of current projects. Cancellations of existing orders, although unlikely, may also negatively impact the Andritz Group's current order backlog. However, at this stage, it is too early to evaluate the extent of a potential impact on Andritz's business development.

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 US dollars, British pounds, and Swedish crowns – is frequently hedged by forward contracts. Cash flow risks are monitored by monthly cash reports.

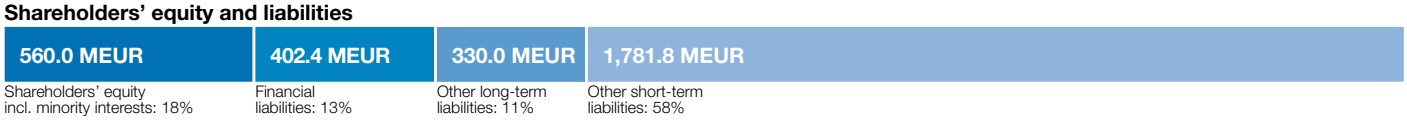
To further mitigate the financial risks, the Group avoids dependence on one single or only a few banks. To ensure independence, no bank will receive more than a certain defined amount of the business in any important product (cash and cash equivalents, financial liabilities, financial assets, guarantees, and derivatives). Financial business is only done with banks that have a high rating by international rating agencies. Cash is only invested in low risk financial assets, such as government bonds, money market funds, or term deposits.

For detailed information on the major risks for the Andritz Group, see the Andritz annual report 2007.

Total assets as of September 30, 2008: 3,074.2 MEUR

Assets

Shareholders' equity and liabilities



Effects from exchange rates

Changes in exchange rates are hedged by forward rate contracts.

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

During the first three quarters of 2008, no major businesses with related persons and companies were concluded.

Significant events after September 30, 2008

Between the balance sheet date and the publication of this report, the global economic and financial crisis has deepened. This negative macroeconomic environment might potentially have a negative impact on the business development of the Andritz Group in the future.

Outlook for the Andritz Group

The global financial crisis has led to a marked slowdown of the world economy and is impacting all areas and industrial sectors of the real economy. Given the recent developments and the economic data released, economic experts expect this economic crisis to endure far into 2009.

Given the current difficult economic environment, the exact extent of the global financial and economic crisis and its impact on Andritz's business cannot be predicted. The solid order backlog and the high sales contributions from areas that are likely to be less affected by the general economic situation should help to cushion, even if they cannot entirely prevent, the impact Andritz may feel from a severe economic slowdown.

From today's perspective, Andritz expects sales for the full year of 2008 to rise to approximately 3.5 billion Euros and EBITA margin to increase compared to 2007. The actual extent of the increase depends on the development of the global financial and economic crisis and its impact on Andritz's customers.

Given the persistent uncertainties about the future development of the global economy and the particularly short-term impact of the financial crisis on the real economy – and on the industries served by Andritz in particular – a profound financial guidance for the sales and earnings development of the Andritz Group in 2009 cannot be given at this stage. Andritz is prepared, both for a relatively fast recovery of the global economy already in 2009 and for a prolonged recession beyond 2009 by taking appropriate actions as needed. More detailed expectations for the Andritz Group's business development in 2009 will be published on the occasion of the release of the full year 2008 financial figures at the beginning of March 2009.

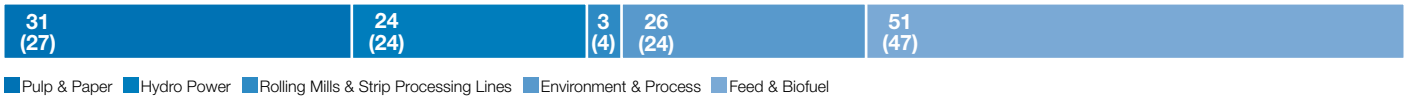
Declaration pursuant to Article 87 (1) of the (Austrian) Stock Exchange Act

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 2008 present fairly, in all material respects, the financial position of the Group as of September 30, 2008, and its financial performance and its cash flows for the financial period January 1 to September 30, 2008.

The Executive Board of Andritz AG
Graz, November 7, 2008

Sales by business area in % Q1-Q3 2008 (Q1-Q3 2007)

Service sales as % of business area's sales Q1-Q3 2008 (Q1-Q3 2007)



Employees by region in % Q1-Q3 2008 (Q1-Q3 2007)

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PULP & PAPER

MARKET DEVELOPMENT

During the third quarter of 2008, overall investment activity for pulp mill equipment was satisfactory for both modernizations of existing mills as well as greenfield pulp mills. However, project activity has weakened notably towards the end of the quarter, mainly as a result of decreasing pulp prices, some capacity closures of pulp and paper mills in the US and Europe, and the global financial crisis. The pipeline of announced projects for new pulp mills and modernizations of existing facilities is solid; however, given the turmoil on the financial markets, delays in both order awards and execution of recently awarded orders are to be expected.

The price for NBSK (Northern Bleached Softwood Kraft) pulp declined from approximately 920 US dollars per ton at the beginning of July to approximately 860 US dollars at the end of September 2008. This was mainly due to both slightly falling demand and the strength of the US dollar against the Euro. For the European paper producers, the renewed strength of the US dollar led to higher pulp prices denominated in Euros, thus causing an additional cost burden to them.

The price for short-fiber pulp (birch and eucalyptus) also declined during the third quarter of 2008, although much more moderately as compared to NBSK (from approximately 850 US dollars per ton at the beginning of July to approximately 820 US dollars per ton at the end of September 2008). This was mainly due to a more balanced supply/demand situation in comparison to the NBSK market.

BUSINESS DEVELOPMENT

During the first three quarters of 2008, sales of the business area amounted to 981.4 MEUR, a decrease of 6.0% compared to the reference period of last year (Q1-Q3 2007: 1,043.5 MEUR). EBITA decreased to 57.9 MEUR (Q1-Q3 2007: 60.5 MEUR), thus declining slightly less than sales. As a result, profitability increased slightly compared to last year's reference period (EBITA margin Q1-Q3 2008: 5.9% vs. Q1-Q3 2007: 5.8%).

The business area's order intake for the first three quarters of 2008 was 955.5 MEUR, which is a decrease of 13.2% compared to the first three quarters of 2007 (1,100.2 MEUR). Order intake in the third quarter of 2008 amounted to 244.0 MEUR, thus higher compared to last year's reference period (+31.5% vs. Q3 2007: 185.6 MEUR).

Several divisions of the business area were able to successfully complete major projects during the third quarter of 2008. Among those, the following are particularly worth mentioning:

- Major production systems were started up for Tiger Forest & Paper Co., Ltd. – Hunan Juntai Pulp & Paper Co. as part of the complete mill delivery by Andritz. Start-ups include a complete 1,300 t/d bleached fiberline, a 489 t/h evaporation plant, and a 2,200 t/d recovery boiler. The new Andritz woodyard already started up in the second quarter of 2008.

- Fiberline and recovery systems were started up for Sappi Saiccor (Pty) Ltd.'s Amakhulu project (Umkomaas, Kwa Zulu-Natal) in the Republic of South Africa. The fiberline systems include the screening systems, oxygen stage, and bleach plant for the 870 t/d line. The recovery systems include a 370 t/h evaporation plant with a foul condensate stripping system and methanol liquefaction equipment, custom-tailored for the mill's magnesium sulphite pulping process. Andritz chipping and chip handling systems as well as a pulp drying system had previously started up as part of this same project.

- Oy Metsä-Botnia Ab started up an oxygen stage washing system at its Kemi mill in Finland in September. The system includes the first DD10 series washer installed.

- The second step of modernization of a double-drum recovery boiler at Australian Paper's Maryvale mill was finalized and the test runs were successfully performed in July. The customer has taken over the equipment. This is a repeat order for Andritz; Andritz also delivered a new woodyard to this mill earlier.

- Seven projects for fiber preparation systems were started up in China during the reporting period. In July, Shandong International Paper & Sun Coated Paperboard Co. Ltd. started up stock preparation and paper machine approach systems for two of their coated board machines at Yanzhou City, Shandong Province in China. Dongguan Sea Dragon Paper Industries (Taicang) Co., Ltd. in Taicang City, Jiangsu Province started up a new processing line for Mixed Office Waste (MOW) for their PM20. Shandong Chenming Paper Holdings Ltd. in Shouguang City, Shandong Province started up a paper machine approach system. In August, Henan Yinge Industrial Investment Holding Co., Ltd., Luohe City, Henan Province started up a complete processing line for Old Corrugated Containers (OCC). Lee & Man (Jiangsu) Paper Co., Ltd., Changshu City, Jiangsu Province started up a 250 t/d MOW line. In September, Xianggang Guixiang Industry Ltd., Fujian Province started up a paper machine approach system.

- Holmen Paper AB's Braviken Paper Mill in Sweden started up a 900 t/d chip washing and 800 t/d RT-Pretreatment system and reject system in September. All guarantee values were achieved and exceeded.

- The Andritz pressurized refining system ordered by Vezirkopru Orman Urunleri Ve Kagit San. A.S. for their new MDF plant at Turanlar Group, Samsun, Turkey was started up successfully in July. The 50/54"-1CP refiner is designed for a capacity of up to 600 t/d.

- Satipel Industrial S/A, Uberaba, Brazil began producing board in July 2008. Andritz supplied a pressurized refining system, including a 54/60"-1CP refiner with a capacity of 770 t as well as chip handling equipment.

- The Paper Machine division developed two new products – a DuoVac HV stabilizer for paper machines and a PrimeRun VacRoll for more reliable threading – which were delivered to two Sappi machines and have been started up successfully. The products reduce the number of sheet breaks and help the machines achieve higher runnability.

- The Engineered Wear Products division is developing a new deflaking plate pattern technology. First laboratory trials were successful and promising. The first customer trials are planned for 2009. The MDF Plates group is launching new patented MDF Spiral technology which offers dramatic savings in energy and improvements in fiber quality.

MAJOR ORDERS

- The **Wood Processing** division received an order from Veracel Celulose S/A in Eunapolis, Brazil for a capacity increase in the woodyard to enable increased pulp production in the fiberline. This will include the supply of a third chipping line, which will be the largest capacity single chipping line in the world (500 sub m^3/h). Start-up is scheduled for July 2009. Yanzhou Yongyue Paper Industry Co. Ltd. in Yanzhou City, China ordered four screw reclaimers and a chip screen. Additionally, Investlesbumprom in Kama, Russia ordered a woodyard based on RotaBarker debarking technology.

- The **Fiberline** division received an order from Södra Cell Värö Bruk in Väröbacka, Sweden for replacement of an old vacuum filter with the new Andritz Wash Press. This will be the second installation of the new washing system. In addition, the division received an order from Chuetsu Pulp & Paper Company Limited for the modernization of fiberlines with ECF bleaching at their Sendai mill in Sendai City, Kagoshima Prefecture, Japan. The hardwood line's capacity is 850 t/d and the softwood line's capacity 140 t/d. The scope of supply includes two DD 10 washers. In 2005, the division already received a major order for the modernization of fiberlines at Nomachi mill from the same customer.

- The **Recovery** division received an order from Fortum Termest AS for a biomass boiler island including a low-emissions Bubbling Fluidized Bed (BFB) boiler for a greenfield Combined Heat and Power (CHP) plant in Pärnu, Estonia. The plant will provide district heating for the City of Pärnu and also supply electricity to the national grid. Capacity of the plant will be 45 MW heat and 23 MW electricity utilizing biomass and peat as fuels. In addition, Sappi Fine Paper North America has ordered a retrofit to increase the capacity of its recovery boiler at its Somerset Mill in Skowhegan, Maine, USA. The scope will include new economizers and a new air system.

- The **Chemical Systems** division received an order from Sun Paper Shandong for systems to increase white liquor production and improve quality at the Yanzhou City mill in Shandong Province. The equipment supply includes a LimeGreen filter for green liquor filtration, single-stage LimeSpin for dregs handling, LimeWhite filter for white liquor filtration, as well as a two-stage LimeDry filter.

- The **Paper Machine** division received an order to rebuild a board machine producing white-lined chipboard for Kartonsan Karton Sanayi ve Ticaret A.S. at the Izmit Mill in Izmit (Kocaeli), Turkey. After the rebuild, the machine capacity will be increased by 50% to 75,000 t/a. The division will deliver equipment such as suction formers and a shoe press as part of the rebuild.

- The **Fiber Preparation Systems** division received an order to rebuild the OCC and board machine approach systems for Kartonsan Karton Sanayi ve Ticaret A.S. at the Izmit Mill in Izmit (Kocaeli), Turkey. New equipment for the rebuild includes FibreSolve pulpers, a FibreSlush detrasher, screens, cleaners, and two FibreWash drums. Also, SCA Packaging Italia S.p.A. ordered new systems for deinking and stock preparation to produce higher quality grades of white top liner and to have the possibility for processing lower quality raw materials at its mill in Porcari (Lucca), Italy. The order includes a SelectaFlot flotation unit, filters, and foam breaker.

- The **Mechanical Pulping Systems** division received an order from Investlesbumprom in Kama, Russia for the first P-RC™ APMP System to be installed in Russia. MCC Paper Yinhe Co. Ltd. in Shandong Province, China ordered a P-RC™ APMP System for its 300 t/d greenfield paper mill. The production capacity reaches up to 560,000 t/a of products ranging from offset printing/writing papers to packaging grades.

- The **Panelboard Systems** department received an order from Jiangxi Green Nature Panel Board Co. Ltd. in Jiangxi, China for a pressurized refining system for MDF, including a 45/49”-1CP refiner.

- The **Paper Finishing** division received an order from Cham-Tenero Paper Mills Inc., a specialty papers producer in Switzerland, to perform a turnkey rebuild of an existing coating line which will allow the mill to produce some new grades of paper. The rebuild will be the first application of a multi-layer curtain coater on a real off-line paper coating machine.

- The **Engineered Wear Products** division established service offices with cleaner experts in Karhula, Finland and Sanshui, China to better serve customers. In the Refiner Plates area, the division renewed three-year contracts with White Birch Papers in the USA and F.F. Soucy mills in Canada.

- New orders received by the **Paper Engineered Services** division include the supply of a reconditioned refiner and new ribbon feeder for an existing refiner to Norske Skog Paper Mill Limited, Australia, disc filter repair at Aylesford Newsprint Ltd. in the UK, the upgrade of a screw press at Sachsen Papier in Germany, service at Norske Skog’s Golbey mill in France, and service of a Papillon refiner at Hallein in Austria. In North America, the division will upgrade the hydraulic system and provide a new refiner protection system for Abitibi-Consolidated Inc., Beaupre, Quebec, Canada; it will also provide assemblies to upgrade refiners at AbitibiBowater Inc.’s Calhoun, Tennessee USA mill; in South America, Duratex SA ordered a wear part rebuild for a pressurized MDF refiner at its plant in Agudos, São Paulo state, Brazil. In Asia, APP ordered upgrades to the hydraulic stations on the pulp drying lines at its Jambi mill in Indonesia.

- The **Pulp Engineered Services** division received an order from Mondi Frantschach, Austria for performance upgrades to their digester.

- The **Automation Solutions** division received an order from Petro-Canada for an IDEAS Simulator including models, operator training, and software for its Fort Hills Oil Sands Plant in Alberta, Canada. BHP Escondida of Chile ordered an Advanced Process Control system for SAG mills and flotation circuits for their Escondida mine.

KEY FIGURES PULP & PAPER

MEUR	Q1-Q3 2008	Q1-Q3 2007	+/-	Q3 2008	Q3 2007	+/-	2007
Order intake	**955.5**	1,100.2	-13.2%	**244.0**	185.6	+31.5%	**1,406.4**
Order backlog (as of end of period)	**1,025.2**	1,168.9	-12.3%	**1,025.2**	1,168.9	-12.3%	**1,060.4**
Sales	**981.4**	1,043.5	-6.0%	**311.3**	338.8	-8.1%	**1,462.2**
EBITDA	**72.0**	73.6	-2.2%	**23.8**	25.7	-7.4%	**101.1**
EBITDA margin	**7.3%**	7.1%	-	**7.6%**	7.6%	-	**6.9%**
EBITA	**57.9**	60.5	-4.3%	**18.5**	21.5	-14.0%	**83.5**
EBITA margin	**5.9%**	5.8%	-	**5.9%**	6.3%	-	**5.7%**
Employees (as of end of period)	**4,737**	4,546	+4.2%	**4,737**	4,546	+4.2%	**4,843**

HYDRO POWER

MARKET DEVELOPMENT

Project activity in the hydropower sector remained at a high level during the third quarter of 2008. In particular, in South America and Asia a large number of new hydropower projects are being developed or implemented as a result of the fast economic growth of these regions and the increasing use of renewable energy sources to meet the growing electricity demand and to protect the world climate. In emerging markets, some delays of privately funded projects are possible.

Investment activity in Europe and North America continued to focus on modernization, rehabilitation, and capacity increases for existing plants. There is a large demand for replacement investments as the average age of the installed base in these regions is high. Project activity continued at a high level for pumped storage systems with the aim of securing network stability. The market for small-scale hydropower stations also saw continued positive development.

The demand for turbo-generators continued to be on the rise worldwide, in particular, in the Middle East, Russia, and Asia.

Project activity for pumps for irrigation and drinking water plants in Asia continued to be strong, especially in China and India. Project activity was favorable for both rehabilitations and new plants, especially with regard to thermal power stations in Germany for which the business area supplies cooling water pumps. The demand for centrifugal pumps remained very active in China and Southeast Asia.

BUSINESS DEVELOPMENT

Sales of the business area increased to 798.8 MEUR in the first three quarters of 2008, strongly up by 32.7% compared to the first three quarters of 2007 (602.0 MEUR). EBITA amounted to 50.2 MEUR (+64.1% vs. Q1-Q3 2007: 30.6 MEUR); as a result, EBITA margin, at 6.3%, increased significantly during the reporting period (Q1-Q3 2007: 5.1%).

Order intake amounted to 1,012.1 MEUR in the first three quarters of 2008, a strong increase of 35.9% compared to last year's reference period (Q1-Q3 2007: 744.9 MEUR). In the third quarter of 2008, order intake rose to 242.9 MEUR, up 25.5% compared to the third quarter of 2007 (193.6 MEUR). All divisions of the business area showed a very good development of order intake, thus confirming again Andritz's strong market position for hydropower equipment worldwide.

Andritz and GE Energy have successfully closed the transactions announced in May and June 2008, pursuant to which Andritz has acquired certain assets of GE Energy's Hydro business as well GE Energy's majority interest in GE Hydro Inepar do Brasil S.A. (now Andritz Hydro Inepar do Brasil S.A.). The acquired businesses have been included in the consolidated financial statements of the Andritz Group from July 1, 2008. These acquisitions further strengthen and expand Andritz's position as one of the world's leading suppliers of hydropower equipment, and enable the Group to serve its customers in Brazil, China, North America, and Scandinavia even better.

The Turbo Generators division is heading for an all-time high in supplies for the year 2008. This success is mainly a result of new developments that were initiated in 2006.

At Aschach hydropower station on the Danube in Austria, which is operated by Verbund-Austrian Hydro Power (AHP), two of four units have been rehabilitated by Andritz VA TECH HYDRO and are back on the grid. The rehabilitation of the third unit is underway.

The major turbo-generator overhaul for Kelenföld thermal power plant, owned by Hungarian Budapesti Erömü ZRt., was successfully completed. The outage period was only 45 days.

Two units of the Oymapinar hydropower plant, Turkey, were handed back to CENGIZ after rehabilitation. The hydropower plant is equipped with four 138.5 MW units. 70% of the generator output is supplied to the aluminum plant of ETI Alüminyum A.S. in Seydisehir, which is also owned by CENGIZ. Currently, the Turkish transmission grid is being prepared for interconnection with the European transmission grid (UCTE). For this reason, several Turkish hydropower plants including Oymapinar have to be equipped with state-of-the-art automation systems, turbine governors have to be adapted and power system stabilizers (PSS) have to be installed.

The total upgrade and rehabilitation of Rouna 2 underground hydropower station in Papua New Guinea is proceeding according to plan. On August 30 and September 25, 2008, two of the four units were handed back for operation to the client, PNG Power Limited. In total three of the five units will be completely replaced. The unit power will be increased by about 30%. Apart from all technical and safety improvements to the power plant, a very specific social and medical program for the local communities has been jointly developed and is currently being implemented.

The pump supplies for a large pumping station order from China were successfully completed during the third quarter of 2008. They are the largest pumps of their kind worldwide. Two large orders for pumping stations in India are in the realization phase.

MAJOR ORDERS

- Andritz VA TECH HYDRO was awarded a contract by Endesa Generación S.A., Spain for the refurbishment of a Francis turbine in Burguillo power station, Spain.
- In Vietnam, Andritz VA TECH HYDRO received a contract from DakPsi Investment and Development for the supply of a full compact hydro solution (water to wire) for the DakPsi 4 power station.
- The business area received an order for modernization of the automation and control system for four units including the substation for Handeck II hydropower station, owned by the Swiss Kraftwerke Oberhasli AG, Switzerland.
- SN Aboitiz Power Magat Inc., Philippines entrusted Andritz VA TECH HYDRO with the complete rehabilitation of one Francis unit and the electro-mechanical equipment in Magat hydropower plant and the contract for engineering for Ambuklao hydropower station.
- For Verbund-Austrian Hydro Power (AHP), the business area will provide the rehabilitation of bulb turbines and synchronic generators for the Melk hydropower plant, located on the Danube River, Austria. The contract includes an output increase to 26.5 MVA.
- Andritz VA TECH HYDRO received an order for modernization of the control and protection system in Oskan and Berkman hydropower stations, owned by GES Elektrik, Turkey.
- After having been awarded the refurbishment and upgrade of the Pantabangan hydroelectric power plant, Philippines, by the privately-owned First Gen Hydro Power Corporation, Andritz VA TECH HYDRO received the follow-up order for the stator winding.
- E.ON Sverige AB placed an order for the rehabilitation of a Kaplan turbine in Solleftra, Sweden.
- Elektrizitätswerk der Stadt Zürich, Switzerland placed an order for modernization of the control and protection system for two units including substation in Tiefencastel East hydropower station.
- Andritz VA TECH HYDRO received an order from JSC Ruselprom for the turbine runner rehabilitation for Russian Tsimlyanskaya power station.
- In Cameroon, Andritz VA TECH HYDRO received the orders for the rehabilitation of four penstocks for the Songloulou hydropower plant as well as lot 1 of the refurbishment of Edéa I hydropower plant. The 384 MW Songloulou and 263 MW Edéa projects are the largest hydro schemes in Cameroon.
- Orders for centrifugal pumps continued to develop positively, reaching over 5,000 units during the first three quarters of 2008.

KEY FIGURES HYDRO POWER

MEUR	Q1-Q3 2008	Q1-Q3 2007	+/-	Q3 2008	Q3 2007	+/-	2007
Order intake	**1,012.1**	744.9	+35.9%	**242.9**	193.6	+25.5%	**1,216.1**
Order backlog (as of end of period)	**2,482.6**	1,793.9	+38.4%	**2,482.6**	1,793.9	+38.4%	**1,954.9**
Sales	**798.8**	602.0	+32.7%	**308.2**	227.5	+35.5%	**910.0**
EBITDA	**63.5**	40.6	+56.4%	**27.0**	18.3	+47.5%	**63.6**
EBITDA margin	**7.9%**	6.7%	-	**8.8%**	8.0%	-	**7.0%**
EBITA	**50.2**	30.6	+64.1%	**22.3**	15.1	+47.7%	**49.5**
EBITA margin	**6.3%**	5.1%	-	**7.2%**	6.6%	-	**5.4%**
Employees (as of end of period)	**5,505**	3,916	+40.6%	**5,505**	3,916	+40.6%	**4,390**

ROLLING MILLS & STRIP PROCESSING LINES

MARKET DEVELOPMENT

In the third quarter of 2008, project activity remained at a solid level. Due to the very positive development of the market for heat treatment furnaces, newly-acquired Andritz Maerz received several major orders, thus developing significantly above expectations.

In the stainless steel sector, project activity for both modernizations and new plants showed a quite stable development; the expected long-term demand for stainless steel – in particular, in the emerging markets like China and India – was again the main driver of this development. In the area of carbon steel equipment, project activity was very high, but showed some signs of a slowdown during the third quarter of 2008.

For the coming months, overall project activity is expected to slow down.

BUSINESS DEVELOPMENT

Sales of the business area during the first three quarters of 2008 amounted to 412.2 MEUR, an increase of 41.1% compared to the reference period of last year (Q1-Q3 2007: 292.2 MEUR). EBITA amounted to 28.7 MEUR in the reporting period (Q1-Q3 2007: 20.8 MEUR), EBITA margin slightly declined to 7.0% (Q1-Q3 2007: 7.1%).

Order intake in the first three quarters of 2008 rose to 534.6 MEUR, thus surpassing the very high level of last year's reference period by 27.4% (Q1-Q3 2007: 419.5 MEUR). Order intake in the third quarter of 2008 amounted to 172.0 MEUR, up 47.9% compared to last year's reference period (Q3 2007: 116.3 MEUR).

Andritz successfully completed the extension of the electrogalvanizing line at the 1,550 mm cold rolling mill at Baoshan Iron & Steel Co., Shanghai, China. The original line was also supplied by Andritz and started operation in June 2000 with a capacity of 263,000 t/a, which has now been increased to 310,000 t/a.

Andritz started up a hydrochloric acid regeneration plant supplied to Baoshan Iron & Steel Company, Ltd., stainless steel branch. The plant regenerates 9,500 l/h of waste acid.

Andritz handed over a regeneration plant for 5,000 l/h to voestalpine Stahl GmbH, Linz, Austria. The scope of supply consisted of a regeneration plant for HCl, a waste acid purification (WAPUR) plant, and an oxide storage.

In July 2008, the business area successfully started up the hydrochloric acid regeneration and waste acid purification (WAPUR) plants supplied to Shougang International Trade & Engineering Corp.; each plant has a capacity of 12,500 l/h.

Andritz Maerz successfully handed over a turnkey heat treatment plant to Maschinenfabrik Alfing Kessler GmbH in Germany, including eight round-chamber and five batch-type furnaces. The furnace plant is supplied for the heat treatment of the highest quality crank axles.

Andritz Sundwig successfully started up an annealing and pickling line for cold steel strip, two 20-high rolling mills, one skin-pass mill, a grinding and polishing line, and two trimming lines, supplied to Jiuquan Iron & Steel Co. (JISCO), Jiuquan, China.

MAJOR ORDERS

- The business area received an order for a complete electrogalvanizing line from Tianjin Tiantie Metallurgical Group CO., Ltd, China. This line will produce about 300,000 t/a of high quality electrogalvanized steel sheet for the automotive, household appliances, and electronics industries.

- Andritz Selas received an order for the furnace of a continuous annealing line from Tianjin Tiantie Metallurgical Group CO., Ltd, China. This is the second furnace that Andritz Selas will supply to this customer in two years.

- DanSteel A/S, Denmark placed an order with Andritz Maerz for a double walking beam furnace. This special kind of walking beam furnace has to meet the highest mechanical requirements in furnace plant engineering. The furnace will be used for annealing heavy plates.

- Andritz Maerz will supply essential heat treatment equipment to Buderus Edelstahl GmbH in Germany. The eight batch-type furnaces with different dimensions will be used for the heat treatment of forging parts for the power plant industry.

- Andritz Maerz also received an order from Böhler Edelstahl, Kapfenberg, Austria to supply the heat treatment furnaces for the new forging shop. The supply will include three car bottom, three chamber, three double chamber, and two rotary hearth furnaces, meeting the high production requirements for the aircraft and automotive industry. Böhler is one of the leading suppliers to these industries.

- Outokumpu Stainless AB in Degerfors, Sweden ordered a new walking hearth furnace from Andritz Maerz for the reheating of stainless slabs.

- Andritz Sundwig received an order for delivery of a cut-to-length line from the newly founded steel service center Antwerp Decoil Center B.V., Belgium. The line is rated for strip widths of up to 2,050 mm, strip thicknesses from 2 to 20 mm, and cutting lengths of 1,000 to 16,000 mm.

- Thyssen Krupp Steel AG ordered a hot strip leveler for its works in Hüttenheim from Andritz Sundwig. The leveler processes sheets of 3 to 60 mm thickness with yield points of up to 1,800 N/mm² and strengths of up to 2,000 N/mm². The maximum width is 3,800 mm at lengths of up to 16,500 mm.

KEY FIGURES ROLLING MILLS & STRIP PROCESSING LINES

MEUR	Q1-Q3 2008	Q1-Q3 2007	+/-	Q3 2008	Q3 2007	+/-	2007
Order intake	**534.6**	419.5	+27.4%	**172.0**	116.3	+47.9%	**636.4**
Order backlog (as of end of period)	**808.5**	529.2	+52.8%	**808.5**	529.2	+52.8%	**631.6**
Sales	**412.2**	292.2	+41.1%	**144.4**	78.7	+83.5%	**408.0**
EBITDA	**30.8**	22.8	+35.1%	**9.2**	7.0	+31.4%	**32.1**
EBITDA margin	**7.5%**	7.8%	-	**6.4%**	8.9%	-	**7.9%**
EBITA	**28.7**	20.8	+38.0%	**8.6**	6.4	+34.4%	**29.7**
EBITA margin	**7.0%**	7.1%	-	**6.0%**	8.1%	-	**7.3%**
Employees (as of end of period)	**990**	863	+14.7%	**990**	863	+14.7%	**880**

ENVIRONMENT & PROCESS

MARKET DEVELOPMENT

During the third quarter of 2008, the market for sewage sludge dewatering equipment remained at a satisfactory level in Asia, the Arab countries, and South America. A slight slowdown in activities was seen in some European countries (UK and Spain) as well as in the US markets. In China, project activity continued to be very high.

Project activity for industrial applications in the petrochemical, food and agriculture, minerals, and especially mining industries was high in most areas of the world. The demand for dewatering equipment to treat industrial sludges, contaminated earth, and harbor sludges also remained at a high level.

Project activity for municipal sludge drying plants remained at a low level as expected; projects mainly focused on the UK, Russia, and the United Arab Emirates. The demand for alternative fuel sources is significantly increasing which leads to a continued high project activity for the drying of wood chips and sawdust for pellet production.

BUSINESS DEVELOPMENT

The business area's sales during the first three quarters of 2008 amounted to 239.8 MEUR, a decrease of 7.7% compared to last year's reference period (Q1-Q3 2007: 259.7 MEUR). This is mainly due to the continued weak demand for sludge drying plants. As a result, EBITA of the business area decreased to 12.4 MEUR in the first three quarters of 2008 (Q1-Q3 2007: 16.4 MEUR), EBITA margin amounted to 5.2% (Q1-Q3 2007: 6.3%).

Order intake during the first three quarters of 2008 amounted to 274.3 MEUR, slightly up compared to the reference period of last year (Q1-Q3 2007: 271.7 MEUR). Order intake in the third quarter of 2008 amounted to 75.4 MEUR (-8.9% vs. Q3 2007: 82.8 MEUR). While the order intake of the Separation Technologies division continued its favorable development, the order intake of the Thermal Process Technologies division remained at a very low level due to unchanged weak market conditions.

At Alunorte, Brazil, the second line consisting of five Hyperbaric Disc Filters (HBF) supplied by Andritz has been successfully started up. This is a unique installation worldwide – it dewaters bauxite slurry which is pumped from the bauxite mine to the refinery, using a pipeline of more than 200 km length.

In August 2008, Andritz successfully handed over the sludge drying plant in Singapore, which is the largest plant of its kind worldwide with an evaporation capacity of 55 t/h.

The sludge drying plant supplied to Anglian Water, UK was successfully started up in the reporting period.

The Thermal Process Technologies division has started offering bubbling fluid bed combustion systems with adiabatic (no steam production) furnaces up to plant sizes of 20 MW_{therm} for incinerating municipal sludges, biomass, and other secondary fuels. This will provide even higher flexibility in using the energy contained in biogenuous fuels and/or fuel substitutes. These systems are derived from Andritz's larger bubbling fluid bed boilers which are proven technology in industrial installations.

MAJOR ORDERS

- Desmet Ballestra Engineering (SEA) Pte. Ltd., Singapore ordered six membrane filter presses for palm oil.
- Votorantim Metais – Cajamarquilla S.A., Peru ordered four large filter presses for a mining application.
- Following an order for four screen bowl centrifuges, PCS Canada placed another order for three screen bowl centrifuges for a potash application. Due to the higher speed of this improved design, higher product dryness will be achieved.
- Two screen bowl centrifuges, also for potash, were ordered by Uralkaly, Russia.
- Hindustan Zinc Ltd., India ordered 13 filter presses for various applications in the zinc production process.
- Hercules, USA ordered four large centrifuges for a chemical process application in China.
- Lenzing AG, Austria ordered a second fluidized bed dryer for sodium sulphate from Andritz Fliessbett Systeme GmbH, Germany based on the excellent experience with a first plant delivered in 2003.
- Shanghai Municipal Sewage Company (SMSC) signed a letter of intent for the delivery of three FDS municipal sludge drying plants and eight digesters with the successful bidding consortium comprising Andritz Fliessbett Systeme which will supply the drying plants. The dryers will be installed at the Shanghai Bailonggang Waste Water Treatment Plant, which is currently the biggest plant of its kind in China.

KEY FIGURES ENVIRONMENT & PROCESS

MEUR	Q1-Q3 2008	Q1-Q3 2007	+/-	Q3 2008	Q3 2007	+/-	2007
Order intake	**274.3**	271.7	+1.0%	**75.4**	82.8	-8.9%	**346.9**
Order backlog (as of end of period)	**190.2**	187.5	+1.4%	**190.2**	187.5	+1.4%	**161.1**
Sales	**239.8**	259.7	-7.7%	**89.3**	81.8	+9.2%	**364.5**
EBITDA	**16.1**	20.1	-19.9%	**5.3**	5.7	-7.0%	**30.3**
EBITDA margin	**6.7%**	7.7%	-	**5.9%**	7.0%	-	**8.3%**
EBITA	**12.4**	16.4	-24.4%	**4.1**	4.6	-10.9%	**25.3**
EBITA margin	**5.2%**	6.3%	-	**4.6%**	5.6%	-	**6.9%**
Employees (as of end of period)	**1,430**	1,328	+7.7%	**1,430**	1,328	+7.7%	**1,350**

FEED & BIOFUEL

MARKET DEVELOPMENT

During the third quarter of 2008, the investment activity in the animal feed sector continued at a high level, with Eastern Europe, Russia, and South America being the most active regions. Projects for expansions of aqua-feed capacities in the Middle East and Mediterranean regions continued to develop satisfactorily. Also, the pet food industry showed good market activities, especially in Western and Eastern Europe.

The renewable energy sector continued to develop favorably. The wood and biomass pelleting industry released several new projects in North Western Europe and North America. In the new regions for wood and other biomass pelleting for fuel production – Southern Europe, South America, and Asia – project activity is on the rise.

Project activity in both segments – feed and biomass – has been continuing at a solid level so far.

BUSINESS DEVELOPMENT

Sales of the business area during the first three quarters of 2008 amounted to 106.7 MEUR (Q1-Q3 2007: 102.2 MEUR). EBITA, at 8.8 MEUR during the reporting period, declined compared to the high level of the first three quarters of 2007 (10.7 MEUR). This was mainly due to a decline in sales in North America. EBITA margin amounted to 8.2% (Q1-Q3 2007: 10.5%).

Order intake during the first three quarters of 2008 reached 123.9 MEUR, up 7.2% compared to the high level of last year's reference period (Q1-Q3 2007: 115.6 MEUR). Order intake in the third quarter of 2008, at 37.4 MEUR, also increased compared to last year's reference period (+3.6% vs. Q3 2007: 36.1 MEUR).

MAJOR ORDERS

- The business area booked several orders for large processing lines for animal feed production, mainly in Eastern Europe and South America – including an order for a greenfield animal feed plant in South America.
- Significant orders for large processing lines for wood and biomass pelleting were secured in Southern and Eastern Europe, and Scandinavia. A large straw pelleting plant will be supplied to a customer in the UK.
- The business area was also awarded an order for pelleting solutions for a new bio-ethanol plant in Northern Europe.

KEY FIGURES FEED & BIOFUEL

MEUR	Q1-Q3 2008	Q1-Q3 2007	+/-	Q3 2008	Q3 2007	+/-	2007
Order intake	**123.9**	115.6	+7.2%	**37.4**	36.1	+3.6%	**143.7**
Order backlog (as of end of period)	**51.6**	42.9	+20.3%	**51.6**	42.9	+20.3%	**35.3**
Sales	**106.7**	102.2	+4.4%	**35.7**	35.8	-0.3%	**137.8**
EBITDA	**10.0**	12.0	-16.7%	**3.1**	4.5	-31.1%	**15.2**
EBITDA margin	**9.4%**	11.7%	-	**8.7%**	12.6%	-	**11.0%**
EBITA	**8.8**	10.7	-17.8%	**2.6**	4.0	-35.0%	**13.3**
EBITA margin	**8.2%**	10.5%	-	**7.3%**	11.2%	-	**9.7%**
Employees (as of end of period)	**563**	547	+2.9%	**563**	547	+2.9%	**553**

CONSOLIDATED INCOME STATEMENT

FOR Q1-Q3 2008 (CONDENSED, UNAUDITED)

TEUR	Q1-Q3 2008	Q1-Q3 2007*	Q3 2008	Q3 2007*
Sales	**2,538,930**	**2,299,630**	**888,888**	**762,621**
Changes in inventories of finished goods and work in progress	58,290	62,180	(3,298)	34,903
Capitalized cost of self-constructed assets	328	1,761	158	553
	2,597,548	**2,363,571**	**885,748**	**798,077**
Other operating income	44,512	34,178	17,817	10,405
Cost of materials	(1,548,266)	(1,408,424)	(528,315)	(472,386)
Personnel expenses	(550,278)	(494,198)	(184,856)	(163,493)
Other operating expenses	(351,107)	(326,074)	(121,973)	(111,432)
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**192,409**	**169,053**	**68,421**	**61,171**
Depreciation, amortization and impairment of intangible assets and property, plant, and equipment	(39,286)	(34,455)	(14,116)	(11,012)
Impairment of goodwill	(1,663)	0	(1,663)	0
Earnings before interest and taxes (EBIT)	**151,460**	**134,598**	**52,642**	**50,159**
Income/expenses from associated companies	844	833	319	(151)
Interest result	3,623	2,458	2,788	339
Other income from financing activities	283	23	7	(94)
Financial results	**4,750**	**3,314**	**3,114**	**94**
Earnings before taxes (EBT)	**156,210**	**137,912**	**55,756**	**50,253**
Income taxes	(46,249)	(39,160)	(17,810)	(14,481)
Net income	**109,961**	**98,752**	**37,946**	**35,772**
Thereof attributable to:				
Shareholders of the parent company	105,421	96,528	35,616	34,924
Minority interests	4,540	2,224	2,330	848
Weighted average number of no-par value shares	51,223,049	51,611,369	51,411,137	51,633,592
Earnings per no-par value share (in EUR)	2.06	1.87	0.69	0.68
Effect of potential dilution of share options	116,403	261,762	93,753	285,985
Weighted average number of no-par value shares and share options	51,339,452	51,873,131	51,504,890	51,919,577
Diluted earnings per no-par value share (in EUR)	2.05	1.86	0.69	0.67

* restated

CONSOLIDATED BALANCE SHEET

AS OF SEPTEMBER 30, 2008 (CONDENSED, UNAUDITED)

TEUR	September 30, 2008	December 31, 2007*
ASSETS		
Intangible assets	52,833	46,373
Goodwill	235,468	227,083
Property, plant, and equipment	304,135	260,153
Shares in associated companies	8,344	6,825
Other Investments	38,196	32,997
Non-current receivables and other non-current assets	12,775	10,221
Deferred tax assets	68,755	56,982
Non-current assets	**720,506**	**640,634**
Inventories	370,317	250,632
Advance payments made	145,533	85,669
Trade accounts receivable	366,547	400,163
Cost and earnings of projects under construction in excess of billings	368,949	391,305
Other current receivables	152,979	128,716
Prepayments and deferred charges	18,397	11,595
Marketable securities	189,545	101,887
Cash and cash equivalents	741,379	496,926
Current assets	**2,353,646**	**1,866,893**
TOTAL ASSETS	**3,074,152**	**2,507,527**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Share capital	104,000	104,000
Capital reserves	36,476	36,476
Retained earnings	385,186	326,933
Equity attributable to shareholders of the parent	**525,662**	**467,409**
Minority interests	**34,357**	**14,166**
Total shareholders' equity	**560,019**	**481,575**
Bonds - non-current	343,025	192,268
Bank loans and other financial liabilities - non-current	32,483	28,804
Provisions - non-current	226,291	184,214
Obligations under finance leases - non-current	388	551
Other liabilities - non-current	5,408	6,976
Liabilities for deferred taxes	98,277	99,604
Non-current liabilities	**705,872**	**512,417**
Bonds - current	0	99,995
Bank loans and other financial liabilities - current	25,389	29,931
Obligations under finance leases - current	1,101	799
Trade accounts payable	293,053	314,028
Billings in excess of cost and earnings of projects under construction	675,575	388,034
Advance payments received	69,394	82,255
Provisions - current	231,598	210,592
Liabilities for current taxes	31,350	20,182
Other liabilities - current	480,801	367,719
Current liabilities	**1,808,261**	**1,513,535**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**3,074,152**	**2,507,527**

* restated

CONSOLIDATED CASH FLOW STATEMENT

FOR Q1-Q3 2008 (CONDENSED, UNAUDITED)

TEUR	Q1-Q3 2008	Q1-Q3 2007*
Cash flow from operating activities	309,206	16,314
Cash flow from investing activities	(64,112)	(99,593)
Cash flow from financing activities	(641)	(31,727)
Change in cash and cash equivalents	244,453	(115,006)
Cash and cash equivalents at the beginning of the period	**496,926**	**670,591**
Cash and cash equivalents at the end of the period	**741,379**	**555,585**

* restated

CASH FLOWS FROM ACQUISITION OF SUBSIDIARIES*

TEUR	Pulp & Paper	Hydro Power	Rolling Mills & Strip Processing Lines	Q1-Q3 2008	Q1-Q3 2007
Cash and cash equivalents	0	(10,011)	(26,842)	(36,853)	(214)
Marketable securities	0	0	0	0	(807)
Receivables	0	(74,730)	(8,123)	(82,853)	(623)
Inventories	0	(21,497)	(21,721)	(43,218)	(179)
Intangible assets	0	(11,981)	(95)	(12,076)	(2,400)
Property, plant, and equipment	(5,712)	(25,648)	(1,457)	(32,817)	(320)
Financial assets	0	(5,358)	0	(5,358)	0
Other liabilities	0	176,972	50,315	227,287	1,765
Financial debt	0	6,751	0	6,751	0
Net assets/liabilities acquired	**(5,712)**	**34,498**	**(7,923)**	**20,863**	**(2,778)**
Cash and cash equivalents	0	10,011	26,842	36,853	214
Goodwill	0	(4,898)	(4,948)	(9,846)	(3,108)
Changes in minority interests	0	18,039	0	18,039	0
Changes in equity attributable to shareholders of the parent company	0	0	(245)	(245)	0
Purchase price for investments previously accounted under the equity method	0	64	0	64	0
Net cash flow	**(5,712)**	**57,714**	**13,726**	**65,728**	**(5,672)**

* converted by using exchange rates as per dates of transaction

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

FOR Q1-Q3 2008 (CONDENSED, UNAUDITED)

	Attributable to shareholders of the parent							Minority interests	Total share-holders' equity
(in TEUR)	Share capital	Capital reserves	Other retained earnings	IAS 39 reserve	Actuarial gains/ (losses)	Currency translation adjustment	Total		
Status as of January 1, 2007*	**94,510**	**45,966**	**289,741**	**673**	**(6,016)**	**(22,046)**	**402,828**	**11,712**	**414,540**
Currency translation adjustments						(6,367)	(6,367)	444	(5,923)
Actuarial gains/(losses)							0		0
Changes to IAS 39 reserve				3,498			3,498	(34)	3,464
Gains/(losses) recognized directly in equity, net of taxes on income	**0**	**0**	**0**	**3,498**	**0**	**(6,367)**	**(2,869)**	**410**	**(2,459)**
Net income			96,528				96,528	2,224	98,752
Total gains/(losses) for the year	**0**	**0**	**96,528**	**3,498**	**0**	**(6,367)**	**93,659**	**2,634**	**96,293**
Dividends			(38,690)				(38,690)	(1,078)	(39,768)
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
Status as of September 30, 2007*	**104,000**	**36,476**	**350,755**	**4,171**	**(6,016)**	**(28,413)**	**460,973**	**13,268**	**474,241**
Status as of January 1, 2008*	**104,000**	**36,476**	**368,447**	**644**	**(7,734)**	**(34,424)**	**467,409**	**14,166**	**481,575**
Currency translation adjustments						3,178	3,178	(920)	2,258
Actuarial gains/(losses)					(7,502)		(7,502)		(7,502)
Changes to IAS 39 reserve				(4,401)			(4,401)	30	(4,371)
Gains/(losses) recognized directly in equity, net of taxes on income	**0**	**0**	**0**	**(4,401)**	**(7,502)**	**3,178**	**(8,725)**	**(890)**	**(9,615)**
Net income			105,421				105,421	4,540	109,961
Total gains/(losses) for the year	**0**	**0**	**105,421**	**(4,401)**	**(7,502)**	**3,178**	**96,696**	**3,650**	**100,346**
Dividends			(51,087)				(51,087)	(1,498)	(52,585)
Changes from acquisitions			(245)				(245)	18,039	17,794
Changes concerning own shares			10,099				10,099		10,099
Other changes			2,790				2,790		2,790
Status as of September 30, 2008	**104,000**	**36,476**	**435,425**	**(3,757)**	**(15,236)**	**(31,246)**	**525,662**	**34,357**	**560,019**

* restated

NOTES

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL REPORT AS OF SEPTEMBER 30, 2008

GENERAL

The interim report as of September 30, 2008 was prepared in accordance with the principles set forth in the International Financial Reporting Standards (IFRS) – guidelines for interim reporting (IAS 34) – which are to be applied in the European Union. Apart from the change in accounting for actuarial gains and losses of severance and pension provisions, the accounting and valuation methods as of December 31, 2007 have been maintained without any change.

In accordance with IAS 19.93A, actuarial gains and losses for severance and pension provisions are recognized in equity in the year in which they occur with no effect on income statement. Until now the actuarial gains and losses have been included directly in the income statement of the period. The Group now adopts the policy in accordance with IAS 19.93A. Prior periods were adjusted accordingly pursuant to IAS 8. For additional information on the accounting and valuation principles, see the consolidated financial statements as of December 31, 2007, 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, 2008 was neither subject to a complete audit nor to an audit review by an auditor.

ACQUISITIONS AND CHANGES IN THE CONSOLIDATED COMPANIES

The following companies were not, or only partially, included in the Andritz Group's consolidated financial statements of the reference period January 1-September 30, 2007:

- Sindus Human Technology: service company for pulp and paper plants,
- Maerz Industrieofenanlagen GmbH: heat treatment plants and melting furnaces,
- Tigép Kft.: production of heavy machinery, especially for hydropower equipment,
- Waplans Mekaniska Verkstads AB (remaining 60% share): service company for the hydropower as well as pulp and paper industries,
- Certain assets of GE (General Electric Company) Energy: hydropower technology,
- GEHI (majority interest in the joint venture General Electric Hydro Inepar): hydropower technology.

The initial accounting for the companies/businesses acquired in 2007 and 2008 is based on preliminary figures.

SEASONALITY

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

NOTES TO THE CONSOLIDATED INCOME STATEMENT

In the first three quarters of 2008, sales of the Andritz Group amounted to 2,538.9 MEUR, an increase of 10.4% compared to the reference period of last year (Q1-Q3 2007: 2,299.6 MEUR). The Group's earnings before interest and taxes (EBIT) amounted to 151.5 MEUR in the first three quarters of 2008 (+12.6% vs. Q1-Q3 2007: 134.6 MEUR).

Group sales in the third quarter of 2008 amounted to 888.9 MEUR, increasing by 16.6% compared to the third quarter of 2007 (762.6 MEUR). EBIT amounted to 52.7 MEUR in the third quarter of 2008 (+5.0% vs. Q3 2007: 50.2 MEUR).

In the first three quarters of 2008 an impairment loss for goodwill of 1.7 MEUR was recorded.

NOTES TO THE CONSOLIDATED BALANCE SHEET

Total assets as of September 30, 2008 amounted to 3,074.2 MEUR, thus 566.7 MEUR higher than as of December 31, 2007. The net working capital as of September 30, 2008 amounted to -120.1 MEUR.

During the current business year, Andritz AG paid dividends in the amount of 51.1 MEUR for the business year 2007.

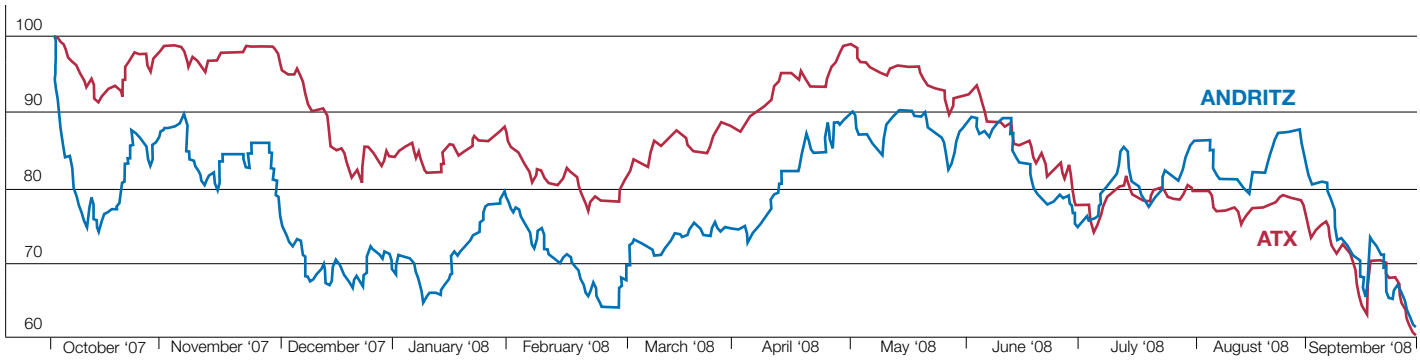
NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

Cash flow from operating activities amounted to 309.2 MEUR for the first three quarters of 2008 (Q1-Q3 2007: 16.3 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.

Cash flow from investing activities during the first half of 2008 amounted to -64.1 MEUR (Q1-Q3 2007: -99.6 MEUR) and resulted from investments in tangible and intangible assets and securities of 42.2 MEUR, plus payments made for the acquisition of and payments received for takeover of liabilities of companies or business areas.

ANDRITZ SHARE

Share price performance of the Andritz share vs. the ATX (October 1, 2007-September 30, 2008)



STOCK EXCHANGE FIGURES

	Q1–Q3 2008	Q1–Q3 2007	Q3 2008	Q3 2007	2007
Highest closing price (EUR)	**43.53**	54.00	**42.30**	54.00	**54.00**
Lowest closing price (EUR)	**29.60**	38.12	**29.60**	44.25	**35.80**
Closing price as of end of period (EUR)	**30.00**	48.45	**30.00**	48.45	**41.45**
Market capitalization as of end of period (MEUR)	**1,560.0**	2,519.4	**1,560.0**	2,519.4	**2,155.4**
Performance (%)	**-24.6**	+20.0	**-22.1**	-2.1	**+2.6**
ATX weighting as of end of period (%)	**2.8839**	2.9592	**2.8839**	2.9592	**2.3946**
Average daily number of shares traded	**444,627**	410,758	**419,026**	515,968	**452,909**

Source: Vienna Stock Exchange

KEY FIGURES FOR ANDRITZ SHARES

ISIN code	AT0000730007
First listing day	June 2001
Types of shares	no-par value shares, bearer shares
Total number of shares	52 million
Authorized capital	none
Free float	approximately 71%
Stock exchange	Vienna (Prime Market)
Ticker symbols	Reuters: ANDR.VI; Bloomberg: ANDR, AV
Stock exchange indices	ATX, ATXPrime, WBI

SHARE PRICE DEVELOPMENT

During the first three quarters of 2008, the international stock exchanges continued to be negatively impacted by the financial turmoil and the global economic slowdown. Given this environment, the Andritz share price declined by 24.6% during the first three quarters of 2008, but still outperformed the ATX, the leading stock index on the Vienna stock exchange, which fell by 39.0% during the same period.

The highest closing price of the Andritz share during the reporting period was 43.53 EUR (May 19, 2008); the lowest was 29.60 EUR (September 29, 2008).

TRADING VOLUME*

The average daily trading volume during the first three quarters of 2008 was 444,627 shares (Q1-Q3 2007: 410,758 shares). The highest daily trading volume was noted on February 14, 2008 (1,052,494 shares), the lowest trading volume on June 13, 2008 (102,710 shares).

(* double counted as reported by the Vienna Stock Exchange)

INVESTOR RELATIONS

Following the announcement of the results for the first half of 2008, many one-on-one meetings with institutional shareholders were held in Tokyo, Denver, San Francisco, London, Paris, Zurich, Geneva, and Munich. Andritz also presented itself to retail investors at the international GEWINN fair in Vienna and at the roadshow of Börse-Express/Aktienforum in Vienna.

At this year's Andritz Capital Market Days – held on October 21 in Southern Styria, near Graz – all members of Andritz's Executive Board presented their business areas, including products, long-term strategies and goals, as well as the outlook and expectations for the coming year. Participants also visited the production site of Andritz VA TECH HYDRO in Weiz, Austria.

Andritz receives another Investor Relations award

After having won the Viennese Stock Exchange Award 2008 in May 2008, Andritz again received an award for its Investor Relations activities. At the international GEWINN fair held in Vienna, Andritz was ranked third place in the most important category, which assesses the companies' Investor Relations activities, transparency, financial reporting, etc. Andritz has received several awards for its Investor Relations activities since the initial public offering in 2001.

RESEARCH COVERAGE

Twelve national and international banks and investment companies publish reports about Andritz on a regular basis as of the end of the reporting period. They are (in alphabetical order): Berenberg Bank, Capital Bank, Crédit Agricole Cheuvreux, Deutsche Bank, Erste Bank, Goldman Sachs, JPMorgan, Kaupthing Sofi, Sal. Oppenheim, Raiffeisen Centrobank, UBS, and Unicredit.

FINANCIAL CALENDAR 2009

Results for the full year 2008:	March 6, 2009
Annual General Meeting:	March 27, 2009
Ex-dividend:	March 31, 2009
Dividend payment:	April 3, 2009
Results for Q1 2009:	May 7, 2009
Results for H1 2009:	August 7, 2009
Results for Q1-Q3 2009:	November 6, 2009

Further information about planned roadshows, participations in investor conferences, etc. can be found on www.andritz.com

Shareholder structure in % as of September 30, 2008

Free float Certus (CEO)

Shareholder structure of the free float by region in % as of September 30, 2008

UK Austria Germany USA Switzerland France Rest of world

Source: Andritz estimate

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Online version of this financial report

The online version of this financial report is available on the Andritz website (www.andritz.com) or directly on http://reports.andritz.com/2008q3/

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 the 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.