



1st Half of 2003

- Subdued development of world economy
- Increase in Order Intake, Sales and Net Income
- Order Backlog just under 1 billion Euros
- Successful Secondary Public Offering increases free float to 62%

1st Half of 2003

General Economic Conditions

The global economy continued its moderate growth of the first three months of 2003 during the 2nd Quarter of the current year.

Continued weak economic conditions in the US and Europe

In the United States, the heightened uncertainty coming in the wake of the war in Iraq, and the rise in energy prices as a result of the war, caused all major economic indicators to drop markedly. In April, consumer confidence fell to the lowest level in over 10 years. Not until the month of May was there some sign of economic revival. Industrial production and consumer confidence rose slightly. On account of the very subdued economic activity and mainly also due to the potential of a deflationary development, the Federal Reserve Board reduced the US prime rate to 1% at the end of June, the lowest rate in 45 years. Economic research institutes predict an increase in the Gross Domestic Product (GDP) of an average 2.2% for the full year in 2003.

In Europe, economic development over the 2nd Quarter of 2003 remained also very restrained. The war against Iraq, increases in energy prices and – one of the major factors – the considerable rise in the exchange rate of the Euro versus the US Dollar shattered hopes for sustained economic development. For 2003, economic research institutes forecast an average increase of 1.4% for Euroland's GDP.

Sources: OECD, WIFO, OeNB, RZB, BA-CA

Business Development during the 1st Half of 2003

Significant increase of Sales in 2nd Quarter

Sales increase due to strong 2nd Quarter

Andritz Group Sales for the 1st Half of 2003 amounted to 577.0 MEUR, exceeding 2002's reference period by 7.4% (1st Half of 2002: 537.2 MEUR). This increase is essentially due to the marked Sales increase during the 2nd Quarter of 2003.

During the 2nd Quarter, Sales were 326.7 MEUR, a substantial increase both compared to the reference Quarter for 2002 (2nd Quarter of 2002: 263.2 MEUR; +24.1%) and the 1st Quarter of 2003 (250.3 MEUR; +30.5%). A fundamental reason for this was the higher level of completion on many large projects, translating into higher Sales. Especially in the Pulp and Paper Business Area, Sales increased considerably.

Order Intake up by 11.3%

Order Intake during 2nd Quarter of 2003 again amounted to over 300 MEUR, now for the fifth consecutive Quarter

Order Intake progressed very favorably in the light of the continued difficult overall economic framework conditions. It reached 667.1 MEUR for the period under review, 11.3% more than for the 1st Half of 2002 (599.3 MEUR), an increase that was especially due to the Order Intake by Rolling Mills and Strip Processing Lines, which almost doubled compared to the reference half year.

At 316.1 MEUR, the Andritz Group's Order Intake for the 2nd Quarter of 2003 was above 300 MEUR for the fifth consecutive Quarter. Only in comparison to the high level of the previous year's Quarter (2nd Quarter of 2002: 352.9 MEUR), Order Intake was 10.4% down.

Key Figures for the 1st Half of 2003 (IAS)

| MEUR | H1 2003 | H1 2002 | Change | Q2 2003 | Q2 2002 | Change |
|---|---------|---------|---------|---------|---------|--------|
| Sales | 577.0 | 537.2 | +7.4% | 326.7 | 263.2 | +24.1% |
| Order Intake | 667.1 | 599.3 | +11.3% | 316.1 | 352.9 | -10.4% |
| Order Backlog (as of end of period) | 992.3 | 797.9 | +24.4% | 992.3 | 797.9 | +24.4% |
| EBITDA ¹⁾ | 34.9 | 35.3 | -1.1% | 18.5 | 16.4 | +12.8% |
| EBITDA Margin | 6.0% | 6.6% | - | 5.7% | 6.2% | - |
| EBITA ²⁾ | 24.3 | 24.1 | +0.8% | 13.2 | 10.8 | +22.2% |
| EBITA Margin | 4.2% | 4.5% | - | 4.0% | 4.1% | - |
| Earnings before Interest and Taxes (EBIT) | 17.4 | 17.3 | +0.6% | 9.8 | 7.3 | +34.2% |
| Earnings before Taxes | 18.1 | 17.3 | +4.6% | 10.1 | 7.3 | +38.4% |
| Net Income excl. Minority Interests | 9.8 | 9.3 | +5.4% | 5.7 | 3.9 | +46.2% |
| Cashflow from Operating Activities | 41.1 | 12.0 | +242.5% | 20.7 | 32.0 | -35.3% |
| Capital Expenditure ³⁾ | 5.7 | 6.2 | -8.1% | 3.3 | 3.5 | -5.7% |
| Employees (as of end of period) | 4,518 | 4,499 | +0.4% | 4,518 | 4,499 | +0.4% |

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

2) EBITA: Earnings before amortization of goodwill

3) Additions to tangible and intangible assets

Increased Order Backlog

Order Backlog as of 30.6.2003 amounted to 992.3 MEUR, a marked increase over the level at the same date in 2002 (30.6.2002: 797.9 MEUR). The Andritz Group's backlog of orders is, therefore, quite sound.

EBITDA slightly below previous year's value, but good development in the 2nd Quarter

Earnings before Interest, Taxes, Depreciation and Amortization of goodwill (EBITDA) amounted to 34.9 MEUR for the 1st Half of 2003, slightly less than at the end of the previous year's reference period (35.3 MEUR). Especially during the 2nd Quarter of 2003, EBITDA rose to 18.5 MEUR (2nd Quarter of 2002: 16.4 MEUR) as a result of the strong increase in Sales, almost making up for the decline noted during the current year's 1st Quarter.

Good Earnings development in 2nd Quarter

Profitability expressed as EBITDA margin was lower than during the 1st Half of 2002 (6.0% for 1st Half of 2003 versus 6.6% for 1st Half of 2002). An essential reason was the processing of some major orders with low margins in the Rolling Mills and Strip Processing Lines Business Area, as well as the noticeable decrease in Sales in the Environment and Process Technologies Business Area. The other Andritz Business Areas developed very favorably, especially Pulp and Paper, whose EBITDA Margin was increased to 7.2% (1st Half of 2002: 6.3%).

Increase in Net Income

Earnings Before Interest and Taxes (EBIT) increased slightly to 17.4 MEUR (1st Half of 2002: 17.3 MEUR). As a result of the strong rise in the net liquidity in comparison with the previous year, from 65.6 MEUR as of 30.6.2002 to 120.7 MEUR as of 30.6.2003, the financial result was markedly improved to 0.7 MEUR (from 0.0 MEUR for the 1st Half of 2002). The Net Income excl. minority interests amounted to 9.8 MEUR (1st Half of 2002: 9.3 MEUR).

Increase of Net Income due to improved financial result

Net Worth Position and Capital Structure

The net worth position and capital structure have not seen any major changes compared to 31.12.2002.

The Andritz Group's net liquidity rose to 120.7 MEUR (31.12.2002: 102.6 MEUR). At 23.0%, the equity ratio as of 30.6.2003 was lower than at 31.12.2002 (24.5%). This decline is in the essence due to exchange rate differences resulting from the increase of the Euro versus the US Dollar.

Increase of net liquidity

Development of the Business Areas



Pulp and Paper

Market Development

The favorable development which the global pulp market had experienced during the 1st Quarter continued throughout the 2nd Quarter of 2003, although considerably more moderately. The price of Northern Bleached Softwood Kraft Pulp, NBSK, rose from approx. 520 US Dollars per ton as at the end of March to approx. 560 US Dollars per ton as at the end of June 2003. This development was mainly due to both the continued shortage of supply and the moderate demand. Norscan inventories were on the rise during the 2nd Quarter of 2003, increasing from approx. 1.5 million tons as at the end of March to over 1.7 million tons as at the end of June. In all likelihood this will entail increasing price pressure and in the end, a decrease in pulp prices.

The market for short-fiber pulp (birch and eucalyptus) continued to be firm also during the 2nd Quarter of 2003. The price for eucalyptus pulp remained at the high level of 540 US Dollars per ton.

Business Development

Strong 2nd Quarter

The Business Area's Sales during the 2nd Quarter of 2003 amounted to 218.0 MEUR, 44.1% above the previous year's reference Quarter (2nd Quarter of 2002: 151.3 MEUR) and also 36.6% above the 1st Quarter of 2003 (159.6 MEUR).

Sales for the 1st Half of 2003 amounted to 377.6 MEUR, an 18.6% increase over the reference period in 2002 (318.4 MEUR).

Improvement in Earnings and Profitability

The Business Area's EBITDA progressed advantageously, to 27.3 MEUR, 35.1% higher than for the reference period of last year (1st Half of 2002: 20.2 MEUR). Profitability expressed as EBITDA margin increased considerably, to 7.2% (1st Half of 2002: 6.3%). Pulp Mill Technologies and Paper Mill Technologies were both able to improve their Earnings in absolute terms and also in relation to Sales, not least because of successfully implemented cost saving measures.

The Business Area's Order Intake for the 1st Half of 2003 amounted to 372.7 MEUR, down only slightly from the previous year's value (376.8 MEUR). At 194.3 MEUR, Order Intake in the 2nd Quarter of 2003 was 12.6% lower than for the previous year's reference period (222.4 MEUR). Nevertheless it topped the amount received during the 1st Quarter of 2003 (178.4 MEUR) by 8.9%.

Key Figures for Pulp and Paper

| (in MEUR) | H1 2003 | H1 2002 | Change | Q2 2003 | Q2 2002 | Change |
|--|---------|---------|--------|---------|---------|--------|
| Sales | 377.6 | 318.4 | +18.6% | 218.0 | 151.3 | +44.1% |
| Order Intake | 372.7 | 376.8 | -1.1% | 194.3 | 222.4 | -12.6% |
| Order Backlog (as of end of period) | 574.3 | 485.0 | +18.4% | 574.3 | 485.0 | +18.4% |
| EBITDA | 27.3 | 20.2 | +35.1% | 14.9 | 10.0 | +49.0% |
| EBITDA Margin | 7.2% | 6.3% | - | 6.8% | 6.6% | - |
| EBITA | 20.8 | 13.5 | +54.8% | 11.7 | 6.6 | +77.3% |
| EBITA Margin | 5.5% | 4.2% | - | 5.4% | 4.4% | - |

Major orders

From SCA Ortviken, Sweden, the Mechanical Pulping Systems Division received an order for supply of a high-consistency bleaching system. The Division succeeded in further extending its leadership in China for production systems for MDF fiberboard, booking four follow-up orders during the 2nd Quarter of 2003.

Mondi Kraft Richards Bay, South Africa, entrusted Andritz with modernisation supplies for their entire drying line, including a five-stage screening system, a new headbox with screen and press section rebuilds, a shoe press and two new baling lines.

The Fiber Preparation Systems Division will provide a new 300t/d deinking plant for Nanping Paper Co. Ltd., China. FS Karton ordered a new deinking line for the existing cardboard production system in Neuss, Germany. The high yield and the reduction in energy consumption were the decisive factors in the award to Andritz of both these orders.

The Tissue Machines Division will supply a canopy hood and a heat regeneration system to Hamburger Pitten, Austria. A major American producer of tissue paper ordered a new high-temperature hood.

In July 2003, Andritz was entrusted with an order to plan and build the complete fiberline (from the digester to the finished market pulp bales), as well as a white liquor plant, for the new Veracel Celulose S.A. pulp mill in Brazil. The fiberline to be supplied by Andritz will have a production capacity of 900,000 tonnes of kraft pulp per year in one line that will be the largest worldwide. The mill is scheduled to start operations by mid-2005.

Complete
fiberline for
Veracel

Rolling Mills and Strip Processing Lines

Market Development

The flat steel products market continued its moderate development from the 1st Quarter of 2003 into the 2nd Quarter of 2003.

In Europe, there was restrained investment activity by international steel producers. No major projects were awarded. On the other hand, the Chinese market, especially that for stainless steel, was characterized by keen project activity. Price pressure among suppliers – also due to the weakness of the US Dollar – continued unabated.

Business Development

The Sales of the Business Area over the 1st Half of 2003 were influenced by a low percentage of completion of a number of projects, especially so during the 1st Quarter, with the resulting decrease of Sales realisation. At 92.4 MEUR, Sales of the 1st Half of 2003 were almost unchanged compared to the previous year's value (92.6 MEUR). EBITDA, amounting to 1.0 MEUR, saw a clear decline compared to the 1st Half of 2002 (8.2 MEUR). The main reason for this was the low capacity utilization at one of the Business Area's product segments during the 1st Quarter due to the postponement of major order awards. In addition, start-up losses by Selas, a company which was acquired by Andritz in October 2002, also influenced Earnings negatively.

Decline of Sales
and Earnings



Key Figures for Rolling Mills and Strip Processing Lines

| (in MEUR) | H1 2003 | H1 2002 | Change | Q2 2003 | Q2 2002 | Change |
|--|---------|---------|---------|---------|---------|---------|
| Sales | 92.4 | 92.6 | -0.2% | 53.2 | 45.2 | +17.7% |
| Order Intake | 170.7 | 86.4 | +97.6% | 60.1 | 58.1 | +3.4% |
| Order Backlog (as of end of period) | 242.6 | 153.0 | +58.6% | 242.6 | 153.0 | +58.6% |
| EBITDA | 1.0 | 8.2 | -87.8% | 0.4 | 4.5 | -91.1% |
| EBITDA Margin | 1.1% | 8.9% | - | 0.8% | 10.0% | - |
| EBITA | 0.0 | 6.8 | -100.0% | -0.1 | 3.8 | -102.6% |
| EBITA Margin | 0.0% | 7.3% | - | neg. | 8.4% | - |

Order Intake almost doubled

Order Intake developed very satisfactory. At 170.7 MEUR, it was nearly doubled compared to the 1st Half of 2002 (86.4 MEUR). This was mainly due to the order received from ThyssenKrupp Stainless during the 1st Quarter in 2003, worth approximately 90 MEUR. During the 2nd Quarter of 2003, Order Intake amounted to 60.1 MEUR, slightly exceeding Order Intake for the previous year's 2nd Quarter (58.1 MEUR).

Major orders

The Rolling Mills and Strip Processing Lines Business Area will supply Ningbo Baoxin Stainless, one of the largest stainless steel producers in China, with a 20-high rolling mill as well as an annealing and pickling line for hot-rolled strip with a total value of more than 50 MEUR. Andritz subsidiaries Thermtec and Sundwig, which are part of the Rolling Mills and Strip Processing Lines Business Area, will provide the furnace section and the mechanical equipment respectively, and Andritz AG will supply the pickling section. The award of this important contract once again proves the accuracy of the Andritz Group strategy to offer complete process lines.

Uddeholm Steel Strip AB, Sweden, placed an order with Andritz for a 20-high rolling mill.

Environment and Process Technologies

Market Development

The market for sewage sludge dewatering developed generally satisfactorily. However, major investment projects for sewage sludge drying plants were postponed, affecting Order Intake and also Sales accordingly. As matters are today, the difficult market conditions seem likely to remain unchanged during the current 2nd Half of the year.

Business Development

The Business Area's Sales for the 1st Half of 2003 were down to 43.2 MEUR (1st Half of 2002: 55.5 MEUR). The low Order Intake, as well as delays, on the part of the customer, in order processings were the main reason why Sales were clearly on the decline when compared to the reference period of the previous year. Due to the decline in Sales, the Business Area's EBITDA during the 1st Half of 2003 deteriorated to -0.6 MEUR (1st Half of 2002: 0.4 MEUR).

Order Intake in the 1st Half of 2003 reached 47.2 MEUR, distinctly less than in the previous year's reference period (73.9 MEUR). A major contributing factor for this were project postponements, particularly for sewage sludge drying systems.

Centrifuge business underwent a very satisfactory progress. Andritz-Guinard succeeded in increasing the number of centrifuges sold by over 20% in comparison to the figures for the 1st Half of 2002. Especially in China, there is a continuation of the brisk activity in the field of municipal sewage water and sludge treatment projects. The municipalities of several Chinese cities awarded orders for large centrifuges.

Key Figures for Environment and Process Technologies

| (in MEUR) | H1 2003 | H1 2002 | Change | Q2 2003 | Q2 2002 | Change |
|--|---------|---------|---------|---------|---------|---------|
| Sales | 43.2 | 55.5 | -22.2% | 21.4 | 31.0 | -31.0% |
| Order Intake | 47.2 | 73.9 | -36.1% | 20.7 | 42.5 | -51.3% |
| Order Backlog (as of end of period) | 119.1 | 117.9 | +1.0% | 119.1 | 117.9 | +1.0% |
| EBITDA | -0.6 | 0.4 | -250.0% | -0.7 | -0.1 | -600.0% |
| EBITDA Margin | neg. | 0.7% | - | neg. | neg. | - |
| EBITA | -1.6 | -0.5 | -220.0% | -1.2 | -0.6 | -100.0% |
| EBITA Margin | neg. | neg. | - | neg. | neg. | - |

Feed Technology

Market Development

In the conventional feed area (mixed feed), there was heightened project activity in some parts of Asia and South America. Due to the restrained investment activity in new plants noted over the past few years, demand has slightly revived in the service and modernization areas. In the special feed sector, investment activity was generally cautious, only South America experienced a slight rise in demand. Biofuel pellet plants continued their favorable development.

Business Development

The Feed Technology's Sales went down to 48.7 MEUR, 11.6% less than in the previous year's 1st Half (55.1 MEUR). The weakness of the North American feed market, which continued throughout the reporting period, was the decisive factor in the decline of the Business Area's Sales.

Despite the drop in Sales, EBITDA was kept at the level of the previous year's 1st Half (3.4 MEUR) due to the positive effects of the current restructuring measures. The targeted increase of profitability was thus achieved. Especially during the 2nd Quarter of 2003 earnings improved significantly. EBITDA, at 2.8 MEUR, was 40.0% higher than for the previous year's 2nd Quarter (2.0 MEUR) and also much higher than for the previous Quarter (0.6 MEUR).

Order Intake also progressed favorably; it increased by 55.5 MEUR during the reporting period (1st Half of 2002: 53.8 MEUR).

Key Figures for Feed Technology

| (in MEUR) | H1 2003 | H1 2002 | Change | Q2 2003 | Q2 2002 | Change |
|--|---------|---------|---------|---------|---------|--------|
| Sales | 48.7 | 55.1 | -11.6% | 26.5 | 28.1 | -5.7% |
| Order Intake | 55.5 | 53.8 | +3.2% | 25.2 | 26.2 | -3.8% |
| Order Backlog (as of end of period) | 29.1 | 26.3 | +10.6% | 29.1 | 26.3 | +10.6% |
| EBITDA | 3.4 | 3.4 | +/-0.0% | 2.8 | 2.0 | +40.0% |
| EBITDA Margin | 7.0% | 6.2% | - | 10.6% | 7.1% | - |
| EBITA | 2.0 | 2.1 | -4.8% | 2.0 | 1.4 | +42.9% |
| EBITA Margin | 4.1% | 3.8% | - | 7.5% | 5.0% | - |

Other Operations / Hydraulic Machines

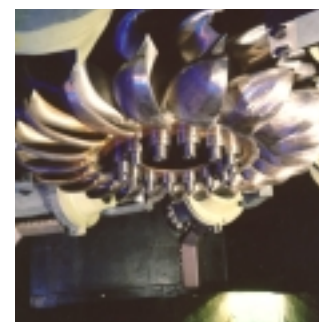
Market Development

Project activity in the field of turbines and large-scale pumps was still quite good, especially in Asia, and there mainly in China. In Europe, too, the power generation industry seems to be entering into a period of revived investment activity, especially when it comes to modernization and refurbishment of equipment.

The market for stock pumps for the pulp and paper industry continued to develop very successfully. With its 60:40 Joint Venture, Andritz-Kenflo in Foshan, China, the Andritz Group is the clear market leader in this area.



Successful
restructuring
measures



Business Development

Other Operations recorded a satisfactory business development during the 1st Half of 2003. While Sales declined slightly (15.1 MEUR compared to 15.6 MEUR for the same period in 2002), EBITDA rose 22.6%, to 3.8 MEUR (1st Half of 2002: 3.1 MEUR). Especially during the 2nd Quarter in 2003 was it possible to improve Earnings markedly from the previous year's 2nd Quarter.

Order Intake more than doubled

Order Intake also underwent a favorable development. At 21.0 MEUR, it was more than doubled during the 1st Half of 2003 in relation to the amount of 8.4 MEUR received in the 1st Half of 2002. This increase is attributable to the receipt of a major order during the 2nd Quarter of 2003, comprising five bulb turbines for Zhou Zhou Power Plant in China. Other operations will handle this order together with Harbin, one of the leading turbine manufacturers in China.

Austrian Hydro Power AG entrusted Andritz with an order for replacing the controls in Kaprun hydropower station in Austria, and another for supply of two Pelton runners for Gerlos hydropower station, also in Austria.

Key Figures for Other Operations

| (in MEUR) | H1 2003 | H1 2002 | Change | Q2 2003 | Q2 2002 | Change |
|--|---------|---------|---------|---------|---------|---------|
| Sales | 15.1 | 15.6 | -3.2% | 7.6 | 7.6 | +/-0.0% |
| Order Intake | 21.0 | 8.4 | +150.0% | 15.8 | 3.7 | +327.0% |
| Order Backlog (as of end of period) | 27.2 | 15.7 | +73.2% | 27.2 | 15.7 | +73.2% |
| EBITDA | 3.8 | 3.1 | +22.6% | 1.1 | 0.0 | n.a. |
| EBITDA Margin | 25.2% | 19.9% | - | 14.5% | 0.0% | - |
| EBITA | 3.1 | 2.2 | +40.9% | 0.8 | -0.4 | +300.0% |
| EBITA Margin | 20.5% | 14.1% | - | 10.5% | neg. | - |

Outlook

Continuation of difficult economic framework conditions

Leading economic forecasters (OECD, WIFO) have downgraded their estimates for economic growth during the 2nd Quarter of 2003. While at the beginning of the year, a sustained economic upswing had been expected for the 2nd Half of 2003, this is not likely to occur before the 1st Quarter of 2004, according to current forecasts.

In such an environment, the markets that are relevant for Andritz – Pulp and Paper, and Steel – are expected to develop moderately over the 2nd Half of the year. Project activity in China and also in South America and some parts of Europe should remain satisfactory.

Andritz expects its Sales to increase in 2003 compared to 2002. As large orders with a low margins are being processed, profitability is expected to decline. The Andritz Group's Net Income should reach the level achieved last year.

Disclaimer

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

Interim Consolidated Statement of Income

for the 1st Half of 2003 and 2002 (unaudited)

| | H1/2003 (in TEUR) | H1/2002 (in TEUR) | Q2/2003 (in TEUR) | Q2/2002 (in TEUR) |
|--|----------------------|----------------------|----------------------|----------------------|
| Sales | 576,974 | 537,213 | 326,672 | 263,243 |
| Changes in inventories of finished goods and work in process | 9,549 | 2,095 | 1,210 | 5,120 |
| Capitalized cost of self-constructed assets | 58 | 117 | (2) | 22 |
| | 586,581 | 539,425 | 327,880 | 268,385 |
| Other operating income | 6,131 | 6,598 | 2,771 | 4,064 |
| Cost of materials | (332,752) | (301,091) | (192,549) | (157,094) |
| Personnel expenses | (146,358) | (148,916) | (73,836) | (78,138) |
| Other operating expenses | (78,720) | (60,748) | (45,753) | (20,829) |
| Earnings before interest, taxes, depreciation and amortization of goodwill (EBITDA) | 34,882 | 35,268 | 18,513 | 16,388 |
| Depreciation and amortization (without amortization of goodwill) | (10,533) | (11,211) | (5,240) | (5,673) |
| Earnings before interest, taxes and amortization of goodwill (EBITA) | 24,349 | 24,057 | 13,273 | 10,715 |
| Amortization of goodwill | (6,905) | (6,775) | (3,438) | (3,403) |
| Earnings before interest and taxes (EBIT) | 17,444 | 17,282 | 9,835 | 7,312 |
| Income/expenses from associated companies | (216) | 83 | 21 | 101 |
| Interest results | 824 | 64 | 85 | (91) |
| Other income/expenses from financing activities | 75 | (126) | 229 | (37) |
| Financial results | 683 | 21 | 335 | (27) |
| Earnings before taxes (EBT) | 18,127 | 17,303 | 10,170 | 7,285 |
| Income taxes | (7,641) | (7,464) | (4,142) | (3,180) |
| Net income | 10,486 | 9,839 | 6,028 | 4,105 |
| Share of profit/loss due to minority interests | (668) | (580) | (345) | (253) |
| Net income excluding minority interests | 9,818 | 9,259 | 5,683 | 3,852 |
| Earnings per non par value share (in EUR) | 0.76 | 0.71 | 0.44 | 0.30 |
| Weighted average number of non par value shares | 12,874,998 | 13,000,000 | 12,851,002 | 13,000,000 |

Consolidated Balance Sheet

as at June 30, 2003 (unaudited) and December 31, 2002

| | 30. 6. 2003 (in TEUR) | 31. 12. 2002 (in TEUR) |
|---|--------------------------|---------------------------|
| Assets | | |
| Intangible assets | 5,083 | 5,651 |
| Goodwill | 127,947 | 133,687 |
| Property, plant and equipment | 115,787 | 120,679 |
| Shares in associated companies | 3,131 | 3,384 |
| Investments | 10,248 | 11,748 |
| Fixed and financial assets | 262,196 | 275,149 |
| Deferred tax assets | 14,582 | 17,696 |
| Inventories | 117,332 | 113,206 |
| Advance payments made | 7,393 | 3,225 |
| Trade accounts receivable | 204,992 | 188,244 |
| Cost and earnings of projects under construction in excess of billings | 56,972 | 61,411 |
| Other receivables | 49,004 | 39,993 |
| Prepayments and deferred charges | 6,776 | 3,411 |
| Marketable securities | 37,528 | 19,401 |
| Cash and cash equivalents | 187,114 | 188,129 |
| Current assets | 667,111 | 617,020 |
| Total Assets | 943,889 | 909,865 |
| Shareholders' Equity and Liabilities | | |
| Share capital | 94,510 | 94,510 |
| Capital reserves | 45,966 | 45,966 |
| Retained earnings | 76,279 | 82,461 |
| Shareholders' equity | 216,755 | 222,937 |
| Minority interests | 6,200 | 6,238 |
| Provisions for severance payments | 26,678 | 26,845 |
| Provisions for pensions | 21,186 | 18,621 |
| Other provisions | 116,489 | 121,968 |
| Provisions | 164,353 | 167,434 |
| Liabilities for deferred taxes | 51,276 | 45,803 |
| Non-current interest bearing borrowings | 679 | 610 |
| Bonds | 100,000 | 100,000 |
| Interest bearing borrowings | 3,297 | 4,292 |
| Trade accounts payable | 97,679 | 84,129 |
| Billings in excess of cost and earnings of projects under construction | 141,529 | 113,493 |
| Advance payments received | 29,687 | 30,931 |
| Liabilities for current taxes | 5,805 | 8,298 |
| Other liabilities | 126,629 | 125,700 |
| Liabilities | 505,305 | 467,453 |
| Total Shareholders' Equity and Liabilities | 943,889 | 909,865 |

Development of Shareholders' Equity

(unaudited)

| (in TEUR) | Share capital | Capital reserves | Retained earnings | Currency translation adjustments | Total |
|---|---------------|------------------|-------------------|----------------------------------|----------------|
| Status as at 1 January 2002 | 94,510 | 45,966 | 69,176 | 20,678 | 230,330 |
| Net income excluding minority interests | | | 9,259 | | 9,259 |
| Dividend payments | | | (11,700) | | (11,700) |
| Currency translation adjustments | | | | (21,732) | (21,732) |
| Acquisition of own shares | | | 0 | | 0 |
| Changes to IAS 39 reserve | | | 12,475 | | 12,475 |
| Status as at 30 June 2002 | 94,510 | 45,966 | 79,210 | (1,054) | 218,632 |
| Status as at 1 January 2003 | 94,510 | 45,966 | 92,518 | (10,057) | 222,937 |
| Net income excluding minority interests | | | 9,818 | | 9,818 |
| Dividend payments | | | (11,543) | | (11,543) |
| Currency translation adjustments | | | | (7,583) | (7,583) |
| Acquisition of own shares | | | (900) | | (900) |
| Changes to IAS 39 reserve | | | 4,026 | | 4,026 |
| Status as at 30 June 2003 | 94,510 | 45,966 | 93,919 | (17,640) | 216,755 |

Interim Consolidated Cash Flow Statement

for the 1st Half of 2003 and 2002 (unaudited)

| | H1/2003 (in TEUR) | H1/2002 (in TEUR) |
|--|----------------------|----------------------|
| Cash flow from operating activities | 41,134 | 12,019 |
| Cash flow from investing activities | (10,570) | (11,395) |
| Cash flow from financing activities | (13,452) | 46,130 |
| Change in cash and cash equivalents | 17,112 | 46,754 |
| Cash and cash equivalents at the beginning of the period | 207,530 | 125,743 |
| Cash and cash equivalents at the end of the period | 224,642 | 172,497 |

Investor Relations

Andritz Shares

Share Price Development

During the 1st Half of 2003, the Andritz Share price increased 1.7%. With this development the Andritz share underperformed the ATX of the Vienna Stock Exchange, which increased by 13.7% over the same period. The highest closing price during the reporting period was 25.90 Euros (May 7, 2003), the lowest 21.00 Euros (February 4 and 21, 2003).

Trading Volume

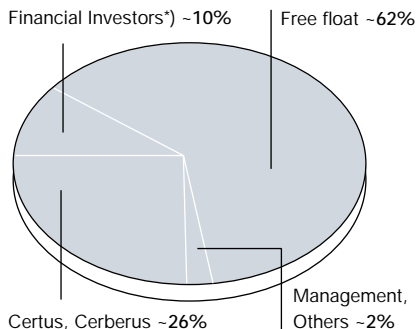
The average daily trading volume during the 1st Half of 2003 was 28,565 shares (1st Half of 2002: 15,827 shares) or 658,065 Euros (1st Half of 2002: 351,507 Euros). The highest trading volume was noted on June 18, 2003 (364,452 shares), the lowest trading volume was 116 shares (11.3.2003).

Successful Secondary Public Offering

The public offer of shares of Andritz AG to retail investors in Austria and the private placement with institutional investors (in pursuance of Regulation S) was concluded successfully in June 2003. The total amount of shares, comprising shares from the financial investors (Unternehmens Invest AG, The Carlyle Group, Deutsche Beteiligungs-AG, GE Capital) was 6,089,379 shares, following full exercise of the entire over-allotment option of 424,841 shares. The offer price was 22.75 Euros per share and the offer was subscribed several times. The shares offered were successfully placed with renowned international institutional investors as well as retail investors in Austria. Due to this transaction the free float of Andritz shares increased from approx. 15% to approx. 62%. Weighting in the ATX index went up from approx. 0.6% to approx. 1.8%.

Increase of free float to 62%, ATX weighting tripled

Shareholder Structure



*) The Carlyle Group, GE Capital, Unternehmens Invest AG, Deutsche Beteiligungs AG

| Key Figures for Andritz Shares | H1 2003 | H1 2002 |
|--|---------|---------|
| Highest price (EUR) | 25.90 | 28.00 |
| Lowest price (EUR) | 21.00 | 19.40 |
| Closing price (EUR) | 23.39 | 23.50 |
| Market capitalization as of end of period (MEUR) | 304.1 | 305.5 |
| Performance | +1.7% | +11.9% |
| ATX weighting as of end of period | 1.7716 | 0.7797 |
| Average daily number of shares traded | 28,565 | 15,827 |

Financial Calendar for 2003 (preliminary)

Presentation at an investor symposium held by ERSTE Bank in Bad Tatzmannsdorf, Austria

2.10.2003

Participation at GEWINN fair, Vienna

16.10 - 19.10.2003

Results for the first three Quarters of 2003

6.11.2003

Participation in Road show held by Vienna Stock Exchange in New York

1.12.2003

