



INTERIM FINANCIAL REPORT FIRST HALF OF 2007

Order Intake, Sales, and Net Income
above previous year's reference period

Order Backlog at record level

Andritz share price outperforms ATX

ANDRITZ

STATUS REPORT

General economic conditions

During the Second Quarter of 2007, the global economic development was characterized by rising concerns about growing global inflation, leading to interest rate increases by the European Central Bank (ECB), as well as by the English and Japanese Central Banks. Especially in the Euro zone, economic activities continued to develop very strongly, leading to an increase of key interest rates by the ECB to 4% in June 2007. This was the eighth interest rate increase in a row since December 2005, thus doubling within 18 months.

In the Second Quarter of 2007, the U.S. economy continued its weak development shown during the first three months of 2007. However, worries about increasing inflation and expectations of an economic upswing during the coming Quarters put pressure on the U.S. bond market, leading to a strong yield increase to over 5% of the 10 year U.S. Treasury notes. The Federal Reserve Board (FED) kept key interest rates at 5.25%, thus unchanged as compared to the end of the First Quarter of 2007.

Economic growth in Asia, particularly in China, remained very robust during the reporting period.

Sources: OECD, WIFO, RZB, BA-CA

Business development

Increase in Sales

During the First Half of 2007, Sales of the Andritz Group were 1,537.0 MEUR, an increase of 58.9% compared to the reference period of last year (H1 2006: 967.5 MEUR). In particular, the Pulp and Paper, the Hydro Power, and the Rolling Mills and Strip Processing Lines Business Areas were able to increase their Sales compared to the First Half of last year.

Newly acquired companies, which were not included in the consolidated financial statements of the First Half of 2006, added 334.7 MEUR to Group Sales in the First Half of 2007 (of which 331.8 MEUR came from VA TECH HYDRO). Organic growth of the Group, therefore, amounted to 24.3 % during the First Half of 2007.

Group Sales in the Second Quarter of 2007 amounted to 806.1 MEUR, increasing by 56.3% compared to Q2 2006 (515.9 MEUR).

Group Order Intake continues upward trend

Group Order Intake for the First Half of 2007 amounted to 2,037.5 MEUR. This was an increase of 59.5% compared to the First Half of 2006 (1,277.1 MEUR), and mainly due to the first-time consolidation of VA TECH HYDRO and the favorable development of the Pulp and Paper, and the Rolling Mills and Strip Processing Lines Business Areas.

During the First Half of 2007, the combined Order Intake of newly consolidated companies amounted to 516.6 MEUR, of which 512.6 MEUR came from VA TECH HYDRO.

Group Order Intake in the Second Quarter of 2007 was 1,006.5 MEUR, a strong increase of 90.1% compared to the Second Quarter of 2006 (529.5 MEUR). In particular, the Pulp and Paper, the Rolling Mills and Strip Processing Lines, and the Hydro Power Business Areas achieved significant increases in Order Intake.

The Group's Order Backlog as of 30.06.2007 reached a record level of 3,867.9 MEUR (30.06.2006: 2,059.1 MEUR), thus significantly increasing compared to the reference date of last year. This was mainly due to the consolidation of VA TECH HYDRO, which added 1,738.5 MEUR to the Group's Order Backlog as of 30.06.2007.

Earnings up

In step with higher Sales, Earnings before Interest and Taxes (EBIT) in the First Half of 2007 increased by 46.3%, to 84.4 MEUR (H1 2006: 57.7 MEUR). The EBIT margin for this period amounted to 5.5%, down compared to the reference period of last year (H1 2006: 6.0%).

The EBIT during the Second Quarter of 2007 amounted to 46.0 MEUR (Q2 2006: 31.1 MEUR). The EBIT margin was 5.7% (Q2 2006: 6.0%).

Net Income excluding Minority Interests amounted to 61.6 MEUR, exceeding last year's reference value by 54.4% (H1 2006: 39.9 MEUR).

Net worth position and capital structure

The net worth position and capital structure of the Andritz Group as of 30.06.2007 showed no major changes compared to 31.12.2006.

Net liquidity (cash and cash equivalents minus interest-bearing financial liabilities) as of 30.06.2007 amounted to 332.9 MEUR, thus slightly lower compared to the very high level as of the end of last year (31.12.2006: 365.7 MEUR). The equity ratio as of 30.06.2007 was 18.1% (31.12.2006: 17.4%).

Acquisitions

At the beginning of June 2007, Andritz acquired a 50% stake in Brazilian **Sindus Human Technology**, the leading provider of outsourced automation, instrumentation, and electricity maintenance services for the pulp and paper industry in Brazil. Sindus, which has annual Sales of approximately 20 MEUR, specializes in sophisticated analysis systems for the process industry, including outsourcing of human resources to the leading pulp and paper mills in Brazil. **Sindus Andritz** targets to further increase the service and maintenance offerings to the pulp and paper industries.

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

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

Andritz has a long-established Group-wide risk management system whose main task is to identify nascent risks early and take counter-measures. 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 counter-measures are taken, if necessary.

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

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

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

Effects from exchange rates

Changes in exchange rates are hedged by forward rate contracts.

Key figures for the First Half of 2007 (IFRS)

MEUR	H1 2006	H1 2007	Change	Q2 2006	Q2 2007	Change
Sales	967.5	1,537.0	+58.9%	515.9	806.1	+56.3%
Order Intake	1,277.1	2,037.5	+59.5%	529.5	1,006.5	+90.1%
Order Backlog (as of end of period)	2,059.1	3,867.9	+87.8%	2,059.1	3,867.9	+87.8%
EBITDA ¹⁾	70.2	107.9	+53.7%	37.9	58.4	+54.1%
EBITDA Margin	7.3%	7.0%	-	7.3%	7.2%	-
EBITA ²⁾	57.7	87.4	+51.5%	31.1	47.6	+53.1%
EBITA Margin	6.0%	5.7%	-	6.0%	5.9%	-
Earnings before Interest and Taxes (EBIT)	57.7	84.4	+46.3%	31.1	46.0	+47.9%
EBIT Margin	6.0%	5.5%	-	6.0%	5.7%	-
Earnings before Taxes	59.9	87.7	+46.4%	32.0	47.1	+47.2%
Net Income excl. Minority Interests	39.9	61.6	+54.4%	21.0	33.1	+57.6%
Cash Flow from Operating Activities	-88.0	34.6	+139.3%	-63.2	-5.1	+91.9%
Capital Expenditure ³⁾	13.1	23.1	+76.3%	8.5	12.3	+44.7%
Employees (as of end of period)	6,766	10,946	+61.8%	6,766	10,946	+61.8%

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

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

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

Outlook for the Andritz Group

Based on the forecasts of leading economic researchers who expect the global economy to continue to grow this year, Andritz expects its relevant markets to continue to develop favorably during the Second Half of 2007. In all of Andritz's Business Areas, project activity should remain on a satisfactory level, with investments focusing on both green-field plants and modernizations/refurbishments of existing installations.

Based on the figures for the First Half of 2007, the mix of orders of the existing backlog, and the high project activity in all of Andritz's markets, Andritz expects Group Sales for the full year of 2007 to reach approximately 3.2 billion EUR (Sales 2006: 2,709.7 MEUR). Net Income after taxes of the Group is expected to increase in line with Sales (Net Income after taxes 2006: 121.4 MEUR).

Significant events after June 30, 2007

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

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

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

The Managing Board of Andritz AG
 Graz, August 3, 2007

Disclaimer:

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

PULP AND PAPER

Market development

During the Second Quarter of 2007, the international pulp markets remained very robust, thus continuing their solid performance shown during the First Quarter of 2007. Driven by continued strong demand from international paper producers, and due to increasing uncertainties regarding potential increases in export tariffs for Russian wood, the price for Northern Bleached Softwood Kraft Pulp (NBSK) rose from 780 US dollars per ton at the end of March 2007 to approximately 810 US dollars per ton as of the end of June 2007. Some pulp producers announced further price increases for the coming months.

The price for short-fiber pulp (birch, eucalyptus) also increased during the Second Quarter of 2007, although much more moderately than for NBSK. As a consequence of the increased shortage of birch pulp due to the scarce wood supply in Scandinavia, paper producers increasingly replaced birch pulp with eucalyptus pulp. As a result, producers of eucalyptus pulp were able to increase prices to 700 US dollars per ton in June 2007.

Project activity for pulp mill equipment during the reporting period remained at a satisfactory level, with the focus for greenfield pulp mills again concentrated on the southern hemisphere (South America, Australia, and Asia), and China. Investments for modernizations and refurbishments of existing pulp mills remained focused on Europe, and to some extent North America.

Business development

Sales of the Business Area for the First Half of 2007 amounted to 704.7 MEUR, increasing 30.6% compared to the reference period of last year (H1 2006: 539.5 MEUR). EBITA amounted to 39.0 MEUR (H1 2006: 31.4 MEUR).

The Business Area's Order Intake for the First Half of 2007 was 914.6 MEUR, which is an increase of 22.2% compared to the reference period of last year (H1 2006: 748.4 MEUR). Order Intake in the Second Quarter of 2007 increased to 534.7 MEUR (Q2 2006: 315.4 MEUR), thus more than offsetting the shortfall from the First Quarter of 2007. Order Intake developed favorably across all Divisions.

Veracel Celulose S.A., Brazil set two new world records with its 9.34 m pulp machine, supplied by Andritz in 2005. The machine recently delivered 3,796 t/d of prime quality bleached eucalyptus pulp, at a speed of 247 m/min at the cutter/layboy.

CMPC Celulosa S.A., Chile reached the top of its start-up curve with its new 780,000 t/a bleached eucalyptus chemical pulp drying line, supplied by Andritz to the Santa Fe mill. Full production was reached in just 171 days, beating the previous world record of 174 days, set by the Andritz machine delivered to the Veracel chemical pulp mill.

Key figures Pulp and Paper

MEUR	H1 2006	H1 2007	Change	Q2 2006	Q2 2007	Change
Sales	539.5	704.7	+30.6%	289.7	372.2	+28.5%
Order Intake	748.4	914.6	+22.2%	315.4	534.7	+69.5%
Order Backlog (as of end of period)	1,218.1	1,318.3	+8.2%	1,218.1	1,318.3	+8.2%
EBITDA	37.8	47.9	+26.7%	21.8	28.8	+32.1%
EBITDA Margin	7.0%	6.8%	-	7.5%	7.7%	-
EBITA	31.4	39.0	+24.2%	18.2	24.1	+32.4%
EBITA Margin	5.8%	5.5%	-	6.3%	6.5%	-
Employees (as of end of period)	3,675	4,369	+18.9%	3,675	4,369	+18.9%

Global forestry company UPM, the Andritz Group, and Andritz's associated company Carbona, intend to cooperate on the development of the technology for biomass gasification and synthetic gas purification. Gasification technology is required for the production of synthetic gas that will feed the Fischer-Tropsch based second generation biodiesel production facility to be built by UPM.

The companies plan to start the joint testing project of Carbona's gasification technology at the Gas Technology Institute's (GTI) pilot plant located close to Chicago in the United States. The Institute has equipment which can be applied for synthetic gas production under conditions similar to commercial scale plants. Pilot testing is expected to be finished by the end of 2008. The cooperation also covers the design and supply of a commercial scale biomass gasification plant.

Andritz has a comprehensive product portfolio for biomass starting from wood handling equipment, dryers and pellet machines, to fluidized bed boilers and gasifiers for lime kilns. The recent addition of Carbona's special gasification technology further complements the Andritz product family.

Several Divisions of the Pulp and Paper Business Area contributed to the successful start-up of a major new production line for Marusumi Paper in Ohe, Japan. Marusumi is one of Japan's major newsprint producers. The new line increases the mill's pulping capacity from 100,000 to 252,000 t/a. The Andritz scope of supply included the fiberline (including a continuous digester with the first TurboFeed® chip delivery system in Japan), a six-effect evaporation plant (the first complete evaporation plant delivered by Andritz to Japan), and a white liquor plant (including a StiroX™ white liquor oxidation system). Andritz delivered the project on an EPC basis. Start-up of the fiberline occurred on May 18, 2007, two weeks ahead of schedule. Marusumi celebrated the new line with an Inauguration Ceremony on June 15, 2007.

Major orders

Andritz will supply to Votorantim Celulose e Papel (VCP), Brazil a complete fiberline, pulp drying/baling plant, and white liquor plant for the world's largest pulp mill. The design capacity of this greenfield bleached eucalyptus market pulp mill is 1,250,000 t/a. The mill is located at Três Lagoas in Brazil's Mato Grosso do Sul state. Start-up is scheduled for 2009. The Andritz fiberline includes a 4,180 t/d single-vessel continuous digester, washing, oxygen delignification, screening, and low-impact bleaching based upon the proven Andritz DD washer technology. The drying plant includes a 9.334 m pulp drying machine and three automated baling lines. The white liquor plant is designed to produce 12,100 m³/day of white liquor and features green liquor filtration based on X-Filter™ technology, the CD-Filter™ for white liquor filtration, LMD-Filter™ for lime mud washing, and the largest lime kiln to be installed in South America. Andritz will also supply the basic and detailed engineering, electromechanical erection, erection supervision, start-up, and training.

The individual Divisions of the Pulp and Paper Business Area received the following major orders:

- The **Wood Processing Division** received an order from Inland Paperboard & Packaging, Texas, USA for a turnkey tree-length debarking line, as well as a portal crane. The Division will also deliver a complete woodyard with chipper, chip screens, and chip handling for the new MDF plant of Duratex S.A. in Brazil.
- The **Chemical Systems Division** received an order from Cellulose Beira Industrial S.A. (Celbi) for a complete lime kiln to be built on an EPC basis in Portugal.
- The **Recovery Division** will supply an ash leaching chloride removal system to Lwarcel Celulose e Papel, Brazil. This will be the first chloride removal system based on leaching the ash from the electrostatic precipitator.
- The **Pulp Drying Systems Division** received an order for a market pulp drying line from Cellulose Beira Industrial S.A. (Celbi), Portugal. The pulp drying system will be based on the successful Andritz Twin Wire Forming Technology and have a design capacity of 1,815 t/d with a working width of 4.8 m. Start-up is scheduled for October 2008.
- The **Paper Machine Division** received an order from Cartiere Miliani Fabriano, Italy to rebuild its PM3 horizontal reel with a reel spool magazine and unwinder. The rebuild will be suitable for a 3,200 mm parent roll diameter. The Division also received an order from SCA Tissue for a second crescent former tissue machine to be installed at the Barton Mill, Alabama, USA. The new machine will produce bathroom and napkin products. Start-up is scheduled for the Second Half of 2008.
- The **Paper Finishing Division** received orders from two Chinese companies for a soft calender (PrimeCal Soft with MatOnLine technology) and a hard calender (PrimeCal Hard). In addition, the Division received orders for three shoe press modules. Two of the shoe presses are PrimePress X Twin models to be installed on new machines built by the Paper Machine Division. The third shoe press will be installed on a paper machine in Portugal.
- The **Fiber Preparation Systems Division** received an order from SCA Tissue, USA to provide the complete stock preparation system for a new Andritz tissue machine. Several major orders were received from Chinese customers. Lee & Man Industries ordered new deinking, OCC, and stock preparation lines for three paper machines. XiangGang Guixiang Industry ordered a 1,000 t/d OCC line for kraft liner. Shandong International Paper & Sun Coated Paperboard selected the Division for new stock preparation and paper machine approach systems for coated board. Hunan Heng An Living Paper Products ordered an 80 t/d stock preparation system for tissue. Hebei Yongxin Paper ordered a 1,350 t/d OCC line for kraft paper. Anhui Shanying Paper ordered a 900 t/d OCC line and paper machine approach system.

Also in Asia, Joint Creation Limited Can Tho, Vietnam selected the Division to supply a new OCC line and paper machine approach components for PM15. Daehan Paper, South Korea ordered a sludge handling system. Packages Ltd., Pakistan ordered a 100 t/d stock preparation system for tissue. In South America, Smurfit Kappa Carton de Colombia, Colombia ordered a new 350 t/d OCC line.

- The **Mechanical Pulping Systems Division** will provide the main process equipment, basic engineering, erection, and start-up services for the new TMP 3 line at Norske Skog's mill in Pisa, Brazil. TMP 3 will supply up to 665 t/d of high quality pulp from fast-growing pinus taeda for their second newsprint machine at this location.

- The **Panelboard Department** received an order from Duratex S.A., Brazil to supply a complete fiber preparation system for a new MDF plant in Agudos. This will be the world's largest single-stage pressurized refining system, with a 26" plug screw feeder and a 70" refiner. Also in Brazil, Andritz will – via Siempelkamp Ges. m.b.H. – deliver another pressurized refining system to Satipel Industrial S.A.
- The **Engineered Wear Products Division** received major refiner plate orders from UPM-Kymmene, Finland and Stora Enso, Sweden. In the area of screen baskets, major orders were received from Lonther Papyrus and Aspex Paper, both Indonesia, and Cheng Loong, Taiwan.
- The **Pulp Mill Engineered Services Division** will rebuild two existing digesters for Red Shield Environmental in Maine, USA and will supply equipment for the mill's cooking process to be used in the co-production of pulp and ethanol from wood cellulose.
- The **Paper Mill Engineered Services Division** received significant orders for dewatering equipment from NSI Golbey, France; Rhein Papier, Germany; KC-Aranguren, Spain; Hainan, China; Maruishi, Japan; and Sappi Umkomaas, South Africa. Service for Mechanical Pulping systems continued very well with orders from Yueyang, China and Klabin, Brazil. Automation orders were received from Mayr-Melnhof and Norske Skog, both Austria; Domtar and Georgia-Pacific, Leaf River, both USA; and Abitibi-Consolidated, Canada.

Siam Fiberboard Co. Ltd., Malaysia awarded a repeat order for a pressurized refining system to Andritz. This is the third Andritz installation at the site and the fifth to be delivered to the whole group. The Division received an order from Diefenbacher, Germany for the supply of a pressurized refining system for HDF (MDF) for the Homanit Group's MDF project in Poland. The system is designed for a capacity of over 500 t/d. This will be the fourth system supplied to the Homanit Group by Andritz.

HYDRO POWER

Market development

Project activity for hydropower plant equipment continued to develop favorably during the Second Quarter of 2007. In China and India, several new hydropower plants are in planning or under construction due to the continued strong increase in electricity demand.

In Europe and North America, investment activity primarily focused on modernization, rehabilitation, and capacity increases of existing plants. In order to secure grid stability, project activity for pumped storage power stations remained at a very high level.

The market for small hydropower plants also developed very favorably. The main driving force is the trend towards usage of renewable energies in light of the implementation of the Kyoto Protocol.

In the field of pumps for irrigation and drinking water, project activity continued to be strong in Asia, particularly in China and India. In China, the market for centrifugal pumps for the pulp and paper industries continues to be very attractive. With its 60:40 joint venture Andritz-Kenflo in Foshan, Andritz has been the clear market leader for this product in China for several years.

Business development

Sales of the Hydro Power Business Area increased to 374.5 MEUR in the First Half of 2007 (H1 2006: 31.5 MEUR), of which 331.8 MEUR came from VA TECH HYDRO. EBITA amounted to 15.5 MEUR (H1 2006: 2.4 MEUR). The EBITA margin, at 4.1%, developed as expected.

Order Intake of the Business Area in the First Half of 2007 was 551.3 MEUR (H1 2006: 50.3 MEUR), of which 512.6 MEUR came from VA TECH HYDRO. All product segments of the Business Area showed a very favorable development of Order Intake.

Based on its recent analysis of the Sub-Saharan Africa power plant maintenance, repair, and overhaul market, Frost & Sullivan, the world leader in technology and market research for various industries, has recognized Andritz VA TECH HYDRO with the "2007 Africa Frost & Sullivan Award for Customer Satisfaction Leadership in Hydro Turbine Service". This award was presented to Andritz for achieving the highest levels of customer satisfaction through overall excellence in quality of work, technical expertise, pricing, and delivery times. Power plant customers interviewed by Frost & Sullivan gave a high rating to Andritz VA TECH HYDRO for its quality of work and technical knowledge. According to Frost & Sullivan, Andritz VA TECH HYDRO is the leader in hydro generation and refurbishment services in Sub-Saharan Africa.

Key figures Hydro Power^{*)}

MEUR	H1 2006	H1 2007	Change	Q2 2006	Q2 2007	Change
Sales	31.5	374.5	+1,088.9%	20.3	212.5	+946.8%
Order Intake	50.3	551.3	+996.0%	29.3	257.3	+778.2%
Order Backlog (as of end of period)	79.5	1,827.7	+2,199.0%	79.5	1,827.7	+2,199.0%
EBITDA	3.6	22.3	+519.4%	1.9	11.4	+500.0%
EBITDA Margin	11.4%	6.0%	-	9.4%	5.4%	-
EBITA	2.4	15.5	+545.8%	1.4	7.9	+464.3%
EBITA Margin	7.6%	4.1%	-	6.9%	3.7%	-
Employees (as of end of period)	503	3,848	+665.0%	503	3,848	+665.0%

^{*)} VA TECH HYDRO was consolidated into the financial accounts of the Andritz Group for the first time in Q3 2006. For the reference periods of last year, no pro-forma figures are available.

Major orders

- Through its affiliate – VA TECH Escher Wyss S.r.l., Schio, Italy – Andritz VA TECH HYDRO received an important order from IRIDE ENERGIA spa, Turin for refurbishment of the mechanical part of the Rosone hydropower plants. Completion of the project is scheduled for 2010. The plant is located in the Piedmont Region, northwest of Turin in the Orco valley. VA TECH Escher Wyss will be responsible for the design engineering, manufacturing, installation, and commissioning of two horizontal Pelton units with an output of 41 MW each.
- VA TECH HYDRO AS, Norway received the order from Statkraft for the supply of four new Francis runners for the Tokke hydropower plant. The basis of this order was the successful model testing in Andritz VA TECH HYDRO's hydraulic laboratory in Linz, leading to increased efficiency over the guaranteed values. Tokke is one of the largest power stations in Northern Europe which – with its four turbines – generates approximately 430 MW by harnessing the 394 m drop from the Vinjevatnet Lake to Bandak.
- Terna S.A., an important private Greek energy producer, with an installed capacity of 130 MW wind power and 147 MW thermal power, awarded an order to VA TECH BOUVIER HYDRO S.A.S., a member of Andritz VA TECH HYDRO, to supply the hydro equipment for the Dafnosonara hydropower station, located on the Acheloos River. The hydropower station will have an installed capacity of 8.5 MW. The contract encompasses the supply of the complete electromechanical equipment, including two Compact S-type turbines with a runner diameter of 2.60 m. The power station will be put into operation in late 2008.
- Peter Kiewit Sons Co., Richmond, British Columbia, Canada awarded VA TECH HYDRO Canada Inc. a contract for the supply of electromechanical equipment for six hydropower plants in the Harrison Lake region. An intensive collaboration has been established between the contractor and Andritz VA TECH HYDRO to develop the design and technical parameters, resulting in optimization of the whole system.

The award of this contract and the fast pace of development noted in the field of hydropower in the province of British Columbia has prompted Andritz VA TECH HYDRO to open a new branch office in the Greater Vancouver region in late 2007 to enhance the sales and project management activities.
- BC Hydro awarded a “Water-to-Wire” contract to VA TECH HYDRO Canada Inc. for three turbines, generators, and governors, as well as related electrical and mechanical auxiliaries for the redevelopment of the Aberfeldie Generating Station, located on the Bull River, 30 km east of Cranbrook in the province of British Columbia, Canada. This will assist in filling the growing supply/demand gap for electricity in British Columbia. Once completed, the Aberfeldie dam and generating facility will produce enough clean energy to supply 10,500 residential customers annually.
- Electrogoes S.A. awarded a contract to VA TECH HYDRO Brazil to supply the electromechanical equipment for the new Rondon II power plant situated on the Comemoração River between the cities of Pimenta Bueno and Vilhena in the state of Rondonia, Brazil. The supply comprises three 25 MW vertical Francis units, inlet butterfly valves, penstocks, and bifurcations.
- The collaboration of Andritz VA TECH HYDRO with the local Chinese manufacturer Dongfang resulted in two orders for core components for the hydropower stations Shuhe and Shaxi. These core components will be manufactured in the Graz workshop.
- Due to the excellent partnership with General Electric (GE) and the booming market for thermal power in the Middle East, GE ordered additional turbo-generators, which will be produced in Andritz VA TECH HYDRO's workshop in Weiz, Austria.
- The Pend Oreille PUD (Public Utility District), State of Washington, USA signed a contract with VA TECH HYDRO USA for the rehabilitation and upgrade of the four 19.6 MW Kaplan units installed at its Box Canyon power plant, which was commissioned in 1955. The plant is located approximately 50 km from the Canadian border. The scope of work includes the design, model testing, and supply of four new Kaplan runners, rewinding the four generators, supply of new governors and controls, and the field rehabilitation of all turbine and generator components. The project is scheduled to be completed in 2012.

ROLLING MILLS AND STRIP PROCESSING LINES

Market development

During the Second Quarter of 2007, the market for carbon steel and stainless steel equipment continued to develop positively. There are active projects in all major steel producing regions worldwide, especially in China, India, the U.S., and Europe. Several orders for new plants and modernization of existing mills have been awarded.

Global crude steel production during the first six months of 2007 rose by approximately 9% compared to the same period of last year. The biggest increase was again seen in China, with a plus of approximately 20%; China now accounts for more than 35% of the world's total crude steel production.

In the stainless steel sector, project activity for new plants, as well as for the modernization of existing mills, has remained at a very high level during the Second Quarter of 2007. China, India, Europe, and, to some extent the USA, were the most active regions.

Business development

Sales for the First Half of 2007 surged to 213.5 MEUR, an increase of 22.4% compared to the reference period of last year (H1 2006: 174.4 MEUR). In step with higher Sales, EBITA also increased to 14.4 MEUR (H1 2006: 9.8 MEUR).

Andritz received the final acceptance certificate for the engineering, erection, and commissioning of a hydrochloric acid regeneration plant, supplied to Wuhan Iron and Steel (WISCO). The contract volume consists of two regeneration plants, one waste acid purification plant, and one silica reduction plant. The total capacity is 15,200 l/h. The customized technology meets all the contractual guarantee figures for the highest quality of purified iron oxide on the market.

Lianzhong Stainless Steel Corp. signed the final acceptance certificate for the complete stainless steel annealing and pickling line for hot-rolled stainless steel strip supplied by Andritz. This line with 550 meters length has an annual production capacity of 800,000 metric tons and is capable of handling strip of up to 10 mm thickness.

Order Intake of the Business Area during the First Half of 2007 amounted to 303.2 MEUR, significantly higher compared to the very high level of last year's reference period (H1 2006: 199.7 MEUR). Most of the orders came from China, Europe, Russia, and the USA.

Key figures Rolling Mills and Strip Processing Lines

MEUR	H1 2006	H1 2007	Change	Q2 2006	Q2 2007	Change
Sales	174.4	213.5	+22.4%	91.9	92.0	+0.1%
Order Intake	199.7	303.2	+51.8%	63.6	86.3	+35.7%
Order Backlog (as of end of period)	477.9	492.1	+3.0%	477.9	492.1	+3.0%
EBITDA	10.9	15.8	+45.0%	4.8	6.5	+35.4%
EBITDA Margin	6.3%	7.4%	-	5.2%	7.1%	-
EBITA	9.8	14.4	+46.9%	4.1	5.7	+39.0%
EBITA Margin	5.6%	6.7%	-	4.5%	6.2%	-
Employees (as of end of period)	793	855	+7.8%	793	855	+7.8%

Major orders

- Baosteel Shanghai No. 1, China ordered a cold annealing and pickling line, including inline and offline skin pass mills. This is the second annealing and pickling line Andritz will supply to Shanghai No. 1, after having received an order for a hot-rolled annealing and pickling line from the same customer last year.
- Luoyang Copper, the largest Chinese producer of copper and copper alloys, placed an order for a precision strip 20-high cold rolling mill. Andritz Sundwig will supply the rolling mill, including the complete automation and drives packages. This mill will be the first of this kind in the Chinese non-ferrous industry.
- The Business Area obtained the second order for a Pyromars Mixed Acid Recovery plant from Lianzhong Stainless Steel Corporation, China, an affiliate of E-United Group, Taiwan. The plant runs at a capacity of 6,500 l/h waste mixed acid, making these two the biggest Pyromars plants ever built worldwide.
- Andritz Sundwig received an order from BSG Stahlservice, Germany to supply a cut-to-length line, including a multi-roll leveller for a maximum gauge of 20 mm. The strip to be processed is carbon steel up to a width of 2,100 mm. Besides the mechanical equipment, Andritz will also supply the complete electrical system.

ENVIRONMENT AND PROCESS

Market development

During the Second Quarter of 2007, the market for sewage sludge dewatering equipment remained at a satisfactory level in Western Europe, the USA, and China.

Project activity for industrial applications for the petrochemical, minerals, mining, and food processing industries was very high in most areas of the world. The demand for upgrades and refurbishment of centrifuges and filter presses for treatment of industrial sludges continued at a high level.

Project activity for sludge drying plants focused on the UK, the Arabic States, and Southeast Asia. Due to rising gas prices, the market for refurbishments of drying plants with combined incineration is increasing.

The steadily increasing demand for alternative fuel sources has led to high project activity for equipment and systems to dry wood chips and sawdust for the production of wood pellets.

Business development Major orders

The Business Area's Sales in the First Half of 2007 were 177.9 MEUR, increasing 6.3% compared to the First Half of 2006 (167.3 MEUR). EBITA increased to 11.8 MEUR in the First Half of 2007 (H1 2006: 9.7 MEUR).

Order Intake in the First Half of 2007, at 188.9 MEUR, was lower compared to the high level of the reference period of last year (H1 2006: 210.8 MEUR). While Order Intake in the area of thermal drying declined due to generally slow market activities, orders in the Separation Technologies Division showed a continued strong development.

- In the dewatering segment, major orders for centrifuges and filter presses were received from municipalities, and the chemical, mining, and minerals industries in Europe, Southeast Asia, China, South America, and the U.S.
- Nine large centrifuges were sold to various plants worldwide for the production of melamine; four centrifuges were sold to a potash plant in Russia.
- Schwenk Cement, Germany ordered its second Belt Dryer Plant with a water evaporation capacity of 10 t/h for Bernburg, Germany; this customer had ordered an 8 t/h plant for Karlstadt, Germany in 2004.
- Radom, Poland ordered a Belt Dryer Plant with a water evaporation capacity of 3 t/h. This is the first Belt Dryer order from Poland.

Key figures Environment and Process

MEUR	H1 2006	H1 2007	Change	Q2 2006	Q2 2007	Change
Sales	167.3	177.9	+6.3%	86.5	98.3	+13.6%
Order Intake	210.8	188.9	-10.4%	83.6	90.9	+8.7%
Order Backlog (as of end of period)	246.7	187.1	-24.2%	246.7	187.1	-24.2%
EBITDA	12.3	14.4	+17.1%	6.6	7.9	+19.7%
EBITDA Margin	7.4%	8.1%	-	7.6%	8.0%	-
EBITA	9.7	11.8	+21.6%	5.2	6.5	+25.0%
EBITA Margin	5.8%	6.6%	-	6.0%	6.6%	-
Employees (as of end of period)	1,286	1,335	+3.8%	1,286	1,335	+3.8%

FEED AND BIOFUEL

Market development

The investment activity in the animal feed sector continued its generally positive development during the Second Quarter of 2007, with Europe, Asia, and Central and South America being the most active regions.

Project activity was good in all sectors of the aquaculture industry for freshwater and marine species. The pet food industry also showed good market activity, especially in Eastern and Western Europe.

The renewable energy sector continued to develop favorably. The wood pelleting industry released several new projects, both in Northwestern Europe and North America, as well as in the “new regions” for wood pelleting: Southern Europe, South America, and Southeast Asia.

Business development Major orders

Sales for the First Half of 2007 increased to 66.4 MEUR (H1 2006: 54.8 MEUR). EBITA during the reporting period was also significantly up, to 6.7 MEUR (H1 2006: 4.4 MEUR).

Order Intake in the First Half of 2007 amounted to 79.5 MEUR, 17.1% higher compared to the reference period of last year (H1 2006: 67.9 MEUR). This strong organic growth was mainly due to the continued strong development of orders for wood pelleting equipment.

- Based on the strong market position and the favorable market conditions, the Business Area was able to book orders for large processing lines for animal feed from South America, Eastern Europe, and Russia.
- Customers in Western Europe and South America placed orders for pet food extrusion equipment.
- Significant orders for large processing lines for wood pelleting were won in North America, Scandinavia, Russia, and Southern Europe.
- Important reference orders for wood pelleting equipment were placed by customers in the new wood pelleting regions of South America, Southern Europe, and Southeast Asia.

Key figures Feed and Biofuel

MEUR	H1 2006	H1 2007	Change	Q2 2006	Q2 2007	Change
Sales	54.8	66.4	+21.2%	27.5	31.1	+13.1%
Order Intake	67.9	79.5	+17.1%	37.6	37.3	-0.8%
Order Backlog (as of end of period)	36.9	42.7	+15.7%	36.9	42.7	+15.7%
EBITDA	5.6	7.5	+33.9%	2.8	3.8	+35.7%
EBITDA Margin	10.2%	11.3%	-	10.2%	12.2%	-
EBITA	4.4	6.7	+52.3%	2.2	3.4	+54.5%
EBITA Margin	8.0%	10.1%	-	8.0%	10.9%	-
Employees (as of end of period)	509	539	+5.9%	509	539	+5.9%

INTERIM CONSOLIDATED INCOME STATEMENT

for the First Half of 2007 (unaudited)
and the First Half of 2006 (unaudited)

	H1 2007 (in TEUR)	H1 2006 (in TEUR)	Q2 2007 (in TEUR)	Q2 2006 (in TEUR)
Sales	1,537,009	967,469	806,110	515,944
Changes in inventories of finished goods and work in progress	27,277	45,003	24,773	19,430
Capitalized cost of self-constructed assets	1,208	479	753	443
	1,565,494	1,012,951	831,636	535,817
Other operating income	23,773	11,658	17,580	6,927
Cost of materials	(936,038)	(621,667)	(509,079)	(334,037)
Personnel expenses	(330,705)	(200,648)	(166,879)	(102,150)
Other operating expenses	(214,642)	(132,115)	(114,892)	(68,715)
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	107,882	70,179	58,366	37,842
Depreciation and amortization	(23,443)	(12,504)	(12,296)	(6,721)
Earnings before interest and taxes (EBIT)	84,439	57,675	46,070	31,121
Income/Expenses from associated companies	984	585	178	169
Interest result	2,119	1,863	855	965
Other income from financing activities	117	(235)	16	(235)
Financial results	3,220	2,213	1,049	899
Earnings before taxes (EBT)	87,659	59,888	47,119	32,020
Income taxes	(24,679)	(18,529)	(13,200)	(10,182)
Net income	62,980	41,359	33,919	21,838
Thereof attributable to:				
Shareholders of the parent company	61,604	39,935	33,067	21,007
Minority interests	1,376	1,424	852	831
Weighted average number of no par value shares	51,633,592	51,153,704	51,633,592	51,165,724
Earnings per no par value share (in EUR)	1.19	0.78	0.64	0.41
Effect of potential dilution of share options	217,662	920,376	383,106	460,696
Weighted average number of no par value shares and share options	51,851,254	52,074,080	52,016,698	51,626,420
Diluted Earnings per no par value share (in EUR)	1.19	0.77	0.64	0.41

CONSOLIDATED BALANCE SHEET

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

	30.06.2007 (in TEUR)	31.12.2006 (in TEUR)
Assets		
Intangible assets	49,052	50,990
Goodwill	227,979	222,617
Property, plant and equipment	243,513	237,089
Shares in associated companies	6,932	6,222
Investments	30,525	32,738
Other non-current receivables and assets	6,856	6,132
Deferred tax assets	67,730	58,969
Non-current assets	632,587	614,757
Inventories	261,800	213,728
Advance payments made	71,843	35,710
Trade accounts receivable	329,608	347,368
Cost and earnings of projects under construction in excess of billings	352,143	346,777
Other current receivables	111,677	106,949
Prepayments and deferred charges	9,071	10,594
Marketable securities	98,115	39,592
Cash and cash equivalents	584,981	670,591
Current assets	1,819,238	1,771,309
Total assets	2,451,825	2,386,066
Shareholders' equity and liabilities		
Share capital	104,000	94,510
Capital reserves	36,476	45,966
Retained earnings	289,885	262,352
Equity attributable to shareholders of the parent company	430,361	402,828
Minority interests	12,555	11,712
Total shareholders' equity	442,916	414,540
Bonds	289,656	296,358
Bank loans and other financial liabilities - non-current	35,425	21,826
Provisions - non-current	190,532	182,002
Obligations under finance leases - non-current	76	778
Other liabilities - non-current	8,807	8,144
Liabilities for deferred taxes	86,900	80,093
Non-current liabilities	611,396	589,201
Bank loans - current	23,855	24,900
Obligations under finance leases - current	1,203	599
Trade accounts payable	296,476	340,682
Billings in excess of cost and earnings of projects under construction	434,436	391,934
Advance payments received	70,388	70,730
Provisions - current	181,747	204,106
Liabilities for current taxes	21,152	22,605
Other current liabilities	368,256	326,769
Current liabilities	1,397,513	1,382,325
Total shareholders' equity and liabilities	2,451,825	2,386,066

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

for the First Half of 2007 (unaudited)
and the First Half of 2006 (unaudited)

(in TEUR)	Attributable to shareholders of the parent					Total	Minority	Total share-
	Share capital	Capital reserves	Other retained earnings	IAS 39 reserve	Currency translation adjustments		interests	holders' equity
Status as at 1 January 2006	94,510	45,966	191,429	(3,172)	(8,316)	320,417	8,335	328,752
Currency translation adjustments					(10,832)	(10,832)	22	(10,810)
Changes to IAS 39 reserve				6,900		6,900	(58)	6,842
Gains/(losses) recognized directly in equity, net of taxes on income	0	0	0	6,900	(10,832)	(3,932)	(36)	(3,968)
Net income			39,935			39,935	1,424	41,359
Total gains/(losses) for the year	0	0	39,935	6,900	(10,832)	36,003	1,388	37,391
Dividends			(25,550)			(25,550)	(584)	(26,134)
Changes from acquisitions						0	668	668
Changes concerning own shares			4,263			4,263		4,263
Other changes						0		0
Status as at 30 June 2006	94,510	45,966	210,077	3,728	(19,148)	335,133	9,807	344,940
Status as at 1 January 2007	94,510	45,966	283,725	673	(22,046)	402,828	11,712	414,540
Currency translation adjustments					(1,109)	(1,109)	587	(522)
Changes to IAS 39 reserve				3,329		3,329	(42)	3,287
Gains/(losses) recognized directly in equity, net of taxes on income	0	0	0	3,329	(1,109)	2,220	545	2,765
Net income			61,604			61,604	1,376	62,980
Total gains/(losses) for the year	0	0	61,604	3,329	(1,109)	63,824	1,921	65,745
Dividends			(38,690)			(38,690)	(1,078)	(39,768)
Changes from acquisitions						0		0
Capital increase								
from the company's own reserves	9,490	(9,490)				0		0
Changes concerning own shares			925			925		925
Other changes			1,474			1,474		1,474
Status as at 30 June 2007	104,000	36,476	309,038	4,002	(23,155)	430,361	12,555	442,916

CASH FLOW STATEMENT

for the First Half of 2007 (unaudited)
and the First Half of 2006 (unaudited)

Interim Consolidated Cash Flow Statement

	H1 2007 (in TEUR)	H1 2006 (in TEUR)
Cash flow from operating activities	34,558	(87,970)
Cash flow from investing activities	(86,508)	(23,888)
Cash flow from financing activities	(33,660)	177,260
Change in cash and cash equivalents	(85,610)	65,402
Cash and cash equivalents at the beginning of the period	670,591	418,785
Cash and cash equivalents at the end of the period	584,981	484,187

Cash Flows From Acquisition Of Subsidiaries*

(in TEUR)	Business Area	Total	Total (restated)
	Pulp and Paper	H1 2007	H1 2006
Cash and cash equivalents	(214)	(214)	(163,892)
Marketable securities	(807)	(807)	(673)
Receivables	(623)	(623)	(289,808)
Inventories	(179)	(179)	(86,852)
Intangible assets	(2,408)	(2,408)	(43,426)
Property, plant and equipment	(320)	(320)	(89,322)
Financial assets	0	0	(16,831)
Accounts payable and accrued expenses	1,828	1,828	549,799
Financial debt	0	0	20,444
Net assets / liabilities acquired	(2,723)	(2,723)	(120,561)
Cash and cash equivalents	214	214	163,892
Goodwill	(3,163)	(3,163)	(92,685)
Changes in minority interests	0	0	668
Net cash flow	(5,672)	(5,672)	(48,686)

* Converted by exchange rates as per dates of transaction

NOTES

Notes to the interim consolidated financial report as of June 30, 2007

General

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

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

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

Changes in consolidated companies/acquisitions

The following companies were not included in the Andritz Group's consolidated financial statements of the reference period 01.01. – 30.06.2006:

- VA TECH HYDRO GmbH and its subsidiaries (one of the world's leading suppliers of electro-mechanical equipment and services for hydro-power plants)
- CONTEC Decanter Inc. (service company for the repair and maintenance of centrifuges and separators)
- Coater Division of Bachofen + Meier (a globally active specialist for technologies and systems for paper coatings)

At the beginning of June 2007, Andritz acquired 50% of the Brazilian company Sindus Human Technology for approximately 5.9 MEUR. Sindus specializes in servicing pulp and paper plants, thus complementing the existing service offerings in the Pulp and Paper Business Area. Sindus is accounted for as a joint venture in the consolidated financial statements. Since its date of acquisition, the acquired company contributed 0.7 MEUR to the Andritz Group's Sales and 0.07 MEUR to the Andritz Group's EBIT. If the business had been acquired at the beginning of 2007, the Group's Sales would have been 1,540.2 MEUR and the Group's EBIT would have amounted to 84.7 MEUR.

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

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

Seasonality

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

Notes to the Interim Consolidated Income Statement

The Sales of the Andritz Group during the First Half of 2007 amounted to 1,537.0 MEUR, which is an increase of 58.9% in comparison with the reference period of last year (First Half of 2006: 967.5 MEUR). EBIT during the First Half of 2007 amounted to 84.4 MEUR (First Half of 2006: 57.7 MEUR).

Sales during the Second Quarter of 2007 amounted to 806.1 MEUR, an increase of 56.3% compared to the Second Quarter of 2006 (515.9 MEUR). EBIT during the Second Quarter of 2007 amounted to 46.0 MEUR (Q2 2006: 31.1 MEUR).

Notes to the Consolidated Balance Sheet

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

Total assets as of 30.06.2007 amounted to 2,451.8 MEUR, thus 65.8 MEUR higher than as of 31.12.2006. The main reason for this was the higher Order Backlog. The net working capital as of 30.06.2007 amounted to -56.5 MEUR.

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

Notes to the Consolidated Cash Flow Statement

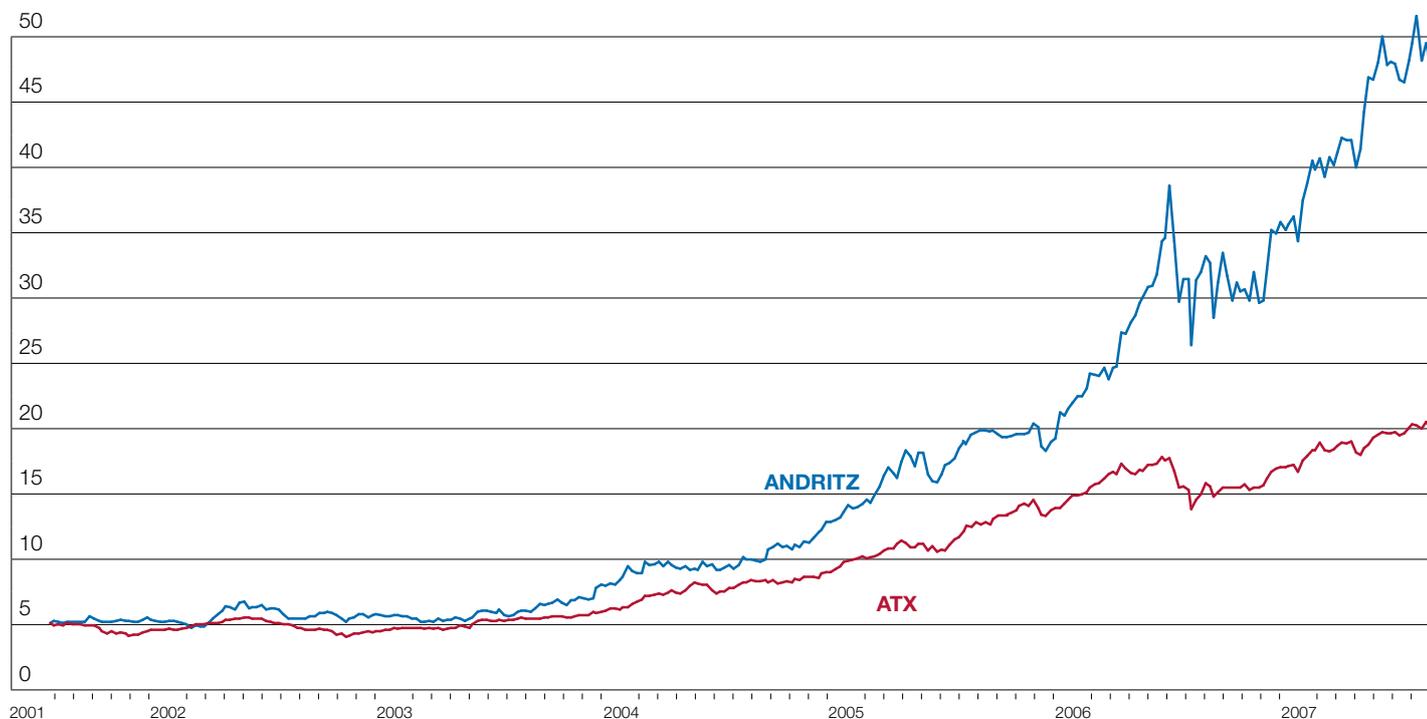
The Cash flow from operating activities amounted to 34.6 MEUR for the First Half of 2007 (H1 2006: -88.0 MEUR). This increase compared to the reference period of last year was mainly due to the good Earnings development and the changes in the net current assets.

The Cash flow from investing activities during the First Half of 2007 amounted to -86.5 MEUR (H1 2006: -23.9 MEUR) and resulted from investments in tangible and intangible assets and securities of -80.8 MEUR plus payments for the acquisition of companies or business areas.

ANDRITZ SHARE

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

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



Share price development

During the First Half of 2007, the Andritz share price increased by 21.3%. With this performance, it outperformed the ATX, which increased by 6.8% during the same period. The highest closing price during the reporting period was 52.77 Euros (June 1, 2007); the lowest 38.12 Euros (January 12, 2007).

Trading volume

The average daily trading volume during the First Half of 2007 was 356,015 shares (H1 2006: 383,488 shares). The highest trading volume was 1,432,832 shares (March 1, 2007), the lowest 85,240 shares (January 2, 2007).

Investor Relations

During the First Half of 2007, over 120 one-on-one meetings with institutional investors were held in Vienna, Zurich, Geneva, Frankfurt, New York, Shanghai, Tokyo, Oslo, London, Milan, Madrid, Edinburgh, Dublin, Stockholm, Budapest, Boston and Montreal. Andritz also presented itself at various international investor conferences.

Financial calendar for 2007

Results for Q1-Q3 2007

November 7, 2007

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

Key figures for Andritz shares

	H1 2006	H1 2007	Q2 2006	Q2 2007
Highest closing price (EUR)	40.13	52.77	40.13	52.77
Lowest closing price (EUR)	23.13	38.12	26.25	45.33
Closing price as of end of period (EUR)	32.31	48.99	32.13	48.99
Market capitalization as of end of period (MEUR)	1,680.1	2,547.5	1,680.1	2,547.5
Performance	+37.6%	+21.3%	+7.7%	+6.5%
ATX weighting as of end of period (%)	2.2799	2.7512	2.2799	2.7512
Average daily number of shares traded	383,488	356,015	482,164	351,130

Source: Vienna Stock Exchange

Contact: Andritz Investor Relations, Dr. Michael Buchbauer, Stattegger Strasse 18, 8045 Graz, Austria
Phone: +43 316 6902 2722, Fax: +43 316 6902 465, www.andritz.com, welcome@andritz.com