

**INTERIM FINANCIAL REPORT  
FIRST HALF OF 2009**

**H1  
2009**

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# KEY FIGURES OF THE ANDRITZ GROUP AT A GLANCE

(According to IFRS)	Unit	H1 2009	H1 2008*	+/-	Q2 2009	Q2 2008*	+/-	2008
Order intake	MEUR	1,712.7	2,128.7	-19.5%	731.3	933.0	-21.6%	3,705.3
Order backlog (as of end of period)	MEUR	4,426.9	4,619.5	-4.2%	4,426.9	4,619.5	-4.2%	4,277.4
Sales	MEUR	1,574.1	1,650.0	-4.6%	784.0	899.1	-12.8%	3,609.8
EBITDA <sup>1)</sup>	MEUR	89.2	126.6	-29.5%	33.0	70.0	-52.9%	278.2
EBITA <sup>2)</sup> (excl. restructuring expenses)	MEUR	80.8	104.5	-22.7%	37.1	59.0	-37.1%	246.8
EBITA (incl. restructuring expenses)	MEUR	56.5	104.5	-45.9%	12.8	59.0	-78.3%	233.2
Earnings Before Interest and Taxes (EBIT)	MEUR	52.0	101.4	-48.7%	10.4	57.4	-81.9%	218.5
Earnings Before Taxes (EBT)	MEUR	49.1	100.5	-51.1%	11.7	57.0	-79.5%	210.5
Net income (including minority interests)	MEUR	34.5	72.0	-52.1%	8.2	40.8	-79.9%	147.0
Cash flow from operating activities	MEUR	117.6	126.2	-6.8%	62.6	-7.6	+923.7%	255.0
Capital expenditure <sup>3)</sup>	MEUR	40.2	27.7	+45.1%	17.3	13.8	+25.4%	69.7
Fixed assets	MEUR	739.9	693.9	+6.6%	739.9	693.9	+6.6%	732.1
Current assets	MEUR	2,359.8	2,264.0	+4.2%	2,359.8	2,264.0	+4.2%	2,354.2
Total shareholders' equity <sup>4)</sup>	MEUR	570.4	519.8	+9.7%	570.4	519.8	+9.7%	577.4
Provisions	MEUR	503.4	472.4	+6.6%	503.4	472.4	+6.6%	477.3
Other liabilities	MEUR	2,025.9	1,965.7	+3.1%	2,025.9	1,965.7	+3.1%	2,031.6
Total assets	MEUR	3,099.7	2,957.9	+4.8%	3,099.7	2,957.9	+4.8%	3,086.3
Equity ratio <sup>5)</sup>	%	18.4	17.6	-	18.4	17.6	-	18.7
Net liquidity <sup>6)</sup>	MEUR	443.7	366.4	+21.1%	443.7	366.4	+21.1%	408.9
Net debt <sup>7)</sup>	MEUR	-279.5	-204.5	-36.7%	-279.5	-204.5	-36.7%	-242.9
Net working capital <sup>8)</sup>	MEUR	-1.6	25.3	-106.3%	-1.6	25.3	-106.3%	22.7
Capital employed <sup>9)</sup>	MEUR	388.1	375.6	+3.3%	388.1	375.6	+3.3%	406.8
Gearing <sup>10)</sup>	%	-49.0	-39.3	-	-49.0	-39.3	-	-42.1
EBITDA margin	%	5.7	7.7	-	4.2	7.8	-	7.7
EBITA margin (excl. restructuring expenses)	%	5.1	6.3	-	4.7	6.6	-	6.8
EBITA margin (incl. restructuring expenses)	%	3.6	6.3	-	1.6	6.6	-	6.5
EBIT margin	%	3.3	6.1	-	1.3	6.3	-	6.1
Net income/sales	%	2.2	4.4	-	1.0	4.5	-	4.1
Employees (as of end of period, excl. apprentices)	-	13,397	12,949	+3.5%	13,397	12,949	+3.5%	13,707

\* restated

1) Earnings before interest, taxes, depreciation, and amortization

2) Earnings before interest, taxes, amortization of identifiable assets acquired in a business combination and recognized separately from goodwill at the amount of 4,560 TEUR for H1 2009 (3,111 TEUR for H1 2008; 7,862 TEUR for 2008) and impairment of goodwill at the amount of 0 TEUR for H1 2009 (0 TEUR for H1 2008; 6,783 TEUR for 2008)

3) Additions to Intangible assets and Property, plant, and equipment

4) Total shareholders' equity incl. Minority interests

5) Total shareholders' equity/Total assets

6) Cash and cash equivalents plus Marketable securities plus Fair value of interest rate swaps minus Financial liabilities

7) Interest bearing liabilities including Provisions for severance payments, pensions, and jubilee payments minus Cash and cash equivalents and Marketable securities

8) Non-current receivables plus Current assets (excluding Cash and cash equivalents as well as Marketable securities) minus Other non-current liabilities and Current liabilities (excluding Financial liabilities and Provisions)

9) Net working capital plus Intangible assets and Property, plant, and equipment

10) Net debt/Total shareholders' equity

# STATUS REPORT

## GENERAL ECONOMIC CONDITIONS

The weak development of the world economy continued in the second quarter of 2009. Most of the published leading economic indicators, which reflect economic development for the coming months, have stabilized or partially turned upward, but they are still at a very low and recessive level.

In the USA, the downturn in the economy also slowed in the second quarter of 2009. Private consumer spending, which is important for the United States economy, has stabilized – albeit at a very low level – and there have also been first signs of the real estate market leveling off. Following a drop in the gross domestic product of 6.1% in the first quarter of 2009, an annual drop of 3% is expected in the second quarter of 2009.

A similar development was also noted in Europe, although many economic indicators signal a further decline or a continuation at low levels for the coming months. In particular, highly export-oriented countries like Germany or Austria continue to suffer from the weak global economy, thus impacting the labor market, and ultimately, private consumer spending. In the past few weeks, economic researchers have cut their forecast for the Euro zone substantially and presently expect the gross domestic product to decline by 4 to 5% in 2009.

In Asia, the economy has also continued to decline. The Japanese economy has fallen into recession, and in China there has also been an economic slowdown due to the drop in exports and decline in domestic consumption. The stimulus program initiated by the government to revive the economy, however, has led to an upswing in economic activity during the second quarter of 2009. Gross domestic product in the second quarter grew by 7.9% on an annualized basis, after 6.1% in the first quarter of 2009.

Source: OECD

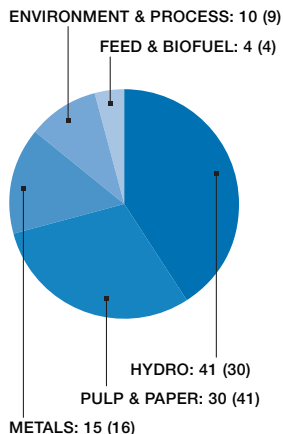
## BUSINESS DEVELOPMENT

### Sales

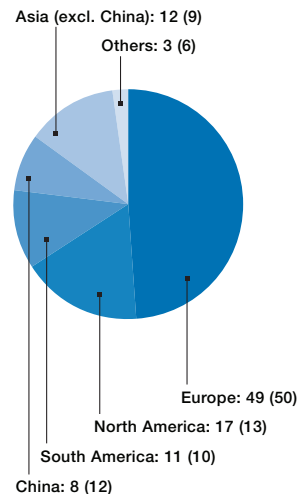
In the first half of 2009, sales of the **ANDRITZ GROUP** amounted to 1,574.1 MEUR, a slight decrease of 4.6% compared to the reference period of last year (H1 2008: 1,650.0 MEUR). While sales of the **HYDRO** business area increased compared to the reference period of last year, sales of the other business areas declined.

Sales of the ANDRITZ GROUP in the second quarter of 2009 amounted to 784.0 MEUR (Q2 2008: 899.1 MEUR).

### Sales by business area H1 2009 (H1 2008) in %



### Sales by region H1 2009 (H1 2008) in %



### Service sales as % of business area's total sales H1 2009 (H1 2008) in %

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

### Order intake

Order intake of the **ANDRITZ GROUP** amounted to 1,712.7 MEUR during the first half of 2009, thus declining significantly compared to the over-proportionally high level of last year's reference period (H1 2008: 2,128.7 MEUR).

The **HYDRO** business area continued to develop favorably. At 1,054.5 MEUR, order intake in the first half of 2009 increased by 37.1%, thus surpassing the value for the reference period of last year (H1 2008: 769.2 MEUR); all divisions in the business area showed a very favorable development of order intake.

Unlike the HYDRO business area, order intake of the other business areas declined, in some cases substantially, compared to the reference period of last year.

Order intake of the **PULP & PAPER** business area declined substantially, to 302.8 MEUR during the reporting period (H1 2008: 711.5 MEUR). While the service business developed relatively solidly (but it was also below the level of last year's reference period), the order intake of capital business was very low; no greenfield pulp mills or major rebuilding/modernization projects were awarded during the reporting period. However, at the end of the second quarter of 2009, project activity in China increased slightly. ANDRITZ was awarded the order to supply the complete process technologies for a new pulp mill (details are described in the PULP & PAPER business area). The order is expected to come in force during the third quarter of 2009.

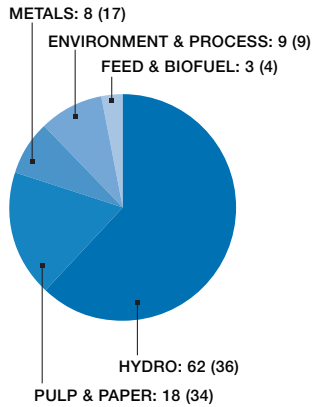
The development of order intake in the **METALS** business area was impacted by the continuing difficult conditions of the global economy. As a result, order intake, at 145.3 MEUR during the first half of 2009, was substantially lower compared to the high level of last year's reference period (H1 2008: 362.6 MEUR).

In the **ENVIRONMENT & PROCESS** business area, order intake amounted to 153.0 MEUR during the reporting period (H1 2008: 198.9 MEUR). Due to the weak economic environment, demand slowed down significantly, particularly in the industrial process applications sector. Project activity in the thermal drying sector also remained weak.

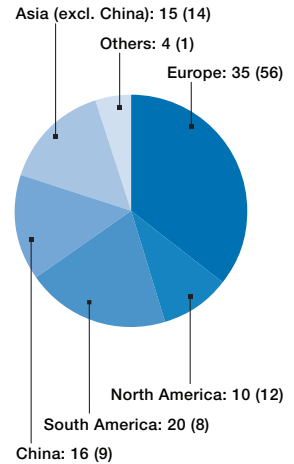
Order intake of the **FEED & BIOFUEL** business area declined significantly, to 57.1 MEUR in the first half of 2009 (H1 2008: 86.5 MEUR). Project activity in both the animal feed and the biomass pelletizing sectors was on the decline, especially in the second quarter of 2009. Demand was particularly low in the North American market.

The Group's order intake in the second quarter of 2009 amounted to 731.3 MEUR (Q2 2008: 933.0 MEUR). While the order intake of the HYDRO business area increased compared to the value of last year's reference period, order intake of the other business areas was on the decline.

**Order intake by business area  
H1 2009 (H1 2008) in %**



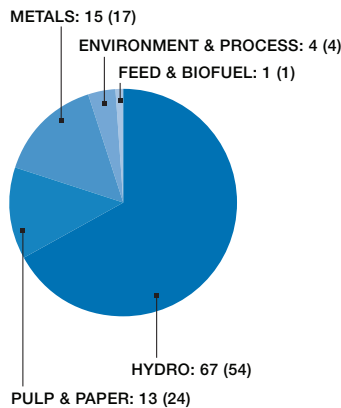
**Order intake by region  
H1 2009 (H1 2008) in %**



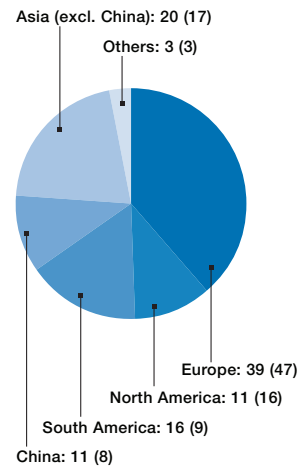
**Order backlog**

The order backlog of the ANDRITZ GROUP as of June 30, 2009 amounted to 4,426.9 MEUR, a decline of 4.2% compared to the value at the reference date of last year (June 30, 2008: 4,619.5 MEUR).

**Order backlog by business area as of June 30, 2009  
(June 30, 2008) in %**



**Order backlog by region as of June 30, 2009  
(June 30, 2008) in %**



**Earnings**

The ANDRITZ GROUP's EBITA amounted to 56.5 MEUR in the first half of 2009 and was thus significantly below the previous year's reference value (H1 2008: 104.5 MEUR). As a result, the Group's EBITA margin declined to 3.6% (H1 2008: 6.3%). This decline was mainly due to restructuring expenses in the amount of approximately 24 MEUR booked in the second quarter of 2009. These expenses primarily relate to necessary capacity adjustments due to the general economic situation and to operational restructuring in some of the Group's companies and business areas, particularly in the PULP & PAPER business area. Excluding these restructuring expenses, the EBITA in the first half of 2009 amounts to 80.8 MEUR, equivalent to an EBITA margin of 5.1% (H1 2008: 6.3%).

The restructuring measures will be implemented in the coming months; the resulting savings will have a positive effect on the operating result for the 2010 business year in particular.

As a result of the restructuring expenses, the EBITA of the ANDRITZ GROUP of 12.8 MEUR in the second quarter was significantly below the value for the second quarter of 2008 (59.0 MEUR). Excluding the restructuring expenses, the EBITA of the ANDRITZ GROUP in the second quarter of 2009 amounts to 37.1 MEUR, equivalent to an EBITA margin of 4.7% (Q2 2008: 6.6%).

The financial result amounted to -2.9 MEUR in the first half of 2009 (H1 2008: -0.9 MEUR).

Net income excluding minority interests of the ANDRITZ GROUP amounted to 32.5 MEUR in the first half of 2009 (-53.4% compared with H1 2008: 69.8 MEUR).

### Net worth position and capital structure

Total assets increased slightly, to 3,099.7 MEUR as of June 30, 2009 (December 31, 2008: 3,086.3 MEUR); the equity ratio amounted to 18.4% (December 31, 2008: 18.7%).

Liquid funds (Cash and cash equivalents plus Marketable securities) amounted to 845.8 MEUR as of June 30, 2009 (December 31, 2008: 821.8 MEUR). The net liquidity (Liquid funds plus Fair value of interest rate swaps minus Financial liabilities) increased to 443.7 MEUR, thus higher than at the end of last year (December 31, 2008: 408.9 MEUR).

#### Assets

<b>781.8</b> MEUR	<b>1,472.1</b> MEUR	<b>845.8</b> MEUR
Long-term assets: 25%	Short-term assets: 48%	Cash and cash equivalents, and Marketable securities: 27%

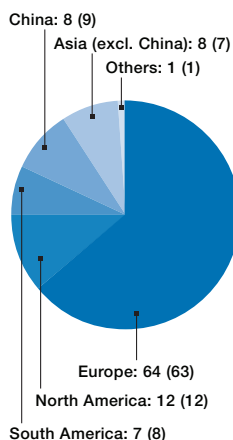
#### Shareholders' equity and liabilities

<b>570.4</b> MEUR	<b>423.5</b> MEUR	<b>320.1</b> MEUR	<b>1,785.7</b> MEUR
Shareholders' equity incl. Minority interests: 18%	Financial liabilities: 14%	Other long-term liabilities: 10%	Other short-term liabilities: 58%

### Employees

As of June 30, 2009, the number of ANDRITZ GROUP employees amounted to 13,397, an increase of 3.5% compared to the reference date of the previous year (June 30, 2008: 12,949 employees). However, in comparison with December 31, 2008 (13,707 employees), the number of employees was slightly down.

### Employees by region as of June 30, 2009 (June 30, 2008) in %



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

The ANDRITZ GROUP has a Group-wide risk management system whose goal is to identify nascent risks and to take countermeasures, if necessary. This is an important element in the active risk management within the Group. However, there is no guarantee that the monitoring and risk control systems are sufficiently effective.

The essential risks for the business development of the ANDRITZ GROUP during the remaining months of 2009 relate to the Group's dependence on the general economic development and the development of the industries it serves, the receipt of major orders, and adequate sales proceeds from the high order backlog. The persistent financial crisis and substantial economic slowdown in the main economic regions of the world also constitute a serious risk for the ANDRITZ GROUP's financial development during the 2009 business year. The global economic weakness might lead to further delays in the execution of existing orders and to the postponement or cancellation of projects. Cancellations of existing contracts could adversely affect the ANDRITZ GROUP's order backlog, which would in turn have a negative impact on the utilization of the Group's manufacturing capacities.

The global financial and economic crisis could also make complete or partial impairments of single goodwills created in the course of acquisitions necessary, if the business development goal cannot be reached. This might influence the earnings development of the ANDRITZ GROUP. Nevertheless, there is always some risk that partial or full provisions will have to be made for some trade accounts receivable.

For the majority of orders, the risk of payment failure by customers is reduced by bank guarantees and export insurances. Risks related to deliveries to countries with medium to high political risks typically are also insured to a large extent. Interest and exchange rate risks are limited and controlled by 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 hedged by forward contracts. Cash flow risks are monitored via monthly cash flow reports.

The ANDRITZ GROUP's position in terms of liquidity is very good; the Group has sufficient liquidity reserves and secure access to liquidity. 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).

Cash is invested in low-risk financial assets, such as government bonds, money market funds, or term/overnight deposits. However, the financial market crisis and its effects have led to unfavorable price developments or non-tradeability for various securities (e. g. money market funds, bonds) in which the Group has invested, which could negatively impact the ANDRITZ GROUP's financial result or shareholders' equity due to necessary depreciations or value adjustments. The crisis has also heightened the default risk of some issuers of securities as well as of customers.

For detailed information on the major risks for the ANDRITZ GROUP, see the ANDRITZ annual financial report 2008.

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

During the first half of 2009, no businesses with related persons and companies were concluded.

### **Effects from exchange rates**

Changes in exchange rates are hedged by forward rate contracts.



### Outlook for the ANDRITZ GROUP

According to forecasts by leading economic experts, the finance and economic crisis will continue at least in the second half of 2009, and probably also in the first half of 2010, thus having a negative effect on development of the real economy until well into the coming year. Despite some individual signs of an economic upturn in some regions, a sustained economic upswing cannot be seen at the moment.

Due to the continuing uncertainty as to the duration and intensity of the financial and economic crisis, as well as what effects it will have on the real economy, it is very difficult to forecast reliably what impact it will have on the **ANDRITZ GROUP's** business – particular in terms of development of the order intake in the coming quarters. While the **PULP & PAPER** and **METALS** business areas are expected to show a substantial decline in order intake, the **HYDRO** business area should continue to see a good development in order intake in 2009.

Based on this economic framework and the expected development in project activity in the individual business areas, the ANDRITZ GROUP continues to expect a drop in sales of approximately 15% for the 2009 business year. With the decline in sales, net income is also expected to decrease compared to 2008; however, the extent of the decline is also influenced by the restructuring measures taken in connection with the world economic crisis.

### Significant events after June 30, 2009

The global economic and financial crisis persisted between the balance sheet date and the publication of this report. This negative macroeconomic environment might have a negative impact on the business development of the ANDRITZ GROUP in the future.

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

We hereby confirm that, to the best of our knowledge, the condensed interim financial statements of the ANDRITZ GROUP drawn up in compliance with the applicable accounting standards provide a true and fair view of the asset, financial, and earnings positions of the ANDRITZ GROUP, and that the status report for the first half of 2009 provides a true and fair view of the asset, financial, and earnings positions of the ANDRITZ GROUP with regard to the important events of the first six months of the financial year and their impact on the condensed interim financial statements of the ANDRITZ GROUP, and with regard to the major risks and uncertainties during the remaining six months of the financial year, and also with regard to the major business transactions subject to disclosure and concluded with related persons and companies.

Graz, August 2009

The Executive Board of ANDRITZ AG



W. Leitner  
(President  
and CEO)



F. Hofmann



K. Hornhofer



H. Köfler



F. Papst

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# HYDRO

## MARKET DEVELOPMENT

Project activity for hydropower equipment continued at a high level in the second quarter of 2009. Especially in Europe and North America, the demand for modernizations and upgrades of existing hydropower stations remained high. Project activity was also very high in the emerging countries in Asia and South America during the reporting period, and numerous projects for new hydropower stations are in the planning stage or are expected to be decided soon.

Global demand for pumps (particularly cooling water pumps for thermal power stations, and also pumps for irrigation and drinking water) and turbo generators was also high during the reporting period.

## MAJOR ORDERS

The business area received a contract from the Brazilian utility company Energia Sustentável do Brasil (ENERSUS) for the supply, installation, supervision, and commissioning of the equipment for the Jirau hydropower station located in northern Brazil. ANDRITZ HYDRO Brasil will supply a total of eight bulb turbines (the most powerful in the world, each with an output of 76.55 MW), generators, and 28 voltage regulators for the generators.

From Himachal Pradesh Power Corporation Ltd. (HPPCL), ANDRITZ HYDRO received an order to supply the equipment of the Sawra Kuddu hydropower station. The scope of supply comprises design, supply, installation, and commissioning of three turbine generator sets, each with an output of 37 MW, including the transformers, switchgear, and electrical powerhouse equipment. This contract once again confirms the business area's excellent position in the rapidly growing hydropower market in India, where ANDRITZ HYDRO has been active for more than 100 years and has equipped more than 150 power stations with a total output of approximately 11,000 MW.

The consortium formed by ANDRITZ HYDRO Brasil, ANDRITZ HYDRO Inepar, and IESA Projetos received a contract from the Brazilian utility company Furnas Centrais Elétricas to supply and install the electromechanical equipment for the Batalha hydropower station. The scope of supply comprises two Kaplan turbines (each with an output of 26.87 MW), generators, speed governors, digital excitation systems, hydromechanical and electromechanical equipment, cranes, erection, and commissioning. The Batalha hydropower station will supply electricity to a population of over 130,000, thus helping to cover the growing electricity demand in Brazil.

For a Chinese water supply project, a major order for the supply of twelve double-suction split case pumps was booked in the reporting period.

In July 2009, Energie Steiermark AG, Austria contracted ANDRITZ HYDRO to supply, install, and commission four bulb turbines, each with a runner diameter of 3,600 mm, including speed governors, generators, and exciter systems, for the Gössendorf and Kalsdorf hydropower stations that are to be built to the south of Graz.

## KEY FIGURES

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

\* restated

**Further major orders at a glance**

<b>Country</b>	<b>Customer</b>	<b>Scope of supply/Project description</b>
Philippines	SN Aboitiz Power Magat Inc.	Refurbishment of the entire Ambuklao power station
Turkey	Girisim Elektrik	Supply of two 10 MW Pelton vertical 5-Jets for Bilav hydropower station
Chile	Astaldi	Two Francis turbines for the Chacayes plant
Turkey	Akkanat Holding	Two 15 MW Pelton vertical 6-Jets for the Gunder power station
Austria	Verbund Austrian Hydro Power	General overhaul of machine 3 at the Hieflau plant
Germany	EnBW	Axial bevel gear bulb (2 MW) for the Karlsruhe plant
Mexico	Power Machines Mexico de Mexico S.A. de C.V.	Francis turbine (2 MW) for the La Yesca hydropower station
Switzerland	AG Kraftwerk Wägital	Refurbishing of four Francis turbines for the Rempen power station
Brazil	DM Construtora de Obras Lta	Two 70 MW Francis turbines for the São Francisco hydropower station
Norway	SKS Produksjon AS	Turbine upgrade in the Sjonsta plant
India	Meghalaya State Electricity Board	Two 20 MW Francis turbines for the Umtru plant
Germany	RWE	Turbine maintenance and repairs at Waldeck II hydropower station
Switzerland	Mattmark AG	Refurbishing of two Francis turbines at the Zermeiggern plant

# PULP & PAPER

## MARKET DEVELOPMENT

The global pulp market continued to develop weakly in the second quarter of 2009, although first signs of a recovery were observed in the softwood area at the end of May/beginning of June. The decline in pulp inventories due to capacity reduction of numerous pulp producers, the slight improvement in demand from China, as well as closures of pulp mills, particularly in North America, led to a worldwide shortage in pulp supply; as a result, the first price increases for Northern Bleached Softwood Kraft Pulp (NBSK) to around 600 US dollars per ton were achieved. The strong Canadian dollar, which has had a negative effect on the profitability of Canadian pulp producers, also supported these demands for a price increase.

The market for hardwood pulp (birch and eucalyptus) remained at a low level in the second quarter of 2009. Since only very few production capacities were reduced in South America and some new plants were started up, the global oversupply of pulp remained unchanged. As a result, pulp producers were unable to implement price increases.

Due to this difficult economic environment, project activity remained very low in the second quarter of 2009, both for new pulp mills and for rebuilds of existing plants. No contracts for new pulp mills or large-scale rebuilds of existing plants were awarded.

## IMPORTANT START-UPS AND DEVELOPMENTS

VCP's Horizonte project in Brazil, which showcases the world's largest single fiberline, started up very successfully. ANDRITZ PULP & PAPER provided the fiberline, pulp drying/baling plant, and white liquor plant. Design capacity is 1,250,000 t/a of bleached eucalyptus pulp.

The business area successfully started up the first large packing paper line: the line delivered to Hebei Yongxin Paper Co. Ltd. in China is a complete ANDRITZ solution – from the stock preparation plant to the paper machine to the winder, including all automation systems for the plant.

The first AWP wash press, a new design washing system from ANDRITZ PULP & PAPER, started up in June at Stora Enso's Skutskär mill in Sweden.

In Brazil, the highest capacity single chipping line in the world was started up for Veracel Celulose S/A.

Three systems for the production of panelboard were started up by the business area during the second quarter of 2009: in April, the first fiber was produced with a new pressurized refining system for ShaanXi Zhong Xing Timber Co. Ltd. in China; in May, a complete fiber preparation plant, including the world's largest pressurized refining system, was started up for Duratex S.A. in Brazil; and in June, OMO Wood, Nigeria started up a new pressurized refining system for MDF.

New service products are being introduced by the business area: new refiner plates (LemaxX Spiral™ 200 series) are being launched to the NAFTA market; the first industrial application of 'Pulse Express' deflaker plates has been installed at a mill in Austria; and a new Ro-Tec Dolphin™ rotor for screens has been launched – the rotor is expected to achieve an energy reduction of at least 25%.

## KEY FIGURES

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

\* restated

**MAJOR  
ORDERS**

Fortum Termost in Pärnu, Estonia ordered a biomass boiler feeding system and ash-handling from the business area. This complements the order from the same customer for a biomass boiler island within a Combined Heat and Power (CHP) plant.

For Fujian Yongan Forestry (Group) Joint Stock Co. Ltd. in Fujian, China, ANDRITZ PULP & PAPER will supply a pressurized refining system for MDF with 720 t/d capacity; start-up is scheduled for 2010.

Zhejiang JingXing of Pinhu, China ordered a new 250 t/d recycled fiber processing line using mixed office waste. The delivery will include fiber processing, stock approach, thickening, and refining equipment. Start-up is scheduled for April 2010.

A mechanical pulping system (RT-RTS™ TMP technology) has been ordered by Fujian Nanping Paper Co., Ltd., Fujian Province, China. The new plant will use masson pine as the raw material and will produce 450-500 t/d of newsprint, culture paper, and lightweight grades. Start-up is scheduled for mid-2010.

Cartulinas CMPC S.A., Chile has chosen the business area to provide a service package aimed at improving maintenance practices and technical support of its production equipment to decrease downtime and hours spent on repair work while raising machine runnability. The contract also includes a spare part package for certain equipment in the mill.

In July 2009, ANDRITZ PULP & PAPER received an order from Zhanjiang Chenming Pulp & Paper Co., Ltd., an affiliate of Shandong Chenming Paper, to supply the complete process technologies for a new mill to produce bleached kraft pulp from hardwood (plant capacity: 700,000 t/y), as well as the complete stock preparation and approach flow system for a fine paper machine at this mill. Start-up of the pulp mill is planned for mid-2011.

To Shouguang Meilun Paper Co., Ltd., a further company of the Chenming Group in China, the business area will deliver a 5.6 m wide PrimeLine tissue machine with a maximum design speed of 2,000 m/min, including stock preparation, approach flow system and automation system, for a mill in the Shandong Province. The tissue machine is targeted for start-up at the end of 2010.

**Further major orders at a glance**

Country	Customer	Scope of supply/Project description
Indonesia	Pelita Cengkaeng	Supply of a 1,150 t/d OCC line with fractionation
Japan	National Printing Bureau	Refiner system
Saudi Arabia	Obeikan Paper	Stock preparation equipment
China	Fujian Nanping Paper	Two CenterScrew™ reclaimers for woodyard
Various	Norske Skog	Renewal of supply contract for HC refiner plates
USA	Clearwater Paper Corporation	Upgrade to M&D digester
Russia	JTI Yelets	Rebuild of machine press section

# METALS

## MARKET DEVELOPMENT

Development of the market for carbon steel equipment was very weak during the second quarter of 2009. The worldwide decline in the demand for steel products in the wake of the global financial and economic crisis led to substantial production cuts and capacity shutdowns by virtually all steel producers. Many of these steel companies have cut their capital expenditure plans substantially or have put them on hold. According to information and estimates from the World Steel Association, global production of crude steel dropped by more than 20% in the first half of 2009 compared to the reference period of last year.

A similar development was also noted on the stainless steel market. The strong decline in demand from the automobile and household appliances industries led to substantial declines in capacity utilization of stainless steel producers in some cases. Many projects for new investments or refurbishments were postponed.

## MAJOR EVENTS

The largest eccentric press ever developed by ANDRITZ METALS, with a pressing force of 26,000 kN, was successfully handed over to Gutbrod, an affiliate of voestalpine in Germany. Another newly developed eccentric press (pressing force 10,000 kN) was handed over to Tower Automotiv, Poland.

During the reporting period several hydrochloric acid regeneration plants were successfully handed over to various customers, including Baoshan Iron & Steel, China (this is now the fifth hydrochloric acid regeneration plant supplied to Baoshan Iron & Steel by the METALS business area, thanks to the excellent relationship with the customer), Al Ghurair Iron & Steel, Abu Dhabi, United Arab Emirates, and Dharampal Premchand Ltd., India.

ANDRITZ Maerz successfully concluded various orders, including three contracts for customers in Germany: new roller hearth furnace for steel plates for Dillinger Hütte, supply of a double chamber furnace plant to Schmiedewerke Gröditz, as well as two car bottom furnaces with circulating system for Maschinenfabrik Alfing Kessler GmbH.

## MAJOR ORDERS

ANDRITZ METALS received an order from Baoshan Iron & Steel (Baosteel), China for reconstruction of the existing cut-to-length line for thick strip, including the complete electronic drive and control system.

The business area will supply a regeneration plate for hydrochloric acid, including a waste pickle cleaning plant and three pre-sedimentation plants, to Hebei Shougang Qian'an Steel Co., China.

### Further major orders at a glance

Country	Customer	Scope of supply/Project description
China	Baoshan Iron & Steel (Baosteel)	Follow-up order for the supply of a neolyte pickling section for the Baosteel works Shanghai No. 1
Korea	POSCO Electrical Steel Works Pohang Iron and Steel Co., Ltd.	Supply of a roll grinding machine

## KEY FIGURES

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

\* restated

# ENVIRONMENT & PROCESS

## MARKET DEVELOPMENT

The market for sludge dewatering equipment remained at a satisfactory level in most regions of the world during the second quarter of 2009. In particular, investment activity in China developed solidly during the reporting period.

In the industrial process applications sector, project activity slowed down significantly, especially in the petrochemical, minerals, and mining industries.

Investment activity in the sludge drying sector remained at a very low level during the second quarter of 2009. Most investment decisions and projects have been delayed and/or put on hold, both in the private and public sectors; however, rising investment activity for sludge drying plants has been noted in China and Korea due to the economic stimulus programs that have been started. The demand for biomass (sawdust/wood chips) drying systems continued to remain relatively stable in Western Europe and Scandinavia.

## IMPORTANT EVENT

The customer satisfaction report by 'China Water Web' – covering 100 water and waste water treatment plants – has ranked ANDRITZ the number 1 for sludge dewatering equipment in five out of seven categories. This confirms the leading position of ANDRITZ ENVIRONMENT & PROCESS in this market.

## MAJOR ORDERS

The business area received an order from PCS Rocanville, Canada for the supply of 11 centrifuges for potash.

Polymetal, Russia ordered another filter press plant for gold washing; this is the third line that ANDRITZ ENVIRONMENT & PROCESS will deliver to this customer.

### Further major orders at a glance

Country	Customer	Scope of supply/Project description
China	Chengdu Water	Supply of three large filter presses for sludge dewatering
USA	DE-CAL Inc.	Centrifuges for sludge dewatering
China	Taggart	Two hyperbaric filters for fine coal dewatering
China	China Petroleum	Three centrifuges for HDPE (High Density Polyethylene)
Singapore	De Smet	Nine membrane filter presses for plants in China and Malaysia

## KEY FIGURES

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

\* restated



# FEED & BIOFUEL

## MARKET DEVELOPMENT

During the second quarter of 2009, project activity in the animal feed sector continued to be impacted by the global economic and financial crisis. Due to both low demand from end consumers and lack of financing, many projects were put on hold or project decisions delayed. In the special feed sector, project activity was at a very low level, especially for aquatic feed and pet food. In some regions, a slight pick-up in project activity was noted.

The biomass/wood pelletizing market showed reasonable project activity, especially in Northern Europe, but also in Eastern Europe and South America. However, similar to the animal feed sector, several, in part larger, projects were put on hold at short notice or put off due to the continuing lack of financing possibilities.

## MAJOR EVENT

Together with the ENVIRONMENT & PROCESS business area (delivering a belt dryer for biomass), ANDRITZ FEED & BIOFUEL supplies machinery for a wood pelleting plant with a production capacity of 160,000 t/y to Stora Enso, Sweden. Start-up is scheduled for the end of 2009.

## MAJOR ORDERS

The business area received several orders for the supply of processing lines for animal feed, mainly in South America and Asia, and for wood pelleting, again mainly in South America and Asia, during the reporting period.

For Lifland, Iceland, ANDRITZ FEED & BIOFUEL will supply a complete processing line for animal feed production; start-up is scheduled for 2010. With this greenfield plant (capacity approximately 50,000 t/a), Lifland will cover nearly 60% of total animal feed production in Iceland.

## KEY FIGURES

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

\* restated

**CONSOLIDATED FINANCIAL  
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ANDRITZ GROUP**

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**ANDRITZ SHARE**

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# CONSOLIDATED INCOME STATEMENT

For H1 2009 (condensed, unaudited)

(in TEUR)	H1 2009	H1 2008*	Q2 2009	Q2 2008*
<b>Sales</b>	<b>1,574,088</b>	<b>1,650,042</b>	<b>784,038</b>	<b>899,160</b>
Changes in inventories of finished goods and work in progress	36,497	61,588	4,196	35,989
Capitalized cost of self-constructed assets	251	170	136	110
	<b>1,610,836</b>	<b>1,711,800</b>	<b>788,370</b>	<b>935,259</b>
Other operating income	28,056	26,695	13,457	16,290
Cost of materials	(924,462)	(1,019,951)	(437,084)	(567,963)
Personnel expenses	(400,162)	(362,797)	(207,295)	(186,566)
Other operating expenses	(225,111)	(229,134)	(124,513)	(127,038)
<b>Earnings before interest, taxes, depreciation, and amortization (EBITDA)</b>	<b>89,157</b>	<b>126,613</b>	<b>32,935</b>	<b>69,982</b>
Depreciation, amortization, and impairment of intangible assets and property, plant, and equipment	(37,201)	(25,170)	(22,569)	(12,578)
Impairment of goodwill	0	0	0	0
<b>Earnings before interest and taxes (EBIT)</b>	<b>51,956</b>	<b>101,443</b>	<b>10,366</b>	<b>57,404</b>
Income/Expenses from associated companies	631	525	205	225
Interest result	867	(1,790)	467	(858)
Other income from financing activities	(4,364)	276	654	162
<b>Financial result</b>	<b>(2,866)</b>	<b>(989)</b>	<b>1,326</b>	<b>(471)</b>
<b>Earnings before taxes (EBT)</b>	<b>49,090</b>	<b>100,454</b>	<b>11,692</b>	<b>56,933</b>
Income taxes	(14,549)	(28,439)	(3,413)	(16,150)
<b>NET INCOME</b>	<b>34,541</b>	<b>72,015</b>	<b>8,279</b>	<b>40,783</b>
Thereof attributable to:				
Shareholders of the parent company	32,541	69,805	6,852	39,587
Minority interests	2,000	2,210	1,427	1,196
Weighted average number of no-par value shares	51,208,069	51,142,761	51,213,576	51,178,450
Earnings per no-par value share (in EUR)	0.64	1.36	0.13	0.77
Effect of potential dilution of share options	0	123,816	0	166,147
Weighted average number of no par value shares and share options	51,208,069	51,266,577	51,213,576	51,344,597
Diluted earnings per no-par value share (in EUR)	0.64	1.36	0.13	0.77

\* restated

# CONSOLIDATED BALANCE SHEET

As of June 30, 2009 (condensed, unaudited)

(in TEUR)	30. 06. 2009	31. 12. 2008
<b>ASSETS</b>		
Intangible assets	50,274	56,391
Goodwill	227,316	226,999
Property, plant, and equipment	339,403	327,734
Shares in associated companies	9,640	9,300
Other Investments	31,548	35,461
Non-current receivables and other non-current assets	41,934	32,608
Deferred tax assets	81,696	76,246
<b>Non-current assets</b>	<b>781,811</b>	<b>764,739</b>
Inventories	393,407	360,051
Advance payments made	89,412	97,984
Trade accounts receivable	406,981	424,947
Cost and earnings of projects under construction in excess of billings	408,402	445,548
Other current receivables	159,504	160,186
Prepayments and deferred charges	14,324	11,084
Marketable securities	306,660	263,314
Cash and cash equivalents	539,174	558,448
<b>Current assets</b>	<b>2,317,864</b>	<b>2,321,562</b>
<b>TOTAL ASSETS</b>	<b>3,099,675</b>	<b>3,086,301</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
Share capital	104,000	104,000
Capital reserves	36,476	36,476
Retained earnings	393,147	402,029
<b>Equity attributable to shareholders of the parent company</b>	<b>533,623</b>	<b>542,505</b>
<b>Minority interests</b>	<b>36,757</b>	<b>34,877</b>
<b>Total shareholders' equity</b>	<b>570,380</b>	<b>577,382</b>
Bonds – non-current	371,399	369,023
Bank loans and other financial liabilities – non-current	18,903	25,163
Provisions – non-current	209,578	217,147
Obligations under finance leases – non-current	842	858
Other liabilities – non-current	23,737	16,989
Liabilities for deferred taxes	86,784	89,992
<b>Non-current liabilities</b>	<b>711,243</b>	<b>719,172</b>
Bonds – current	0	0
Bank loans and other financial liabilities – current	31,993	36,334
Obligations under finance leases – current	406	523
Trade accounts payable	234,568	306,295
Billings in excess of cost and earnings of projects under construction	704,330	621,177
Advance payments received	47,154	57,629
Provisions – current	293,835	260,125
Liabilities for current taxes	29,776	34,614
Other liabilities – current	475,990	473,050
<b>Current liabilities</b>	<b>1,818,052</b>	<b>1,789,747</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>3,099,675</b>	<b>3,086,301</b>

# CONSOLIDATED CASH FLOW STATEMENT

For H1 2009 (condensed, unaudited)

(in TEUR)	H1 2009	H1 2008
Cash flow from operating activities	117,572	126,209
Cash flow from investing activities	(67,374)	43,946
Cash flow from financing activities	(69,472)	7,044
<b>Change in cash and cash equivalents</b>	<b>(19,274)</b>	<b>177,199</b>
Cash and cash equivalents at the beginning of the period	558,448	496,926
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>539,174</b>	<b>674,125</b>

# CASH FLOWS FROM ACQUISITION OF SUBSIDIARIES

For H1 2009 (condensed, unaudited)

(in TEUR)	HYDRO	Total H1 2009	Total H1 2008
Intangible assets	0	0	11,649
Property, plant, and equipment	0	0	27,707
Inventories	0	0	44,533
Trade and other receivables excluding financial assets	0	0	85,072
Liabilities excluding financial liabilities	0	0	(227,293)
<b>Non-interest bearing net assets</b>	<b>0</b>	<b>0</b>	<b>(58,332)</b>
Financial assets	0	0	1,764
Cash and cash equivalents acquired	0	0	38,043
Debt assumed	0	0	(7,638)
Goodwill	0	0	9,314
Purchase price for investments previously accounted under the equity method	0	0	(64)
Changes in minority interests	0	0	(17,917)
Changes in equity attributable to shareholders of the parent company	0	0	245
<b>Total purchase price</b>	<b>0</b>	<b>0</b>	<b>(34,585)</b>
Purchase price paid	0	0	34,585
Changes in receivables/payables from purchase price not yet paid	6,504	6,504	0
Cash and cash equivalents acquired	0	0	38,043
<b>NET CASH FLOW</b>	<b>6,504</b>	<b>6,504</b>	<b>72,628</b>

# CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSE

For H1 2009 (condensed, unaudited)

(in TEUR)	H1 2009			H1 2008		
	Total	Thereof attributable to Shareholders of the parent company	Thereof attributable to Minority interests	Total	Thereof attributable to Shareholders of the parent company	Thereof attributable to Minority interests
Currency translation adjustments	11,304	8,650	2,654	(8,976)	(9,023)	47
Actuarial gains (losses), net of tax	0	0	0	0	0	0
Changes to IAS 39 reserve, net of tax	3,543	3,510	33	(1,820)	(1,816)	(4)
<b>Total income and expense for the period recognized directly in equity</b>	<b>14,847</b>	<b>12,160</b>	<b>2,687</b>	<b>(10,796)</b>	<b>(10,839)</b>	<b>43</b>
Net income	34,541	32,541	2,000	72,015	69,805	2,210
<b>TOTAL INCOME AND EXPENSE FOR THE PERIOD</b>	<b>49,388</b>	<b>44,701</b>	<b>4,687</b>	<b>61,219</b>	<b>58,966</b>	<b>2,253</b>

For Q2 2009 (condensed, unaudited)

(in TEUR)	Q2 2009			Q2 2008		
	Total	Thereof attributable to Shareholders of the parent company	Thereof attributable to Minority interests	Total	Thereof attributable to Shareholders of the parent company	Thereof attributable to Minority interests
Currency translation adjustments	3,008	1,280	1,728	4,499	4,332	167
Actuarial gains (losses), net of tax	0	0	0	0	0	0
Changes to IAS 39 reserve, net of tax	1,616	1,567	49	627	625	2
<b>Total income and expense for the period recognized directly in equity</b>	<b>4,624</b>	<b>2,847</b>	<b>1,777</b>	<b>5,126</b>	<b>4,957</b>	<b>169</b>
Net income	8,279	6,852	1,427	40,783	39,587	1,196
<b>TOTAL INCOME AND EXPENSE FOR THE PERIOD</b>	<b>12,903</b>	<b>9,699</b>	<b>3,204</b>	<b>45,909</b>	<b>44,544</b>	<b>1,365</b>

# CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

For H1 2009 (condensed, unaudited)

(in TEUR)	Attributable to shareholders of the parent company						Minority interests	Total shareholders' equity	
	Share capital	Capital reserves	Other retained earnings	IAS 39 reserve	Actuarial gains (losses)	Currency translation adjustments			Total
<b>Status as of January 1, 2008*</b>	<b>104,000</b>	<b>36,476</b>	<b>368,447</b>	<b>644</b>	<b>(7,734)</b>	<b>(34,424)</b>	<b>467,409</b>	<b>14,166</b>	<b>481,575</b>
Total income and expense for the year			69,805	(1,816)	0	(9,023)	58,966	2,253	61,219
Dividends			(51,087)				(51,087)	(1,498)	(52,585)
Changes from acquisitions			(245)				(245)	18,337	18,092
Changes concerning own shares			9,419				9,419		9,419
Other changes			2,108				2,108		2,108
<b>STATUS AS OF JUNE 30, 2008</b>	<b>104,000</b>	<b>36,476</b>	<b>398,447</b>	<b>(1,172)</b>	<b>(7,734)</b>	<b>(43,447)</b>	<b>486,570</b>	<b>33,258</b>	<b>519,828</b>
<b>Status as of January 1, 2009</b>	<b>104,000</b>	<b>36,476</b>	<b>465,479</b>	<b>(4,837)</b>	<b>(13,890)</b>	<b>(44,723)</b>	<b>542,505</b>	<b>34,877</b>	<b>577,382</b>
Total income and expense for the year			32,541	3,510	0	8,650	44,701	4,687	49,388
Dividends			(56,321)				(56,321)	(2,807)	(59,128)
Changes from acquisitions							0		0
Changes concerning own shares			389				389		389
Other changes			2,349				2,349		2,349
<b>STATUS AS OF JUNE 30, 2009</b>	<b>104,000</b>	<b>36,476</b>	<b>444,437</b>	<b>(1,327)</b>	<b>(13,890)</b>	<b>(36,073)</b>	<b>533,623</b>	<b>36,757</b>	<b>570,380</b>

\* restated

# NOTES

## Explanatory notes to the interim consolidated financial statements as of June 30, 2009

### General

The interim consolidated financial statements as of June 30, 2009 were 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. The accounting and valuation methods as of December 31, 2008 have been maintained without any change. For additional information on the accounting and valuation principles, see the consolidated financial statements as of December 31, 2008, 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.

The interim consolidated financial statements as of June 30, 2009 were neither subject to a complete audit nor to an audit review by an auditor.

### Application of new standards

The standard IAS 23 (revised) 'Borrowing Costs' was endorsed by the European Union in December 2008. Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset are to be capitalized as part of the cost of that asset. ANDRITZ applies the standard for the financial year beginning on January 1, 2009. Construction contracts are predominantly financed by advance and partial payments received from customers. Bank loans and bonds in the ANDRITZ GROUP are used for the financing of liquid reserves. Thus, the amendment does not impact the financial statements of the ANDRITZ GROUP so far.

ANDRITZ applies the standard IFRS 8 'Operating Segments' for the financial year beginning on January 1, 2009. The new standard does not affect the reporting segment structure.

### Changes in 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-June 30, 2008:

- Maerz Industrieofenanlagen GmbH: heat treatment plants and melting furnaces;
- certain assets of GE (General Electric Company) Energy: hydropower technology;
- GEHI (majority interest in the General Electric Hydro Inepar joint venture): hydropower technology;
- Kufferath: service company for the pulp and paper industry.

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

### Seasonality

As a rule, the business of the ANDRITZ GROUP is not characterized by any seasonality.

### Notes to the interim consolidated income statement

Sales of the ANDRITZ GROUP during the first half of 2009 amounted to 1,574.1 MEUR, a decrease of 4.6% compared to the reference period of last year (H1 2008: 1,650.0 MEUR). EBIT during the first half of 2009 amounted to 52.0 MEUR and was thus significantly below the previous year's reference value (H1 2008: 101.4 MEUR). This decline was mainly due to restructuring expenses in the amount of approximately 24 MEUR booked in the second quarter of 2009. These expenses primarily relate to necessary capacity adjustments due to the general economic situation and to operational restructuring in some of the Group's companies and business areas, particularly in the PULP & PAPER business area.



Sales of the Group during the second quarter of 2009 amounted to 784.0 MEUR (Q2 2008: 899.1 MEUR). The Group's EBIT during the second quarter of 2009 amounted to 10.4 MEUR (Q2 2008: 57.4 MEUR).

#### **Notes to the consolidated balance sheet**

Total assets of the ANDRITZ GROUP as of June 30, 2009 amounted to 3,099.7 MEUR, thus 13.4 MEUR higher than as of December 31, 2008 (3,086.3 MEUR). The net working capital as of June 30, 2009 amounted to -1.6 MEUR (December 31, 2008: 22.7 MEUR).

During the current business year, ANDRITZ AG paid dividends in the amount of 56.3 MEUR for the business year 2008. No shares were bought back during the first half of 2009.

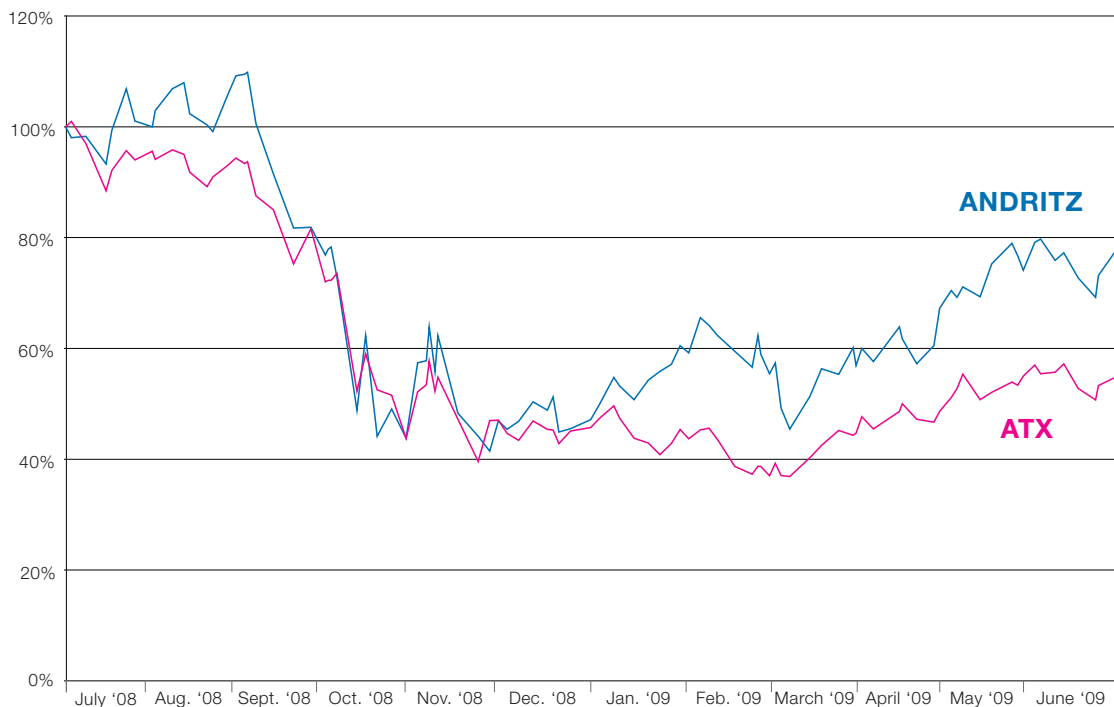
#### **Notes to the consolidated cash flow statement**

Cash flow from operating activities of the ANDRITZ GROUP amounted to 117.6 MEUR for the first half of 2009 (H1 2008: 126.2 MEUR). This – in comparison with the decline in earnings – slight decrease compared to the reference period of last year resulted from changes in the net working capital as well as from the fact that restructuring expenses have mostly been not cash effective yet.

Cash flow from investing activities during the first half of 2009 amounted to -67.4 MEUR (H1 2008: 43.9 MEUR) and resulted both from investments in tangible and intangible assets of -40.2 MEUR as well as investments in securities and changes in receivables/payables from purchase price not yet paid for aquired businesses.

# ANDRITZ SHARE

Relative share price performance of the ANDRITZ share versus the ATX (July 1, 2008-June 30, 2009)



## Share price development

The ANDRITZ share price developed very favorably in the first half of 2009 and rose by 55.7%. Thus, it once again outperformed the ATX, the leading share index of the Vienna Stock Exchange, which rose by 15.8% over the same period.

The highest closing price for the ANDRITZ share over the reporting period was 30.71 Euros (June 4, 2009), while the lowest closing price was 17.50 Euros (March 9, 2009).

## Trading volume\*

The average daily trading volume was 341,625 shares in the first half of 2009 (H1 2008: 458,047 shares). The highest trading volume was recorded on February 27, 2009 (931,640 shares), the lowest on March 16, 2009 (78,622 shares).

\* Double counting – as published by the Vienna Stock Exchange.

## Investor relations

At the Vienna Stock Exchange Awards 2009, ANDRITZ once again received a prize for its extensive investor relations activities: ANDRITZ took second place in the main category, the ATX Prize, which is awarded to companies in the leading index of the Vienna Stock Exchange for the quality of their work in terms of transparency and communication policy in the Austrian capital market. ANDRITZ took first place in this category last year.

The assessment criteria for the ATX Prize include the quality of financial reporting (e. g. information content and clear arrangement), investor relations (e. g. good accessibility, roadshows, information provided in the internet), strategy and business management (clarity and level of detail in strategy, accuracy of forecasts, risk indication, management credibility), and market-related factors.

The ANDRITZ GROUP has already received several awards for its investor relations activities since the Initial Public Offering in 2001, also for special achievements in corporate governance and online investor relations.

In the second quarter of 2009, investor meetings and presentations were held in London, Paris, Milan, New York, Denver, San Francisco, Zurich, Frankfurt, Brussels, Cologne, and Düsseldorf.

### Stock Exchange figures for the ANDRITZ shares

	Unit	H1 2009	H1 2008	Q2 2009	Q2 2008	2008
Highest closing price	EUR	30.71	43.53	30.71	43.53	43.53
Lowest closing price	EUR	17.50	30.94	21.92	34.15	15.96
Closing price as of end of period	EUR	29.90	40.05	29.90	40.05	18.16
Market capitalization as of end of period	MEUR	1,554.8	2,082.6	1,554.8	2,082.6	944.3
Performance	%	+55.7	+0.6	+36.4	+15.4	-54.4
ATX weighting as of end of period	%	3.9576	2.6837	3.9576	2.6837	2.9209
Average daily number of shares traded	Share units	341,625	458,047	343,710	374,012	488,638

Source: Vienna Stock Exchange

### Key figures for ANDRITZ shares

ISIN code	AT0000730007
First listing day	June 25, 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

### Financial calendar

November 6, 2009 Results for Q1-Q3 2009

The financial calendar with updates as well as information about planned roadshows, participations in investor conferences, etc. can be found on [www.andritz.com](http://www.andritz.com).

# 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.

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**The online version of this interim financial report offers you the following special features:**

- Downloading of all tables with key financial figures as well as individual chapters.
- Targeted search for pre-defined topics that were of special importance to the ANDRITZ GROUP during the reporting period.
- Selection of individual sections and compilation of a customized report.
- Advanced search functions for such areas as share, key figures, Consolidated financial statement, order intake, and acquisitions.

**[reports.andritz.com/2009h1/](http://reports.andritz.com/2009h1/)**



All annual reports, annual financial reports, and quarterly reports since the IPO in 2001 are available at: [www.andritz.com/reports](http://www.andritz.com/reports)



The **annual report 2008** of the ANDRITZ GROUP contains further information such as: Interview with Wolfgang Leitner (President & CEO of ANDRITZ AG), Global Care (global challenges in environmental and climate protection – and ANDRITZ’s answers to these challenges), strategy, the ANDRITZ share, the five ANDRITZ business areas, manufacturing, etc.

The annual financial report and the annual report 2008 are available at [reports.andritz.com/2008/](http://reports.andritz.com/2008/) – you can also order a printed copy for free:

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