



FIRST HALF OF
2005

ANDRITZ



FIRST HALF OF 2005

- Order Intake, Sales, and Net Income above previous year's reference period
- Order Backlog at record level
- Andritz share price outperforms ATX

GENERAL ECONOMIC CONDITIONS

During the First Half of 2005, the economy in the US showed continued solid growth. Economic expansion was mainly based on strong domestic demand, capital expenditure by the industry, and increased exports. In order to dampen a potential overheating of the economy, the Federal Reserve Board (FED) increased key interest rates – in several steps – to 3.25 % during the reporting period.

In Euroland, economic activities remained very slow during the First Half of 2005. Besides structural and political problems in some of Euroland's member states, the strong Euro and the surge in energy prices were the main burdening factors.

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 2005, Sales of the Andritz Group were 777.5 MEUR, an increase of 13.4 % compared to the reference period of last year (H1 2004: 685.8 MEUR). Some large orders – in particular in the Pulp and Paper and the Rolling Mills and Strip Processing Lines Business Areas – were in their initial stages of processing, thus contributing only slightly to Sales during the reporting period. However, for the upcoming Quarters, increased Sales contributions from these orders are expected.

NETZSCH Filtration, VA TECH WABAG's fluidized bed drying systems, and Kaiser – all of these companies/businesses were acquired in the Second Half of 2004 and are therefore not included in the reference figures of the First Half of 2004 – added approximately 35 MEUR to Group Sales in the First Half of 2005.

Group Order Intake above last year's reference period

Group Order Intake for the First Half of 2005 amounted to 890.3 MEUR. This was an increase of 14.8 % compared to the First Half of 2004 (775.6 MEUR). In particular, the Rolling Mills and Strip Processing Lines (+ 64.3 % vs. H1 2004) and the Environment and Process Business Areas (+ 105.2 % vs. H1 2004) were able to increase Order Intake significantly compared to the reference period of last year. Order Intake of the Pulp and Paper Business Area for the First Half of 2005

was down by 15.7 % compared to the First Half of 2004. However due to the very good development of Order Intake in Q2 2005 (256.6 MEUR; +9.9 % vs. Q2 2004; +76.4 % vs. Q1 2005), the shortfall of Q1 2005 (-40.2 % vs. Q1 2004) has been significantly reduced.

Combined Order Intake of NETZSCH Filtration, VA TECH WABAG's fluidized bed drying systems, and Kaiser amounted to 47 MEUR during the First Half of 2005.

Order Backlog as of 30. 6. 2005 reached a record level of 1,566.5 MEUR, increasing 5.3 % compared to 31. 3. 2005 (1,487.7 MEUR). Compared to the reference date of last year (30. 6. 2004: 1,159.8 MEUR), Order Backlog surged by 35.1 %. This provides a solid visibility for the Group's Sales development in the upcoming Quarters.

Earnings up

Earnings developed favorably. EBITDA for the First Half of 2005 increased to 56.7 MEUR, up 9.0 % compared to the reference period of last year (H1 2004: 52.0 MEUR).

As a consequence of the application of IFRS 3, which prohibits the amortization of goodwill from 2005 on and obliges instead to test the goodwill for impairment at least annually, EBIT in the First Half of 2005 surged to 45.2 MEUR (H1 2004: 33.0 MEUR).

Net Income, excluding minority interests, amounted to 32.7 MEUR, exceeding last year's reference period by 28.2 % (H1 2004: 25.5 MEUR).

Net worth position and capital structure

The net worth position and capital structure of the Andritz Group as of 30. 6. 2005 showed no major changes compared to 31. 12. 2004.

As of 30. 6. 2005, the Group's net liquidity (cash and cash equivalents minus interest-bearing financial liabilities) was 208.9 MEUR. This is a decline of 4.9 % compared to the exceptionally high level at the end of last year (31. 12. 2004: 219.6 MEUR). The equity ratio as of 30. 6. 2005 was 22.4 % (31. 12. 2004: 23.4 %).

Effects from changes in exchange rates

At an unchanged Euro/US dollar exchange rate, Group Sales in the First Half of 2005 would have been higher by 6.3 MEUR, EBITA by 0.3 MEUR, and Order Intake by 5.8 MEUR.

Acquisitions

In June 2005, Andritz signed an agreement to purchase 100 % of Lenser Filtration GmbH + Co. KG, Germany. Lenser Filtration is one of the leading global manufacturers of filter elements from thermo-plastic materials for solid/liquid separation in filter presses. The company has annual Sales of approximately 25 MEUR and a staff of approximately 230 people. Lenser Filtration is headquartered in Senden, Germany and also has locations in Malaysia, the USA, China, Great Britain, France, and Romania.

KEY FIGURES FOR THE FIRST HALF OF 2005 (IFRS)

MEUR	H1 2004	H1 2005	Change	Q2 2004	Q2 2005	Change
Sales	685.8	777.5	+13.4 %	354.0	435.1	+22.9 %
Order Intake	775.6	890.3	+14.8 %	406.0	497.1	+22.4 %
Order Backlog (as of end of period)	1,159.8	1,566.5	+35.1 %	1,159.8	1,566.5	+35.1 %
EBITDA ¹⁾	52.0	56.7	+9.0 %	29.5	31.3	+6.1 %
EBITDA Margin	7.6 %	7.3 %	-	8.3 %	7.2 %	-
EBITA ²⁾	41.3	45.2	+9.4 %	24.2	25.6	+5.8 %
EBITA Margin	6.0 %	5.8 %	-	6.8 %	5.9 %	-
EBIT ³⁾	33.0	45.2	+37.0 %	19.4	25.7	+32.5 %
Earnings before Taxes	32.7	46.8	+43.1 %	19.2	26.5	+38.0 %
Net Income excl. Minority Interests	25.5	32.7	+28.2 %	17.5	18.6	+6.3 %
Cash Flow from Operating Activities	90.5	38.5	-57.5 %	38.9	14.9	-61.7 %
Capital Expenditure ⁴⁾	5.7	9.8	+71.9 %	3.2	4.9	+53.1 %
Employees (as of end of period)	4,885	5,590	+14.4 %	4,885	5,590	+14.4 %

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

2) EBITA: Earnings before Interest, Taxes, and Amortization of Goodwill

3) EBIT: Earnings before Interest and Taxes

4) Additions to tangible and intangible assets

PULP AND PAPER

MARKET DEVELOPMENT

During the First Half of 2005, the global pulp market showed a mixed development. After an upward move during the First Quarter, the price for Northern Bleached Softwood Kraft Pulp (NBSK) declined from approximately 650 US dollars per ton as of the beginning of April to approximately 600 US dollars per ton as of the end of June 2005. The main reasons for this decline were both the existing oversupply of pulp, especially in Scandinavia, and the weak demand from European and Chinese paper producers. The shutdown of the Finnish pulp mills during May and June 2005 – caused by the dispute between the Finnish Forest Industries Federation and the Finnish Paper Workers' Union about the new collective labor agreement – led to a slight support of NBSK prices.

Contrary to the price development of NBSK, the prices for short-fiber pulp (birch and eucalyptus) improved slightly during the Second Quarter of 2005. Due to the existing shortage of supply and the solid demand from paper producers, the price for eucalyptus pulp increased to approximately 600 US dollars per ton at the end of June.

Project activity during the reporting period remained at a satisfactory level, with the focus again on investments in the Southern hemisphere (South America, Asia).

BUSINESS DEVELOPMENT

Sales of the Business Area for the First Half of 2005 amounted to 468.9 MEUR, increasing 10.4 % compared to the reference period of last year (H1 2004: 424.7 MEUR). EBITA amounted to 28.0 MEUR (H1 2004: 27.8 MEUR).

During May 2005, the Veracel greenfield market pulp mill in Brazil started up very successfully, and ahead of schedule. Andritz provided the complete fiberline – digester to finished bales of market pulp – and the white liquor plant. Design capacity for the mill is 900,000 t/a. Included in the delivery is Andritz's latest cooking technology (Downflow Lo-Solids®), a new screening system (CombiScreen™), high-efficiency DD Washers (the largest ever built), and the largest pulp dewatering and drying system (9.38 m working width, 3,000 t/d design capacity) in South America.

The Andritz pulp drying plant delivered to the Jiang Lin pulp mill, China set another production world record at 3,420 t/d, surpassing the guaranteed production level of 3,230 t/d.

The Business Area's Order Intake for the First Half of 2005 was 402.1 MEUR. This was a decrease of 15.7 % compared to the First Half of 2004 (476.8 MEUR). However Order Intake in Q2 2005, at 256.6 MEUR, increased compared to Q2 2004 (233.5 MEUR; +9.9 %) and was also significantly up compared to Q1 2005 (145.5 MEUR; +76.4 %).

KEY FIGURES PULP AND PAPER

MEUR	H1 2004	H1 2005	Change	Q2 2004	Q2 2005	Change
Sales	424.7	468.9	+10.4%	214.9	259.7	+20.8%
Order Intake	476.8	402.1	-15.7%	233.5	256.6	+9.9%
Order Backlog (as of end of period)	663.9	892.9	+34.5%	663.9	892.9	+34.5%
EBITDA	34.1	34.3	+0.6%	18.7	17.2	-8.0%
EBITDA Margin	8.0%	7.3%	-	8.7%	6.6%	-
EBITA	27.8	28.0	+0.7%	15.6	14.3	-8.3%
EBITA Margin	6.5%	6.0%	-	7.3%	5.5%	-
Employees (as of end of period)	2,752	2,977	+8.2%	2,752	2,977	+8.2%

MAJOR ORDERS

- In May 2005, Oy Metsä-Botnia Ab and Andritz signed a letter of intent under which Andritz will supply the main process equipment for Botnia's pulp mill currently being built in Uruguay. The agreement encompasses a fiberline – from wood handling to pulp drying – as well as a chemical recovery system. The value of the order is over 200 MEUR. The mill will produce one million t/a of eucalyptus pulp and cost approximately USD 1.1 billion to build. Start-up is scheduled for the Third Quarter of 2007. The mill is being built in the town of Fray Bentos in western Uruguay. The mill's main process equipment will represent the industry's latest technology and will thus ensure minimal environmental emissions, cost-effective production and the highest quality pulp. Engineering works for the project are progressing as planned. Signing of the contract is expected for the coming months.
- The Wood Processing Division received a significant order for a complete chip mill to be built for United Fiber System Ltd., Indonesia.
- The Recovery Division received an order from TNPL in Kagithapuram, India for a new recovery boiler with a capacity of 1,300 t/d.
- The Chemical Systems Division received an order for a lime kiln retrofit at UPM-Kymmene's Tervasaari mill, Finland.
- The Fiberline Division will supply systems for washing, oxygen delignification, screening, and bleaching to Sirpur Paper Mills, Sirpur Kaghaznagar, India. The systems will be utilized in the production of pulp from mixed hardwoods and bamboo. This is the second large order for the Indian market within the last year. Start-up is scheduled for 2006.
- The Pulp Mill Services Division received orders from Suzano Papel e Celulose, Brazil for chemical recovery equipment, and from Ust Ilimsk, Russia for modernization of a diffuser washing system. UPM-Kymmene's Kaukas mill, Finland ordered a large package of services encompassing fiberline, evaporation, recovery boiler, and recausticizing.
- The Fiber Preparation Systems Division received orders for components for the deinking line, paper machine approach system, and sludge dewatering system for Guangzhou Paper, China. Orchids Paper Products, USA placed an order for a recycling line and approach flow system upgrade for tissue production.
- The Mechanical Pulping Systems Division sold an MDF refiner system to Fibraplac Chopas de MDF, Brazil and a high-capacity refiner system to Yildiz Sunta MDF, Turkey.
- The Pulp Drying Systems Division booked orders for a Twin Wire Press at Carter Holt Harvey, New Zealand and a Fläkt Dryer extension at Weyerhaeuser's Port Wentworth mill, Georgia, USA.
- The Paper Mill Services Division received orders for screen baskets through corporate contracts from Weyerhaeuser Co., Campti, Louisiana, USA, and the Smurfit Group, Spain. An order for a rebuild of the TMP screening line at Stora Enso, Corbehem, France was received, as well as a repeat order from Nine Dragon, China.

ROLLING MILLS AND STRIP PRO- CESSING LINES



MARKET DEVELOPMENT

According to preliminary figures, world production of stainless steel in the First Half of 2005 increased by approximately 5 - 7 % compared to the reference period of last year. Production growth was very strong in China, where demand for stainless steel continued to be very high. However, in all other major geographic regions, Europe and the US, demand increased only slightly or was stagnant. As a result, prices for cold rolled steel products weakened somewhat during the Second Quarter of 2005.

Again, project activity was concentrated mainly on China where several projects for carbon steel and stainless steel plants were decided. In Europe and India, investment interest from stainless steel producers was also on the rise. No large projects were awarded in North America, and only selective investments were made in Europe.

BUSINESS DEVELOPMENT

Sales for the First Half of 2005 were 117.6 MEUR, an increase of 5.1 % compared to the reference period of last year (H1 2004: 111.9 MEUR). Despite higher Sales, EBITA, at 5.6 MEUR, declined slightly compared to the reference period of last year (H1 2004: 5.9 MEUR). This is mainly due to the processing of some orders with pass-through items from third-party suppliers.

Order Intake developed very favorably. At 210.8 MEUR, it surged 64.3 % compared to the First Half of 2004 (128.3 MEUR). China accounted for approximately 68 % of the Business Area's Order Intake in the First Half of 2005.

KEY FIGURES ROLLING MILLS/STRIP PROCESSING LINES

MEUR	H1 2004	H1 2005	Change	Q2 2004	Q2 2005	Change
Sales	111.9	117.6	+5.1%	58.2	65.5	+12.5%
Order Intake	128.3	210.8	+64.3%	93.2	122.2	+31.1%
Order Backlog (as of end of period)	281.6	385.9	+37.0%	281.6	385.9	+37.0%
EBITDA	6.9	6.7	-2.9%	3.5	4.1	+17.1%
EBITDA Margin	6.2%	5.7%	-	6.0%	6.3%	-
EBITA	5.9	5.6	-5.1%	3.0	3.5	+16.7%
EBITA Margin	5.3%	4.8%	-	5.2%	5.3%	-
Employees (as of end of period)	571	752	+31.7%	571	752	+31.7%

MAJOR ORDERS

- For JIUQUAN Iron & Steel Co. Ltd., China, the Business Area will supply a complete plant for the manufacture of cold-rolled stainless steel strip with an annual capacity of approximately 600,000 tons. Start-up of the plant is planned for the First Quarter of 2007. The order value is approximately 110 MEUR. With the receipt of this large-scale contract, the Andritz Group further extends its market leadership as a supplier of plants for processing stainless steel strip.
- In connection with the Linz 2010 project Andritz received an order from voestalpine Stahl GmbH, Austria for the supply of a heavy-duty hot-dip galvanizing system, a strip inspection line, and an acid regeneration system. The product quality and the production capacity of 450,000 t/a are focused on manufacturing new high-strength steels for the car industry. The value of the order is approximately 65 MEUR, and the system is scheduled for start-up in the First Quarter of 2007. This order will be booked in the Third Quarter of 2005.
- The Business Area will supply a steel and stainless steel plate trimming, leveling, and cut-to-length line to Taiyuan Iron and Steel Company Ltd. (TISCO), China. It is one of the largest of its kind globally and will make heavy plates mostly for bridge constructions and the machinery industry.
- In addition to the above order TISCO placed another order with Andritz for a 2,100 mm S6-high (6 rolls) reduction mill for stainless steel which will be one of the world's largest mills ever built for the stainless steel industry.

ENVIRONMENT AND PROCESS

MARKET DEVELOPMENT

During the Second Quarter of 2005, the market for sewage sludge treatment systems developed favorably, with a very satisfactory project activity for sewage sludge dewatering. The market for sewage sludge drying systems remained very strong, with Europe and the US showing high project activity. Rising energy prices and the EU landfill directive banning the disposal of sewage sludge are the main factors responsible for this development.

Project activity for industrial applications for the petrochemical, minerals, mining and food processing industries was very high, especially in China, Southeast Asia, South America and Eastern Europe, and also partly in the US.

BUSINESS DEVELOPMENT

The Business Area's Sales in the First Half of 2005 were 125.9 MEUR, a significant increase compared to the reference period of last year (H1 2004: 84.6 MEUR). NETZSCH Filtration and the fluidized bed drying systems of VA TECH WABAG added approximately 25 MEUR to the Business Area's Sales in the First Half of 2005.

EBITA also developed favorably, increasing to 7.7 MEUR in the First Half of 2005 (H1 2004: 3.5 MEUR). All companies acquired in 2004 reached positive Earnings during the reporting period.

At 193.1 MEUR, Order Intake in the First Half of 2005 more than doubled compared to the reference period of last year (H1 2004: 94.1 MEUR). This was due to both the increase in Order Intake for sewage sludge drying systems and the favorable performance of Bird Machine (acquired in 2004), which has developed above expectations. Combined Order Intake of NETZSCH Filtration and VA TECH WABAG's fluidized bed drying systems was approximately 31 MEUR during the reporting period.

With the acquisition of Lenser Filtration, one of the leading manufacturers of filter elements from thermo-plastic materials for solid/liquid separation in filter presses, Andritz can further complete its product range and is now able to offer complete solutions for dewatering according to customer requirements. In 2004, Andritz acquired the filtration technology from NETZSCH and from Rittershaus & Blecher, making Andritz one of the leading suppliers of filter presses.

KEY FIGURES ENVIRONMENT AND PROCESS

MEUR	H1 2004	H1 2005	Change	Q2 2004	Q2 2005	Change
Sales	84.6	125.9	+48.8%	45.0	75.7	+68.2%
Order Intake	94.1	193.1	+105.2%	37.0	69.9	+88.9%
Order Backlog (as of end of period)	150.9	212.1	+40.6%	150.9	212.1	+40.6%
EBITDA	4.6	9.4	+104.3%	3.7	7.1	+91.9%
EBITDA Margin	5.4%	7.5%	-	8.2%	9.4%	-
EBITA	3.5	7.7	+120.0%	3.1	6.2	+100.0%
EBITA Margin	4.1%	6.1%	-	6.9%	8.2%	-
Employees (as of end of period)	704	974	+38.4%	704	974	+38.4%

MAJOR ORDERS

- Alunorte, Brazil placed an order for five large hyperbaric filters to dewater Bauxite which is pumped from a new mine to the existing alumina plant. This will be the largest installation of pressure filters in the world.
- Three large fully automatic filter presses will be delivered to Souzhou in China for the dewatering of industrial sludge.
- Eight large centrifuges have been ordered to dewater municipal sludge in Atlanta, Georgia, USA.
- Five centrifuges were sold to Poland for fine coal dewatering.
- The City of Houston, Texas, USA ordered a complete sludge drying plant.
- A BDS belt drying system was sold via Ondeo Degremont to the City of Dijon, France.

FEED TECHNOLOGY

MARKET DEVELOPMENT

In the Second Quarter of 2005, the animal feed industry in Asia, South America, and Eastern Europe continued to show solid project activity. This trend is mainly driven by vertically integrated meat producers, who build up additional capacities and aim at improving existing factories. New investment plans in Western Europe and North America remained on a modest level.

The aquatic feed segment also developed positively during the Second Quarter of 2005, with project activity mainly focused on Asia, the Mediterranean region, and Central and South America.

Capacity expansions within the renewable energy market segment in Europe as well as in North America continued on a very active level in both waste fuel pelleting and wood pelleting. Increased wood pellet plant activities have also been observed in emerging markets targeting exports to power plants and industrial consumers in European countries.

BUSINESS DEVELOPMENT

Sales for the First Half of 2005 declined to 43.2 MEUR (H1 2004: 50.4 MEUR). This is mainly due to the relatively low Order Backlog as of the end of 2004 and the

strength of the Euro against the US dollar, leading to a reduction in Sales by approximately 0.5 MEUR due to translation during the reporting period.

Despite lower Sales, EBITA increased to 3.3 MEUR (H1 2004: 2.1 MEUR). This was mainly due to the successful restructuring measures taken in 2003 and 2004. For the Second Half of 2005, Earnings are expected to remain at a satisfactory level.

Order Intake in the Second Quarter of 2005, at 26.9 MEUR, improved substantially compared to the previous Quarter (Q1 2005: 22.3 MEUR). It was also significantly higher than Sales during Q2 2005 (22.2 MEUR), thus leading to an increase in Sales in the upcoming Quarters.

MAJOR ORDERS

- The Business Area received several orders for new process lines and larger machine replacements from integrated poultry and pork meat producers in Asia and South America.
- Several orders for expansion of existing, as well as for new wood pelleting plants in Europe and North America were booked during the reporting period; in this context, the order for a large greenfield project for a biofuel power plant in Belgium is worth special mentioning.

KEY FIGURES FEED TECHNOLOGY

MEUR	H1 2004	H1 2005	Change	Q2 2004	Q2 2005	Change
Sales	50.4	43.2	- 14.3 %	28.1	22.2	- 21.0 %
Order Intake	49.7	49.2	- 1.0 %	22.9	26.9	+ 17.5 %
Order Backlog (as of end of period)	23.6	22.0	- 6.8 %	23.6	22.0	- 6.8 %
EBITDA	3.6	4.6	+ 27.8 %	2.9	2.5	- 13.8 %
EBITDA Margin	7.1 %	10.6 %	-	10.3 %	11.3 %	-
EBITA	2.1	3.3	+ 57.1 %	2.2	1.8	- 18.2 %
EBITA Margin	4.2 %	7.6 %	-	7.8 %	8.1 %	-
Employees (as of end of period)	523	474	- 9.4 %	523	474	- 9.4 %

HYDRAULIC MACHINES/ OTHER OPERATIONS

MARKET DEVELOPMENT

In the reporting period, project activity for turbines and large-scale pumps remained at a very high level in Asia, particularly in China.

Investments by the European power generation industry have increased significantly, not only in the rehabilitation sector, but also for new plants, particularly small hydroelectric power stations. The market for centrifugal pumps for the pulp and paper industry in China remains very attractive. With its 60:40 joint venture Andritz-Kenflo in Foshan, Andritz is the clear market leader in this region.

BUSINESS DEVELOPMENT

Sales of the Hydraulic Machines / Other Operations Business Area increased to 21.9 MEUR in the First Half of 2005 (H1 2004: 14.2 MEUR). EBITA amounted to 0.6 MEUR (H1 2004: 2.0 MEUR).

Various hydroelectric power station projects for the Chinese market are currently in different phases of engineering, manufacture, and order processing, with a

contract to supply 20 Kaplan turbine blades as one of the highlights.

The engineering work for the rehabilitation of a large power station on the Danube run by Austrian Hydro Power, Austria has now reached its final stages, with the model and inspection tests to be conducted in the Third Quarter of 2005.

In cooperation with the 100 % affiliate Andritz Technologies China, the Business Area successfully started up six large-scale pumps for a major water supply project on the Yellow River. Also in China, Andritz supplied the pumps for a flue gas desulphurization plant in a thermal power station.

Order Intake in the First Half of 2005 was 35.1 MEUR, 31.5 % up compared to the reference period of last year (H1 2004: 26.7 MEUR). This is mainly due to the successful development of the Andritz-Kenflo joint venture in China.

KEY FIGURES HYDRAULIC MACHINES/OTHERS

MEUR	H1 2004	H1 2005	Change	Q2 2004	Q2 2005	Change
Sales	14.2	21.9	+54.2 %	7.8	11.9	+52.6 %
Order Intake	26.7	35.1	+31.5 %	19.4	21.5	+10.8 %
Order Backlog (as of end of period)	39.8	53.6	+34.7 %	39.8	53.6	+34.7 %
EBITDA	2.8	1.7	-39.3 %	0.7	0.4	-42.9 %
EBITDA Margin	19.7 %	7.8 %	-	9.0 %	3.4 %	-
EBITA	2.0	0.6	-70.0 %	0.3	-0.2	-166.7 %
EBITA Margin	14.1 %	2.7 %	-	3.8 %	neg.	-
Employees (as of end of period)	335	413	+23.3 %	335	413	+23.3 %

MAJOR ORDERS

- Andritz is to supply the electromechanical equipment for a new hydroelectric power station to Salzburg AG, Austria.
- The German electric utility company E.ON awarded Andritz another large-scale maintenance and repair order for a pumping-generating set.

OUTLOOK FOR THE ANDRITZ GROUP

The global economy and Andritz's relevant markets – pulp, paper, and steel – are expected to continue to develop favorably. For the US economy, researchers expect continued strong growth during the upcoming Quarters. According to the forecasts, economic activities in Euroland should recover somewhat.

Project activity in the industries/markets served by Andritz is expected to continue its favorable development. For the largest Business Area, Pulp and Paper, investments in new lines as well as modernizations and upgrades of existing lines should again be concentrated on the Southern hemisphere – mainly South America and Asia.

In the area of Rolling Mills and Strip Processing Lines, investment activities will still have a strong focus on China. Project activity in Europe, India, and Russia is also sizeable.

For Environment and Process, high project activity, especially in sludge drying systems, should continue during the upcoming Quarters. The market for sludge dewatering equipment is also expected to develop favorably. Quick integration of the newly acquired companies is one of the main goals for the near future.

For the full year 2005, Andritz expects financial results to surpass the record levels achieved in 2004 and predicts Group Sales to increase by approximately 20 %. Net Income after deduction of minority interests should grow by approximately 35 % compared to 2004.

Disclaimer

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

INTERIM CONSOLIDATED STATEMENT OF INCOME

for the First Half of 2005 and the First Half of 2004 (unaudited)

(in TEUR)	H1 2005	H1 2004	Q2 2005	Q2 2004
Sales	777,549	685,773	435,087	353,999
Changes in inventories of finished goods and work in progress	45,034	19,525	26,675	8,277
Capitalized cost of self-constructed assets	16	720	1	543
	822,599	706,018	461,763	362,819
Other operating income	9,065	10,506	3,956	4,457
Cost of materials	(496,090)	(407,225)	(287,428)	(204,204)
Personnel expenses	(173,703)	(161,382)	(89,291)	(83,135)
Other operating expenses	(105,197)	(95,938)	(57,750)	(50,420)
Earnings before interest, taxes, depreciation, and amortization of goodwill (EBITDA)	56,674	51,979	31,250	29,517
Depreciation and amortization (without amortization of goodwill)	(11,428)	(10,717)	(5,559)	(5,365)
Earnings before interest, taxes, and amortization of goodwill (EBITA)	45,246	41,262	25,691	24,152
Amortization of goodwill	0	(8,257)	0	(4,746)
Earnings before interest and taxes (EBIT)	45,246	33,005	25,691	19,406
Income/Expense from associated companies	119	(297)	136	(136)
Interest result	821	(404)	271	(150)
Other income from financing activities	571	426	448	35
Financial results	1,511	(275)	855	(251)
Earnings before taxes (EBT)	46,757	32,730	26,546	19,155
Income taxes	(13,447)	(6,578)	(7,586)	(1,289)
Net income	33,310	26,152	18,960	17,866
Share of profit due to minority interests	(626)	(692)	(381)	(397)
Net income excluding minority interests	32,684	25,460	18,579	17,469
Earnings per non par value share (EUR)	2.54	1.97	1.45	1.36
Weighted average number of non par value shares	12,868,348	12,892,840	12,827,975	12,890,921

CONSOLIDATED BALANCE SHEET

as of 30 June 2005 (unaudited) and 31 December 2004

(in TEUR)

	30. 6. 05	31. 12. 04
Assets		
Intangible assets	6,928	7,061
Goodwill	120,623	107,561
Property, plant and equipment	128,441	125,390
Shares in associated companies	2,169	2,102
Investments	13,324	12,321
Fixed and financial assets	271,485	254,435
Deferred tax assets	21,713	21,854
Inventories	197,619	139,972
Advance payments made	21,835	14,142
Trade accounts receivable	177,851	201,763
Cost and earnings of projects under construction in excess of billings	133,417	115,950
Other receivables	38,421	63,314
Prepayments and deferred charges	6,437	4,920
Marketable securities	63,300	63,097
Cash and cash equivalents	261,531	273,939
Current assets	900,411	877,097
Total assets	1,193,609	1,153,386
Equity and liabilities		
Share capital	94,510	94,510
Capital reserves	45,966	45,966
Retained earnings	127,048	129,436
Shareholders' Equity	267,524	269,912
Minority interests	7,382	7,169
Equity	274,906	277,081
Bonds	100,000	100,000
Bank loans - non current	6,052	5,211
Provisions - non current	80,273	77,800
Obligations under finance leases - non current	411	582
Non-current liabilities	186,736	183,593
Liabilities for deferred taxes	50,635	58,693
Bank loans - current	9,152	11,207
Obligations under finance lease - current	347	421
Trade accounts payable	135,165	132,970
Billings in excess of cost and earnings of projects under construction	210,221	197,832
Advance payments received	74,533	49,564
Provisions - current	85,214	81,823
Liabilities for current taxes	14,852	10,368
Other current liabilities	151,848	149,834
Current liabilities	681,332	634,019
Total Equity and liabilities	1,193,609	1,153,386

DEVELOPMENT OF SHAREHOLDERS' EQUITY

(unaudited)

(in TEUR)	Share capital	Capital reserves	Retained earnings	Currency translation adjustments	Shareholders' Equity	Minority interests	Equity
Status 1. 1. 2004	94,510	45,966	119,682	(27,674)	232,484	6,616	239,100
Net income excluding minority interests			25,460		25,460	692	26,152
Dividend payments			(12,889)		(12,889)	(372)	(13,261)
Currency translation adjustments				3,202	3,202	39	3,241
Selling of own shares			58		58		58
Changes to IAS 39 reserve			(5,830)		(5,830)		(5,830)
Status 30. 6. 2004	94,510	45,966	126,481	(24,472)	242,485	6,975	249,460
Status 1. 1. 2005	94,510	45,966	164,307	(34,871)	269,912	7,169	277,081
Net income excluding minority interests			32,684		32,684	626	33,310
Dividend payments			(18,013)		(18,013)	(742)	(18,755)
Currency translation adjustments				13,987	13,987	140	14,127
Changes from acquisitions						189	189
Buyback of own shares			(10,536)		(10,536)		(10,536)
Changes to IAS 39 reserve			(20,510)		(20,510)		(20,510)
Status 30. 6. 2005	94,510	45,966	147,932	(20,884)	267,524	7,382	274,906

INTERIM CONSOLIDATED CASH FLOW STATEMENT

for the First Half of 2005 and the First Half of 2004 (unaudited)

(in TEUR)	H1 2005	H1 2004
Cash flow from operating activities	38,505	90,532
Cash flow from investing activities	(19,750)	(15,235)
Cash flow from financing activities	(31,163)	(13,825)
Change in cash and cash equivalents	(12,408)	61,472
Cash and cash equivalents at the beginning of the period	273,939	120,876
Cash and cash equivalents at end of the period	261,531	182,348

PERFORMANCE OF THE ANDRITZ SHARES SINCE THE IPO



SHARE PRICE DEVELOPMENT

During the First Half of 2005, the Andritz share price increased by 38.2 %. With this performance, it significantly outperformed the ATX, which increased by 24.4 % during the same period. The highest closing price during the reporting period was 78.85 Euros (June 30, 2005), the lowest 56.59 Euros (January 5, 2005).

TRADING VOLUME

The average daily trading volume during the First Half of 2005 was 98,347 shares (First Half of 2004: 68,238 shares). The highest trading volume was 645,250 shares (May 31, 2005), the lowest 19,160 shares (January 28, 2005).

FINANCIAL CALENDAR 2005

- Roadshow London September 28, 2005
- Roadshow Edinburgh September 29, 2005

- Investor's Conference of ERSTE Bank, Bad Tatzmannsdorf October 13, 2005

- Results for Q1-Q3 2005 November 8, 2005
- Roadshow New York November 28, 2005

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KEY FIGURES FOR ANDRITZ SHARES

	H1 2004	H1 2005	Q2 2004	Q2 2005
Highest closing price (EUR)	40.99	78.85	40.99	78.85
Lowest closing price (EUR)	35.00	56.59	36.90	61.50
Closing price as of end of period (EUR)	40.27	78.85	40.27	78.85
Market capitalization as of end of period (MEUR)	523.5	1,025.1	523.5	1,025.1
Performance	+ 9.5 %	+ 38.2 %	+ 6.0 %	+ 13.8 %
ATX-weighting as of end of period (%)	1.7013	1.7569	1.7013	1.7569
Average daily number of shares traded	68,238	98,347	63,973	100,377

Source: Vienna Stock Exchange