Interim financial report first quarter of 2010

Q1 '10

ANDRITZ

Key figures of the ANDRITZ GROUP

(According to IFRS)	Unit	Q1 2010	Q1 2009	+/-	2009
Order intake	MEUR	908.4	981.4	-7.4%	3,349.3
Order backlog (as of end of period)	MEUR	4,724.3	4,464.0	+5.8%	4,434.5
Sales	MEUR	732.3	790.1	-7.3%	3,197.5
EBITDA[1)]	MEUR	55.6	56.2	-1.1%	218.2
EBITA[2)]	MEUR	43.7	43.7	0.0%	164.1
Earnings Before Interest and Taxes (EBIT)	MEUR	41.4	41.6	-0.5%	147.1
Earnings Before Taxes (EBT)	MEUR	43.3	37.4	+15.8%	149.6
Net income (incl. non-controlling interests)	MEUR	30.2	26.3	+14.8%	102.9
Cash flow from operating activities	MEUR	238.4	55.0	+333.5%	345.7
Capital expenditure[3)]	MEUR	13.9	22.9	-39.3%	70.5
Fixed assets	MEUR	761.2	737.9	+3.2%	731.4
Current assets	MEUR	2,776.8	2,428.1	+14.4%	2,577.9
Total shareholders' equity[4)]	MEUR	671.2	558.7	+20.1%	663.5
Provisions	MEUR	551.9	481.2	+14.7%	529.9
Other liabilities	MEUR	2,314.9	2,126.1	+8.9%	2,115.9
Total assets	MEUR	3,538.0	3,166.0	+11.7%	3,309.3
Equity ratio[5)]	%	19.0	17.6	-	20.0
Net liquidity[6)]	MEUR	897.7	457.8	+96.1%	677.9
Net debt[7)]	MEUR	-744.9	-291.9	-155.2%	-505.3
Net working capital[8)]	MEUR	-316.0	-46.1	-585.5%	-104.3
Capital employed[9)]	MEUR	93.1	343.8	-72.9%	285.9
Gearing[10)]	%	-111.0	-52.2	-	-76.2
EBITDA margin	%	7.6	7.1	-	6.8
EBITA margin	%	6.0	5.5	-	5.1
EBIT margin	%	5.7	5.3	-	4.6
Net income/sales	%	4.1	3.3	-	3.2
Employees (as of end of period, excl. apprentices)	-	13,370	13,600	-1.7%	13,049

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 2,321 TEUR for Q1 2010 (2,121 TEUR for Q1 2009, 9,109 TEUR for 2009) and impairment of goodwill at the amount of 0 TEUR for Q1 2010 (0 TEUR for Q1 2009 and 7,922 TEUR for 2009) 3) Additions to intangible assets and property, plant, and equipment 4) Total shareholders' equity incl. non-controlling 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 incl. provisions for severance payments, pensions, and jubilee payments minus cash and cash equivalents and marketable securities 8) Non-current receivables plus current assets (excl. cash and cash equivalents as well as marketable securities) minus other non-current liabilities and current liabilities (excl. financial liabilities and provisions) 9) Net working capital plus intangible assets and property, plant, and equipment 10) Net debt/total shareholders' equity

Financial calendar (preliminary):

Results for the first half of 2010 — August 9, 2010

Results for the first three quarters of 2010 — November 8, 2010

The financial calendar with regular updates can be found on www.andritz.com

Key figures of the business areas

HYDRO

	Unit	Q1 2010	Q1 2009	+/-	2009
Order intake	MEUR	391.4	574.2	-31.8%	1,693.9
Order backlog (as of end of period)	MEUR	3,024.8	2,823.6	+7.1%	2,894.5
Sales	MEUR	349.0	316.6	+10.2%	1,378.0
EBITDA	MEUR	28.4	25.8	+10.1%	120.9
EBITDA margin	%	8.1	8.1	-	8.8
EBITA	MEUR	23.0	20.5	+12.2%	100.5
EBITA margin	%	6.6	6.5	-	7.3
Employees (as of end of period)	-	6,065	5,798	+4.6%	5,993

PULP & PAPER

	Unit	Q1 2010	Q1 2009	+/-	2009
Order intake	MEUR	340.1	164.7	+106.5%	923.0
Order backlog (as of end of period)	MEUR	917.6	683.4	+34.3%	778.7
Sales	MEUR	217.0	233.7	-7.1%	903.3
EBITDA	MEUR	15.7	13.3	+18.0%	42.0
EBITDA margin	%	7.2	5.7	-	4.6
EBITA	MEUR	11.4	8.5	+34.1%	17.5
EBITA margin	%	5.3	3.6		1.9
Employees (as of end of period)	-	4,387	4,766	-8.0%	4,239

METALS

	Unit	Q1 2010	Q1 2009	+/-	2009
Order intake	MEUR	42.7	123.6	-65.5%	296.2
Order backlog (as of end of period)	MEUR	535.2	740.1	-27.7%	564.1
Sales	MEUR	78.0	135.0	-42.2%	473.4
EBITDA	MEUR	4.5	8.6	-47.7%	23.2
EBITDA margin	%	5.8	6.4	-	4.9
EBITA	MEUR	3.8	7.9	-51.9%	20.5
EBITA margin	%	4.9	5.9	-	4.3
Employees (as of end of period)	-	983	1,025	-4.1%	971

ENVIRONMENT & PROCESS

	Unit	Q1 2010	Q1 2009	+/-	2009
Order intake	MEUR	89.2	84.3	+5.8%	305.4
Order backlog (as of end of period)	MEUR	176.3	169.4	+4.1%	139.6
Sales	MEUR	55.7	70.8	-21.3%	322.6
EBITDA	MEUR	4.1	5.4	-24.1%	29.3
EBITDA margin	%	7.4	7.6	-	9.1
EBITA	MEUR	3.0	4.2	-28.6%	24.6
EBITA margin	%	5.4	5.9	-	7.6
Employees (as of end of period)	-	1,431	1,423	+0.6%	1,329

FEED & BIOFUEL

	Unit	Q1 2010	Q1 2009	+/-	2009
Order intake	MEUR	45.0	34.6	+30.1%	130.8
Order backlog (as of end of period)	MEUR	70.4	47.5	+48.2%	57.6
Sales	MEUR	32.6	34.0	-4.1%	120.2
EBITDA	MEUR	2.9	3.1	-6.5%	2.8
EBITDA margin	%	8.9	9.1	-	2.3
EBITA	MEUR	2.5	2.6	-3.8%	1.0
EBITA margin	%	7.7	7.6	-	0.8
Employees (as of end of period)	-	504	588	-14.3%	517

Status report

GENERAL ECONOMIC CONDITIONS

During the first quarter of 2010, the economic environment continued to stabilize in the main economic regions of the world. The main concern focused on the considerable national debt in single countries and the resulting uncertainty regarding their ability to meet their solvency.

In the USA, the economy recovered further during the reporting period; however, this was mostly driven by investments related to the government's incentive program as well as inventory restocking in most industries. Due to the unchanged difficult situation in the labor market, with over 10% unemployment, private consumption (which is the largest contributor to the US gross domestic product) remained subdued. As a result, the Federal Reserve Board (FED) indicated that interest rates will remain at the present low level for the foreseeable future.

In Europe, the economic recovery continued in the first quarter of 2010, but was more modest than in the USA in most of the member countries due to subdued consumer spending. High unemployment in most EU member states, as well as government programs initiated to consolidate and reduce budget deficits, placed a further burden on economic recovery.

The economies in Asia and in other large emerging regions continued their solid development during the reporting period. Economic activities in China were supported by the stimulus program implemented by the Chinese government, as well as by rising export figures. Japan and most South American countries also developed favorably during the first quarter of 2010.

Source: OECD

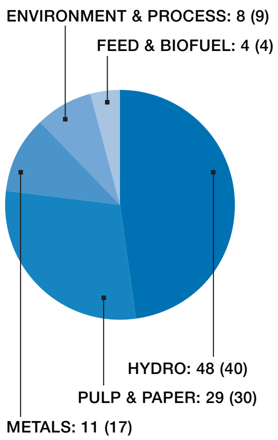
BUSINESS DEVELOPMENT

Sales

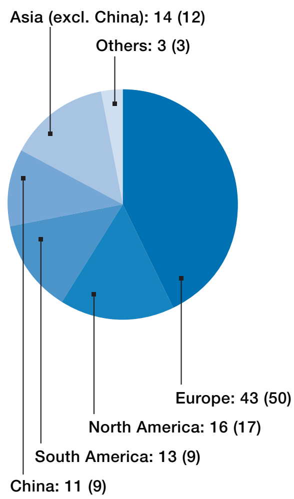
Sales of the ANDRITZ GROUP amounted to 732.3 MEUR during the first quarter of 2010, thus decreasing by 7.3% compared to the first quarter of 2009 (790.1 MEUR).

While sales in the HYDRO business area rose compared to last year's reference period (349.0 MEUR in Q1 2010 vs. 316.6 MEUR in Q1 2009), sales in the other business areas saw a decline. In particular, sales in the METALS (78.0 MEUR in Q1 2010 vs. 135.0 MEUR in Q1 2009) and the ENVIRONMENT & PROCESS (55.7 MEUR in Q1 2010 vs. 70.8 MEUR in Q1 2009) business areas dropped significantly compared to the previous year.

Sales by business area
Q1 2010 (Q1 2009) in %



Sales by region
Q1 2010 (Q1 2009) in %



Share of service sales of Group and business area sales in %

	Q1 2010	Q1 2009
ANDRITZ GROUP	27	27
HYDRO	21	23
PULP & PAPER	42	40
METALS	4	3
ENVIRONMENT & PROCESS	35	28
FEED & BIOFUEL	46	56

Order intake

Order intake of the ANDRITZ GROUP developed very solidly in the first quarter of 2010. It amounted to 908.4 MEUR and was thus 7.4% below the very high level of the previous year's reference period (Q1 2009: 981.4 MEUR).

The HYDRO business area's order intake, at 391.4 MEUR, was significantly below the very high reference value of last year which had included some large orders (Q1 2009: 574.2 MEUR).

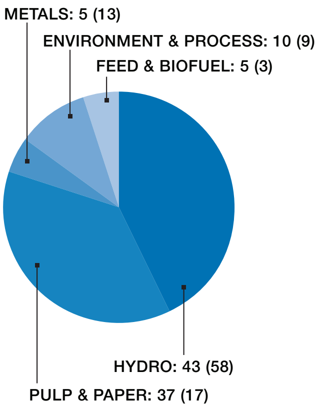
Order intake of the PULP & PAPER business area developed very favorably during the reporting period; it amounted to 340.1 MEUR and has thus more than doubled compared to the first quarter of 2009 (164.7 MEUR); order intake rose both in the capital and service business segments.

In view of the unchanged difficult economic environment on the international steel markets, order intake of the METALS business area amounted to 42.7 MEUR and was thus well below the level of the previous year's reference period (Q1 2009: 123.6 MEUR).

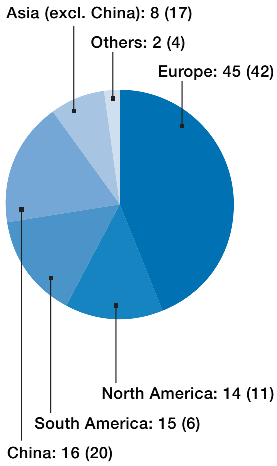
The ENVIRONMENT & PROCESS business area recorded again an increase in order intake: at 89.2 MEUR in the first quarter of 2010, it was 5.8% higher than in the first quarter of 2009 (84.3 MEUR).

Order intake of the FEED & BIOFUEL business area amounted to 45.0 MEUR during the reporting period, thus showing a significant increase of 30.1% on the previous year's figure (Q1 2009: 34.6 MEUR); this is mainly due to very good development in the wood/biomass pelleting sector.

Order intake by business area
Q1 2010 (Q1 2009) in %



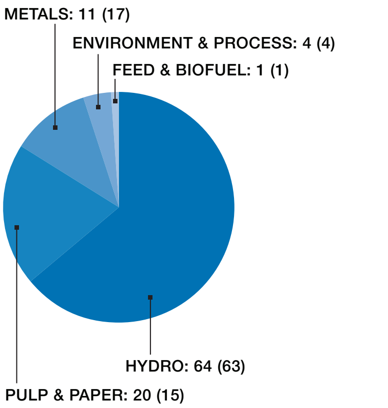
Order intake by region
Q1 2010 (Q1 2009) in %



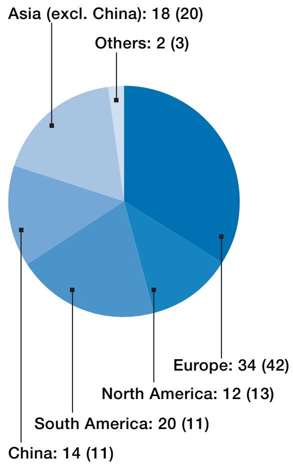
Order backlog

Order backlog of the ANDRITZ GROUP as of March 31, 2010 amounted to 4,724.3 MEUR, an increase of 5.8% compared to the reference date of last year (March 31, 2009: 4,464.0 MEUR).

Order backlog by business area as of March 31, 2010 (March 31, 2009) in %



Order backlog by region as of March 31, 2010 (March 31, 2009) in %



Earnings

Despite the decline in sales, EBITA of the ANDRITZ GROUP, at 43.7 MEUR in the first quarter of 2010, was unchanged compared to the reference period of last year (Q1 2009: 43.7 MEUR). While earnings in the HYDRO and the PULP & PAPER business areas rose significantly, the METALS and the ENVIRONMENT & PROCESS business areas, in particular, showed decreasing earnings.

EBITA margin for the Group rose to 6.0% and was thus significantly higher than during the reference period of the previous year (Q1 2009: 5.5%). Mainly the HYDRO and the PULP & PAPER business areas' profitability developed very favorably.

The financial result, at 1.9 MEUR, was significantly above the level for the first quarter of 2009 (-4.2 MEUR), which was impacted by depreciation of money market funds due to the global financial crisis.

Net income (excl. non-controlling interests) of the ANDRITZ GROUP amounted to 28.9 MEUR and was thus 12.5% above the reference figure for the previous year (Q1 2009: 25.7 MEUR).

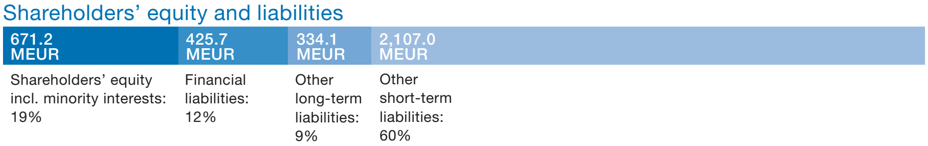
Net worth position and capital structure

Total assets of the Group increased to 3,538.0 MEUR as of March 31, 2010 (December 31, 2009: 3,309.3 MEUR); the equity ratio amounted to 19.0% (December 31, 2009: 20.0%).

Liquid funds (cash and cash equivalents plus marketable securities) amounted to 1.296,5 MEUR as of March 31, 2010 (December 31, 2009: 1,082.1 MEUR). Net liquidity (liquid funds plus fair value of interest rate swaps minus financial liabilities) increased to 897.7 MEUR, thus also substantially higher than at the end of last year (December 31, 2009: 677.9 MEUR).

Assets

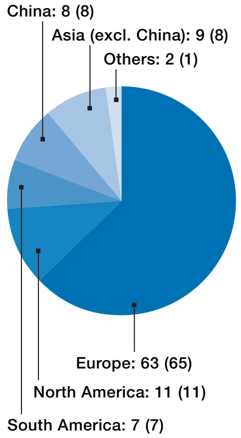
Shareholders' equity and liabilities



Employees

As of March 31, 2010, the number of the Group's employees amounted to 13,370, a decrease of 1.7% compared to the reference date of the previous year (March 31, 2009: 13,600 employees).

Employees by region as of March 31, 2010 (March 31, 2009) in %



Important acquisitions

In the first quarter of 2010, ANDRITZ signed a contract for the acquisition of KMPT AG, headquartered in Vierkirchen, Germany, including its affiliates in England, France, Italy, China, and the USA. KMPT ranks among the leading global suppliers of pusher and peeler centrifuges, used mainly in the chemical and pharmaceutical industries. In addition, the company's product portfolio includes dryers (mixer, helix and plate dryers) for the chemical and food industries, as well as drum and disc filters. The ENVIRONMENT & PROCESS business area is thus strengthening its product offerings for solid/liquid separation. The contract is subject to approval by the relevant authorities and is expected to come into force during the second quarter of 2010. Thus, the company has not been included in the consolidated financial statements yet.

In addition, ANDRITZ acquired certain assets of the insolvent DMT Technology GmbH, headquartered in Salzburg, Austria, and of its subsidiary DMT S.A.S., headquartered in Le Bourget du Lac, France. DMT is one of the world's leading producers of systems and equipment for the production of biaxially stretched plastic films as used especially in the food industry.

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

The ANDRITZ GROUP has a long-established Group-wide risk management system whose goal is to identify nascent risks early and to take countermeasures, if necessary. This is an important element of 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 in 2010 relate above all to: the Group's dependence on the general economic development and the development of the industries it serves; whether major orders are received and the risks they entail; and whether adequate sales proceeds are realized 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 2010 business year. The global economic weakness may 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 utilization of the Group's manufacturing capacities.

The global financial and economic crisis may also necessitate complete or partial impairments of single goodwill created in the course of acquisitions if the business development goals cannot be reached. This may influence the earnings development of the ANDRITZ GROUP. In addition, 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 mitigated by means of bank guarantees and export insurance, but individual payment failures can have a substantial negative impact on earnings development of the Group. 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 minimized and controlled by derivative financial instruments, in particular forward exchange contracts and swaps. Net currency exposure of orders in foreign currencies (mainly US dollar, Canadian dollar, and Swiss franc) 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 secures 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). Nevertheless, if one or more banks were to become insolvent, this would have a considerable negative influence on earnings development and shareholders' equity of the ANDRITZ GROUP.

Cash is largely invested in low-risk financial assets, such as government bonds, government-guaranteed bonds, investment funds to cover pension obligations, or term deposits. However, the financial market crisis and its effects have led to unfavorable price developments for various securities in which the Group has invested (e.g. money market funds, bonds), or made them non-tradeable. This could have an adverse effect on the ANDRITZ GROUP's financial result or shareholders' equity due to necessary depreciation or value adjustments. The crisis has also heightened the risk of default by some issuers of securities, as well as by customers.

For further information on the major risks for the ANDRITZ GROUP, see the ANDRITZ annual financial report 2009.

Effects from exchange rates
Changes in exchange rates are hedged by forward rate contracts.

Information pursuant to Article 87 (4) of the (Austrian) Stock Exchange Act
During the first quarter of 2010, no major business transactions were conducted with related persons and companies.

Significant events after March 31, 2010
The status of the global economy and the financial markets did not change substantially in the period between the date of the balance sheet and publication of this report.

Outlook
According to recent forecasts by leading economic experts, the economic situation in the relevant regions is expected to stabilize further over the next few months; however, a substantial economic recovery is not expected for 2010.

Based on the prevailing economic environment and the current project activity in those markets that are relevant for ANDRITZ's business, the expectations of the ANDRITZ GROUP for its economic development in the coming quarters have not changed. Continuing positive market development is expected for the HYDRO business area in the coming months. The ENVIRONMENT & PROCESS and the FEED & BIOFUEL business areas should also see satisfactory development. Moderate project activity is expected to continue in the PULP & PAPER and the METALS business areas.

On the basis of these expectations and the order backlog of more than 4.7 billion EUR at the end of March 2010, the ANDRITZ GROUP expects sales in 2010 to remain unchanged or slightly up compared to the full year of 2009. Cost savings resulting from the restructuring measures initiated in 2009 should have a positive impact on the net income.

If, however, the global economy weakens again in 2010, a negative impact can be expected on the future development of sales and earnings of the ANDRITZ GROUP. As a result, there may be further need for restructuring that will affect the 2010 earnings development accordingly.

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 quarter of 2010 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 three 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 nine 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, May 7, 2010

The Executive Board of ANDRITZ AG

Wolfgang Leitner (President and CEO)	Franz Hofmann	Karl Hornhofer	Humbert Köfler	Friedrich Papst

HYDRO

MARKET DEVELOPMENT

During the first quarter of 2010, project activity for hydropower plant equipment remained high in the main markets served by ANDRITZ. As a result of the high average age of hydropower plants in Europe and North America, there are a number of projects for modernization, rehabilitation, and capacity increases at existing plants. In Europe, the rising demand for peak electricity as well as the capacity increases in wind energy have led to additional investments in pumped storage power stations in order to secure stability of the European electric grid.

In South America and Asia (especially in India), there are many new hydropower projects in the development and realization phase in order to meet the rising demand for energy in these rapidly growing economic regions in the long term. In China, the number of projects realized was significantly lower than in the previous year.

Project activity continued to be high for irrigation and drinking water pumps in Asia (mainly in the Middle East and India) and for standard water pumps during the reporting period.

IMPORTANT EVENTS

In the Pantabangan hydropower plant, Philippines, the first of two 50 MW machine sets was started up successfully. Pantabangan was the first privatized hydropower plant in the Philippines and now belongs to First Gen Hydro Power Corporation. ANDRITZ HYDRO is to modernize the entire hydropower equipment.

Trial operation of the first 600 MW Francis units for the Pubugou project in China was successfully completed. The business area has been commissioned to supply and start up three 600 MW turbines as well as the distributor ring.

All 116 pumps (stock and water pumps, centrifugal pumps, as well as medium-consistency and double-suction fan pumps) supplied to a paper mill in Germany were started up successfully.

In order to expand its customer service in Russia, one of the largest hydropower markets in the world, ANDRITZ HYDRO opened a branch office in Moscow.

IMPORTANT ORDERS

Kenya Electricity Generating Company (KenGen) commissioned ANDRITZ HYDRO to modernize and refurbish the two existing machine sets and to supply a third 24 MW machine set for the Kindaruma hydropower station, Kenya. This will increase the total output of the hydropower plant from 40 to 72 MW.

The business area will supply for Laraib Energy Ltd. in a consortium the entire electromechanical equipment for the new run-of-river hydropower plant at New Bong Escape, Pakistan. The order comprises the supply and installation of four 21 MW bulb turbine sets, the entire electromechanical auxiliary equipment, and the hydraulic steel structures.

From ISAGEN, Colombia, ANDRITZ HYDRO received an order to deliver three Francis turbines for the Sogamoso hydropower plant.

For the Navizence hydropower plant, Switzerland, the business area was awarded an order by Forces Motrices de la Gougra SA to supply three 24 MW machine sets (turbine and generator) to replace the existing seven machine sets each generating 7 MW.

ANDRITZ HYDRO received an order from Société des Forces Motrices, France, to modernize two machine sets, each generating 12 MW, at the Chancy Pougny hydropower plant.

Under an order from NED & I JSC-2, Vietnam, the business area will supply a compact hydro plant (3 x 24 MW) to Ngoi Phat.

For a steel works in Egypt, the business area has been awarded an order to supply 126 centrifugal pumps. The pumps will be used to transport process and industrial water in the steel works.

Further important orders at a glance

Country	Customer	Scope of supply/Project description
Finland	PVO-Vesivoima Oy	Kaplan turbine upgrade for the Pahkakoski hydropower plant
India	Ranga Raju Warehousing Pvt. Ltd.	Equipment for the Sumez hydropower plant
Italy	ENEL	Supply of two Francis turbines for the Fucine hydropower plant
Mexico	CFE	Compact hydro supply for the Platanal and Zumpimito hydropower plants

PULP & PAPER

MARKET DEVELOPMENT

Driven by continuing strong pulp demand from Asia, especially from China but also from Europe, as well as low inventory levels in Europe and in North America, the price for Northern Bleached Softwood Kraft Pulp (NBSK) increased from around 800 US dollars per ton in January 2010 to approximately 900 US dollars at the end of March 2010. In addition, the earthquake in Chile, which led to a temporary shut-down of practically all pulp production plants of the two Chilean pulp producers CMPC and Arauco, and the strike by Finnish harbor workers further shortened the global pulp supply. For the coming weeks more pulp price increases have been announced.

The price for hardwood pulp (birch and eucalyptus) developed similarly to the NBSK price. It increased from approximately 700 US dollars per ton at the beginning of 2010 to around 790 US dollars at the end of March 2010.

However, despite the very solid market conditions, overall project activity for pulp mill equipment remained at a rather low level in the first quarter of 2010, both for new pulp mills and for rebuilds of existing plants.

IMPORTANT EVENTS

The newly modernized TMP lines at Norske Skog's Skogn mill in Norway were successfully started up in the first quarter of 2010. Due to the modernization, electrical energy consumption has been reduced and pulp quality has been further enhanced.

Kama Pulp & Paper, Russia started up a new RotaBarker™ debarking line with a horizontally fed HHQ-Chipper™. This is the first RotaBarker™ in Russia.

Cartiere Modesto Cardella S.p.A., Italy started up the first PrimeForm TW gap former for packaging grades.

The business area introduced new screen basket and rotor designs globally during the reporting period. The Bar-Tec® Valeo basket for OCC (Old Corrugated Containers) applications uses an innovative method for full profile wire bonding. The Bar-Tec® Nobilis basket for deinked applications provides the most accurate slot width distribution ever. New rejector bar baskets are an alternative to perforated screen baskets in coarse screening applications. In addition, the new Ro-Tec Dolphin® rotor reduces energy costs by up to 50% when compared to a conventional rotor.

IMPORTANT ORDERS

The business area will supply the front-end wood processing and drying systems for Vyborgskaja Cellulosa's new wood pelleting plant in Russia, the world's largest pelleting plant. This includes a two-line debarking and chipping plant, chip screens, chip silo, and four compact multi-bed dryer systems. The FEED & BIOFUEL business area will supply the hammer and pellet mills.

Shandong Sun Paper Industry Joint Stock Co. Ltd., China selected ANDRITZ PULP & PAPER to provide several technological solutions for its Yanzhou mill. The business area will supply the third P-RC APMP pulping system to this customer with a capacity upgrade to 150,000 t/a, with complete stock preparation, thick stock screening, approach system for a new paper machine, an MVR (Mechanical Vapor Recompression) evaporation plant, and a slewing screw reclaimer for a chip silo in the woodyard.

Zhumadianshi Baiyun Paper Co. Ltd. ordered a new fiberline to increase capacity of its wheat straw production line in China. The business area will deliver a complete washing, screening, and bleaching line (capacity: 200 t/d). Seven new wash filters will be manufactured by ANDRITZ in China.

Nanning Phoenix Pulp & Paper Co. Ltd., China ordered a new PrimeLine tissue machine and a 200 t/d machine approach system.

To Zhejiang Ji'an Paper Packet Co. Ltd., China ANDRITZ PULP & PAPER will supply key components for a new corrugating medium machine. The delivery will include a new headbox, hybrid-former elements, rolls, a shoe press module, and PrimeFeeder.

For Packaging Corp. of America, USA the business area will rebuild two recovery boilers.

In the panelboard industry, ANDRITZ received an order from Yuncheng Xinyuan Junda Wood Industry Co., Ltd., China for their second pressurized refining system with a capacity of 360 t/d.

Further important orders at a glance

Country	Customer	Scope of supply/Project description
Brazil	Cenibra	Supply of a bale press
Chile	CMPC Celulose	Upgrade of pulp drying line
China	Lee & Man Paper Manufacturing Ltd.	FibreFlow® drum pulper
China	Sun Paper Co. Ltd.	AWP wash press
China	Various customers	Three pressurized refining systems ranging from 360 to 456 t/d
Finland	Oy Metsä-Botnia	LimeCool™ at two mills
Germany	Metsä Tissue GmbH	Re-evaporation system
Japan	Daio Paper Corp.	Oxygen delignification modifications
Japan	Nippon Paper	Fluff pulp drying line
Malaysia	Malaysian Newsprint	Bleaching upgrade
South Korea	Moorim P&P Co. Ltd.	Recovery boiler retrofit; evaporation plant upgrade; ash leaching system
South Korea	Daehan Paper Co. Ltd.	FibreFlow® drum pulper
Sweden	Rottneroos-Vallviks Bruk AB	Upgrade of evaporation plant
USA	Augusta Newsprint	Twin refiner repair

METALS

MARKET DEVELOPMENT

During the first quarter of 2010, the market for stainless and carbon steel equipment continued its weak development. As a result of the continued lack of consumer demand for steel products and the related low capacity utilization in steel works, there was virtually no investment activity, particularly in Europe and North America. The emerging regions (especially in China and in some South American and Asian countries) were the only areas to notice a slight upward trend in project activity due to the increasing demand from some of the industries served by the steel sector (mainly the car and the household appliances industries). Nevertheless, only few orders were awarded for new plants.

IMPORTANT EVENTS

A hydrochloric acid regeneration plant was handed over successfully to Taiyuan Iron & Steel Co., Ltd. (TISCO), China, during the reporting period. The plant, with a capacity of 3,500 l/h, includes a tank farm and a silicon pre-separation plant; the WAPUR technology also supplied will be used to remove chemical contaminants from the waste pickle solution. Thanks to this cleaning process for the waste pickle solution, high-quality iron oxide is produced in the regeneration plant.

IMPORTANT ORDERS

In March 2010, ANDRITZ METALS was awarded an order to supply a push pickling line for cold-rolled stainless steel to Lianzong Stainless Steel Corporation, China. The scope of supply includes a regeneration plant for mixed acid. This order will be booked in the second quarter of 2010.

Zhangjiagang Pohang Stainless Steel Co., China has commissioned the business area to install an annealing and pickling line, including mechanical equipment, skin pass mill, complete electrical equipment, and also the furnace equipment.

GTS Industries, France has awarded ANDRITZ METALS an order to modernize a rolling hearth furnace. The modernization project includes complete renewal of the furnace heating system, replacement of the furnace housing, and supply of new furnace rollers.

The business area will supply its first top-blown rotary convertor for recovery of precious metals to Aurubis AG (formerly Norddeutsche Affinerie), Germany. The scope of supply includes the furnace plant with exchangeable lance systems, process gas channel, as well as the housing required due to the plant’s corrosive off-gases.

ENVIRONMENT & PROCESS

MARKET DEVELOPMENT

The market for sludge dewatering plants developed satisfactorily in the first quarter of 2010, with strong demand particularly from China.

In the industrial process applications sector worldwide – mainly in the petrochemical industry, as well as the minerals and mining industries – investment activity remained at an unchanged low level as a result of the generally difficult overall economic conditions, with the exception of China, Russia, and Canada, where project activity showed solid development.

In the sludge drying plants sector, numerous investment decisions were postponed or projects were put on hold. In North America, China, and Korea, however, investment activity for municipal sludge drying plants was on the rise due to the economic stimulus programs launched by the governments in these countries. There was a similar rise in project activity for industrial drying plants.

Project activity for biomass (sawdust/wood chips) drying systems continued at a stable level, mainly in Western Europe and Scandinavia.

IMPORTANT ORDERS

A company operating in the petrochemical industry in the USA commissioned the business area to supply three screen centrifuges. The centrifuges will be used for solid/liquid separation in the production of polyester.

Under a contract with Guangzhou Waste Water Treatment, ANDRITZ ENVIRONMENT & PROCESS will supply eight centrifuges for sludge dewatering to the Guangzhou sewage treatment plant in China.

Further important orders at a glance

Country	Customer	Scope of supply/Project description
China	Pei Er Kang Chuang Ltd. HK	Supply of three filter presses
China	Shihlien Chemical Industrial Co.	Three fluid bed dryers for soda ash
Germany	Ziemann Ludwigsburg GmbH	Three chamber filter presses
Russia	OAO Uralkali	Three high-temperature fluidized bed dryers
Spain	GEA Messo GmbH	Three membrane filter presses

FEED & BIOFUEL

MARKET DEVELOPMENT

During the first quarter of 2010, project activity in the animal feed sector showed initial signs of improvement. Several projects that have been on hold, as well as newly initiated plant expansions and greenfield plants, have been released by customers for further development. The most active regions were the emerging markets (mainly Asia and South America). In Europe, project activities developed favorably mainly in the pet food industry.

The market for biomass/wood pelletizing equipment continued to show good project activity, both in (for these systems) traditional regions in Europe and North America, as well as in the emerging countries.

IMPORTANT EVENTS

In the first quarter of 2010, major animal feed pelleting lines were commissioned in Turkey (lines with a capacity of 45 t/h) and Russia (capacity: 60 t/h).

For a Chinese aquatic feed company, a highly energy-efficient Combizone dryer was successfully started up. This dryer was the first manufactured in ANDRITZ FEED & BIOFUEL's site in China.

New greenfield wood pelleting plants were successfully commissioned for customers in Sweden and the UK.

IMPORTANT ORDERS

For the pulp and paper producer Vyborgskaja Cellulosa, ANDRITZ will supply all process equipment for a complete wood pelleting plant in Vyborg, Russia. With a production capacity of around 900,000 t/a (corresponding to approximately 125 t/h), this wood pelleting plant will be the largest worldwide. Together with the PULP & PAPER business area, ANDRITZ FEED & BIOFUEL will supply debarking lines, a chip handling system, belt dryers, and hammer and pellet mills. With this investment, Vyborgskaja Cellulosa is entering the growing wood pelleting market, thus further diversifying its business activities. This order and the order from RWE Innogy received in the fourth quarter of 2009 for supply of a complete wood pelleting plant (the largest wood pelleting plant in North America, with a production capacity of around 750,000 t/a) confirm ANDRITZ FEED & BIOFUEL's position as the global market leader for wood pelleting plants.

The business area secured several orders for the supply of extrusion and drying lines from customers in the pet food and aquatic feed industries in Europe.

In the animal feed sector, several orders were awarded to the business area for high-capacity pelleting lines in India and South America.

Consolidated statement of financial position

as of March 31, 2010 (condensed, unaudited)

(in TEUR)	March 31, 2010	December 31, 2009
ASSETS		
Intangible assets	48,124	44,218
Goodwill	227,973	219,894
Property, plant, and equipment	360,942	345,990
Shares in associated companies	7,025	9,397
Other investments	23,660	22,682
Non-current receivables and other non-current assets	47,839	37,807
Deferred tax assets	93,438	89,171
Non-current assets	**809,001**	**769,159**
Inventories	350,152	319,880
Advance payments made	93,286	98,211
Trade accounts receivable	450,639	454,691
Cost and earnings of projects under construction in excess of billings	326,321	383,887
Other current receivables	212,118	201,378
Marketable securities	469,764	372,545
Cash and cash equivalents	826,726	709,532
Current assets	**2,729,006**	**2,540,124**
TOTAL ASSETS	**3,538,007**	**3,309,283**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Share capital	104,000	104,000
Capital reserves	36,476	36,476
Retained earnings	493,692	488,874
Equity attributable to shareholders of the parent	**634,168**	**629,350**
Non-controlling interests	**37,037**	**34,142**
Total shareholders' equity	**671,205**	**663,492**
Bonds – non-current	376,841	371,553
Bank loans and other financial liabilities – non-current	23,244	21,956
Obligations under finance leases – non-current	76	736
Provisions – non-current	216,431	209,856
Other liabilities – non-current	24,805	23,303
Deferred tax liabilities	92,875	89,955
Non-current liabilities	**734,272**	**717,359**
Bank loans and other financial liabilities – current	25,256	31,110
Obligations under finance leases – current	236	366
Trade accounts payable	230,438	260,337
Billings in excess of cost and earnings of projects under construction	824,724	722,839
Advance payments received	51,919	49,466
Provisions – current	335,496	320,088
Liabilities for current taxes	35,608	34,832
Other liabilities – current	628,853	509,394
Current liabilities	**2,132,530**	**1,928,432**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**3,538,007**	**3,309,283**

Consolidated income statement

for the first quarter of 2010 (condensed, unaudited)

(in TEUR)	Q1 2010	Q1 2009
Sales	**732,324**	**790,050**
Changes in inventories of finished goods and work in progress	15,098	32,301
Capitalized cost of self-constructed assets	360	115
	747,782	822,466
Other operating income	17,104	14,599
Cost of materials	(415,494)	(487,378)
Personnel expenses	(193,302)	(192,867)
Other operating expenses	(100,464)	(100,598)
Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA)	**55,626**	**56,222**
Depreciation, amortization and impairment of intangible assets and property, plant, and equipment	(14,205)	(14,632)
Impairment of goodwill	0	0
Earnings Before Interest and Taxes (EBIT)	**41,421**	**41,590**
Income/(expense) from associated companies	230	426
Interest result	1,438	400
Other financial income/(expense), net	215	(5,018)
Financial result	**1,883**	**(4,192)**
Earnings Before Taxes (EBT)	**43,304**	**37,398**
Income taxes	(13,085)	(11,136)
NET INCOME	**30,219**	**26,262**
Thereof attributable to:		
Shareholders of the parent company	28,925	25,689
Non-controlling interests	1,294	573
Weighted average number of no-par value shares	51,679,609	51,200,726
Earnings per no-par value share (in EUR)	0.56	0.50
Effect of potential dilution of share options	198,475	0
Weighted average number of no par value shares and share options	51,878,084	51,200,726
Diluted earnings per no-par value share (in EUR)	0.56	0.50

Consolidated statement of comprehensive income

for the first quarter of 2010 (condensed, unaudited)

(in TEUR)	Q1 2010	Q1 2009
Net income	**30,219**	**26,262**
Currency translation adjustments	19,461	8,296
Actuarial gains/(losses), net of tax	0	0
Changes to IAS 39 reserve, net of tax	1,572	1,927
Other comprehensive income for the year	**21,033**	**10,223**
Total comprehensive income for the year	**51,252**	**36,485**
Thereof attributable to:		
Shareholders of the parent company	48,828	35,002
Non-controlling interests	2,424	1,483

Consolidated statement of shareholders' equity

for the first quarter of 2010 (condensed, unaudited)

	Attributable to shareholders of the parent							Non-controlling interests	Total shareholders' equity
(in TEUR)	Share capital	Capital reserves	Other retained earnings	IAS 39 reserve	Actuarial gains (losses)	Currency translation adjustments	Total		
Status as of January 1, 2009	**104,000**	**36,476**	**465,479**	**(4,837)**	**(13,890)**	**(44,723)**	**542,505**	**34,877**	**577,382**
Total income and expense for the year			25,689	1,943	0	7,370	35,002	1,483	36,485
Dividends			(56,321)				(56,321)	0	(56,321)
Changes from acquisitions							0		0
Changes concerning own shares							0		0
Other changes			1,174				1,174		1,174
STATUS AS OF MARCH 31, 2009	**104,000**	**36,476**	**436,021**	**(2,894)**	**(13,890)**	**(37,353)**	**522,360**	**36,360**	**558,720**
Status as of January 1, 2010	**104,000**	**36,476**	**521,366**	**1,157**	**(4,802)**	**(28,847)**	**629,350**	**34,142**	**663,492**
Total income and expense for the year			28,925	1,605		18,298	48,828	2,424	51,252
Dividends			(51,741)				(51,741)	0	(51,741)
Changes from acquisitions							0	471	471
Changes concerning own shares			6,859				6,859		6,859
Other changes			1,127			(255)	872		872
STATUS AS OF MARCH 31, 2010	**104,000**	**36,476**	**506,536**	**2,762**	**(4,802)**	**(10,804)**	**634,168**	**37,037**	**671,205**

Consolidated statement of cash flows

for the first quarter of 2010 (condensed, unaudited)

(in TEUR)	Q1 2010	Q1 2009
Cash flow from operating activities	238,402	54,980
Cash flow from investing activities	(122,711)	(16,352)
Cash flow from financing activities	1,503	6,136
Change in cash and cash equivalents	117,194	44,764
Cash and cash equivalents at the beginning of the period	**709,532**	**558,448**
Cash and cash equivalents at the end of the period	**826,726**	**603,212**

Cash flows from acquisitions of subsidiaries*

for the first quarter of 2010 (condensed, unaudited)

		Business area		Total	Total
(in TEUR)	HY1)	PP1)	EP1)	Q1 2010	Q1 2009
Intangible assets	832	3,500	2,422	6,754	0
Property, plant, and equipment	1,248	217	119	1,584	0
Inventories	2,087	547	3,018	5,652	0
Trade and other receivables excluding financial assets	674	2,889	1,359	4,922	0
Liabilities excluding financial liabilities	(1,456)	(6,387)	(2,648)	(10,491)	0
Non-interest bearing net assets	**3,385**	**766**	**4,270**	**8,421**	**0**
Cash and cash equivalents acquired	4	707	163	874	0
Debt assumed	(1,807)	(1,526)	0	(3,333)	0
Goodwill	1,041	2,147	2,350	5,538	0
Total purchase price	**2,623**	**2,094**	**6,783**	**11,500**	**0**
Purchase price paid	(2,623)	(2,094)	(6,783)	(11,500)	0
Changes in receivables/payables from purchase price not yet paid	0	0	0	0	13,742
Cash and cash equivalents acquired	4	707	163	874	0
Net cash flow	**(2,619)**	**(1,387)**	**(6,620)**	**(10,626)**	**13,742**

* converted by using exchange rates as per dates of transaction

1) HY = HYDRO
PP = PULP & PAPER
EP = ENVIRONMENT & PROCESS

NOTES

Explanatory notes to the interim consolidated financial statements as of March 31, 2010

General

The interim consolidated financial statements as of March 31, 2010 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, 2009 have been maintained without any change. For additional information on the accounting and valuation principles, see the consolidated financial statements as of December 31, 2009, 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 March 31, 2010 were neither subject to a complete audit nor to an audit review by an auditor.

Application of new standards

ANDRITZ applies the standards IFRS 3 (revised) 'Business Combinations' and IAS 27 (revised) 'Consolidated and Separate Financial Statements' for the financial year beginning on January 1, 2010.

The revised standards IFRS 3 and IAS 27 are the most essential standards for the treatment of business combinations, consolidated financial statements, and transactions with non-controlling interests.

The amendments do not have a material impact on the interim consolidated financial statements.

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-March 31, 2009:

- ANDRITZ Rollteck GmbH: design and manufacturing of winders for the paper industry;
- ANDRITZ Biax S.A.S.: systems and equipment for the production of biaxially stretched plastic films;
- ANDRITZ Perfojet S.A.S.: machinery and systems for the production of nonwovens;
- ANDRITZ Frautech S.r.l.: producer of separators for applications in the dairy and olive oil industry;
- ANDRITZ Precision Machine & Supply Inc.: service for the hydropower sector.

The initial accounting for the companies/businesses acquired in 2009/2010 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 amounted to 732.3 MEUR during the first quarter of 2010, thus decreasing by 7.3% compared to the first quarter of 2009 (790.1 MEUR). EBIT during the first quarter of 2010 amounted to 41.4 MEUR (Q1 2009: 41.6 MEUR).

Notes to the consolidated statement of financial position

Total assets of the ANDRITZ GROUP as of March 31, 2010 amounted to 3,538.0 MEUR, thus 228.7 MEUR higher than as of December 31, 2009 (3,309.3 MEUR). The net working capital as of March 31, 2010 amounted to -316.0 MEUR (December 31, 2009: -104.3 MEUR).

During the current business year, ANDRITZ AG paid dividends in the amount of 51.7 MEUR for the 2009 business year. No shares were bought back during the first quarter of 2010.

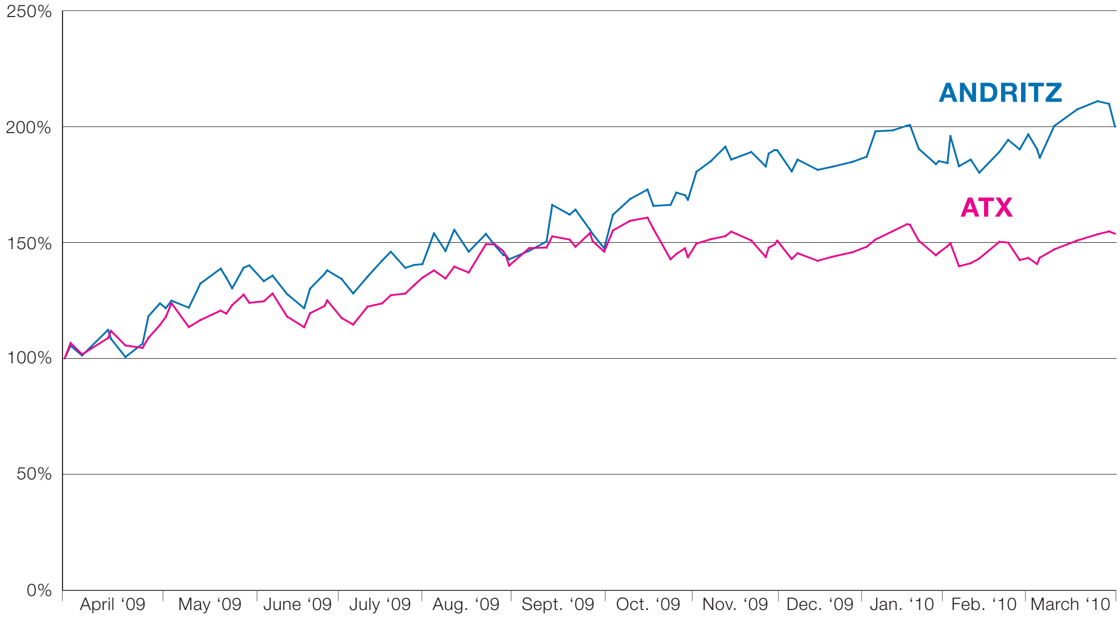
Notes to the consolidated statement of cash flows

Cash flow from operating activities of the ANDRITZ GROUP amounted to 238.4 MEUR for the first quarter of 2010 and was thus significantly higher than the previous year's value (Q1 2009: 55.0 MEUR). This increase was mainly due to the higher amount of payments received for projects.

Cash flow from investing activities during the first quarter of 2010 amounted to -122.7 MEUR (Q1 2009: -16.4 MEUR) and resulted from payments made for investments in short-term investments of -97.2 MEUR (Q1 2009: -10.3 MEUR), investments in tangible and intangible assets of -13.9 MEUR (Q1 2009: -22.9 MEUR), and the acquisition of the new companies.

SHARE

Relative price performance by the ANDRITZ share compared to the ATX (April 1, 2009-March 31, 2010)



Share price development

In the first quarter of 2010, the ANDRITZ share developed very favorably. The share price increased by 7.0%, thus again outperforming the ATX, the leading share index on the Vienna Stock Exchange, which increased by 3.8% during the same period.

The highest closing price of the ANDRITZ share during the reporting period was 46.26 EUR (March 25, 2010), the lowest was 39.49 EUR (February 12, 2010).

Trading volume

The average daily trading volume of the ANDRITZ share (double count, as published by the Vienna Stock Exchange) was 250,421 shares (Q1 2009: 339,641 shares) in the first quarter of 2010. The highest daily trading volume was noted on March 19, 2010 (650,628 shares), the lowest trading volume on March 16, 2010 (59,606 shares).

Annual General Meeting

The 103rd Annual General Meeting of ANDRITZ AG agreed to a dividend payment of 1.00 Euro per share for the 2009 business year.

Kurt Stiassny, who has been chairman of the Supervisory Board of ANDRITZ AG since 1999, and Fritz Oberlerchner, member of the ANDRITZ AG Supervisory Board since 2006, were reappointed to the Supervisory Board of ANDRITZ AG.

All items on the agenda were approved by the shareholders present at the Meeting.

Investor relations

ANDRITZ took 2nd place in the category 'Share of the Year 2009' in the first Austrian retail investor award, organized by the stock exchange magazine 'Der Börsianer'.

During the first quarter of 2010, meetings with institutional investors and financial analysts were held in Denver, Dublin, Edinburgh, London, San Diego, Tokyo, and Zurich.

In addition, ANDRITZ gave presentations at several investor conferences, including the German & Austrian Corporate Conference by Cheuvreux in Frankfurt, the Unicredit Investor Conference in Kitzbühel, the SRI Conference by HSBC in Frankfurt, as well as the Small & Mid Cap Conference held by Deutsche Bank in London.

Key figures of the ANDRITZ share

	Unit	Q1 2010	Q1 2009	2009
Highest closing price	EUR	46.26	25.25	41.94
Lowest closing price	EUR	39.49	19.20	17.50
Closing price as of end of period	EUR	43.85	23.16	40.52
Market capitalization as of end of period	MEUR	2,280.2	1,204.3	2,107.0
Performance	%	+7.0	+20.7	+111.0
ATX weighting as of end of period	%	4.5608	3.7905	4.3701
Average daily number of shares traded	Share units	246,381	339,641	307,029

Basic data of the ANDRITZ share

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 2010 (preliminary)

August 9, 2010	Results for the first half of 2010
November 8, 2010	Results for the first three quarters of 2010

The financial calendar with updates, as well as information on the ANDRITZ share, can be found on the Investor Relations page at the ANDRITZ website: www.andritz.com/share

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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