H1 2016

ANDRITZ

Interim financial report first half of 2016

KEY FINANCIAL FIGURES OF THE ANDRITZ GROUP

	Unit	H1 2016	H1 2015*	+/-	Q2 2016	Q2 2015*	+/-	2015
Order intake	MEUR	2,566.4	2,580.0	-0.5%	1,319.0	1,149.4	+14.8%	6,017.7
Order backlog (as of end of period)	MEUR	7,076.3	7,349.0	-3.7%	7,076.3	7,349.0	-3.7%	7,324.2
Sales	MEUR	2,761.2	3,005.6	-8.1%	1,475.6	1,601.3	-7.8%	6,377.2
Return on sales[1)]	%	5.9	5.3	-	6.0	6.1	-	5.8
EBITDA[2)]	MEUR	229.6	230.9	-0.6%	122.9	134.8	-8.8%	534.7
EBITA[3)]	MEUR	183.0	184.9	-1.0%	99.1	111.5	-11.1%	429.0
Earnings Before Interest and Taxes (EBIT)	MEUR	163.0	159.6	+2.1%	88.8	98.1	-9.5%	369.1
Earnings Before Taxes (EBT)	MEUR	171.8	166.4	+3.2%	96.9	103.8	-6.6%	376.4
Net income (including non-controlling interests)	MEUR	120.3	115.9	+3.8%	67.7	72.1	-6.1%	270.4
Net income (without non-controlling interests)	MEUR	120.2	113.9	+5.5%	67.7	69.9	-3.1%	267.7
Cash flow from operating activities	MEUR	200.6	-7.8	+2,671.8%	33.1	-45.0	+173.6%	179.4
Capital expenditure[4)]	MEUR	44.8	36.3	+23.4%	28.3	15.5	+82.6%	101.4
Employees (as of end of period; without apprentices)	-	25,737	24,992	+3.0%	25,737	24,992	+3.0%	24,508
Non-current assets	MEUR	1,928.9	1,982.1	-2.7%	1,928.9	1,982.1	-2.7%	1,844.7
Current assets	MEUR	3,954.3	3,800.9	+4.0%	3,954.3	3,800.9	+4.0%	3,933.3
Total shareholders' equity[5)]	MEUR	1,164.0	1,095.7	+6.2%	1,164.0	1,095.7	+6.2%	1,215.6
Provisions	MEUR	1,140.6	1,015.4	+12.3%	1,140.6	1,015.4	+12.3%	1,130.4
Liabilities	MEUR	3,578.6	3,671.9	-2.5%	3,578.6	3,671.9	-2.5%	3,432.0
Total assets	MEUR	5,883.2	5,783.0	+1.7%	5,883.2	5,783.0	+1.7%	5,778.0
Equity ratio[6)]	%	19.8	18.9	-	19.8	18.9	-	21.0
Return on equity[7)]	%	14.8	15.2	-	8.3	9.5	-	31.0
Return on investment[8)]	%	2.8	2.8	-	1.5	1.7	-	6.4
Liquid funds[9)]	MEUR	1,358.2	1,363.5	-0.4%	1,358.2	1,363.5	-0.4%	1,449.4
Net liquidity[10)]	MEUR	863.0	901.3	-4.2%	863.0	901.3	-4.2%	984.0
Net debt[11)]	MEUR	-441.0	-493.7	+10.7%	-441.0	-493.7	+10.7%	-601.6
Net working capital[12)]	MEUR	-232.2	-436.4	+46.8%	-232.2	-436.4	+46.8%	-182.1
Capital employed[13)]	MEUR	765.9	522.5	+46.6%	765.9	522.5	+46.6%	736.7
Gearing[14)]	%	-37.9	-45.1	+16.0%	-37.9	-45.1	+16.0%	-49.5
EBITDA margin	%	8.3	7.7	-	8.3	8.4	-	8.4
EBITA margin	%	6.6	6.2	-	6.7	7.0	-	6.7
EBIT margin	%	5.9	5.3	-	6.0	6.1	-	5.8
Net income[15)]/sales	%	4.4	3.9	-	4.6	4.5	-	4.2
Depreciation and amortization/sales	%	2.4	2.3	-	2.3	2.2	-	2.4

* Restated, refer to chapter "Restatement of prior periods" in the Notes to the consolidated financial statements.

1) EBIT (Earnings Before Interest and Taxes)/sales 2) Earnings Before Interest, Taxes, Depreciation, and Amortization 3) Earnings Before Interest, Taxes, Amortization of identifiable assets acquired in a business combination and recognized separately from goodwill at the amount of 20,025 TEUR (23,356 TEUR for H1 2015, 44,644 TEUR for 2015) and impairment of goodwill at the amount of 0 TEUR (1,953 TEUR for H1 2015, 15,273 TEUR for 2015) 4) Additions to intangible assets and property, plant, and equipment 5) Total shareholders' equity incl. non-controlling interests 6) Shareholders' equity/total assets 7) EBT (Earnings Before Taxes)/shareholders' equity 8) EBIT (Earnings Before Interest and Taxes)/total assets 9) Cash and cash equivalents plus marketable securities plus loans against borrowers' notes 10) Liquid funds plus fair value of interest rate swaps minus financial liabilities 11) Interest bearing liabilities including provisions for severance payments, pensions, and jubilee payments minus cash and cash equivalents, marketable securities and loans against borrowers' notes 12) Non-current receivables plus current assets (excluding cash and cash equivalents as well as marketable securities and loans against borrowers' notes) minus other non-current liabilities and current liabilities (excluding financial liabilities and provisions) 13) Net working capital plus intangible assets and property, plant, and equipment 14) Net debt/total shareholders' equity 15) Net income (including non-controlling interests)

All figures according to IFRS. Due to the utilization of automatic calculation programs, differences can arise in the addition of rounded totals and percentages. MEUR = million euros. TEUR = thousand euros.

KEY FINANCIAL FIGURES OF THE BUSINESS AREAS

HYDRO

	Unit	H1 2016	H1 2015	+/-	Q2 2016	Q2 2015	+/-	2015
Order intake	MEUR	591.4	794.7	-25.6%	339.4	347.7	-2.4%	1,718.7
Order backlog (as of end of period)	MEUR	3,324.8	3,750.1	-11.3%	3,324.8	3,750.1	-11.3%	3,640.9
Sales	MEUR	807.3	866.3	-6.8%	439.4	458.4	-4.1%	1,834.8
EBITDA	MEUR	71.8	73.8	-2.7%	40.3	45.8	-12.0%	183.6
EBITDA margin	%	8.9	8.5	-	9.2	10.0	-	10.0
EBITA	MEUR	56.0	58.0	-3.4%	32.3	38.1	-15.2%	145.3
EBITA margin	%	6.9	6.7	-	7.4	8.3	-	7.9
Employees (as of end of period; without apprentices)	-	7,683	8,588	-10.5%	7,683	8,588	-10.5%	8,230

PULP & PAPER

	Unit	H1 2016	H1 2015	+/-	Q2 2016	Q2 2015	+/-	2015
Order intake	MEUR	916.0	908.9	+0.8%	370.4	446.5	-17.0%	2,263.9
Order backlog (as of end of period)	MEUR	1,898.4	1,809.0	+4.9%	1,898.4	1,809.0	+4.9%	1,998.6
Sales	MEUR	980.4	1,043.9	-6.1%	522.8	563.4	-7.2%	2,196.3
EBITDA	MEUR	90.4	81.7	+10.6%	44.0	48.1	-8.5%	214.8
EBITDA margin	%	9.2	7.8	-	8.4	8.5	-	9.8
EBITA	MEUR	78.2	69.9	+11.9%	38.0	42.1	-9.7%	190.9
EBITA margin	%	8.0	6.7	-	7.3	7.5	-	8.7
Employees (as of end of period; without apprentices)	-	7,638	7,277	+5.0%	7,638	7,277	+5.0%	7,324

METALS

	Unit	H1 2016	H1 2015	+/-	Q2 2016	Q2 2015	+/-	2015
Order intake	MEUR	768.7	595.4	+29.1%	469.4	210.5	+123.0%	1,438.6
Order backlog (as of end of period)	MEUR	1,487.5	1,417.4	+4.9%	1,487.5	1,417.4	+4.9%	1,332.5
Sales	MEUR	703.6	796.1	-11.6%	370.6	419.0	-11.6%	1,718.1
EBITDA	MEUR	53.1	60.4	-12.1%	29.2	32.2	-9.3%	104.8
EBITDA margin	%	7.5	7.6	-	7.9	7.7	-	6.1
EBITA	MEUR	38.8	47.2	-17.8%	21.5	25.4	-15.4%	70.5
EBITA margin	%	5.5	5.9	-	5.8	6.1	-	4.1
Employees (as of end of period; without apprentices)	-	7,647	6,317	+21.1%	7,647	6,317	+21.1%	6,160

SEPARATION

	Unit	H1 2016	H1 2015	+/-	Q2 2016	Q2 2015	+/-	2015
Order intake	MEUR	290.3	281.0	+3.3%	139.8	144.7	-3.4%	596.5
Order backlog (as of end of period)	MEUR	365.6	372.5	-1.9%	365.6	372.5	-1.9%	352.2
Sales	MEUR	269.9	299.3	-9.8%	142.8	160.5	-11.0%	628.0
EBITDA	MEUR	14.3	15.0	-4.7%	9.4	8.7	+8.0%	31.5
EBITDA margin	%	5.3	5.0	-	6.6	5.4	-	5.0
EBITA	MEUR	10.0	9.8	+2.0%	7.3	5.9	+23.7%	22.3
EBITA margin	%	3.7	3.3	-	5.1	3.7	-	3.6
Employees (as of end of period; without apprentices)	-	2,769	2,810	-1.5%	2,769	2,810	-1.5%	2,794

MANAGEMENT REPORT

GENERAL ECONOMIC CONDITIONS

In the second quarter of 2016, the global economy continued to be marked by low growth in the main economic regions. The OECD once again revised its growth forecast for the global economy and now expects 3.0% and 3.3% economic growth respectively for 2016 and 2017.

Economic growth continued to be moderate in the euro zone during the reporting period. Following the UK's decision to leave the European Union, economic experts anticipate a significant negative impact on economic growth in Europe both in the short and in the long term. The European Central Bank (ECB) announced that it would leave the key interest rate in the euro zone at its record low of 0.0%. The penalty interest rate to be paid by banks who deposit funds with the ECB remained unchanged at minus 0.4%. In order to stimulate the economy in the euro zone, the ECB continues to purchase government and corporate bonds with a total amount of approximately 80 million euros every month.

In the USA, the economy continued to develop stronger compared to that in Europe. The unemployment rate decreased to around 4.7%, its lowest level since 2007. The US Federal Reserve (FED) announced that it would not increase the key interest rate for the time being, but would leave it in the range of 0.25-0.5%.

Growth in the important emerging markets remained at an unchanged low level during the reporting period. While economic growth of 6.5-7% is expected for China this year, market experts expect Brazil and Russia to remain in recession in 2016 and thus assume that there will be no major economic impulses for the global economy from these countries as a result.

Sources: research reports by various banks, OECD

BUSINESS DEVELOPMENT

Notes

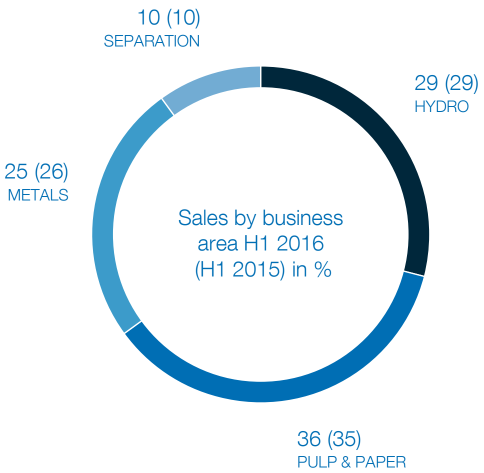
- All figures according to IFRS
- Due to the utilization of automatic calculation programs, differences can arise in the addition of rounded totals and percentages.
- MEUR = million euros, TEUR = thousand euros

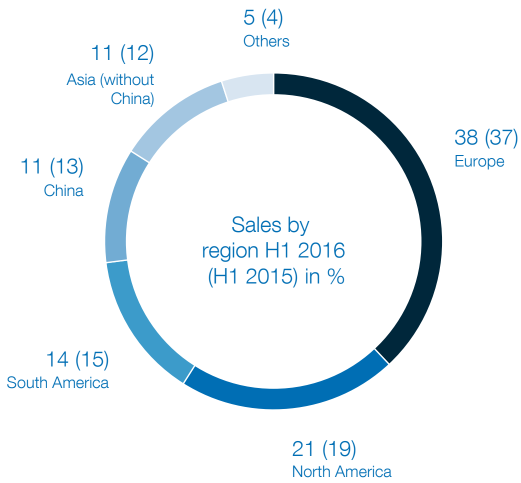
Sales

Sales of the ANDRITZ GROUP amounted to 1,475.6 MEUR in the second quarter of 2016 and were thus 7.8% lower than the high reference figure for the previous year (Q2 2015: 1,601.3 MEUR). All four business areas noted a decline in sales compared to the previous year. Sales in the HYDRO business area decreased by 4.1% compared to the high level of the previous year's reference period. Similarly, sales in the PULP & PAPER business area declined (-7.2%) compared to the high level of the previous year's reference period, which is mainly due to project-related lower sales generation in the capital business segment. Sales in the service segment remained largely stable. In the METALS business area, sales decreased significantly (-11.6%), mainly due to the decline in order intake last year in the metal forming sector (Schuler market segment). Sales in the SEPARATION business area also dropped substantially compared to the previous year's reference period (-11.0%).

In the first half of 2016, sales of the Group amounted to 2,761.2 MEUR, which is a decline of 8.1% compared to the previous year's reference period (H1 2015: 3,005.6 MEUR). The business areas' sales development at a glance:

	Unit	**H1 2016**	**H1 2015**	**+/-**
HYDRO	*MEUR*	807.3	866.3	-6.8%
PULP & PAPER	*MEUR*	980.4	1,043.9	-6.1%
METALS	*MEUR*	703.6	796.1	-11.6%
SEPARATION	*MEUR*	269.9	299.3	-9.8%





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

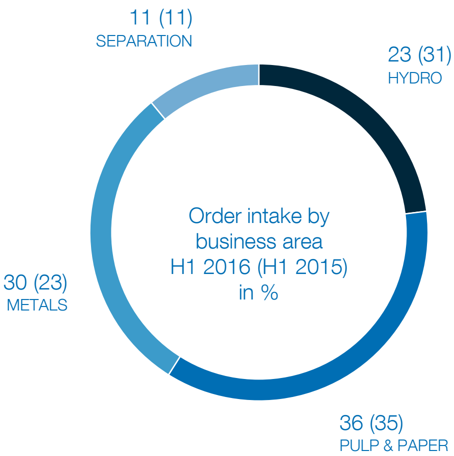
	H1 2016	H1 2015	Q2 2016	Q2 2015
ANDRITZ GROUP	33	29	31	29
HYDRO	26	24	25	24
PULP & PAPER	42	36	41	36
METALS	22	19	20	18
SEPARATION	48	44	46	44

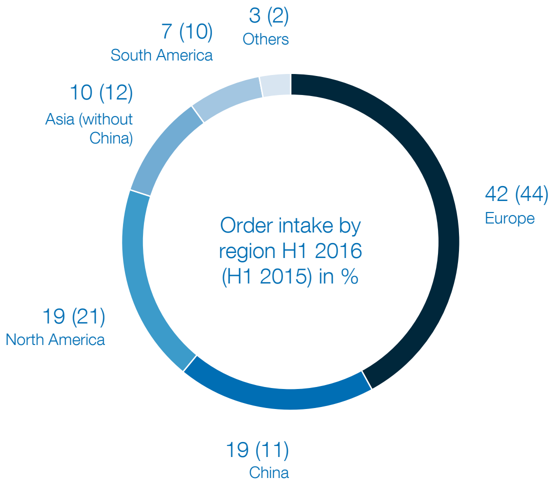
Order intake

The order intake of the Group amounted to 1,319.0 MEUR in the second quarter of 2016, thus increasing by 14.8% compared to the reference figure for the previous year (Q2 2015: 1,149.4 MEUR) and by 5.7% compared to the preceding quarter (Q1 2016: 1,247.4 MEUR). The business areas' development in detail for the second quarter of 2016:

- HYDRO: At 339.4 MEUR, order intake remained very low in view of the continued difficult market environment – with unchanged low electricity and energy prices – and was practically at the same level as the previous year's reference period (-2.4% versus Q2 2015: 347.7 MEUR).
- PULP & PAPER: Order intake amounted to 370.4 MEUR, thus decreasing significantly compared to the previous year's reference period (-17.0% versus Q2 2015: 446.5 MEUR), which included a large order.
- METALS: At 469.4 MEUR, order intake developed very favorably and more than doubled compared to the very low figure for the previous year's reference period (+123.0% versus Q2 2015: 210.5 MEUR). This strong increase is mainly due to several large orders being booked in the metal forming sector for the automotive and the automotive supplying industries (Schuler).
- SEPARATION: The order intake amounted to 139.8 MEUR and was thus practically unchanged compared to the previous year's reference period (-3.4% versus Q2 2015: 144.7 MEUR).

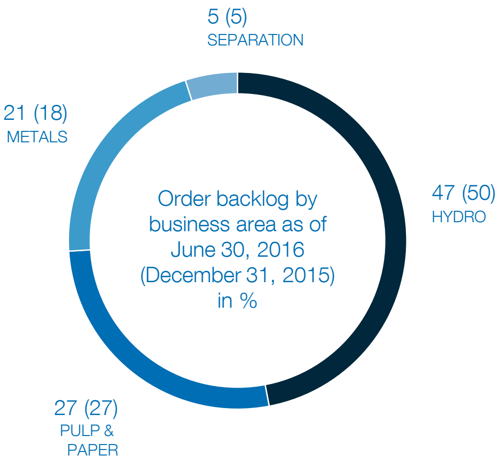
In the first half of 2016, the order intake of the Group, at 2,566.4 MEUR, was practically at the same level as the previous year's reference period (-0.5% versus H1 2015: 2,580.0 MEUR). While order intake decreased significantly in the HYDRO business area compared to the same period of last year (-25.6% versus H1 2015: 794.7 MEUR), it increased sharply in the METALS business area (+29.1% versus H1 2015: 595.4 MEUR). Order intake in the PULP & PAPER (+0.8% versus H1 2015: 908.9 MEUR) and SEPARATION business areas (+3.3% versus H1 2015: 281.0 MEUR) was practically stable compared to the previous first half year.

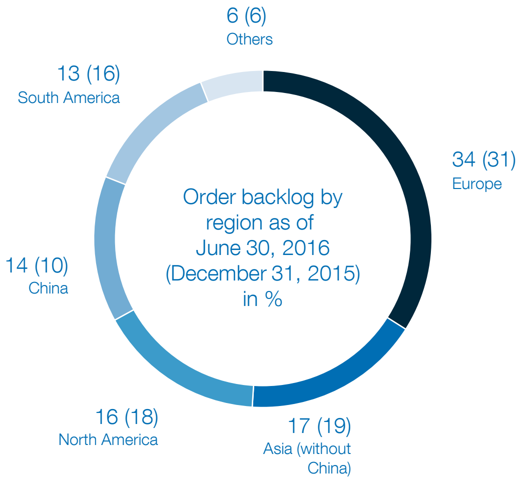




Order backlog

As of June 30, 2016, the order backlog of the ANDRITZ GROUP amounted to 7,076.3 MEUR (-3.4% versus December 31, 2015: 7,324.2 MEUR).





Earnings

The EBITA of the Group in the second quarter of 2016 amounted to 99.1 MEUR and was thus 11.1% below the reference figure for the previous year (Q2 2015: 111.5 MEUR). The EBITA margin, at 6.7%, was below the level of the previous year's reference quarter (Q2 2015: 7.0%).

Profitability in the business areas developed as follows in the second quarter of 2016:
- The EBITA margin in the HYDRO business area reached a satisfactory level of 7.4% (Q2 2015: 8.3%).
- In the PULP & PAPER business area, profitability amounted to 7.3% (Q2 2015: 7.5%).
- The EBITA margin in the METALS business area was 5.8%, thus also lower than the figure for the previous year's reference period (Q2 2015: 6.1%) and mainly due to lower sales.
- In the SEPARATION business area, the EBITA margin rose to 5.1% (Q2 2015: 3.7%).

In the first half of 2016, the Group's EBITA amounted to 183.0 MEUR and was thus slightly below the figure for the previous year's reference period (-1.0% vs. H1 2015: 184.9 MEUR). Profitability (EBITA margin) increased to 6.6% (H1 2015: 6.2%).

The financial result increased to 8.9 MEUR (H1 2015: 6.7 MEUR). This increase mainly results from a significant improvement of the other financial result, which increased substantially compared to the previous year's reference period as a result of the valuation of intercompany loans and bank balances in foreign currencies (FX) on balance sheet date, and due to dividends from associated companies.

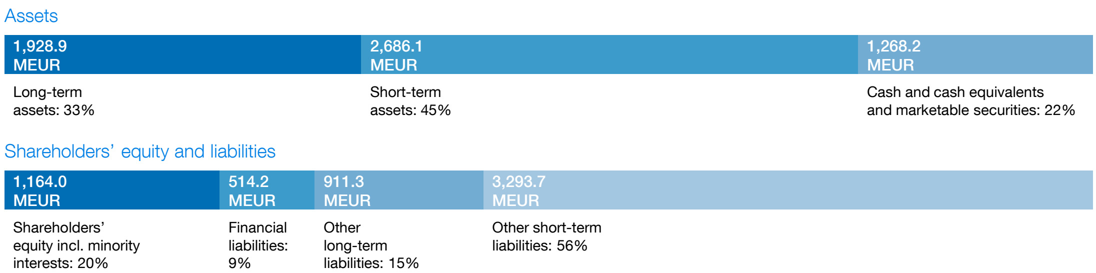
Net income (without non-controlling interests) reached 120.2 MEUR and was thus higher than the reference figure for the previous year (H1 2015: 113.9 MEUR).

Net worth position and capital structure

The net worth position and capital structure as of June 30, 2016 remained solid. Total assets amounted to 5,883.2 MEUR (December 31, 2015: 5,778.0 MEUR). The equity ratio reached 19.8% (December 31, 2015: 21.0%).

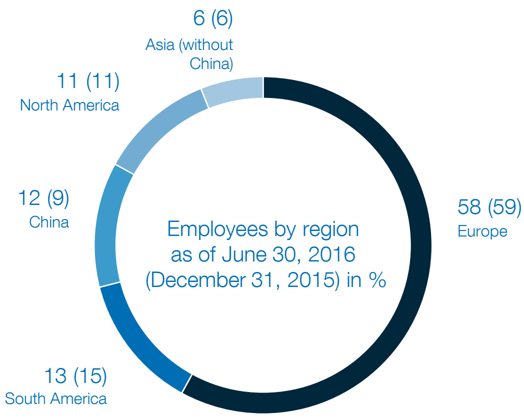
Liquid funds (cash and cash equivalents plus marketable securities plus loans against borrowers' notes) amounted to 1,358.2 MEUR (December 31, 2015: 1,449.4 MEUR), net liquidity (liquid funds plus fair value of interest rate swaps minus financial liabilities) amounted to 863.0 MEUR (December 31, 2015: 984.0 MEUR).

In addition to the high net liquidity, the ANDRITZ GROUP also has the following credit and surety lines for performance of contracts, down payments, guarantees, etc., at its disposal:
- Credit lines: 223 MEUR, thereof 110 MEUR utilized
- Surety and guarantee lines: 6,308 MEUR, thereof 2,940 MEUR utilized



Employees

As of June 30, 2016, the number of ANDRITZ GROUP employees amounted to 25,737 (December 31, 2015: 24,508 employees). This increase is mainly due to the first-time consolidation of AWEBA Werkzeugbau GmbH Aue, Germany, and Yangzhou Metal Forming Machine Tool Co., Ltd. (Yadon). Total number of staff of both companies amounts to 1,571 employees, thereof AWEBA: 580 and Yadon: 991 employees.



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

The ANDRITZ GROUP is a globally-operating company serving a variety of industrial markets and customers. As such, the Group is subject to certain general and industry-specific risks. ANDRITZ has a Group-wide control and steering system whose main task is to identify nascent risks at an early stage and – if possible – to take countermeasures. This is an important element of active risk management within the Group. However, there is no guarantee that these monitoring and risk control systems are effective enough.

The essential risks for the business development of the ANDRITZ GROUP relate above all to the Group's dependence on the general economic environment and the development of the industries it serves, to whether major orders are received and to the risks they entail; and to whether adequate sales proceeds are realized from the high order backlog. Furthermore, unexpected cost increases during the execution of orders constitute a considerable risk, particularly in so-called turnkey or EPC orders, where the Group may assume responsibility for engineering, civil work, and erection of a factory in addition to delivery of ANDRITZ equipment and systems. Projects of this kind involve high risks concerning cooperation with third parties contracted to carry out engineering, as well as civil and construction work (for example the risk of strikes, failure to meet deadlines, or quality problems with components/services purchased from sub-suppliers). Delays and difficulties in achieving the guaranteed performance parameters in the plants that ANDRITZ supplies as well as a possible malfunction in the components and systems supplied by ANDRITZ that can have serious consequences for individuals and on material assets also pose substantial risks.

The financial difficulties and the continuously challenging overall economic development (particularly in Europe and individual emerging markets, mainly in Brazil, Russia, and China) also constitute a serious risk for the ANDRITZ GROUP's financial development. Furthermore, the economic impact that UK's exit from the European Union will have on economic growth in Europe and globally in the short term and in the long term cannot be estimated at this point in time. If economic growth in Europe declines significantly as a result of the UK leaving the EU, this could have a negative impact on the business development of the ANDRITZ GROUP because Europe is the most important economic region for the Group, accounting for an average of 35-40% of its total sales. The ANDRITZ GROUP's direct business volume with the UK can be categorized as very small. In addition, a significant weakness of the global economy may lead to delays in the execution of existing orders and to the postponement or cancellation of ongoing projects. Cancellations of existing contracts could adversely affect the ANDRITZ GROUP's order backlog, which in turn would have a negative impact on the utilization of the Group's manufacturing capacities.

The Schuler Group, which is part of the ANDRITZ GROUP, derives approximately 80% of its sales from the automotive industry, which is generally exposed to severe cyclical swings. Cyclical swings of this kind can lead to a significant decline in order intake as well as have a negative impact on earnings of the Schuler Group and thus, on the ANDRITZ GROUP's earnings.

Complete or partial goodwill impairments resulting from acquisitions may also negatively influence the earnings development of the ANDRITZ GROUP if the targeted financial goals for these companies cannot be reached. In addition, there is always some risk that partial or full impairment 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. However, there is no guarantee that there will not be any individual payment failures that will have a substantial negative impact on earnings development of the Group if they occur. Risks related to deliveries to countries with medium to high political risks are typically also insured to a large extent. However, the requirements for full hedging of these risks are not always available. Quarterly credit risk reporting to the Executive Board has been implemented in order to ensure transparency with respect to financial risks on projects and to implement immediate countermeasures if necessary. The reporting shows the maximum expected unsecured credit risk for orders with a value of over one million euros, which are billed according to percentage of completion (POC), as well as customer ratings.

In dealing with ANDRITZ HYDRO S.A., Brazil, the Brazilian fiscal authorities assumed some financial affiliation of the company to the Inepar Group with regard to circumstances of taxation and labor law because of the previous minority holding of Inepar. As a result of this assumption, joint and several liability for existing tax claims and claims by employees of the Inepar companies towards Inepar could be invoked against ANDRITZ HYDRO S.A.. ANDRITZ is vigorously contesting these labor claims in several labor lawsuits in Brazil. The tax lawsuits, which were also contested, have been suspended in the meantime as a result of Inepar's participation in a governmental tax amnesty program (REFIS). If Inepar does not comply with its obligations under the REFIS program, the tax proceedings against ANDRITZ HYDRO S.A. may be resumed.

In the course of its business, the ANDRITZ GROUP is party to numerous legal proceedings before both administrative and judicial courts and bodies, as well as before arbitration tribunals. The substantial majority of such proceedings is of a nature considered typical of the Group's business, including contract and project disputes, product liability claims, and intellectual property litigation. Where appropriate, provisions are made to cover the expected outcome of proceedings to the extent that negative outcomes are likely and reliable estimates can be made. There is no guarantee, however, that these provisions will be sufficient. Given the amounts at stake in some of these disputes, a negative decision for ANDRITZ in one or several of these legal disputes may have a material adverse effect on the earnings and liquidity position of the Group. The product liability cases include a number of cases alleging injuries and/or death resulting from exposure to asbestos.

In order to minimize the financial risks as best possible and to enhance monitoring, control, and assessment of its financial and liquidity position, the ANDRITZ GROUP implemented both a comprehensive treasury policy and a transparent information system.

The ANDRITZ GROUP's position in terms of liquidity is very good, and the Group has high liquidity reserves. 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). With this diversification, ANDRITZ is seeking to minimize the counterparty risk as best possible. Nevertheless, if one or more banks were to become insolvent, this would have a considerable negative influence on the earnings development and shareholders' equity of the ANDRITZ GROUP. In addition, the lowering of ANDRITZ's credit rating by several banks can limit the financial leeway available to ANDRITZ, particularly regarding sureties to be issued. In the ANDRITZ GROUP, liquidity not only means the ability to meet financial obligations in the narrower sense, but also the availability of sureties. Operative business requires bid bonds, contract performance guarantees, down payment guarantees, as well as performance and warranty bonds be provided on a continuous basis. As a result, financial flexibility is also defined as having sufficient surety lines.

ANDRITZ pursues a risk-averse investment strategy. Cash is largely invested in low-risk financial assets, such as government bonds, government-guaranteed bonds, money market funds, investment funds to cover pension obligations, loans against borrowers' notes insured by a certificate of deposit, or term deposits. However, turbulences on the international financial markets may lead to unfavorable price developments for various securities in which the Group has invested or make them non-tradable. 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. The Executive Board is informed at regular intervals of the extent and volume of current risk exposure in the ANDRITZ GROUP.

The risk of a complete or partial breakdown of the euro zone and of a resulting possible collapse of the euro currency has decreased, however, the possibility cannot be ruled out entirely. A complete or partial breakdown of the euro zone would very likely have a negative effect on the financial, liquidity, and earnings development of the Group. For further information on risks, please refer to the ANDRITZ annual financial report 2015.

Impact of exchange rate fluctuations

Fluctuations in exchange rates in connection with the execution of the order backlog are largely hedged by forward exchange contracts and swaps. Net currency exposure of orders in foreign currencies is hedged by forward contracts. Exchange rate risks resulting from the recognition of equity are not hedged.

Depreciation of the euro against many other currencies could also have a positive impact on the shareholders' equity as well on the sales and earnings development of the ANDRITZ GROUP (translation effect). The impact of the recent depreciation of the pound sterling against the euro following the Brexit referendum is not considered significant for the ANDRITZ GROUP.

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

During the reporting period, no major business transactions were conducted with related persons and companies.

Important events after reporting period

There were no important events after reporting period.

OUTLOOK

Economic experts do not expect any significant changes in the general economic environment in the coming months. While the US economy is expected to continue its economic growth of the preceding quarters, albeit at a more moderate level, a slowdown is expected in the already very low economic growth in Europe, as a result of the UK's impending exit from the EU. Furthermore, the countries in the emerging markets that play a major role in the global economy – China, Brazil, India, and Russia – are not expected to generate any sustained impulses for growth.

The prospects for the ANDRITZ business areas are largely unchanged compared to the preceding quarter. A continuing difficult environment is anticipated in the HYDRO business area as a result of the unchanged low electricity and energy prices, although some medium-sized projects are expected to be awarded in the near future. Many modernization projects are still postponed or stopped temporarily. Some larger, new hydropower projects are currently being planned, but award of these projects is expected only in the medium to long term. In the PULP & PAPER business area, good project activity is expected to continue, however below the extraordinary high level of the previous year. Investment activity in the metal forming sector (Schuler, METALS business area) is expected to remain subdued compared to the previous year. In the stainless steel/steel strip production segment, low investment activity is expected to continue. The SEPARATION business area is also expected to see an unchanged moderate project activity compared to the previous year.

Based on the current business results, ANDRITZ expects a decrease in Group sales for the 2016 business year compared to 2015. Profitability, however, should remain at solid level.

However, if both global economic growth or growth in Europe suffer any severe setbacks as a result of the UK leaving the EU, this situation could have a negative impact on ANDRITZ' business development. This may lead to organizational and capacity adjustments and, as a result, to financial provisions that could have a negative effect on the ANDRITZ GROUP's earnings.

HYDRO

MARKET DEVELOPMENT

Global investment and project activity for electromechanical equipment for hydropower plants remained at a subdued level during the second quarter of 2016. Due to the unchanged difficult market environment impacted by low electricity and energy prices, many modernization and refurbishment projects were postponed until further notice, especially in Europe. In the emerging markets, particularly in Africa and South America, some new hydropower projects are in the planning phase; however, these projects are expected to be awarded only in the medium term. Good project activity was noted both for small-scale hydropower plants and for pumps.

IMPORTANT EVENTS

The electromechanical equipment supplied for the small-scale hydropower stations Cianten 1B (2 x 3.21 megawatt) and Cianten 3 (2 x 2.91 megawatt) in Indonesia was handed over successfully to the customer for commercial use.

IMPORTANT ORDERS

For an order from Xuan Thien Ha Giang Company Limited, the business area will supply the complete electromechanical equipment, comprising three 20-megawatt bulb turbines, to the Song Lo 6 hydropower station, Vietnam.

EFACEC selected ANDRITZ HYDRO to supply the entire equipment for the Luachimo small-scale hydropower plant in Angola.

The business area received an order from Donau-Wasserkraft AG (DWK) to supply and start up the second unit at Langenprozelten hydropower plant, Germany.

In the small-scale hydropower sector, the business area received several important orders, thereof delivery of the electromechanical equipment for Hatillo small-scale hydropower plant, Dominican Republic (penstocks and gates), Nam Cun, Vietnam (two 20-megawatt units), and Renace 4, Guatemala (28-megawatt turbine).

ANDRITZ HYDRO will modernize the Tedzani III hydropower station, Malawi, for ESCOM. The scope of supply includes new control, protection, and excitation systems, as well as specific modifications to the turbine and the generator. This should result in an output increase of more than 20 percent.

Itiquira Energética S.A., Brazil, selected the business area to conduct emergency repairs of two units at Itiquira hydropower station.

The business area is supplying cooling water and auxiliary pumps for a coal-fired, thermal power station in China.

PULP & PAPER

MARKET DEVELOPMENT

The international pulp market continued to show mixed development in the second quarter of 2016 compared to the previous quarter. While the price for NBSK (Northern Bleached Softwood Kraft) long-fiber pulp increased slightly (from around 790 USD per ton at the end of March 2016 to approximately 805 USD per ton at the end of June 2016) during the reporting period, the price for short-fiber pulp (eucalyptus) decreased from around 740 USD per ton at the end of March 2016 to approximately 680 USD per ton at the end of June 2016. Continuing weak demand from China and the expectation of new pulp production capacities coming on stream in the coming quarters were the main reasons for the decrease in prices. Project and investment activity for pulping equipment was solid during the reporting period, particularly for modernization of existing pulp mills. No contracts were awarded for greenfield pulp mills, however there are some projects in the planning phase which are expected to be implemented in the medium term.

IMPORTANT EVENTS

Iggesund's Workington Mill, United Kingdom, started up a board machine after ANDRITZ completed the installation of a new *Prime*Press X press section.

EGGER Holzwerkstoffe Wismar, Russia, started up a new pressurized refining system, including chip washing, at a panelboard plant. ANDRITZ also provided an evaporation plant to both reduce the amount of water in the effluent so that it can be incinerated and also produce clean condensate for steam generation to dry the MDF product.

IMPORTANT ORDERS

ANDRITZ received an order from the regional Danish municipality Helsingør Kraftvarmeværk to deliver a biomass boiler island for its combined heat and power plant. With the new boiler, natural gas is replaced by biomass energy production. The boiler will burn forest residue, bark, sawdust, and wood chips. This project will be ANDRITZ's first biomass boiler supplied to a customer in Denmark.

Pro-Gest Group, Italy, selected the business area to supply the complete waste paper processing plant and approach flow system for a new paper machine producing packaging papers.

S.A. Industrias Celulosa Aragonesa (SAICA), Spain, ordered a FibreFlow drum pulping system for a new OCC line at its paper mill in El Burgo de Ebro. In addition, ANDRITZ will supply a new sludge dewatering system.

Saugbrugs Bioenergi AS, a part of the Norske Skog Group, Norway, selected ANDRITZ to supply a new sludge dewatering line for thickening and dewatering of fibrous sludges for its mill in Halden. The goal of the investment is to increase the capacity for anaerobic treatment in order to produce marketable biogas to be used for vehicles in public transport.

Dong Hai, Vietnam, selected the business area to supply a 500-tons-per-day line for processing OCC, two lines for processing kraft pulp, and the approach system for a new two-ply board machine.

In Russia, ANDRITZ will upgrade the brownstock washing process in the fiberline for the Mariysky Pulp and Paper mill. The upgrade includes a new Drum Displacer (DD) Washer.

Sonae Indústria, Portugal, selected the business area to replace certain woodyard equipment and increase the capacity of its debarking line for the production of MDF.

Klabin, Brazil, signed an agreement with ANDRITZ to provide certain maintenance services at its Puma pulp mill, recently started up near Ortigueira.

CMPC, Chile, has contracted for Optimization of Process Performance (OPP) services at its Laja mill. In addition, CMPC selected ANDRITZ to provide mechanical maintenance services in the woodyard of its Nacimiento mill to increase equipment availability.

Propower, Germany, selected the business area to retrofit and overhaul the bed material cooler for a power boiler previously supplied by ANDRITZ.

In the panelboard sector, the business area received orders from Liuzhou Sanyi Board, China, for a pressurized refining system and from Panel Plus MDF, Thailand, for the retrofit of one MDF line and the installation of a new second line.

METALS

MARKET DEVELOPMENT

In the metal forming sector for the automotive and automotive supplying industries (market segment of Schuler), the second quarter of 2016 showed unchanged, moderate project and investment activity; some larger orders were awarded by individual car manufacturers, however the global investment level remained moderate. Project activity for equipment for the production and processing of stainless and carbon steel strips remained at an unchanged low level. Selective projects mainly targeted modernization and improvement of energy efficiency at existing plants, while only a few investments in new plants were realized in view of the continuing low capacity utilization rates. Project and investment activity in the aluminum sector was below the favorable level of the previous year.

IMPORTANT EVENTS

Schuler successfully completed the acquisition of AWEBA Werkzeugbau GmbH Aue, Germany, at the end of June. AWEBA is one of Europe's leading toolmakers, achieving annual sales of approximately 60 million euros with almost 600 employees.

During the reporting period, Schuler successfully completed the acquisition of a majority stake (51%) in the Chinese press and machine tool manufacturer Yangzhou Metal Forming Machine Tool Co., Ltd. (Yadon). Yadon is one of the leading manufacturers of mechanical presses in China, achieving annual sales of approximately 120 million euros with around 1,000 employees.

At the beginning of April, Constellium, USA, successfully produced the first coil at its plant in Bowling Green, where ANDRITZ delivered and started up an annealing and pickling line for aluminum. Constellium also started production of the first hot coil at the annealing and pickling line at its plant in Neuf-Brisach, France.

Taigang Group International Trace Co., China, confirmed the final acceptance tests of the mixed acid regeneration plant which was built by the business area for Beihai Chengde Ferronickel and Stainless Steel Co., China.

ANDRITZ METALS received the final acceptance for the first revamp project of the final rinsing stage for a stainless steel pickling line from customer Outokumpu, Finland.

IMPORTANT ORDERS

Schuler received an order from Tesla, USA, to supply a servo press line. In addition, the manufacturer of premium electric vehicles ordered tool sets for the production of car body parts for the new Model 3. Up to 72 parts per minute can be formed with Schuler's ServoLine 18 XL, and the fully automatic tooling change takes only three minutes.

Schuler received a large order from the German premium car manufacturer Daimler to supply two servo press lines and two servo tryout presses for its facilities in Sindelfingen and Bremen. The latest generation of six-stage press lines has automatic quality testing and a stacking plant for finished parts.

A Chinese manufacturer ordered a counterblow hammer to forge crankshafts for truck motors, railroad engines, and marine engines. With an energy capacity of 800 kilojoules, it is the largest drop forging hammer ever to be shipped to China by Schuler so far. In addition, a French customer from the forging industry ordered a newly developed linear hammer using servo technology.

A manufacturer of drive components for cars and trucks ordered a forging press from Schuler for the production of constant velocity drive shafts (20,000 kilonewtons pressing force) for its site in Poland. Also in Poland, an automotive industry supplier ordered two tie rod presses with ServoDirect technology (20,000 and 16,000 kilonewtons pressing force).

Walsin Lihwa, Taiwan, awarded ANDRITZ METALS the order to supply a coil preparation line. In coil preparation, over-thickness and bad areas of the coil coming from the hot strip mill are cut and coil ends are welded together. The line consists of five abrasive blast cleaning and four grinding sections.

Capital Steel, China, selected the business area to supply a proven SOULAS laser welding system supplied by ANDRITZ Soutec. Also in China, ANDRITZ METALS will deliver laser welding and ablation systems at four new tailor welded blank plants (Loudi, Shanghai, Chongqing, Shenyang).

SEPARATION

MARKET DEVELOPMENT

The global markets for solid/liquid separation equipment continued to show mixed development in the second quarter of 2016. While investment and project activity in the environment, chemicals, and mining sectors was satisfactory, demand from the food industry was low. In the animal feed industry, project activity for conventional and special feed was solid. There was also good project and investment activity in the biomass pelleting sector.

IMPORTANT EVENTS

ANDRITZ SEPARATION opened up a modern service center in Krefeld, Germany, at the end of May in order to enhance its customer service in Germany and neighboring countries. In the new competence center, decanter and filter centrifuges, filter presses, separators, belt, disc and drum filters, as well as screens of almost any brand are modernized and repaired for customers from the food, environmental, chemical, pharmaceutical, and the mining and minerals industries.

ANDRITZ has launched a new-generation of decanter centrifuges. A first example is the F7300 for lactose production.

ANDRITZ and the ECOPHOS GROUP, a global player active in the phosphate industry, have signed a cooperation agreement with ANDRITZ for the supply of tailor-made filtration systems for ECOPHOS' patented production processes. ANDRITZ SEPARATION will supply customized press and vacuum belt filters that further enhance the performance, reliability, and cost-effectiveness of ECOPHOS' patented processes.

IMPORTANT ORDERS

In the USA, the business area sold eight decanters for municipal wastewater treatment. A customer in Qatar also selected the business area to supply three decanters and six belt thickeners for a municipal wastewater project.

ANDRITZ SEPARATION received an order for a site producing potassium nitrate in Jordan. The scope of supply includes a pusher centrifuge and a heat exchanger fluid bed system.

For a customer in Malaysia, ANDRITZ SEPARATION will supply two helix dryers for functional food. Fast drying and high performance capabilities were decisive in placing the order with ANDRITZ.

For a leading starch company in Germany, ANDRITZ SEPARATION will supply a comprehensive solution including two single drum dryers to enhance and increase production of wheat starch. Orders were also placed for two KMPT siphon peeler centrifuges by a German chemical company with a subsidiary in Korea, while a customer in Finland ordered three horizontal pharma peeler centrifuges.

In China, four decanters of the largest A-type were sold for HDPE applications by the petrochemicals and polymers division. A major biomass project was also acquired in the country for a gasification plant converting sawdust.

In order to increase its production, a beer producer in the USA selected the business area to supply a second clarifier for its new brewery.

Several orders for a new generation of belt filter presses for environment were received in South Africa. Additionally, project start-ups for decanters, screens, drains, and presses took place in Uruguay, Israel, Italy, Spain, Turkey, France, Tunisia, Romania, Estonia, Egypt, and Austria. A large phosphate order was placed for a side-bar membrane filter press in Belgium.

Several orders for animal feed and aqua feed processing lines and pelleting equipment were received from customers in Europe, Asia, North America, and South America. In the biomass pelleting sector, orders were received from customers in North America and Asia.

CONSOLIDATED INCOME STATEMENT

For the first half of 2016 (unaudited)

(in TEUR)	**H1 2016**	**H1 2015**	**Q2 2016**	**Q2 2015**
Sales	**2,761,189**	**3,005,579**	**1,475,553**	**1,601,312**
Changes in inventories of finished goods and work in progress	46,933	54,430	26,112	19,855
Capitalized cost of self-constructed assets	1,900	4,997	1,169	2,008
	2,810,022	**3,065,006**	**1,502,834**	**1,623,175**
Other operating income	105,746	80,252	36,341	28,603
Cost of materials	-1,406,725	-1,631,940	-764,016	-885,505
Personnel expenses	-828,844	-848,208	-418,906	-426,833
Other operating expenses	-450,563	-434,167	-233,317	-204,555
Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA)	**229,636**	**230,943**	**122,936**	**134,885**
Depreciation, amortization, and impairment of intangible assets and of property, plant, and equipment	-66,663	-69,359	-34,117	-34,778
Impairment of goodwill	0	-1,953	0	-1,953
Earnings Before Interest and Taxes (EBIT)	**162,973**	**159,631**	**88,819**	**98,154**
Result from associated companies	-11	-20	60	-6
Interest income	18,648	26,677	9,869	17,002
Interest expenses	-14,957	-14,808	-7,180	-8,141
Other financial result	5,180	-5,102	5,361	-3,210
Financial result	**8,860**	**6,747**	**8,110**	**5,645**
Earnings Before Taxes (EBT)	**171,833**	**166,378**	**96,929**	**103,799**
Income taxes	-51,495	-50,499	-29,155	-31,719
NET INCOME	**120,338**	**115,879**	**67,774**	**72,080**
Thereof attributable to:				
Shareholders of the parent	120,249	113,866	67,710	69,829
Non-controlling interests	89	2,013	64	2,251
Weighted average number of no-par value shares	102,119,463	103,237,623	102,090,335	103,263,670
Basic earnings per no-par value share (in EUR)	1.18	1.10	0.67	0.68
Effect of potential dilution of share options	0	690,314	0	758,328
Weighted average number of no-par value shares and share options	102,119,463	103,927,937	102,090,335	104,021,998
Diluted earnings per no-par value share (in EUR)	1.18	1.10	0.67	0.67

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the first half of 2016 (condensed, unaudited)

(in TEUR)	H1 2016	H1 2015*	Q2 2016	Q2 2015*
NET INCOME	**120,338**	**115,879**	**67,774**	**72,080**
Items that may be reclassified to profit or loss:				
Currency translation adjustments	599	35,320	19,066	-17,174
Available-for-sale financial assets, net of tax	-2,673	10,015	918	9,898
Cash flow hedges, net of tax	3,170	-1,990	248	5,260
Items that will not be reclassified to profit or loss:				
Actuarial gains/losses, net of tax	-26,293	0	-26,293	0
OTHER COMPREHENSIVE INCOME	**-25,197**	**43,345**	**-6,061**	**-2,016**
TOTAL COMPREHENSIVE INCOME	**95,141**	**159,224**	**61,713**	**70,064**
Thereof attributable to:				
Shareholders of the parent	95,264	157,364	61,528	68,457
Non-controlling interests	-123	1,860	185	1,607

* Restated, refer to chapter “Restatement of prior periods” in the Notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2016 (unaudited)

(in TEUR)	June 30, 2016	December 31, 2015
ASSETS		
Intangible assets	212,952	203,397
Goodwill	577,016	528,515
Property, plant, and equipment	785,083	715,394
Shares in associated companies	0	0
Other investments	87,068	140,585
Trade accounts receivable	10,730	11,450
Other receivables and assets	64,809	62,105
Deferred tax assets	191,272	183,284
Non-current assets	**1,928,930**	**1,844,730**
Inventories	785,920	665,419
Advance payments made	126,767	126,664
Trade accounts receivable	727,841	735,375
Cost and earnings of projects under construction in excess of billings	604,578	711,062
Other receivables and assets	440,979	335,415
Marketable securities	80,530	103,618
Cash and cash equivalents	1,187,649	1,255,746
Current assets	**3,954,264**	**3,933,299**
TOTAL ASSETS	**5,883,194**	**5,778,029**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Share capital	104,000	104,000
Capital reserves	36,476	36,476
Retained earnings	1,006,735	1,057,557
Equity attributable to shareholders of the parent	**1,147,211**	**1,198,033**
Non-controlling interests	16,820	17,543
Total shareholders' equity	**1,164,031**	**1,215,576**
Bonds	363,286	364,984
Bank loans and other financial liabilities	102,685	74,785
Obligations under finance leases	16,370	15,018
Provisions	630,702	606,262
Other liabilities	119,971	62,414
Deferred tax liabilities	160,646	159,168
Non-current liabilities	**1,393,660**	**1,282,631**
Bank loans and other financial liabilities	30,666	27,633
Obligations under finance leases	1,147	868
Trade accounts payable	474,536	478,464
Billings in excess of cost and earnings of projects under construction	1,124,113	1,044,976
Advance payments received	285,644	268,756
Provisions	509,858	524,134
Liabilities for current taxes	31,223	24,926
Other liabilities	868,316	910,065
Current liabilities	**3,325,503**	**3,279,822**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**5,883,194**	**5,778,029**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the first half of 2016 (unaudited)

(in TEUR)	H1 2016	H1 2015*
Earnings Before Taxes (EBT)	**171,833**	**166,378**
Interest result	-3,691	-11,869
Depreciation, amortization, write-ups, and impairment of fixed assets	66,663	71,312
Expense from associated companies	11	20
Changes in provisions	-35,565	-58,787
Losses/gains from the disposal of fixed and financial assets	-1,520	-361
Other non-cash income/expenses	3,188	726
Gross cash flow	**200,919**	**167,419**
Changes in inventories	-59,409	-61,948
Changes in advance payments made	1,588	-10,352
Changes in receivables	32,918	139,074
Changes in cost and earnings of projects under construction in excess of billings	112,451	-57,828
Changes in advance payments received	-10,677	12,155
Changes in liabilities	-103,243	-63,210
Changes in billings in excess of cost and earnings of projects under construction	66,895	-73,775
Change in net working capital	**40,523**	**-115,884**
Interest received	15,682	19,175
Interest paid	-10,939	-10,898
Dividends received	1,707	7
Taxes paid	-47,265	-67,640
CASH FLOW FROM OPERATING ACTIVITIES	**200,627**	**-7,821**
Payments received for asset disposals (including financial assets)	7,832	2,473
Payments made for property, plant, and equipment, and for intangible assets	-48,585	-37,141
Payments made for non-current financial assets	-2,484	-19,730
Net cash flow from company acquisitions	-98,983	-10,061
Payments received for securities and other current financial assets	65,335	91,125
Payments made for securities and other current financial assets	-45,571	-20,050
CASH FLOW FROM INVESTING ACTIVITIES	**-122,456**	**6,616**
Payments made for the redemption of bonds	0	-150,000
Repurchase of own corporate bonds	-2,947	-2,032
Cash receipts from other financial liabilities	13,903	18,245
Repayments of other financial liabilities	-31,206	-39,450
Dividends paid by ANDRITZ AG	-137,802	-103,240
Purchase of non-controlling interests	0	-3,054
Dividends paid to non-controlling and former interest holders	-2,446	-734
Proceeds from re-issuance of treasury shares	0	1,530
Purchase of treasury shares	-10,723	0
CASH FLOW FROM FINANCING ACTIVITIES	**-171,221**	**-278,735**
CHANGES IN CASH AND CASH EQUIVALENTS	**-93,050**	**-279,940**
Changes in cash and cash equivalents resulting from exchange rate fluctuation	24,953	14,052
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**1,255,746**	**1,457,335**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**1,187,649**	**1,191,447**

* Change in presentation compared to prior year.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the first half of 2016 (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	Treasury shares	Total		
STATUS AS OF JANUARY 1, 2015*	104,000	36,476	992,482	17,964	-83,001	-13,419	-32,947	1,021,555	16,721	1,038,276
Net income			113,866					113,866	2,013	115,879
Other comprehensive income*				8,092		35,406		43,498	-153	43,345
Total comprehensive income*			113,866	8,092		35,406		157,364	1,860	159,224
Dividends			-103,240					-103,240	-734	-103,974
Changes in treasury shares			-1,042				3,064	2,022		2,022
Other changes			1,636			-980		656	-467	189
STATUS AS OF JUNE 30, 2015*	104,000	36,476	1,003,702	26,056	-83,001	21,007	-29,883	1,078,357	17,380	1,095,737
STATUS AS OF JANUARY 1, 2016	104,000	36,476	1,144,880	48,932	-70,534	2,852	-68,573	1,198,033	17,543	1,215,576
Net income			120,249					120,249	89	120,338
Other comprehensive income				390	-26,291	916		-24,985	-212	-25,197
Total comprehensive income			120,249	390	-26,291	916		95,264	-123	95,141
Dividends			-137,802					-137,802	-601	-138,403
Changes from acquisitions									1	1
Changes in treasury shares			153				-9,897	-9,744		-9,744
Changes concerning share option programs			1,451					1,451		1,451
Changes in consolidation type			9					9		9
STATUS AS OF JUNE 30, 2016	104,000	36,476	1,128,940	49,322	-96,825	3,768	-78,470	1,147,211	16,820	1,164,031

* Restated, refer to chapter "Restatement of prior periods" in the Notes.

NOTES

Explanatory notes to the interim consolidated financial statements as of June 30, 2016

GENERAL

ANDRITZ AG is incorporated under the laws of the Republic of Austria and has been listed on the Vienna Stock Exchange since June 2001. The ANDRITZ GROUP (the "Group" or "ANDRITZ") is a leading producer of high-technology industrial machinery and operates through four strategic business areas: HYDRO, PULP & PAPER, METALS, and SEPARATION.

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

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

The interim consolidated financial statements as of June 30, 2016 were neither subject to a complete audit nor to an audit review by an auditor.

ACCOUNTING PRINCIPLES

The interim consolidated financial statements as of June 30, 2016 were prepared in accordance with the principles set forth in the International Financial Reporting Standards (IFRS) – guidelines for interim reporting (IAS 34) – to be applied in the European Union. The accounting and valuation methods as of December 31, 2015 have been maintained without any change. For additional information on the accounting and valuation principles, see the consolidated financial statements as of December 31, 2015, which form the basis for this interim consolidated financial report.

Standards and interpretations that are applicable for the first time

ANDRITZ has been applying the following new or changed standards since January 1, 2016:

Standard/Interpretation	Title	Effective for annual financial statements for periods beginning on or after	Endorsement by EU
IAS 19	Change: Defined benefit plans: employee contributions	February 1, 2015	December 17, 2014
IFRS 11	Change: Accounting of interests in joint operations	January 1, 2016	November 24, 2015
IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortization	January 1, 2016	December 2, 2015
IAS 27	Change: Separate financial statements (equity-method)	January 1, 2016	December 18, 2015
IAS 1	Change: Disclosure initiative	January 1, 2016	December 18, 2015
IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, and IAS 38	Annual improvements of IFRS (cycle 2010-2012)	February 1, 2015	December 17, 2014
IFRS 5, IFRS 7, IAS 19, and IAS 34	Annual improvements of IFRS (cycle 2012-2014)	January 1, 2016	December 15, 2015

The application of these updated standards did not have any material impact on the interim consolidated financial statements.

Standards and interpretations that have been published but not yet applied

ANDRITZ has not adopted the following accounting pronouncements that have been issued by the IASB, but are not yet in effect:

Standard/Interpretation	Title	Effective for annual financial statements for periods beginning on or after	Endorsement by EU
IFRS 10, IFRS 12, and IAS 28	Change: Investment entities - exception from consolidation	January 1, 2016	planned for Q3 2016
IAS 12	Change: Recognition of Deferred Tax Assets for Unrealised Losses	January 1, 2017	planned for Q4 2016
IAS 7	Change: Disclosure Initiative	January 1, 2017	planned for Q4 2016
IFRS 15	Revenue from contracts with customers	January 1, 2018	planned for Q3 2016
IFRS 15	Clarification: Revenue from Contracts with Customers	January 1, 2018	planned for Q1 2017
IFRS 9	Financial instruments	January 1, 2018	planned for Q4 2016
IFRS 2	Change: Classification and Measurement of Share-based Payment Transactions	January 1, 2018	planned for H2 2017
IFRS 16	Leasing	January 1, 2019	planned for 2017
IFRS 10 and IAS 28	Change: Sale or contribution of assets between an investor and its associate or joint venture	date is still to be determined	pending

IFRS 15 (Revenue from contracts with customers) sets out a 5-step recognition model for revenue from contracts with customers. According to IFRS 15, revenue recognition must depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services (transaction price in IFRS 15). This standard will replace all the existing regulations on revenue recognition under IFRS. For both, the sale of goods and the rendering of services for customer projects, the recognition of revenue over time may be influenced due to performance obligations within a contract, which are to be qualified as separate performance obligations within a contract. ANDRITZ has already started evaluating the impacts on the Group. The analyses performed so far indicate that contracts with customers may include separate performance obligations und thus may lead to recognizing revenue similar to the application of the "percentage of completion"-method. The implementation of IFRS 15 will also require adjustments to the IT-systems. A reliable estimation of the impacts of the application of IFRS 15 on the consolidated financial statement of ANDRITZ cannot be made yet. The evaluation process will be continued. Currently, there are no plans to apply the standard ahead of time.

IFRS 9 (Financial Instruments), published in July 2014, replaces the existing guidance in IAS 39 (Financial Instruments: Recognition and Measurement). IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018. ANDRITZ is now assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9. There should be no material effects for the consolidated financial statements.

The central idea of the new standard IFRS 16 (Leases) is for all lessees to include all lease arrangements and the related contractual rights and obligations in the balance sheet. The lessee recognizes a liability for the obligation to make leasing payments in the future for all lease arrangements. At the same time, the lessee capitalizes a right of use for the underlying asset value that is basically equal to the cash value of the future lease payments plus any costs that can be directly assigned. The lessee is thus no longer required to distinguish between finance and operating lease contracts, as required to date under IAS 17. In contrast, the rules of the new standard for the lessor are similar to the regulations contained so far in IAS 17. The lease contracts will continue to be classified either as finance or as operating lease arrangements. Lease arrangements in which essentially all risks and opportunities of ownership are transferred are classified as finance leasing arrangements and all others as operating leases. The criteria of IAS 17 were also adopted for classification under IFRS 16. ANDRITZ is currently assessing the impact on its consolidated financial statements that will result from applying IFRS 16.

RESTATEMENT OF PRIOR PERIODS

The shares in a company listed on the stock exchange in China since the first quarter of 2014 have been recognized retrospectively according to IAS 39 in connection with IFRS 13 at fair value. The prior periods were restated according to IAS 8. There has been no impact on the net income in 2016 or in 2015. In addition, there was no impact on the consolidated statement of financial position as of December 31, 2015. The restatement described affects the consolidated statement of comprehensive income for the first half of 2015 as follows:

(in TEUR)	Values originally reported	Adjustment	Restated values
NET INCOME	**115,879**	**0**	**115,879**
Items that may be reclassified to profit or loss:			
Currency translation adjustments	33,404	1,916	35,320
Available-for-sale financial assets, net of tax	-28	10,043	10,015
Cash flow hedges, net of tax	-1,990	0	-1,990
OTHER COMPREHENSIVE INCOME	**31,386**	**11,959**	**43,345**
TOTAL COMPREHENSIVE INCOME	**147,265**	**11,959**	**159,224**
Thereof attributable to:			
Shareholders of the parent	145,405	11,959	157,364
Non-controlling interests	1,860	0	1,860

CONSOLIDATED COMPANIES

The consolidated financial statements include ANDRITZ AG and those companies it controls, where their influence on the assets, liabilties, financial position, and profit or loss of the Group is not of minor importance.

The consolidation scope changed as follows:

	2016		2015	
	Full consolidation	Equity method	Full consolidation	Equity method
Balance as of January 1	**134**	**3**	**139**	**3**
Acquisition of companies	7		2	
Disposal of companies				
Changes in consolidation type				
Additions	1		2	
Disposals			-1	
Reorganization	-2		-2	
Balance as of June 30	**140**	**3**	**140**	**3**
Thereof attributable to:				
Domestic companies	6	0	8	0
Foreign companies	134	3	132	3

ACQUISITIONS

AWEBA Werkzeugbau GmbH Aue

The ANDRITZ GROUP acquired a 100% stake in AWEBA Werkzeugbau GmbH Aue, Germany. AWEBA is based in Aue, Saxony, and generates annual sales of around 60 MEUR with almost 600 employees. The company supplies international customers in the automotive supply and electrical industries, as well as in the mechanical and plant engineering sectors. The product portfolio includes dies for forming, cutting, and die-casting, as well as precision parts and die-related automation equipment. In the METALS segment, AWEBA complements the product portfolio of Schuler Aktiengesellschaft in metalforming and extends the company's existing activities in toolmaking.

Schuler Aktiengesellschaft made this purchase in April 2016 subject to compliance with suspensive conditions. The transaction was closed in June 2016.

The company's goodwill amounting to 17,439 TEUR is based on its earnings potential, which cannot be assigned individually to items that can be capitalized according to IFRS. We do not expect any parts of the goodwill to be deductible for tax purposes.

Anbo Machining (Blenheim) Ltd.

The ANDRITZ GROUP acquired individual assets of Anbo Machining (Blenheim) Ltd., Canada, in April 2016 and transferred them to the newly established company ANBO Inc. In the SEPARATION segment, this acquisition strengthens the product portfolio in the manufacturing and services sector for wood pelleting equipment in North America.

The company's goodwill amounting to 385 TEUR is based on its earnings potential, which cannot be assigned individually to items that can be capitalized according to IFRS. 75% of this goodwill is deductible for tax purposes.

Yangzhou Metal Forming Machine Tool Co. Ltd.

Yangzhou Metal Forming Machine Tool Co. Ltd. (Yadon), China, is based in Yangzhou, Jiangsu Province, around 300 kilometers north of Shanghai, and has a staff of approximately 1,000 employees at three locations. The main customer segments served by Yadon include the automotive supplying, household appliances, and metal working industries in Eastern China. Yadon is one of the leading manufacturers of mechanical presses in China and has annual sales of approximately 120 MEUR. The stake in Yadon extends Schuler Aktiengesellschaft's product program in the METALS business area in the middle and lower price ranges and provides access to a customer group not yet served in China, the world's largest market for presses.

Schuler Aktiengesellschaft's acquisition of a 51% stake took place in June 2015, and was subject to compliance with suspensive conditions. The transaction was closed in April 2016. For the remaining 49% stake in Yadon, a mutual put/call option is available, which was recognized as a liability in the amount of 61,364 TEUR as of June 30, 2016. The option is included in Other liabilities.

The company's goodwill amounting to 30,373 TEUR is based on its earnings potential, which cannot be assigned individually to items that can be capitalized according to IFRS. We do not expect any parts of the goodwill to be deductible for tax purposes.

Preliminary fair values at the acquisition date

The preliminary fair values of the assets acquired and liabilities assumed are as follows:

(in TEUR)	Yangzhou Metal Forming Machine Tool Co., Ltd.	Others	Total
Intangible assets	17,801	14,792	32,593
Property, plant, and equipment	47,073	28,122	75,195
Inventories	41,680	21,122	62,802
Trade accounts receivable	11,185	6,340	17,525
Cash and cash equivalents	12,041	508	12,549
Other assets	35,797	5,844	41,641
Bank loans and other financial liabilities	-13,281	-23,198	-36,479
Deferred tax liabilities	-2,692	-5,120	-7,812
Advance payments received	-20,557	-7,113	-27,670
Trade accounts payable	-26,328	-2,801	-29,129
Other liabilities	-8,150	-6,357	-14,507
Net assets	**94,569**	**32,139**	**126,708**
Non-controlling interests	0	0	0
Goodwill	30,373	17,824	48,197
CONSIDERATION TRANSFERRED	**124,942**	**49,963**	**174,905**

Transaction costs that are directly connected to a business combination are recognized as an expense as incurred. The acquired receivables do not contain any receivables that are expected to be uncollectible.

The acquisitions have contributed 26.432 TEUR to the ANDRITZ GROUP's sales and 2,493 TEUR to the ANDRITZ GROUP's EBIT since the acquisition date. If the businesses had been acquired at the beginning of 2016, the impact on consolidated sales would have been 75.818 TEUR and 5,746 TEUR on the Group's EBIT.

Due to time constraints and the fact that valuations have not been finalized yet, the initial accounting of all assets acquired and liabilities assumed is based on preliminary figures. The final evaluation of the balance sheet items will be carried out according to the regulations of IFRS 3 (revised) "Business Combinations".

USE OF ESTIMATES AND DISCRETIONARY JUDGMENTS

Pensions and other employee benefits

For the valuation of pension plans and other employee benefits, a method is used based on parameters such as the expected discount rate, salary and pension increases, and the return on plan assets. If the relevant parameters develop materially different to what is expected, this could have a material impact on the Group's defined benefit obligation and, subsequently, on the related expenses.

With regard to the development of actuarial interest rates according to IAS 19.83, an adjustment of assumptions affecting provisions for pensions and severance payments in the amount of 36,849 TEUR (before income taxes) was made as of June 30, 2016.

NOTES TO THE INTERIM CONSOLIDATED INCOME STATEMENT AND THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In the first half of 2016, sales of the ANDRITZ GROUP amounted to 2,761,189 TEUR and were thus 8.1% lower than the reference figure for the previous year (H1 2015: 3,005,579 TEUR). The EBIT reached 162,973 TEUR (H1 2015: 159,631 TEUR).

Total assets of the ANDRITZ GROUP as of June 30, 2016 amounted to 5,883,194 TEUR and were thus 105,165 TEUR higher than the figure as of December 31, 2015 (5,778,029 TEUR). The net working capital as of June 30, 2016 amounted to -232,179 TEUR (December 31, 2015: -182,111 TEUR).

Intangible assets, and property, plant, and equipment

The additions to intangible and tangible fixed assets amounted to 44,824 TEUR in the first half of 2016. Additions from changes in consolidation scope were recognized in the amount of 107,788 TEUR. Amortization of intangible assets and depreciation of property, plant, and equipment amounted to 66,663 TEUR.

Dividends

The dividend of 137,802 TEUR for 2015, which is equal to 1.35 EUR per share, was proposed by the Executive Board and approved by the 109th Annual General Meeting on March 30, 2016. The dividend was paid to the shareholders on April 1, 2016.

Treasury shares

During the first half of 2016, 249,000 shares were bought back; 20,045 shares were transferred to ANDRITZ employees as part of employee participation programs.

Share Option Program 2016

The 109th Annual General Meeting, held on March 30, 2016, adopted another share option program for managers and members of the Executive Board. The number of options granted to the different managers can be up to 20,000, depending on the respective area of responsibility, and up to 37,500 for the members of the Executive Board. The options are to be drawn from the pool of shares bought back under the corporate share buy-back program. One share option entitles the holder to the purchase of one share. In order to exercise a share option, eligible persons must have been in active employment with ANDRITZ AG or one of its affiliates as from May 1, 2016, until the date of exercise of an option. Another requirement is that managers must have invested at least 20,000 EUR in ANDRITZ shares from their own resources, and members of the Executive Board at least 40,000 EUR.

The exercise price of the option is the unweighted average closing price of ANDRITZ shares in the four calendar weeks following the 109th Annual General Meeting, held on March 30, 2016.

The options can be exercised between May 1, 2019, and April 30, 2021 (i.e. period of exercise), provided that the average unweighted closing price of the ANDRITZ share over 20 consecutive trading days within the period from May 1, 2018, to April 30, 2019, is at least 15% above the exercise price and the earnings per share in the 2017 financial year (based on the total number of shares listed) or the earnings per share in the 2018 financial year (based on the total number of shares listed) are at least 15% above the earnings per share in the 2015 financial year (based on the total number of shares listed); or the average unweighted closing price of the ANDRITZ share over 20 consecutive trading days within the period from May 1, 2019, to April 30, 2020, is at least 20% above the exercise price and the earnings per share in the 2018 financial year (based on the total number of shares listed) or the earnings per share in the 2019 financial year (based on the total number of shares listed) are at least 20% above the earnings per share in the 2015 financial year (based on the total number of shares listed).

If the conditions of exercise are met, 50% of the options can be exercised immediately, 25% after three months, and the remaining 25% after a further three months. Share options can only be exercised by way of written notification to the company. The share options are not transferable. The shares purchased under the share option program are not subject to a ban on sales over a certain period.

The options granted in the first half of 2016 totaled 926,500. The fair value of the options at the time of granting amounts to 4,067 TEUR; 113 TEUR thereof were reported as proportionate expense in the first half of 2016. The calculation of fair value was based on an option pricing model; a Monte Carlo simulation was applied. The share price at the time of granting the options was the closing price of the ANDRITZ share on June 1, 2016, and amounts to 45.29 EUR. The exercise price of 47.80 EUR was calculated in accordance with the rules of the share option program. The expected volatility and the expected dividend were calculated on the basis of historical data of ANDRITZ.

Due to the fact that the management share option programs do not include cash settlements, these corresponding expenses are recorded directly in equity, according to the International Financial Reporting Standards.

Acquisition of non-controlling interests

There were no material changes relating to non-controlling interests in the first half of 2016.

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Cash flow from operating activities amounted to 200,627 TEUR in the first half of 2016 (H1 2015: -7,821 TEUR). This increase was mainly due to project-related changes in the working capital.

Cash flow from investing activities during the first half of 2016 amounted to -122,456 TEUR (H1 2015: 6,616 TEUR). The change is mainly due to higher acquisition of subsidiaries, higher capital expenditures in intangibles and in property, plant, and equipment, as well as to higher net investments in marketable securities and other current financial assets.

Cash flow from financing activities amounted to -171,221 TEUR in the first half of 2016 (H1 2015: -278,735 TEUR). The change resulted mainly from the redemption of a corporate bond in February 2015 (nominal value: 150,000 TEUR), from higher dividend payments (H1 2016: -137,802 TEUR versus H1 2015: -103,240 TEUR) as well as from the repurchase of own shares in the amount of 10,723 TEUR.

The net cash flow from company acquisitions is as follows:

(in TEUR)	H1 2016	H1 2015
Net assets	**126,708**	**9,219**
Non-controlling interests	0	0
Goodwill	48,197	1,492
CONSIDERATION TRANSFERRED	**174,905**	**10,711**
Cash and cash equivalents acquired	-12,549	-650
Payables from purchase price not yet paid (incl. contingent consideration)	-63,373	0
Fair value of formerly held interests	0	0
NET CASH FLOW FROM COMPANY ACQUISITIONS	**98,983**	**10,061**

The cash flows on acquisition of subsidiaries are valued at the rates applying to the respective transactions. The initial accounting for the businesses acquired in 2016 is based on preliminary figures.

SEGMENT INFORMATION

The ANDRITZ GROUP conducts its business activities through the following business areas:

- HYDRO (HY)
- PULP & PAPER (PP)
- METALS (ME)
- SEPARATION (SE)

Business area data as of June 30, 2016:

(in TEUR)	HY	PP	ME	SE	Total
Sales	807,323	980,395	703,613	269,858	2,761,189
EBITDA	71,773	90,424	53,129	14,310	229,636
EBITA	56,035	78,163	38,841	9,959	182,998
Capital expenditure	9,447	15,279	15,870	4,228	44,824
Depreciation, amortization, and impairment of intangible assets and of property, plant, and equipment	16,668	15,653	28,582	5,760	66,663
Share of net profit/loss of associates	0	-11	0	0	-11
Shares in associated companies	0	0	0	0	0

Business area data as of June 30, 2015:

(in TEUR)	HY	PP	ME	SE	Total
Sales	866,262	1,043,937	796,078	299,302	3,005,579
EBITDA	73,906	81,655	60,399	14,983	230,943
EBITA	57,987	69,927	47,212	9,814	184,940
Capital expenditure	10,655	7,085	12,508	6,006	36,254
Depreciation, amortization, and impairment of intangible assets and of property, plant, and equipment	18,202	16,364	26,875	7,918	69,359
Share of net profit/loss of associates	0	-20	0	0	-20
Shares in associated companies	0	0	0	0	0

REPORTING ON FINANCIAL INSTRUMENTS

Fair values of financial instruments

The levels of the fair value hierarchy and their application to financial assets and liabilities are described below:

Level 1: Prices quoted in active markets for identical assets or liabilities.

Level 2: Inputs other than market prices quoted that can be observed for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for assets or liabilities that are not based on market data observed.

The following table shows the valuation techniques that apply to each class of financial assets and liabilities:

Class	Valuation technique
Investment securities	Investment securities contain shares in a company listed 0n the stock exchange in China. As of June 30, 2016, there is no stock exchange price available for this share. The economic circumstances have not changed significantly since the last price formation; thus, the last available price was adjusted by directly observable, market-based valuation parameters. This means that additions and deductions depending on the development of a reference index are considered.
Shares in non-consolidated companies and other shares	Except for listed shares, shares in non-consolidated companies and other shares are measured at acquisition costs because the fair value cannot be determined reliably.
(Embedded) derivatives, miscellaneous other investments, bank loans and other financial liabilities, obligations under finance leases, and the contingent consideration	The valuation model considers the present value of expected cash flows, discounted by a risk-adjusted discount rate for the respective remaining term.
Trade accounts receivable, other receivables and assets, loans against borrowers' notes, cash and cash equivalents, trade accounts payable, and other liabilities	These classes of financial assets and liabilities are measured at their book values because, in most cases, their remaining terms are short. Thus, the book value is considered to be an appropriate approximation of the fair value.
Bonds	The fair value of the bond equals approximately the book value that is adopted by the basis adjustment resulting from interest rate risks.

Levels and fair values

The following tables show the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments. They do not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

As of June 30, 2016

(in TEUR)	Net book value		Fair value		
	Total	Level 1	Level 2	Level 3	Total
Investment securities	67,365	7,060	60,305		67,365
Marketable securities	80,530	80,530			80,530
Derivatives	52,230		52,230		52,230
Embedded derivatives	32,705		32,705		32,705
Financial assets measured at fair value	**232,830**				
Shares in non-consolidated companies and other shares	10,325				
Miscellaneous other investments	9,378		9,859		9,859
Trade accounts receivable	738,571				
Other receivables and assets	330,853				
Loans against borrowers' notes - current	90,000				
Cash and cash equivalents	1,187,649				
Financial assets measured at amortized costs	**2,366,776**				
FINANCIAL ASSETS	**2,599,606**				
Derivatives	50,905		50,905		50,905
Embedded derivatives	7,439		7,439		7,439
Financial liabilities measured at fair value	**58,344**				
Bonds	363,286		363,286		363,286
Bank loans and other financial liabilities	133,351		143,447		143,447
Obligations under finance leases	17,517		17,531		17,531
Trade accounts payable	474,536				
Contingent consideration	61,364		60,663		
Other liabilities	868,579				
Financial liabilities measured at amortized costs	**1,918,633**				
FINANCIAL LIABILITIES	**1,976,977**				

As of December 31, 2015

(in TEUR)	Net book value	Fair value			
	Total	Level 1	Level 2	Level 3	Total
Investment securities	73,376	73,376			73,376
Marketable securities	103,618	103,618			103,618
Derivatives	42,479		42,479		42,479
Embedded derivatives	44,480		44,480		44,480
Financial assets measured at fair value	**263,953**				
Shares in non-consolidated companies and other shares	9,099				
Miscellaneous other investments	8,110		8,110		8,110
Trade accounts receivable	746,825				
Other receivables and assets	270,561				
Loans against borrowers' notes - current	40,000				
Loans against borrowers' notes - non-current	50,000				
Cash and cash equivalents	1,255,746				
Financial assets measured at amortized costs	**2,380,341**				
FINANCIAL ASSETS	**2,644,294**				
Derivatives	72,475		72,475		72,475
Embedded derivatives	13,138		13,138		13,138
Financial liabilities measured at fair value	**85,613**				
Bonds	364,984		364,984		364,984
Bank loans and other financial liabilities	102,418		102,418		102,418
Obligations under finance leases	15,886		15,886		15,886
Trade accounts payable	478,464				
Other liabilities	886,866				
Financial liabilities measured at amortized costs	**1,848,618**				
FINANCIAL LIABILITIES	**1,934,231**				

Transfers between levels of the fair value hierarchy

In the first half of 2016, there was one transfer from level 1 to level 2 of the fair value hierarchy regarding the shares in a company that is listed in China. There is no stock exchange price available for the share of this company. For this reason, the fair value as of June 30, 2016 in the amount of 60,305 TEUR was determined by using a level 2 valuation technique. Besides this issue, there have not been any transfers between levels of the fair value hierarchy.

RELATED PARTY TRANSACTIONS

Transactions with associated companies and non-consolidated companies are not material and are carried out in the form of deliveries and services. These business transactions are conducted exclusively based on normal market terms.

There were no changes in transactions with related persons as set forth in the last annual financial report, which significantly affected the assets, liabilities, financial position, and profit or loss of the Group as required by the applicable accounting during the first six months of the current business year.

IMPORTANT EVENTS AFTER JUNE 30, 2016

There were no extraordinary events subsequent to the balance sheet date.

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 management report 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 2016

The Executive Board of ANDRITZ AG

Wolfgang Leitner	Humbert Köfler	Joachim Schönbeck	Wolfgang Semper
President and CEO	PULP & PAPER (Service & Units), SEPARATION	PULP & PAPER (Capital Systems), METALS	HYDRO

SHARE

Relative price performance of the ANDRITZ share compared to the ATX (July 1, 2015-June 30, 2016)

Source: Vienna Stock Exchange

Share price development

During the reporting period, the development of the international financial markets was characterized by the continuing uncertainty with regard to the development of the global economy on the one hand and by the UK's vote to leave the European Union on the other hand. In this environment, the ANDRITZ share price slightly decreased by 2.1% in the first half of 2016. The ATX, the leading share index on the Vienna Stock Exchange, went down by 10.7% during the same period. The highest closing price of the ANDRITZ share was 49.70 EUR (April 20, 2016) and the lowest was 38.69 EUR (February 11, 2016).

Trading volume

The average daily trading volume of the ANDRITZ share (double count, as published by the Vienna Stock Exchange) in the first half of 2016 was 401,427 shares (H1 2015: 346,907 shares). The highest daily trading volume was noted on June 17, 2016 (1,298,738 shares) and the lowest trading volume on May 30, 2016 (144,270 shares).

Investor Relations

During the second quarter of 2016, meetings with national and international institutional investors and financial analysts were held in Berlin, Chicago, Dublin, Frankfurt, Geneva, Linz, London, New York, Paris, Tokyo, Zürs, and Zurich.

Key figures of the ANDRITZ share

	Unit	H1 2016	H1 2015	Q2 2016	Q2 2015	2015
Highest closing price	*EUR*	49.70	57.49	49.70	57.49	57.49
Lowest closing price	*EUR*	38.69	44.63	40.19	49.65	38.14
Closing price (as of end of period)	*EUR*	42.47	49.65	42.47	49.65	45.05
Market capitalization (as of end of period)	*MEUR*	4,416.9	5,163.6	4,416.9	5,163.6	4,685.2
Performance	*%*	-2.1	+7.9	-9.1	-11.3	-2.1
ATX weighting (as of end of period)	*%*	9.9475	10.2528	9.9475	10.2528	9.5854
Average daily number of shares traded	*Share unit*	401,427	346,907	374,452	339,566	355,821

Source: Vienna Stock Exchange

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	104 million
Authorized capital	none
Free float	< 70%
Stock exchange	Vienna (Prime Market)
Ticker symbols	Reuters: ANDR.VI; Bloomberg: ANDR, AV
Stock exchange indices	ATX, ATX five, ATX Global Players, ATX Prime, WBI

Financial calendar 2016 and 2017 (preliminary)

August 5, 2016	Results for the first half of 2016
November 4, 2016	Results for the first three quarters of 2016
March 3, 2017	Results for the 2016 business year
March 28, 2017	Annual General Meeting
March 30, 2017	Ex-dividend
March 31, 2017	Record date dividend
April 3, 2017	Dividend payment
May 4, 2017	Results for the first quarter of 2017
August 4, 2017	Results for the first half of 2017
November 3, 2017	Results for the first three quarters of 2017

The financial calendar with updates, as well as information on the ANDRITZ share, can be found on the Investor Relations page at the ANDRITZ web site: 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 a similar meaning, reflect the Executive Board’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.