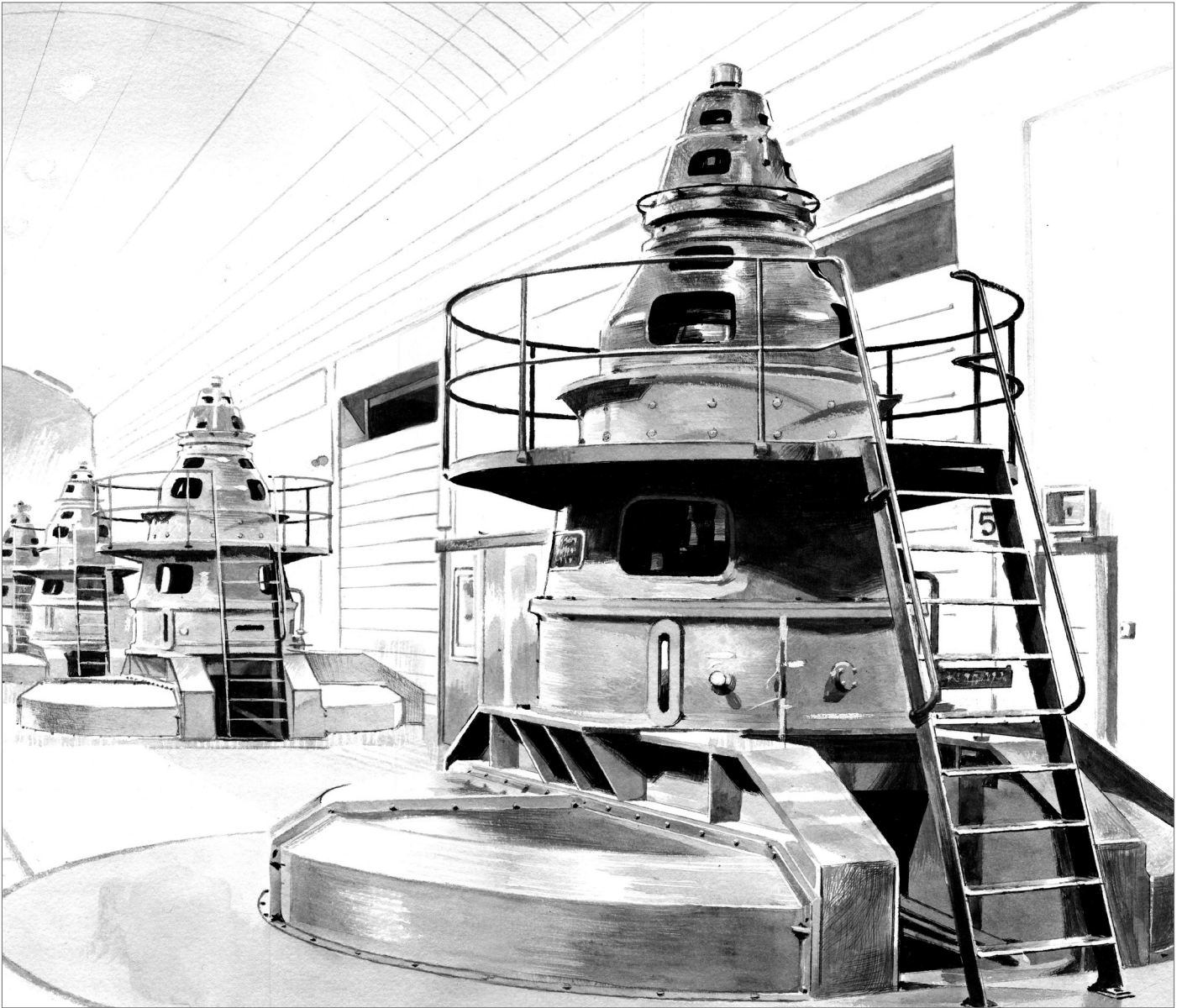


FINANCIAL REPORT **FIRST HALF OF 2013**



As part of the project to expand Innertkirchen 1 (see drawing) and Handeck 2 hydropower stations, utility company Kraftwerke Oberhasli, Switzerland, awarded ANDRITZ HYDRO an order to supply, install, and commission two Pelton turbines (output: 150 and 90 megawatts) and a synchronous generator. The project to modernize the power plants built over 60 years ago makes a substantial contribution towards covering peak energy demand to compensate for volatile wind and solar energy supplies. Due to this modernization, an additional 70 gigawatt-hours will be generated every year, thus covering the energy demand for more than 14,000 households.

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KEY FINANCIAL FIGURES OF THE ANDRITZ GROUP

	Unit	H1 2013	H1 2012	+/-	Q2 2013	Q2 2012	+/-	2012
Order intake	MEUR	2,526.0	2,554.4	-1.1%	1,237.7	1,193.2	+3.7%	4,924.4
Order backlog (as of end of period)	MEUR	7,644.4	6,935.9	+10.2%	7,644.4	6,935.9	+10.2%	6,614.8
Sales	MEUR	2,610.1	2,437.8	+7.1%	1,446.3	1,252.1	+15.5%	5,176.9
Return on sales ¹⁾	%	2.5	5.9	-	4.3	6.1	-	6.5
EBITDA ²⁾	MEUR	136.0	184.7	-26.4%	104.0	98.2	+5.9%	418.6
EBITA ³⁾	MEUR	96.9	155.6	-37.7%	82.7	83.1	-0.5%	357.8
Earnings Before Interest and Taxes (EBIT)	MEUR	65.9	143.1	-53.9%	62.8	76.4	-17.8%	334.5
Earnings Before Taxes (EBT)	MEUR	62.8	149.8	-58.1%	60.8	79.7	-23.7%	331.6
Net income (including non- controlling interests)	MEUR	44.8	107.5	-58.3%	43.0	57.1	-24.7%	242.2
Net income (without non- controlling interests)	MEUR	46.9	108.7	-56.9%	42.8	58.2	-26.5%	243.6
Cash flow from operating activities	MEUR	-86.5	115.1	-175.2%	-6.8	77.9	-108.7%	346.5
Capital expenditure ⁴⁾	MEUR	44.4	34.5	+28.7%	23.0	15.0	+53.3%	109.1
Employees (as of end of period; without apprentices)	-	23,849	17,420	+36.9%	23,849	17,420	+36.9%	17,865
Fixed assets	MEUR	1,818.1	1,289.6	+41.0%	1,818.1	1,289.6	+41.0%	1,390.5
Current assets	MEUR	3,694.6	3,367.8	+9.7%	3,694.6	3,367.8	+9.7%	3,770.5
Shareholders' equity ⁵⁾	MEUR	949.1	944.1	+0.5%	949.1	944.1	+0.5%	1,033.8
Provisions	MEUR	901.3	681.2	+32.3%	901.3	681.2	+32.3%	725.4
Liabilities	MEUR	3,662.3	3,032.1	+20.8%	3,662.3	3,032.1	+20.8%	3,401.8
Total assets	MEUR	5,512.7	4,657.4	+18.4%	5,512.7	4,657.4	+18.4%	5,161.0
Equity ratio ⁶⁾	%	17.2	20.3	-	17.2	20.3	-	20.0
Return on equity ⁷⁾	%	6.6	15.9	-	6.4	8.4	-	32.1
Return on investment ⁸⁾	%	1.2	3.1	-	1.1	1.6	-	6.5
Liquid funds ⁹⁾	MEUR	1,459.2	1,631.2	-10.5%	1,459.2	1,631.2	-10.5%	2,047.8
Net liquidity ¹⁰⁾	MEUR	817.7	1,205.0	-32.1%	817.7	1,205.0	-32.1%	1,285.7
Net debt ¹¹⁾	MEUR	-498.4	-1,005.0	+50.4%	-498.4	-1,005.0	+50.4%	-1,053.3
Net working capital ¹²⁾	MEUR	-524.5	-608.5	-13.8%	-524.5	-608.5	-13.8%	-631.5
Capital employed ¹³⁾	MEUR	518.3	-55.8	-10.3	518.3	-55.8	-10.3	-36.2
Gearing ¹⁴⁾	%	-52.5	-106.5	-	-52.5	-106.5	-	-101.9
EBITDA margin	%	5.2	7.6	-	7.2	7.8	-	8.1
EBITA margin	%	3.7	6.4	-	5.7	6.6	-	6.9
EBIT margin	%	2.5	5.9	-	4.3	6.1	-	6.5
Net income ¹⁵⁾ /sales	%	1.7	4.4	-	3.0	4.6	-	4.7
EV ¹⁶⁾ /EBITDA	-	24.1	16.3	-	31.6	30.6	-	9.0
Depreciation and amortization/sales	%	2.7	1.7	-	2.8	1.6	-	1.6

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 31,025 TEUR (12,495 TEUR for H1 2012, 22,942 TEUR for 2012) and impairment of goodwill at the amount of 0 TEUR (0 TEUR for H1 2012, 397 TEUR for 2012) 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) 16) EV (Enterprise Value): market capitalization based on closing price as of end of period minus net liquidity

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.

The Schuler Group was consolidated into the consolidated financial statements of the ANDRITZ GROUP as of March 1, 2013; for the reference periods of last year, no pro-forma figures are available.

The FEED & BIOFUEL business area was allocated to the SEPARATION business area as of January 1, 2013. The reference figures for the previous year were adjusted accordingly.

KEY FINANCIAL FIGURES OF THE BUSINESS AREAS

HYDRO	<i>Unit</i>	H1 2013	H1 2012	+/-	Q2 2013	Q2 2012	+/-	2012
Order intake	MEUR	854.3	1,113.2	-23.3%	280.1	515.7	-45.7%	2,008.4
Order backlog (as of end of period)	MEUR	3,795.4	3,990.1	-4.9%	3,795.4	3,990.1	-4.9%	3,842.3
Sales	MEUR	850.6	807.0	+5.4%	469.4	403.6	+16.3%	1,836.8
EBITDA	MEUR	76.2	74.7	+2.0%	42.2	37.5	+12.5%	182.4
EBITDA margin	%	9.0	9.3	-	9.0	9.3	-	9.9
EBITA	MEUR	61.3	60.3	+1.7%	34.7	30.1	+15.3%	153.2
EBITA margin	%	7.2	7.5	-	7.4	7.5	-	8.3
Employees (as of end of period; without apprentices)	-	7,782	7,386	+5.4%	7,782	7,386	+5.4%	7,469

PULP & PAPER	<i>Unit</i>	H1 2013	H1 2012	+/-	Q2 2013	Q2 2012	+/-	2012
Order intake	MEUR	815.0	981.2	-16.9%	391.5	451.8	-13.3%	1,962.4
Order backlog (as of end of period)	MEUR	1,892.6	2,108.9	-10.3%	1,892.6	2,108.9	-10.3%	2,018.1
Sales	MEUR	932.2	1,163.7	-19.9%	479.8	600.2	-20.1%	2,282.2
EBITDA	MEUR	10.0	78.5	-87.3%	28.1	43.2	-35.0%	156.2
EBITDA margin	%	1.1	6.7	-	5.9	7.2	-	6.8
EBITA	MEUR	-1.5	68.1	-102.2%	22.2	37.7	-41.1%	134.6
EBITA margin	%	-0.2	5.9	-	4.6	6.3	-	5.9
Employees (as of end of period; without apprentices)	-	6,902	6,599	+4.6%	6,902	6,599	+4.6%	6,774

METALS*	<i>Unit</i>	H1 2013	H1 2012	+/-	Q2 2013	Q2 2012	+/-	2012
Order intake	MEUR	534.5	111.3	+380.2%	390.0	47.0	+729.8%	324.2
Order backlog (as of end of period)	MEUR	1,569.8	453.6	+246.1%	1,569.8	453.6	+246.1%	451.4
Sales	MEUR	549.2	176.7	+210.8%	347.2	87.3	+297.7%	404.7
EBITDA	MEUR	45.1	10.6	+325.5%	29.4	5.9	+398.3%	28.0
EBITDA margin	%	8.2	6.0	-	8.5	6.8	-	6.9
EBITA	MEUR	37.3	9.6	+288.5%	23.9	5.4	+342.6%	25.1
EBITA margin	%	6.8	5.4	-	6.9	6.2	-	6.2
Employees (as of end of period; without apprentices)	-	6,383	1,076	+493.2%	6,383	1,076	+493.2%	1,129

* The Schuler Group was consolidated into the consolidated financial statements of the ANDRITZ GROUP as of March 1, 2013 and is allocated to the METALS business area. For the reference periods of last year, no pro-forma figures are available.

SEPARATION*	<i>Unit</i>	H1 2013	H1 2012	+/-	Q2 2013	Q2 2012	+/-	2012
Order intake	MEUR	322.2	348.6	-7.6%	176.1	178.6	-1.4%	629.4
Order backlog (as of end of period)	MEUR	386.6	383.3	+0.9%	386.6	383.3	+0.9%	303.0
Sales	MEUR	278.1	290.4	-4.2%	149.9	161.0	-6.9%	653.2
EBITDA	MEUR	4.7	20.9	-77.5%	4.3	11.6	-62.9%	52.0
EBITDA margin	%	1.7	7.2	-	2.9	7.2	-	8.0
EBITA	MEUR	-0.2	17.6	-101.1%	1.9	9.9	-80.8%	44.9
EBITA margin	%	-0.1	6.1	-	1.3	6.1	-	6.9
Employees (as of end of period; without apprentices)	-	2,783	2,359	+18.0%	2,783	2,359	+18.0%	2,493

* The FEED & BIOFUEL business area was allocated to the SEPARATION business area as of January 1, 2013. The reference figures for the previous year were adjusted accordingly.

MANAGEMENT REPORT

GENERAL ECONOMIC CONDITIONS

There was no significant change in economic development in the large economic regions in the second quarter of 2013. As in the preceding quarters, development was stable, but remained at only a moderate level overall.

In the USA, the growth of the Gross Domestic Product (GDP) is expected to slow down slightly, to around 2% in the reporting period, following annualized growth of 2.4% in the first quarter of 2013. The reasons for this are a slight decline in private consumption, as well as automatic expenditure cuts by the government in connection with budget consolidation. The unemployment rate remained stable at around 7.6%. Economic experts do not anticipate any substantial change in the overall economic situation in the USA in the second half of the year. The US Federal Reserve has announced that it will reduce the amount of bonds purchased as soon as there is a substantial recovery on the labor market and the economy shows sustained improvement.

Economic development in Europe also remained at a low level, with some countries in the Euro zone actually recording negative growth in their GDP. However, the leading economic indicators give reason to expect a slight recovery for the second half of 2013, which is why the European Central Bank has not lowered key interest rates further.

There was also no significant change in the economic situation in the emerging markets. In China and Brazil, the global economic weakness continued to have a negative effect on exports, while private consumption in Brazil also remained very low. Economic experts expect that Brazil will again see very low economic growth this year.

Sources: research reports by various banks, OECD

BUSINESS DEVELOPMENT

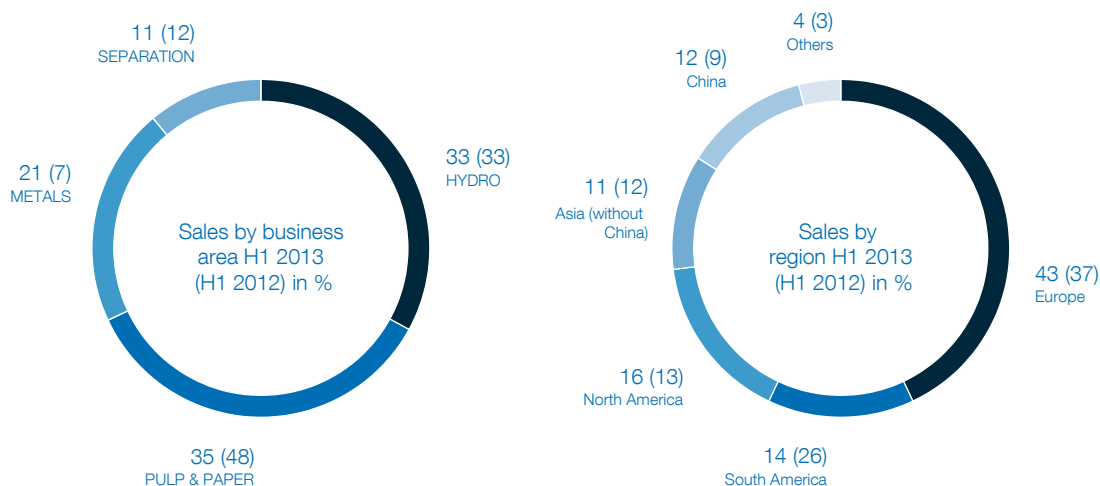
Notes

- 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
- The Schuler Group was consolidated into the consolidated financial statements of the ANDRITZ GROUP as of March 1, 2013; for the reference periods of last year, no pro-forma figures are available. Schuler is allocated to the METALS business area.
- The FEED & BIOFUEL business area was allocated to the SEPARATION business area as of January 1, 2013. The reference figures for the previous year were adjusted accordingly.

Sales

In the second quarter of 2013, sales of the ANDRITZ GROUP amounted to 1,446.3 MEUR, which is an increase of 15.5% compared to last year's reference period (Q2 2012: 1,252.1 MEUR). This increase is due to consolidation of the Schuler Group, which contributed 265.4 MEUR to sales; excluding Schuler, sales would have declined by 5.7%. While sales in the HYDRO business area rose significantly compared to the second quarter of 2012 (+16.3%), sales in the PULP & PAPER business area dropped by 20.1% due to high sales contribution by two large-scale pulp mill projects in last year's reference period. The METALS business area noted a significant increase in sales due to consolidation of the Schuler Group; excluding Schuler, sales in the METALS business area decreased by 6.3%. In the SEPARATION business area, sales declined by 6.9% compared to the previous year's reference period.

In the first half of 2013, sales of the Group reached 2,610.1 MEUR, thus rising by 7.1% compared to the previous year's reference period (H1 2012: 2,437.8 MEUR); excluding consolidation of the Schuler Group, sales amounted to 2,236.0 MEUR, declining by 8.3% compared to the first half of 2012.



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

	H1 2013	H1 2012	Q2 2013	Q2 2012
ANDRITZ GROUP	29	25	30	26
HYDRO	25	23	26	25
PULP & PAPER	38	27	42	28
METALS	16	6	16	5
SEPARATION	39	37	38	34

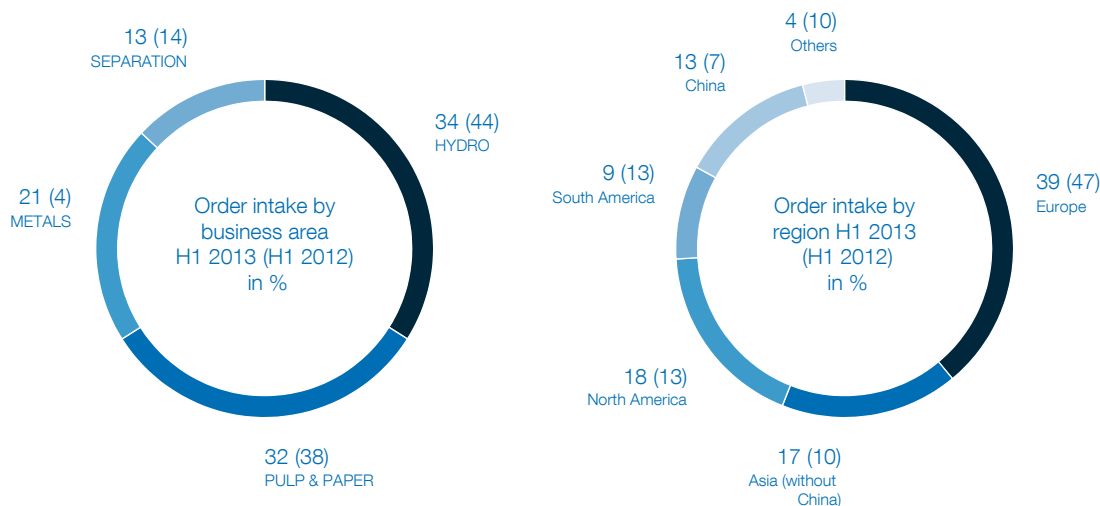
Order intake

Order intake of the ANDRITZ GROUP in the second quarter of 2013, at 1,237.7 MEUR, rose by 3.7% compared to the second quarter of 2012 (1,193.2 MEUR), with the Schuler Group contributing 235.0 MEUR. The business areas' development in detail:

- HYDRO: At 280.1 MEUR, order intake was significantly below the high level of the previous year's reference period (-45.7% versus Q2 2012: 515.7 MEUR) because no large orders for hydropower refurbishment projects or new plants were awarded during the reporting period.
- PULP & PAPER: The order intake amounted to 391.5 MEUR – a decline by 13.3% compared to the second quarter of 2012 (451.8 MEUR).
- At 390.0 MEUR, order intake saw very positive development in the METALS business area (Q2 2012: 47.0 MEUR). This sharp increase is due both to consolidation of the Schuler Group and to favorable development in some of the other segments of the business area.
- SEPARATION: The order intake, at 176.1 MEUR, almost reached the level of last year's reference period (-1.4% versus Q2 2012: 178.6 MEUR).

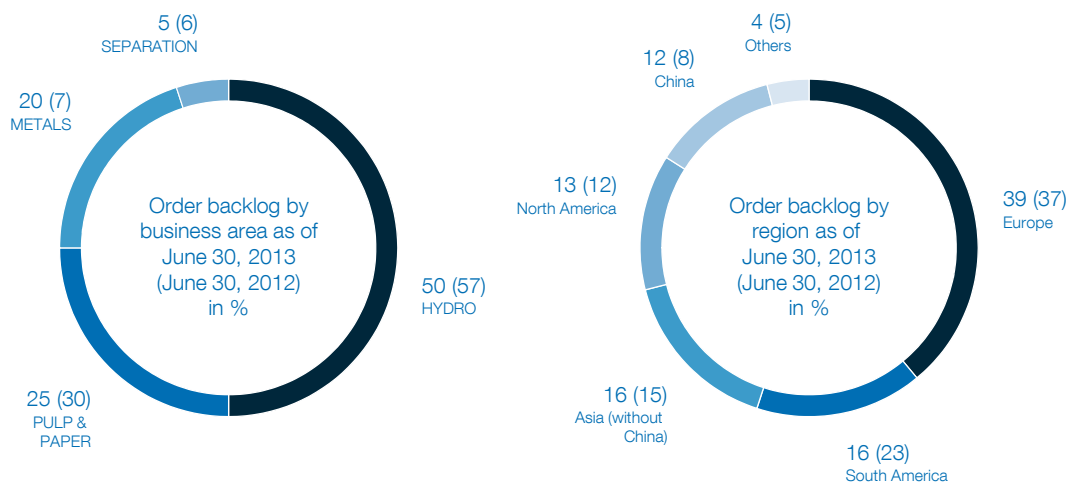
In the first half of 2013, the Group order intake of 2,526.0 MEUR was slightly below the previous year's reference figure (-1.1% versus H1 2012: 2,554.4 MEUR). The Schuler Group contributed 331.0 MEUR; excluding the consolidation of Schuler, order intake of the Group declined by 14.1% compared to the previous year's reference period. With the exception of METALS, order intake fell in all business areas:

	H1 2013 (MEUR)	H1 2012 (MEUR)	+/- (in %)
HYDRO	854.3	1,113.2	-23.3
PULP & PAPER	815.0	981.2	-16.9
METALS	534.5	111.3	+380.2
SEPARATION	322.2	348.6	-7.6



Order backlog

As of June 30, 2013 the order backlog of the ANDRITZ GROUP, at 7,644.4 MEUR, rose by 15.6% compared to the end of last year (December 31, 2012: 6,614.8 MEUR). The Schuler Group contributed 1,095.5 MEUR to the order backlog.



Earnings

The EBITA of the Group amounted to 82.7 MEUR in the second quarter of 2013, thus practically unchanged compared to last year's reference period (-0.5% versus Q2 2012: 83.1 MEUR). The EBITA margin amounted to 5.7% (Q2 2012: 6.6%). This significant decline is mainly due to decreasing earnings in the PULP & PAPER business area (project mix) and the SEPARATION business area (additional costs related to the launch of some new products in China). Earnings of the other business areas saw satisfactory development. In the HYDRO business area, the EBITA increased by 15.3% compared to the previous year's reference period, reaching 34.7 MEUR (Q2 2012: 30.1 MEUR), while the EBITA margin amounted to 7.4% (Q2 2012: 7.5%). Due to consolidation of Schuler, the METALS business area noted a rise in EBITA to 23.9 MEUR (Q2 2012: 5.4 MEUR) and in EBITA margin to 6.9% (Q2 2012: 6.2%).

In the first half of 2013, the Group's EBITA amounted to 96.9 MEUR (-37.7% versus H1 2012: 155.6 MEUR) and the EBITA margin to 3.7% (H1 2012: 6.4%). This significant decline is mainly due to decreasing earnings in the PULP & PAPER business area (in the first quarter of 2013, a provision in the mid-double-digit million euros range was made for cost overruns in connection with the supply of production technologies and equipment for a pulp mill in Uruguay) and in the SEPARATION business area.

The financial result declined significantly to -3.1 MEUR (H1 2012: 6.7 MEUR). This decline is mainly due to expenses for the interest rate swap related to the corporate bond issue 2012, as well as the general decline of interest rates and the reduced net liquidity compared to the reference period of last year.

Net income of the ANDRITZ GROUP (excluding non-controlling interests) amounted to 44.8 MEUR and was thus significantly below the reference figure for the previous year (-56.9% versus H1 2012: 108.7 MEUR).

Net worth position and capital structure

Due to the first-time consolidation of Schuler, the total assets of the ANDRITZ GROUP as of June 30, 2013 increased significantly to 5,512.7 MEUR (December 31, 2012: 5,161.0 MEUR). As a result, the equity ratio declined to 17.2% (December 31, 2012: 20.0%).

Liquid funds (cash and cash equivalents plus marketable securities plus loans against borrowers' notes) amounted to 1,459.2 MEUR as of June 30, 2013 (December 31, 2012: 2,047.8 MEUR). Net liquidity (liquid funds plus fair value of interest rate swaps minus financial liabilities) amounted to 817.7 MEUR (December 31, 2012: 1,285.7 MEUR).

In addition to the high net liquidity, the ANDRITZ GROUP also has the following credit and surety lines for performance of contracts, downpayments, guarantees, and so on, at its disposal:

- Credit lines: 335 MEUR, thereof 123 MEUR utilized
- Surety and guarantee lines: 5,517 MEUR, thereof 2,926 MEUR utilized

Assets

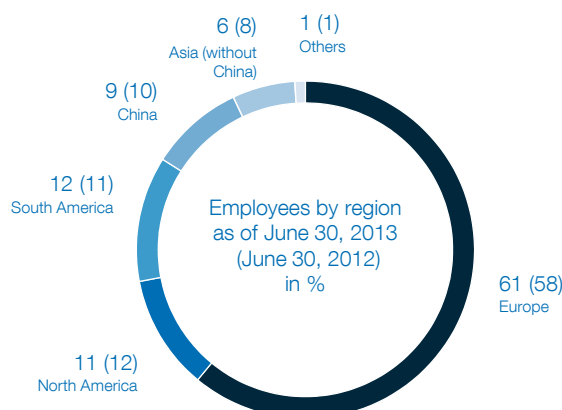
1,903.8 MEUR	2,297.7 MEUR	1,311.2 MEUR
Long-term assets: 35%	Short-term assets: 41%	Cash and cash equivalents and marketable securities: 24%

Shareholders' equity and liabilities

949.1 MEUR	654.1 MEUR	640.3 MEUR	3,269.2 MEUR
Shareholders' equity incl. minority interests: 17%	Financial liabilities: 12%	Other longterm liabilities: 12%	Other short-term liabilities: 59%

Employees

The ANDRITZ GROUP had a total of 23,849 employees as of June 30, 2013 (17,865 employees as of December 31, 2012). This sharp increase is mainly due to the first-time consolidation of Schuler (5,292 employees as of June 30, 2013).



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 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 also assumes responsibility for engineering, civil work, and erection of a factory in addition to delivery of equipment and systems from ANDRITZ. Projects of this kind entail high risks relating to cooperation with third parties contracted to carry out engineering, civil and construction work (for example as a result of strikes or failure to meet deadlines). Delays and difficulties in achieving the guaranteed performance parameters in the plants that ANDRITZ supplies also present substantial risks.

Ongoing strikes on the site of a pulp mill in South America, for which ANDRITZ is supplying production technology and equipment, may lead to further delays in the project, with the result that it may not be possible to meet the planned start-up date. This could lead to additional financial provisions in addition to the provisions already made in the first quarter of 2013.

A possible malfunction in the components and systems supplied by ANDRITZ can have serious consequences for individuals and on material assets. The financial difficulties and the continuing challenging overall economic development (particularly in Europe and the USA) also constitute a serious risk for the ANDRITZ GROUP's financial development. In addition, a possible stronger slowdown in economic activities in the emerging markets also presents a risk to the Group. The weak economy may lead to delays in the execution of existing orders and to the postponement or cancellation of existing projects. Cancellations of existing contracts could adversely affect the ANDRITZ GROUP's order backlog, which would in turn have a negative impact on the utilization of the Group's manufacturing capacities.

Complete or partial goodwill impairments resulting from acquisitions may also 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 provisions will have to be made for some trade accounts receivable.

As of March 1, 2013, the Schuler Group was consolidated into the consolidated financial statements of the ANDRITZ GROUP. As Schuler derives approximately 80% of its sales from the automotive industry, which is generally exposed to severe cyclical swings, this acquisition may possibly also have an adverse impact on the development of sales and earnings of the ANDRITZ GROUP. In addition, a possible need of provision for the "GrowingTogether" growth and strategy program initiated by Schuler in 2011 to integrate Müller Weingarten may have a negative impact on the earnings of Schuler and thus on the earnings of the ANDRITZ GROUP.

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. Exchange rate risks in connection with the execution of the order backlog are minimized and controlled by derivative financial instruments, in particular by forward exchange contracts and swaps. Net currency exposure of orders in foreign currencies (mainly US dollars and Swiss francs) is hedged by forward contracts. Cash flow risks are monitored via monthly cash flow reports.

In order to minimize the financial risks as best as 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; the Group has high liquidity reserves and secured 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). 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 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.

ANDRITZ pursues a risk-averse investment strategy. Cash is largely invested in low-risk financial assets, such as government bonds, government-guaranteed bonds, 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 (for example, money market funds, bonds), 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.

Due to the current sovereign debt crisis in the European Union, there is a risk of complete or partial collapse of the Euro zone and of a possible breakdown of the Euro currency system linked to it. Most likely, this would have a negative effect on the financial, liquidity, and earnings development of the ANDRITZ GROUP.

For further information on the risks for the ANDRITZ GROUP, see the ANDRITZ annual financial report 2012.

Impact of exchange rate fluctuations

Fluctuations in exchange rates in connection with the execution of the order backlog are largely hedged by forward rate contracts. In new projects, fluctuations in exchange rate may have a positive or a negative impact on the ANDRITZ GROUP's competitive position.

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 June 30, 2013

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 the present report. The determining factors continue to be the economic weakness as well as the sovereign debt crises in Europe and the USA.

OUTLOOK

Leading economic experts do not expect any significant change in economic development for the coming months in the relevant regions. Most of the economic indicators show some stabilization at a low level, but give no reason to expect a sustained recovery of the global economy in the next few quarters.

Determining factors both in the USA and in Europe will continue to be the national debt crises and the resulting budget consolidation measures, which will lead to a substantial cut in government spending. There is also no reason to expect a lasting acceleration of growth in the emerging markets (China and South America) because exports to the USA and to Europe will not recover sustainably due to the weak economy in these regions.

In view of these expected general economic conditions, continuing subdued project activity is anticipated in the markets served by ANDRITZ (including the Schuler Group) in the remaining months of the 2013 business year. This probably also applies to individual large-scale projects already announced by customers.

Regarding cost overruns related to the supply of production technologies and equipment for a pulp mill, provisions that are necessary from today's point of view have been made. However, there is no guarantee that there will be no need for further provisions in the coming quarters.

Integration of the Schuler Group, which was consolidated as from March 1, 2013, is proceeding according to plan; organizational and operative measures will be implemented in the coming months.

On the basis of these expectations, the order backlog, and consolidation of the Schuler Group as of March 1, 2013, the ANDRITZ GROUP expects a rise in sales in the 2013 business year compared to the previous year. However, due to the sharp earnings decline in the PULP & PAPER and SEPARATION business areas, as well as scheduled amortization of intangible assets related to the acquisition of Schuler, the net income will be significantly lower than the last year's reference figure.

If the global economy suffers another severe setback in the coming months, this could have a negative impact on the ANDRITZ GROUP's business development. This could result in organizational and capacity adjustments, as well as possible necessary financial provisions that could have a negative effect on earnings.

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.


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 7, 2013


The Executive Board of ANDRITZ AG


Wolfgang Leitner
President and CEO


Karl Hornhofer
PULP & PAPER
(Capital Systems)


Humbert Köfler
PULP & PAPER
(Service & Units),
SEPARATION


Friedrich Papst
METALS,
HYDRO (Pumps)


Wolfgang Semper
HYDRO

HYDRO

MARKET DEVELOPMENT

Project activity for electromechanical equipment for hydropower plants was satisfactory in the second quarter of 2013, but was below the very high level of the previous years. Overall investment activity was subdued; only some selective orders were awarded during the reporting period. However, the overall project situation worldwide is good. In addition to various modernization and rehabilitation projects in Europe and North America, some new hydropower projects, particularly in South America and Africa, are currently being implemented or in the planning phase. The market for small-scale hydropower equipment saw favorable development. Investment activity in the pumps sector is satisfactory.

IMPORTANT EVENTS

ANDRITZ HYDRO noted successful handover of numerous units to customers in the reporting period, including the first unit for the Rio Macho hydropower plant, Costa Rica, four units for the Maua hydropower plant, Brazil, and all 20 units for the Lower Olt hydropower plant in Romania.

In the project to modernize the Ybbs-Persenbeug run-of-river power plant, Austria, the first important milestone with successful turbine model tests was completed. The hydropower station of VERBUND on the River Danube, with a total output of 236 megawatts and currently supplying electricity to 380,000 households, will generate electrical power for an additional 17,000 households as from 2020 thanks to new hydraulic and electrical technologies, improved materials and manufacturing techniques, as well as digital control systems.

ANDRITZ HYDRO has further expanded its global market presence. In order to improve local customer service, new local branches were opened in Portugal (Porto), Myanmar (Yangon), and Georgia (Tbilisi) in addition to the existing sales network.

IMPORTANT ORDERS

The business area will supply two 90-megawatt Francis turbines, generators, and additional equipment to BKK Produksjon, Norway's second largest utility company, for the Matre-Haugsdal hydropower plant.

Kraftwerke Oberhasli, Switzerland, ordered the supply, installation, and commissioning of two Pelton turbines (150 and 90 megawatts) and a synchronous generator (165 megavolt amperes) as part of the project to expand Innetkirchen 1 and Handeck 2 hydropower stations. The project to modernize the two power plants built over 60 years ago makes a substantial contribution towards covering peak energy demand to compensate for volatile wind and solar energy supplies. Due to the modernization, an additional 70 gigawatt-hours will be generated every year, thus covering the energy demand for more than 14,000 households.

Electromechanical equipment for a 22-megawatt bulb turbine (including generator) will be delivered and commissioned for Iberdrola's San Pedro II hydropower plant, Spain.

The business area received an order from Transalta, Canada, to modernize the electromechanical equipment for the Spray 1 hydropower station.

AES Tiete awarded ANDRITZ HYDRO with the modernization of electromechanical equipment at the Barra Bonita hydropower station, Brazil.

Unit #3 at the Shiroro hydropower plant will be modernized on behalf of Shiroro Hydroelectric, Nigeria. The scope of supply comprises complete disassembly of the machine, replacement of wear parts, a new sensor system, and a new cooling water system. Shiroro is equipped with four 155-megawatt Francis turbines and is the most important hydropower plant in Nigeria, supplying electricity to the capital city Abuja.

NB Power, Canada, ordered rehab of unit #1 (33-megawatt Kaplan turbine) at the Beechwood hydropower station, which has been in the operation since 1957. The order comprises disassembly, inspection, repair, and assembly of the machine.

Numerous orders were booked in the sector of electromechanical equipment for small-scale hydropower plants in the reporting period, particularly in North and South America and in Asia.

In the pumps sector, orders included the supply of cooling water pumps for a thermal power station in the Netherlands, as well as standard pumps for a pulp mill in Indonesia.

PULP & PAPER

MARKET DEVELOPMENT

The international pulp market showed positive development in the second quarter of 2013. Due to the solid demand, particularly from producers of specialty papers and tissue, pulp producers were able to achieve slight price increases during the reporting period. The price of NBSK (Northern Bleached Softwood Kraft) pulp rose from around 840 US dollars per ton at the beginning of April to around 860 US dollars at the end of June 2013.

The price for short-fiber pulp also rose during the reporting period. Strong demand from China and short supply overall caused the price of eucalyptus pulp to rise from around 790 US dollars at the beginning of April to around 840 US dollars at the end of June 2013.

In this environment, the market for pulp producing equipment saw solid development during the reporting period; a number of modernization contracts and a complete new pulp production line in Brazil were awarded. The competitive environment for pulp equipment suppliers remained challenging with high price pressure, particularly on large pulp mill projects.

IMPORTANT EVENTS

Metsä Fibre, Finland, started up the world's largest single polysulfide cooking line at its Joutseno mill. The technology for the preparation of polysulfide, and the digester modifications to enable production of the improved softwood pulp, were supplied by the business area. The use of polysulfide cooking liquor enables the mill to improve certain pulp qualities that benefit papermakers and also to improve fiber yield during pulp production.

In China, Anhui China Tobacco Recon and Jiangsu Bohui started up stock preparation and machine approach equipment; Jiangxi Lee & Man started up a complete paper machine approach system.

After the retrofit work by ANDRITZ, OAO Ilim Group, Russia, started up a recovery boiler at its Kotlas mill. ANDRITZ's scope included engineering, procurement, and erection supervision for a rebuild of the lower part of the boiler's combustion chamber, as well as new feeding and conveying systems.

The business area increased the capacity of an evaporation plant for ENCE, Spain, and also delivered a burner system for the recovery boiler. The installation was carried out during the annual shutdown within a very short period.

In the panelboard industry, Yangzhou Liyou Panelboard and Jiangsu Huifeng Huaihe Wood Industry, both in China, and Pavatex, France, started up pressurized refining systems for MDF production.

Daelim, South Korea, started up an ANDRITZ Biax line for the production of BOPP (Biaxially Oriented Polypropylene) film. The new line has a width of 8.7 meters and is designed for an annual capacity of around 38,600 tons. The plastic films, with a thickness of 10-60 micrometers, will be used primarily in the packaging industry.

In the nonwovens segment, the business area opened a new technical center in Elbeuf, France. The center includes a pilot line for the needlepunch market. At the Montbonnot technical center, France, the pilot plant has been upgraded to include the world's fastest spunlace line.

IMPORTANT ORDERS

Zhejiang Jingxing Paper, one of Asia's largest linerboard producers now entering the tissue market, ordered two tissue machines equipped with steel Yankees (diameter: 18 feet) with head insulation. The machines – designed to operate at 1,900 meters per minute with a width of 2.85 meters – are for the production of high-quality facial and toilet paper.

Shandong Sun Paper, a leading Chinese pulp and paper producer, is also entering the tissue business with the purchase of two tissue machines with 18-foot steel Yankees. The machines will have a width of 5.62 meters and a design speed of 2,000 meters per minute to produce high-quality facial and toilet paper. The scope of supply also includes the complete stock preparation plant and automation systems.

Kartonsan, Turkey, selected ANDRITZ to upgrade a board machine and the related stock preparation systems. The upgrade will increase the production of duplex and triplex board from 100,000 to 160,000 tons per year.

Bohui Paper, China, ordered a new pre-treatment stage for its BCTMP board production line. The line has a capacity of approximately 600 tons per day and comprises an ANDRITZ Impressafiner MSD, impregnator, and chip bin discharger. Bohui Paper is one of the leading Chinese producers of folding boxboard, testliner, kraftliner, and printing and writing papers.

For UPM Wisaforest, Finland, the business area will upgrade washing systems in the fiberline, including reconditioning of two DD (Drum Displacer) washers, which will be relocated from another UPM mill in Finland.

From Horizon Pulp & Paper, Estonia, the business area received the order for woodyard modernization, including the supply of a new debarking line.

Stora Enso Nymölla and Domsjö Fabriker, Sweden, selected ANDRITZ to rebuild existing boilers. For Nymölla's recovery boiler, the business area will supply heat exchangers for preheating the combustion air in combination with an economizer to preheat the feed water. The scope of supply for Domsjö Fabriker's sulfite liquor boiler comprises replacement of the superheater and evaporator heating surfaces, as well as partial replacement of the front and rear walls of the boiler. The new ANDRITZ design will enhance efficiency by up to 20%.

Chongqing Lee & Man Paper Manufacturing, China, ordered a new recycled fiber processing line for old corrugated containers and a machine approach system.

Stock preparation and machine approach systems for a tissue machine were ordered by PMP, Poland, and Pindo Deli Paper Perawang Mills, Indonesia.

In the panelboard industry, the business area received orders for the supply of pressurized refining systems for MDF production from Henan Puyang Guangming Panel Board, China, as well as from Longteng Wood and Beypan Entegre Orman Ürünleri Sanayi ve Ticaret Anonim Sirketi, both in Turkey.

Bahia Specialty Cellulose, Brazil, awarded a five-year millwide service and maintenance contract for its pulp mill to ANDRITZ. The customer aims to reduce the overall cost of service and maintenance and increase production via improved availability of equipment.

In the nonwovens industry, Summit, Thailand, ordered a new needlepunch line; a spunlace production line will be delivered to Avangarde, Russia.

METALS

MARKET DEVELOPMENT

In spite of signs of a slowing demand, project activity in the metalforming sector for the automotive and automotive supplying industries was satisfactory overall – however somewhat differentiated at a regional level – in the second quarter of 2013. While investment activity was subdued in many European regions, in Russia, India, and Japan, numerous orders were awarded in Germany, China, South America, and the USA.

Project activity for plants and equipment for the production and processing of stainless steel strip remained very low due to continuing overcapacities in the international steel/stainless steel industry and to the weak demand for stainless steel as a result of the general economic climate. On the other hand, investment activity for carbon steel plants and industrial furnaces was satisfactory, with orders being awarded particularly in China and South-east Asia.

IMPORTANT EVENTS

A furnace plant for heat treatment of 400,000 railway wheels per year, supplied to the Bonatrans Group, Czech Republic, was started up successfully.

A mixed acid regeneration plant for Tianjin TISCO & TPCO Stainless Steel, China, was also started up successfully. The plant has a capacity of 7,500 liters per hour and was the fourth of its kind to be delivered to the TISCO group.

ANDRITZ Soutec started up two laser welding plants for AMTB in San Luis Potosí, Mexico.

Schuler has presented a new laser blanking line for customers in the automotive and automotive supplier industries. The new DynamicFlow technology can cut blanks with continuous coil feeding, using three laser heads in parallel to provide particularly high output. The energy-efficient blanking line offers exceptional flexibility by processing a variety of materials and producing blanks of different shapes.

IMPORTANT ORDERS

Schuler received an order from a German premium car manufacturer to supply a six-stage press line with ServoDirect technology for its production site in Mexico in order to manufacture interior and exterior car body panels. The press line comprises a 21,000-kilonewton lead press and five downstream presses (each with a press force of 12,000 kilonewtons). The entire plant has a maximum output of 17 strokes per minute. The scope of supply also comprises automatic transport of parts between the individual press stages, the automation equipment for material feed, and a try-out press with a press force of 21,000 kilonewtons, which is used in order to shorten the start-up phase.

Schuler is also to supply a mechanical transfer press with a press force of 12,500 kilonewtons to a German premium car manufacturer for warm-forging of ball hubs and with an output of 20 parts per minute. The scope of supply also includes a transfer system for efficient transport of parts tools, as well as a furnace and the feed equipment.

XCMG Railway Equipment, China, awarded Schuler the order to supply a transfer press (press force: 35,000 kilonewtons), including transfer system, tools, and feed equipment for the hot-forming of chain links to be used in caterpillar vehicles, excavators, and other construction vehicles. The plant will produce around 20 parts per minute.

Shanghai Automotive Gear Works, China, ordered three fully automatic forging lines for the manufacture of gear parts. Schuler will supply two hot-forging plants (press force: 20,000 and 25,000 kilonewtons) and a cold-forging plant (12,500 kilonewtons), including auxiliary equipment.

Schuler will supply five sets of tools for the production of car body tools to manufacture car door exterior panels for medium-sized and sports cars to a German premium car manufacturer. The order comprises engineering work, tool manufacture, and start-up of the tool sets on the production presses.

ANDRITZ METALS will supply furnaces and process equipment for a hot-dip galvanizing plant (annual capacity: 415,000 tons) and a continuous annealing line (annual capacity: 770,000 tons) on behalf of Tangshan Iron and Steel Group, China. Both lines process strip (0.2-2.5 millimeters thick and 700-1,600 millimeters wide) for the production of high-strength steel to be used in the automotive industry.

The business area will deliver a tension-leveling line for cold-rolled aluminum strip with an annual capacity of 90,000 tons to Longkou Nanshan Aluminium Rolling New Material, China.

Shandong Nanshan Aluminum, China, ordered eight melting and holding furnaces for the production of particularly hard aluminum alloys.

Baosteel Chongqing, China, awarded ANDRITZ Soutec an order to supply a linear laser welding plant on which car body parts are to be manufactured for car manufacturer Wuling.

ANDRITZ Soutec is to supply a brake shoe welding machine to TRW, Brazil. With this equipment, TRW will manufacture vehicle components for VW, Fiat, and Ford.

SEPARATION

MARKET DEVELOPMENT

Global investment activity for solid/liquid separation equipment was restrained during the second quarter of 2013, with different development in the various industries. While investment and project activity in the municipal and industrial wastewater treatment sectors and in the food industry was relatively solid, the chemical, mining, and minerals industries showed low project activity; the mining and minerals sectors continued to be negatively impacted by both declining commodity prices and the economic slowdown in some regions, thus leading to several project delays and cancellations. Project activity in the animal feed industry was satisfactory; good project activity was noted in the special feed area (aquatic feed and pet food).

IMPORTANT EVENTS

Six paddle dryer lines, treating 100 tons of wet sludge per day per line, were started up successfully at the Ambarli wastewater treatment plant, Turkey, making Ambarli the largest paddle dryer installation in the world.

Start-up of the four largest sludge thickening centrifuges in the world was successfully completed in Columbus, Ohio, USA.

The largest winery in South America started up an ANDRITZ separator. Performance of the separator, especially with regard to optimization of wine clarification, exceeded expectations.

IMPORTANT ORDERS

The business area received an order to supply four centrifuges for the Pantai water treatment plant, Malaysia. The plant provides drinking water for the city of Kuala Lumpur.

Ten large belt presses for wastewater treatment were ordered for the Cerro Verde mine, Peru.

For the potash industry, 14 thickeners will be delivered to EuroChem, Russia. EuroChem is one of the top three European nitrogen and phosphate fertilizer companies. Three pusher centrifuges were ordered by Uralkali, Russia.

The largest paraxylene producer in India awarded ANDRITZ SEPARATION an order to supply screen bowl centrifuges.

A Chinese PVC producer ordered a fluid bed dryer system for the drying of PVC, generated in polymerization reactors.

A fluid bed dryer system for L-Lysine, which is used as an animal feed additive, will be delivered to a customer in Brazil.

In the beverage sector, the business area received orders to deliver a dynamic cross-flow filtration system for a winery in Eastern Europe and beer separators for a customer in the USA.

In the feed technology industry, a number of orders for new feed process lines was received from Asia, Latin America, and Europe. Orders for extrusion lines were secured in Asia and Europe and for pet food extrusion lines in Latin America and Europe.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2013 (condensed, unaudited)

<i>(in TEUR)</i>	June 30, 2013	December 31, 2012
ASSETS		
Intangible assets	369,953	101,110
Goodwill	508,159	317,775
Property, plant, and equipment	672,870	494,187
Shares in associated companies	603	555
Other investments	100,167	355,288
Trade accounts receivable	18,444	21,385
Other non-current receivables and assets	67,182	74,851
Deferred tax assets	166,397	121,579
Non-current assets	1,903,775	1,486,730
Inventories	608,660	405,317
Advance payments made	170,082	181,196
Trade accounts receivable	623,415	606,548
Cost and earnings of projects under construction in excess of billings	506,290	320,718
Other current receivables	389,201	342,122
Marketable securities	240,844	325,486
Cash and cash equivalents	1,070,392	1,492,848
Current assets	3,608,884	3,674,235
TOTAL ASSETS	5,512,659	5,160,965
SHAREHOLDERS' EQUITY AND LIABILITIES		
Share capital	104,000	104,000
Capital reserves	36,476	36,476
Retained earnings	767,386	867,017
Equity attributable to shareholders of the parent	907,862	1,007,493
Non-controlling interests	41,217	26,302
Total shareholders' equity	949,079	1,033,795
Bonds - non-current	512,556	525,099
Bank loans and other financial liabilities - non-current	42,838	9,667
Obligations under finance leases - non-current	15,677	16,061
Provisions - non-current	426,955	312,226
Other liabilities - non-current	34,863	13,182
Deferred tax liabilities	178,461	93,912
Non-current liabilities	1,211,350	970,147
Bonds - current	0	186,654
Bank loans and other financial liabilities - current	81,852	51,797
Obligations under finance leases - current	1,207	1,364
Trade accounts payable	436,828	420,369
Billings in excess of cost and earnings of projects under construction	1,173,823	1,090,860
Advance payments received	145,117	63,759
Provisions - current	474,296	413,221
Liabilities for current taxes	31,962	50,740
Other liabilities - current	1,007,145	878,259
Current liabilities	3,352,230	3,157,023
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	5,512,659	5,160,965

CONSOLIDATED INCOME STATEMENT

For the first half of 2013 (condensed, unaudited)

<i>(in TEUR)</i>	H1 2013	H1 2012	Q2 2013	Q2 2012
Sales	2,610,071	2,437,836	1,446,283	1,252,179
Changes in inventories of finished goods and work in progress	18,506	39,021	-12,407	10,904
Capitalized cost of self-constructed assets	1,619	233	1,170	165
	2,630,196	2,477,090	1,435,046	1,263,248
Other operating income	47,582	35,755	20,764	18,334
Cost of materials	-1,446,327	-1,466,873	-754,463	-737,476
Personnel expenses	-724,407	-553,624	-397,635	-284,027
Other operating expenses	-371,013	-307,644	-199,727	-161,883
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)	136,031	184,704	103,985	98,196
Depreciation, amortization and impairment of intangible assets and property, plant and equipment	-70,159	-41,566	-41,187	-21,710
Earnings Before Interest and Taxes (EBIT)	65,872	143,138	62,798	76,486
Income/expense from associated companies	31	-775	102	76
Interest result	-3,398	6,443	-2,098	2,147
Other financial result	320	1,040	4	994
Financial result	-3,047	6,708	-1,992	3,217
Earnings Before Taxes (EBT)	62,825	149,846	60,806	79,703
Income taxes	-17,980	-42,337	-17,764	-22,629
NET INCOME	44,845	107,509	43,042	57,074
Thereof attributable to:				
Shareholders of the parent	46,895	108,725	42,793	58,262
Non-controlling interests	-2,050	-1,216	249	-1,188
Weighted average number of no-par value shares	103,237,134	103,226,480	103,219,425	103,251,836
Earnings per no-par value share (in EUR)	0.45	1.05	0.41	0.56
Effect of potential dilution of share options	1,154,893	719,181	862,567	769,520
Weighted average number of no-par value shares and share options	104,392,027	103,945,661	104,081,992	104,021,356
Diluted earnings per no-par value share (in EUR)	0.45	1.05	0.41	0.56

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the first half of 2013 (condensed, unaudited)

<i>(in TEUR)</i>	H1 2013	H1 2012	Q2 2013	Q2 2012
Net income	44,845	107,509	43,042	57,074
Items that may be reclassified subsequently to profit or loss				
Currency translation adjustments, net of tax	-7,351	1,446	-21,367	6,371
Available for sale, net of tax	-811	1,530	-435	539
Cash flow hedges, net of tax	-1,423	0	-970	0
Items that will not be reclassified to profit or loss				
Actuarial gains/losses, net of tax	0	0	0	0
Other comprehensive income for the year	-9,585	2,976	-22,772	6,910
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	35,260	110,485	20,270	63,984
Thereof attributable to:				
Shareholders of the parent	38,847	113,269	23,076	66,618
Non-controlling interests	-3,587	-2,784	-2,805	-2,634

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the first half of 2013 (condensed, unaudited)

(in TEUR)	Attributable to shareholders of the parent						Non- control- ling in- terests	Total share- holders' equity	
	Share capital	Capital reserves	Other retained earnings	IAS 39 re- serve	Actu- arial gains/ losses	Currency trans- lation adjust- ments			Total
STATUS AS OF JANUARY 1, 2012	104,000	36,476	774,104	189	18,751	651	896,669	42,204	938,873
Total comprehensive income for the year			108,725	1,526		3,018	113,269	-2,784	110,485
Dividends			-113,551				-113,551	-3,936	-117,487
Changes from acquisitions								6,586	6,586
Changes concerning own shares			1,808				1,808		1,808
Other changes			2,954				2,954	917	3,871
STATUS AS OF JUNE 30, 2012	104,000	36,476	774,040	1,715	18,751	3,669	901,149	42,987	944,136
STATUS AS OF JANUARY 1, 2013	104,000	36,476	909,120	695	35,388	-7,410	1,007,493	26,302	1,033,795
Total comprehensive income for the year			46,895	2,172		-5,876	38,847	-3,587	35,260
Dividends			-123,738				-123,738	-638	-124,376
Changes from acquisitions			-4,347				-4,347	19,140	14,793
Changes concerning own shares			-6,754				-6,754		-6,754
Other changes			-3,612		-27		-3,639		-3,639
STATUS AS OF JUNE 30, 2013	104,000	36,476	817,564	1,477	35,415	-13,286	907,862	41,217	949,079

CONSOLIDATED STATEMENT OF CASH FLOWS

For the first half of 2013 (condensed, unaudited)

<i>(in TEUR)</i>	H1 2013	H1 2012
Cash flow from operating activities	-86,486	115,061
Cash flow from investing activities	45,962	-92,517
Cash flow from financing activities	-369,712	-102,035
Change in cash and cash equivalents	-410,236	-79,491
Change in cash and cash equivalents resulting from exchange rate fluctuation	-12,220	4,093
Cash and cash equivalents at the beginning of the period	1,492,848	1,169,888
Cash and cash equivalents at the end of the period	1,070,392	1,094,490

The change in cash and cash equivalents resulting from exchange rate fluctuations according to IAS 7.28 should be presented separately. The reference figures for the previous year were adjusted accordingly.

CASH FLOWS FROM ACQUISITIONS OF SUBSIDIARIES*

For the first half of 2013 (condensed, unaudited)

<i>(in TEUR)</i>	Business area		Total	Total
	ME¹⁾	SE²⁾	H1 2013	H1 2012
Intangible assets	295,712	4,511	300,223	23,553
Property, plant, and equipment	175,092	1,451	176,543	4,038
Inventories	159,922	6,389	166,311	3,865
Trade and other receivables	271,399	3,279	274,678	11,912
Liabilities excluding financial liabilities	-725,721	-7,414	-733,135	-23,170
Non-interest bearing net assets	176,404	8,216	184,620	20,198
Cash and cash equivalents acquired	331,084	1,973	333,057	10,023
Fixed financial assets	2,626	0	2,626	0
Debt assumed	-107,519	-2,433	-109,952	-9
Goodwill	187,499	3,526	191,025	14,034
Non-controlling interests	-28,787	-1,551	-30,338	-6,586
Total purchase price	561,307	9,731	571,038	37,660
Purchase price paid	-411,152	-8,036	-419,188	-26,206
Cash and cash equivalents acquired	331,084	1,973	333,057	10,023
NET CASH FLOW	-80,068	-6,063	-86,131	-16,183
Liabilities from purchase price not paid	-1,700	-1,696	-3,396	-1,647
Fair value of investments held prior to acquisition	-148,454	0	-148,454	-9,807
PURCHASE PRICE NOT PAID IN CASH	-150,154	-1,696	-151,850	-11,454

* converted by using exchange rates as per dates of transaction

1) ME = METALS

2) SE = SEPARATION

The initial accounting for the businesses acquired in 2013 is based on preliminary figures. The final evaluation of the balance sheet items disclosed in the cash flows from acquisition will be carried out according to the regulations of IFRS 3 (revised) "Business Combinations".

The cash flows of the METALS business area are mainly attributable to the Schuler Group, Germany.

NOTES

Explanatory notes to the interim consolidated financial statements as of June 30, 2013

General

The interim consolidated financial statements as of June 30, 2013 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, 2012 have been maintained without any change. For additional information on the accounting and valuation principles, see the consolidated financial statements as of December 31, 2012, which form the basis for this interim consolidated financial report.

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

The interim consolidated financial statements as of June 30, 2013 were neither subject to a complete audit nor to an audit review by an auditor.

Application of new standards

ANDRITZ applies the following new standards:

- Amendments to IAS 1: presentation of items of other comprehensive income
- IAS 19 (as revised in 2011): employee benefits
- Amendments to IAS 12: deferred tax recovery of underlying assets
- Amendments to IFRS 7: disclosures – offsetting financial assets and financial liabilities
- IFRS 13: fair value measurement

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

Change in consolidated companies

The scope of consolidated financial statements changed as follows:

	Full consolidation	Equity method
Balance as of January 1, 2013	117	4
Acquisition of companies	30	0
Changes in consolidation type		
Additions	1	0
Disposals	-2	0
Reorganization	-1	0
Balance as of June 30, 2013	145	4

Acquisitions

The following companies were not, or only partially, included in the ANDRITZ GROUP's consolidated financial statements for the reference period January 1 to June 30, 2012:

Acquired in 2012

- ANDRITZ Bricmont Inc. (100%): furnace systems to the aluminum and steel industries
- ANDRITZ (Wuxi) Nonwoven Technology Co. Ltd. (100%), China: drylaid nonwovens systems, especially for applications in the textile and hygiene sectors
- Soutec AG, Switzerland (100%): supplier of laser and rolled seam resistance welding systems for the metalworking industry
- ANDRITZ Environmental Solutions Inc., USA (100%): flue gas cleaning systems for utilities and power generating industries
- Royal GMF-Gouda (Goudsche Machinefabriek), Netherlands (100%): drying systems for the food and chemical industries, and the environmental sector of municipalities

Acquired in 2013

- Shanghai Shende Machinery Co. Ltd., China (80%): plants for the production of animal feed pelleting equipment for mid-size capacities
- Schuler Group, Germany (92.8% at closing of the takeover offer): machines, production lines, dies, process know-how, and services for the metalworking industry
- FBB Engineering GmbH, Germany (100%): burners and fireproof systems for the steel and aluminum industries

The estimated fair values of the assets and liabilities acquired in 2013 are assumed as follows:

<i>(in TEUR)</i>	IFRS carrying amount	Fair value allocations	Fair value
Intangible assets	8,226	291,997	300,223
Property, plant and equipment	156,543	20,000	176,543
Inventories	166,311	0	166,311
Trade and other receivables	274,678	0	274,678
Liabilities	-625,746	-107,389	-733,135
Non-interest bearing net assets	-19,988	204,608	184,620
Cash and cash equivalents	333,057	0	333,057
Financial assets	2,626	0	2,626
Financial liabilities	-109,952	0	-109,952
Goodwill	0	191,025	191,025
Non-controlling interests	-30,338	0	-30,338
Net assets	175,405	395,633	571,038

Acquisition of non-controlling interests

After obtaining a controlling interest in the Schuler Group in February 2013, ANDRITZ acquired additional shares. The ANDRITZ GROUP recognized this holding change as an equity transaction.

Seasonality

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

Notes to the interim consolidated income statement

In the first half of 2013, sales of the ANDRITZ GROUP amounted to 2,610.1 MEUR, which is an increase of 7.1% compared to last year's reference period (H1 2012: 2,437.8 MEUR). The EBIT reached 65.9 MEUR (H1 2012: 143.1 MEUR).

Notes to the consolidated statement of financial position

Total assets of the ANDRITZ GROUP as of June 30, 2013 increase to 5,512.7 MEUR, thus 351.7 MEUR higher than the figure as of December 31, 2012 (5,161.0 MEUR). The net working capital as of June 30, 2013 amounted to -524.5 MEUR (December 31, 2012: -631.5 MEUR).

During the current business year, ANDRITZ AG paid dividends in the amount of 123.7 MEUR for the 2012 business year. 370,000 shares were bought back and 489,439 shares were issued to ANDRITZ employees during the first half of 2013.

Notes to the consolidated statement of cash flows

Cash flow from operating activities of the ANDRITZ GROUP amounted to -86.5 MEUR in the first half of 2013 (H1 2012: 115.1 MEUR). This decrease was mainly due to project-related changes in the working capital.

Cash flow from investing activities during the first half of 2013 amounted to 46.0 MEUR (H1 2012: -92.5 MEUR). The change resulted mainly from acquisitions (-86.1 MEUR in H1 2013 versus -16.2 MEUR in H1 2012), investments in tangible and intangible assets of -44.4 MEUR (H1 2012 -34.5 MEUR), and proceeds from securities and financial assets (+176.5 MEUR in H1 2013 versus -41.8 MEUR in H1 2012).

Segment information

Segment information is prepared on the following basis:

Business areas

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

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

The FEED & BIOFUEL business area was allocated to the SEPARATION business area as of January 1, 2013. The reference figures for the previous year have been adjusted accordingly.

Business area data as of June 30, 2013:

<i>(in TEUR)</i>	HY	PP	ME	SE	Transition	Total
Sales	850,588	932,140	549,232	278,111	0	2,610,071
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)	76,278	9,981	45,108	4,664	0	136,031
Total assets	1,272,112	932,963	1,317,951	513,732	1,475,901	5,512,659
Total liabilities	1,232,455	1,017,538	682,913	252,441	1,378,233	4,563,580
Capital expenditure	18,730	11,410	10,820	3,413	0	44,373
Depreciation, amortization and impairment of intangible assets and property, plant and equipment	17,464	16,273	27,333	9,089	0	70,159
Share of net profit/loss of associates	0	31	0	0	0	31
Shares in associated companies	0	603	0	0	0	603

Business area data as of June 30, 2012:

<i>(in TEUR)</i>	HY	PP	ME	SE	Transition	Total
Sales	807,049	1,163,699	176,730	290,358	0	2,437,836
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)	74,734	78,443	10,643	20,884	0	184,704
Total assets	1,395,922	954,081	220,975	449,889	1,636,514	4,657,381
Total liabilities	1,411,216	1,035,184	204,867	240,618	821,360	3,713,245
Capital expenditure	22,037	8,045	762	3,615	0	34,459
Depreciation, amortization and impairment of intangible assets and property, plant and equipment	20,241	11,200	5,275	4,850	0	41,566
Share of net profit/loss of associates	-873	98	0	0	0	-775
Shares in associated companies	0	1,053	0	0	0	1,053

Fair value hierarchy

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

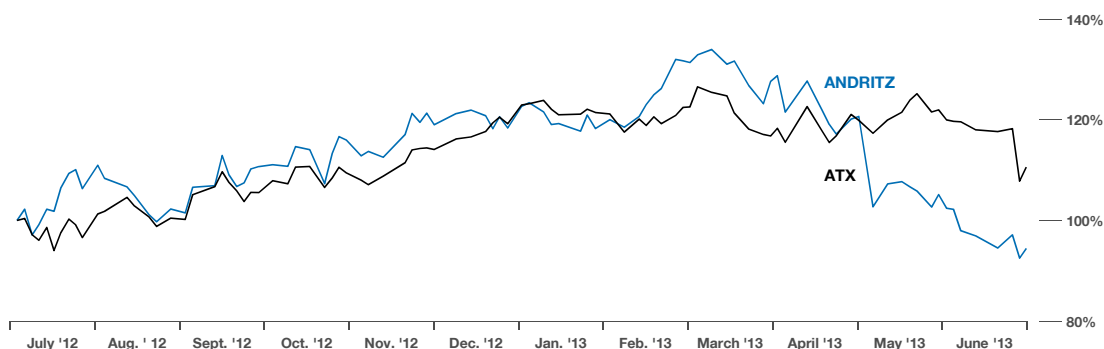
- Level 1: Prices quoted in active markets for identical assets or liabilities.
- Level 2: Inputs other than prices quoted that can be observed for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on market data observed.

The following table allocates financial assets and liabilities measured at fair value to the three levels of the fair value hierarchy. It distinguishes fair value measurements by the significance of the inputs used and reflects the availability of market inputs observed when estimating fair values.

<i>(in TEUR)</i>	Total as of June 30, 2013	thereof level 1	thereof level 2	thereof level 3
FINANCIAL ASSETS				
At fair value through profit and loss - trading				
Derivatives	14,263	0	14,263	0
Embedded derivatives	25,463	0	25,463	0
Available for sale				
Investment securities	2,374	2,374	0	0
Marketable securities	240,844	240,844	0	0
Other receivables				
Derivatives (hedge accounting)	12,863		12,863	
	295,807	243,218	52,589	0
FINANCIAL LIABILITIES				
At fair value through profit and loss - trading				
Derivatives	31,437	0	31,437	0
Embedded derivatives	7,547	0	7,547	0
Other liabilities				
Derivatives (hedge accounting)	2,327	0	2,327	
	41,311	0	41,311	0

SHARE

Relative price performance by the ANDRITZ share compared to the ATX (July 1, 2012-June 30, 2013)



Source: Vienna Stock Exchange

Share price development

Development of the international financial markets continued to be influenced by the euro and international debt crises and by the uncertain general economic environment during the first half of 2013. In a continuing volatile stock exchange environment and due to various downgrades as a result of the unexpected, significant decline in earnings in the first quarter of 2013 (see status report), the ANDRITZ share price declined by 21.6%. During the same period, the ATX, the leading share index on the Vienna Stock Exchange, fell by 10.2%.

The highest closing price of the ANDRITZ share during the reporting period was 54.94 EUR (March 11, 2013) and the lowest was 37.93 EUR (June 24, 2013).

Trading volume

The average daily trading volume of the ANDRITZ share (double count, as published by the Vienna Stock Exchange) was 324,315 shares (H1 2012: 443,182 shares). The highest daily trading volume was noted on May 2, 2013 (4,659,374 shares), the lowest trading volume on January 21, 2013 (95,384 shares).

Investor Relations

At the Vienna Stock Exchange Awards 2013, ANDRITZ was honored once again for its achievements in Investor Relations. ANDRITZ took second place in the main category, the ATX Award, after taking first place last year. This prize is awarded to companies in the leading index of the Vienna Stock Exchange for their outstanding communication policy in the Austrian capital market. In addition, ANDRITZ took first place in the private investors' award category, which was awarded this year for the second time. The main focus of this award is the quality of annual report and media relations work, as well as the information policy towards private investors.

ANDRITZ is included in the newly launched "ATX Global Players" index established by the Vienna Stock Exchange. This index comprises 15 companies that are listed in the Prime Market segment of the Vienna Stock Exchange and each generate at least 20% of their sales outside Europe. With 20% index capitalization, ANDRITZ had the highest weighting in this new index as of June 30, 2013.

During the second quarter of 2013, meetings with institutional investors and financial analysts were held in Amsterdam, Boston, Brussels, Chicago, Copenhagen, Edinburgh, Frankfurt, Geneva, Helsinki, London, New York, and Paris.

Key figures of the ANDRITZ share	Unit	H1 2013	H1 2012	Q2 2013	Q2 2012	2012
Highest closing price	EUR	54.94	42.76	52.80	42.76	50.00
Lowest closing price	EUR	37.93	32.83	37.93	35.66	32.83
Closing price (as of end of period)	EUR	39.43	40.52	39.43	40.52	48.54
Market capitalization (as of end of period)	MEUR	4,100.2	4,214.1	4,100.2	4,214.1	5,048.2
Performance	%	-21.6	+23.4	-25.3	+9.1	+47.9
ATX weighting (as of end of period)	%	9.3035	11.2075	9.3035	11.2075	10.6128
Average daily number of shares traded	Share unit	324,315	443,182	432,487	579,148	345,754

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	About 70%
Stock exchange	Vienna (Prime Market)
Ticker symbols	Reuters: ANDR.VI; Bloomberg: ANDR, AV
Stock exchange indices	ATX, ATX five, ATX Global Players, ATXPrime, WBI

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.

Online financial report

Take advantage of special features of the ANDRITZ online financial report:

- Targeted search for major topics
- Downloading of all tables with key financial figures
- Selection of individual sections and compilation of a customized report at: reports.andritz.com/2013h1/

All annual reports, annual financial reports, and quarterly reports of the ANDRITZ GROUP since the IPO are available at: www.andritz.com/reports

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