

Stormy times 2009

Stable base **Annual financial report**

HYDRO

PULP
PAPER

METALS

FEED
BIOFUEL

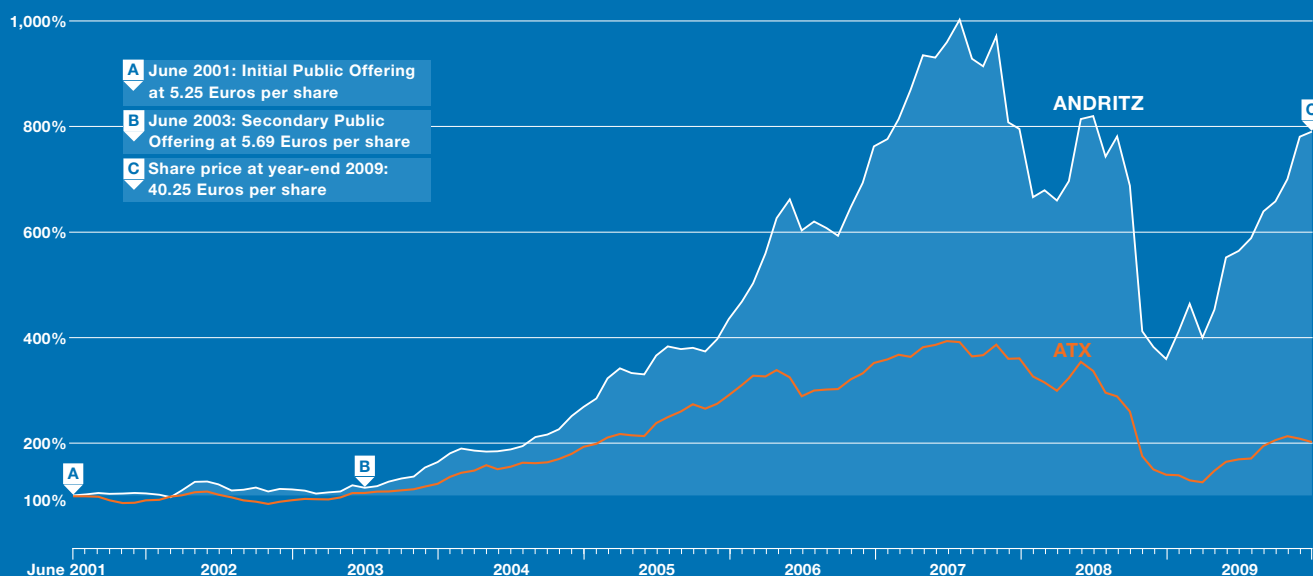
ENVIRONMENT
PROCESS

Key figures of the ANDRITZ GROUP 2005-2009

(According to IFRS)	Unit	2009	2008	2007	2006	2005
Order intake	MEUR	3,349.3	3,705.3	3,749.5	2,891.0	1,974.6
Order backlog as of December 31	MEUR	4,434.5	4,277.4	3,843.3	3,397.1	1,695.6
Sales	MEUR	3,197.5	3,609.8	3,282.5	2,709.7	1,744.3
EBITDA ¹⁾	MEUR	218.2	278.2	250.7	197.7	130.9
EBITA ²⁾ (excl. restructuring expenses)	MEUR	193.1	246.8	209.7	166.2	107.0
EBITA (incl. restructuring expenses)	MEUR	164.1	233.2	209.7	166.2	107.0
Earnings Before Interest and Taxes (EBIT)	MEUR	147.1	218.5	200.9	163.3	106.7
Earnings Before Taxes (EBT)	MEUR	149.6	210.5	200.8	165.3	110.0
Net income (incl. non-controlling interests)	MEUR	102.9	147.0	137.8	121.1	80.2
Cash flow from operating activities	MEUR	345.7	255.0	33.1	143.1	237.3
Capital expenditure ³⁾	MEUR	70.5	69.7	57.0	45.7	26.7
Employees as of December 31 (excl. apprentices)	-	13,049	13,707	12,016	10,215	5,943
Fixed assets	MEUR	731.4	732.1	632.3	608.6	308.0
Current assets	MEUR	2,577.9	2,354.2	1,877.1	1,777.5	1,083.3
Total shareholders' equity ⁴⁾	MEUR	663.5	577.4	481.6	414.5	328.8
Provisions	MEUR	529.9	477.3	402.4	386.1	189.8
Other liabilities	MEUR	2,115.9	2,031.6	1,625.4	1,585.5	872.7
Total assets	MEUR	3,309.3	3,086.3	2,509.4	2,386.1	1,391.3
Equity ratio ⁵⁾	%	20.0	18.7	19.2	17.4	23.6
Net liquidity ⁶⁾	MEUR	677.9	408.9	246.5	365.7	383.9
Net debt ⁷⁾	MEUR	-505.3	-242.9	-94.8	-216.9	-316.4
Net working capital ⁸⁾	MEUR	-104.3	22.7	99.1	-93.6	-128.2
Capital employed ⁹⁾	MEUR	285.9	406.8	405.6	194.5	21.1
Gearing ¹⁰⁾	%	-76.2	-42.1	-19.7	-52.3	-116.8
EBITDA margin	%	6.8	7.7	7.6	7.3	7.5
EBITA margin (excl. restructuring expenses)	%	6.0	6.8	6.4	6.1	6.1
EBITA margin (incl. restructuring expenses)	%	5.1	6.5	6.4	6.1	6.1
EBIT margin	%	4.6	6.1	6.1	6.0	6.1
Net income/sales	%	3.2	4.1	4.2	4.5	4.6
ROE ¹¹⁾	%	15.5	25.5	28.6	29.2	24.3
EV ¹²⁾ /EBITDA	MEUR	6.5	1.9	7.6	9.1	6.3
Depreciation and amortization/sales	%	2.0	1.5	1.4	1.3	1.4
Impairment resp. amortization goodwill/sales	%	0.2	0.2	0.1	0.0	0.0

1) Earnings Before Interest, Taxes, Depreciation, and Amortization 2) Earnings Before Interest, Taxes, Amortization of identifiable assets acquired in a business combination and recognized separately from goodwill at the amount of 9,109 TEUR (2008: 7,862 TEUR) and impairment of goodwill at the amount of 7,922 TEUR (2008: 6,783 TEUR) 3) Additions to intangible assets and property, plant, and equipment 4) Total shareholders' equity incl. non-controlling interests 5) Total shareholders' equity/total assets 6) Cash and cash equivalents plus marketable securities plus fair value of interest rate swaps minus financial liabilities 7) Interest bearing liabilities incl. provisions for severance payments, pensions, and jubilee payments minus cash and cash equivalents and marketable securities 8) Non-current receivables plus current assets (excl. cash and cash equivalents as well as marketable securities) minus other non-current liabilities and current liabilities (excl. financial liabilities and provisions) 9) Net working capital plus intangible assets and property, plant, and equipment 10) Net debt/total shareholders' equity 11) ROE (Return On Equity): Net income/total shareholders' equity 12) EV (Enterprise Value): market capitalization based on year-end closing price minus net liquidity

Development of the ANDRITZ share since the IPO



Key figures of the business areas 2005-2009

HYDRO

	Unit	2009	2008	2007	2006	2005
Order intake	MEUR	1,693.9	1,543.4	1,216.1	585.4	71.5
Order backlog as of December 31	MEUR	2,894.5	2,590.1	1,954.9	1,659.5	60.5
Sales	MEUR	1,378.0	1,205.9	910.0	467.9	52.7
EBITDA	MEUR	120.9	105.7	66.3	35.7	4.8
EBITDA margin	%	8.8%	8.8%	7.3%	7.6%	9.1%
EBITA	MEUR	100.5	87.9	52.2	27.6	2.6
EBITA margin	%	7.3%	7.3%	5.7%	5.9%	4.9%
Capital expenditure	MEUR	44.5	35.0	25.4	13.5	3.4
Employees as of December 31	-	5,993	5,606	4,390	3,678	474

PULP & PAPER

	Unit	2009	2008	2007	2006	2005
Order intake	MEUR	923.0	1,033.8	1,406.4	1,432.4	1,017.0
Order backlog as of December 31	MEUR	778.7	752.8	1,060.4	1,124.4	950.4
Sales	MEUR	903.3	1,326.6	1,462.2	1,304.2	1,032.9
EBITDA	MEUR	42.0	84.5	105.3	89.6	76.1
EBITDA margin	%	4.6%	6.4%	7.2%	6.9%	7.4%
EBITA	MEUR	17.5	66.3	87.8	75.9	63.6
EBITA margin	%	1.9%	5.0%	6.0%	5.8%	6.2%
Capital expenditure	MEUR	14.9	20.2	21.8	21.7	13.6
Employees as of December 31	-	4,239	5,102	4,843	3,863	3,018

METALS

	Unit	2009	2008	2007	2006	2005
Order intake	MEUR	296.2	611.5	636.4	401.9	444.8
Order backlog as of December 31	MEUR	564.1	736.2	631.5	403.7	458.9
Sales	MEUR	473.4	566.2	408.0	450.5	275.9
EBITDA	MEUR	23.2	42.6	33.1	33.4	18.2
EBITDA margin	%	4.9%	7.5%	8.1%	7.4%	6.6%
EBITA	MEUR	20.5	40.1	30.6	31.1	15.9
EBITA margin	%	4.3%	7.1%	7.5%	6.9%	5.8%
Capital expenditure	MEUR	2.0	4.3	3.2	2.3	2.2
Employees as of December 31	-	971	996	880	819	749

ENVIRONMENT & PROCESS

	Unit	2009	2008	2007	2006	2005
Order intake	MEUR	305.4	361.2	346.9	344.2	340.1
Order backlog as of December 31	MEUR	139.6	151.8	161.1	179.3	202.2
Sales	MEUR	322.6	366.6	364.4	366.5	289.2
EBITDA	MEUR	29.3	32.1	30.8	25.9	22.0
EBITDA margin	%	9.1%	8.8%	8.5%	7.1%	7.6%
EBITA	MEUR	24.6	27.3	25.7	20.9	17.7
EBITA margin	%	7.6%	7.4%	7.1%	5.7%	6.1%
Capital expenditure	MEUR	5.7	7.4	4.9	6.5	6.6
Employees as of December 31	-	1,329	1,437	1,349	1,324	1,213

FEED & BIOFUEL

	Unit	2009	2008	2007	2006	2005
Order intake	MEUR	130.8	155.4	143.7	127.1	101.2
Order backlog as of December 31	MEUR	57.6	46.5	35.3	30.2	23.6
Sales	MEUR	120.2	144.5	137.8	120.6	93.6
EBITDA	MEUR	2.8	13.3	15.2	12.9	9.8
EBITDA margin	%	2.3%	9.2%	11.0%	10.7%	10.5%
EBITA	MEUR	1.0	11.6	13.4	10.6	7.2
EBITA margin	%	0.8%	8.0%	9.7%	8.8%	7.7%
Capital expenditure	MEUR	3.4	2.9	1.7	1.7	0.9
Employees as of December 31	-	517	566	553	531	489

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Status report

GENERAL ECONOMIC CONDITIONS

While the global economy was negatively impacted by the economic and financial crisis in the first half of 2009, the economic environment stabilized again in the second half of the year in the main economic regions of the world.

In the USA, the economy recovered slightly as from the third quarter of 2009, following a very difficult first half of the year. Industrial production and, in particular, consumer spending, which is the main contributor to the US gross domestic product, developed favorably, mainly due to the government's incentive program for the purchase of new fuel-efficient vehicles ('Cash for Clunkers program'). The real estate market also showed the first signs of improvement. Nevertheless, the labor market remained in a difficult situation with over 10% unemployment.

In Europe, economic development was similar, although the economic recovery in the second half of the year was considerably more modest than in the USA in most of the member countries due to subdued consumer spending. Only highly export-oriented countries, such as Germany, showed significant recovery as a result of the economic revival in the emerging countries.

In Asia and in the other large emerging countries, the global economic crisis had significantly less impact than in the USA or Europe. After a decline in the first quarter of 2009, the Chinese economy recovered quickly, mainly supported by the stimulus program to revive the economy launched by the Chinese government, but also by the rising export figures. Similarly, the emerging countries in South America showed a substantial economic recovery in the second half of 2009.

Source: OECD

BUSINESS DEVELOPMENT

Changes in consolidated companies/acquisitions

The following companies were not, or only partially, included in the ANDRITZ GROUP's consolidated financial statements for the 2008 business year:

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

The following company was included for the first time in the consolidated financial statement of the ANDRITZ GROUP in 2009:

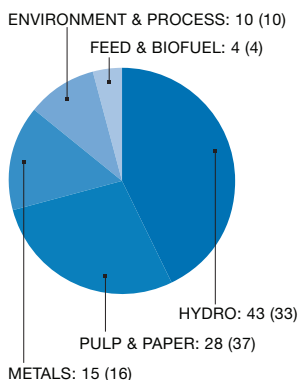
- Rollteck: Design and manufacture of winders for the paper industry.

The initial accounting for the companies/businesses acquired in 2008 and 2009 was based on preliminary figures.

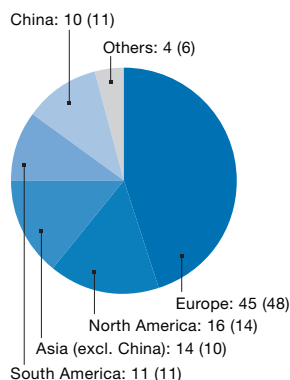
Sales

Sales of the ANDRITZ GROUP amounted to 3,197.5 MEUR in the 2009 business year, thus 11.4% below the record figure for the previous year (2008: 3,609.8 MEUR). While the HYDRO business area achieved a significant increase in sales, sales in the other business areas declined – particularly in PULP & PAPER – compared to the previous year.

Sales by business area
2009 (2008) in %



Sales by region
2009 (2008) in %



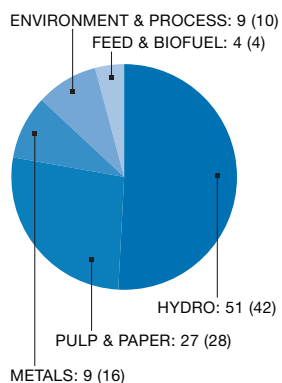
Share of service sales of Group and business area sales

	2009	2008
ANDRITZ GROUP	27%	24%
HYDRO	24%	24%
PULP & PAPER	41%	32%
METALS	3%	3%
ENVIRONMENT & PROCESS	28%	24%
FEED & BIOFUEL	56%	50%

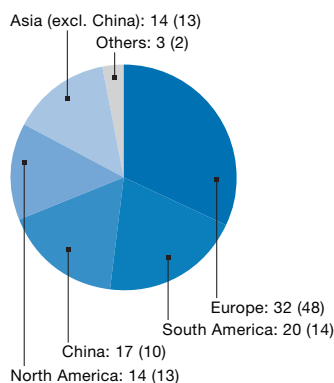
Order intake

Despite the difficult economic conditions, order intake of the Group in 2009, at 3,349.3 MEUR, was only 9.6% below the very high level of the previous year (2008: 3,705.3 MEUR). This is mainly attributable to the very positive development by the HYDRO business area, where order intake rose by 9.8% to a new record level of 1,693.9 MEUR (2008: 1,543.4 MEUR). In contrast, the other business areas – particularly METALS – saw a decline in order intake compared to the previous year.

Order intake by business area 2009 (2008) in %



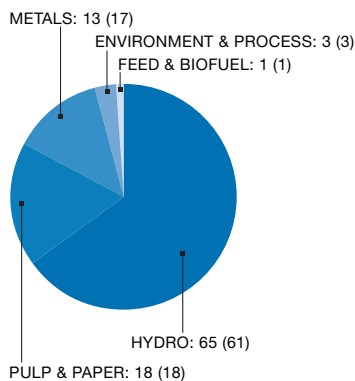
Order intake by region 2009 (2008) in %



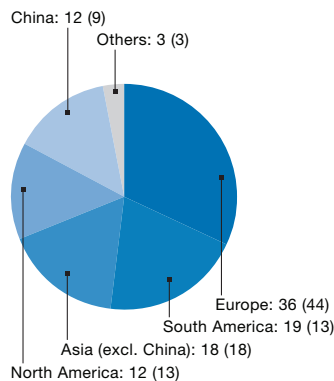
Order backlog

The order backlog of the ANDRITZ GROUP as of December 31, 2009 amounted to 4,434.5 MEUR, an increase of 3.7% compared to the previous year's high level (December 31, 2008: 4,277.4 MEUR). While the order backlog of the HYDRO business area showed a strong increase, particularly the METALS business area recorded a decline.

Order backlog by business area 2009 (2008) in %



Order backlog by region 2009 (2008) in %



Result

The EBITA of the Group amounted to 164.1 MEUR in the period under review, significantly below the reference figure for the previous year (2008: 233.2 MEUR). Profitability (EBITA margin) amounted to 5.1% (2008: 6.5%).

This decrease is largely due to expenses for capacity adjustments and operational restructuring – particularly in the PULP & PAPER business area – that were necessary due to the overall economic situation and amounted to approximately 29 MEUR, as well as to the decline in sales. Excluding these one-off expenses, the EBITA in 2009 amounts to 193.1 MEUR, equivalent to an EBITA margin of 6.0%. The adjustments and restructuring measures are expected to yield significant cost savings in the future that should have a positive impact on the operating results for 2010 and the years that follow.

In the reporting period, goodwill impairments of 7.9 MEUR (2008: 6.8 MEUR) were recognized, mainly attributable to the PULP & PAPER business area.

The financial result of the ANDRITZ GROUP amounted to 2.6 MEUR, thus well above the previous year's figure (2008: -8.1 MEUR). This is largely due to price gains of sold money market funds, which had to be value adjusted in 2008 due to the global financial crisis.

The tax rate was 31.2% in the reporting period (2008: 30.1%).

The net income of the Group excluding non-controlling interests amounted to 96.8 MEUR in the reporting period (2008: 139.7 MEUR).

Financial key figures

	Unit	2009	2008	+/-
Sales	MEUR	3,197.5	3,609.8	-11.4%
Return on sales ¹⁾	%	4.6	6.1	-
EBITDA	MEUR	218.2	278.2	-21.6%
Earnings before interest and taxes (EBIT)	MEUR	147.1	218.5	-32.7%
Earnings before taxes (EBT)	MEUR	149.6	210.5	-28.9%
Net income	MEUR	102.9	147.0	-30.0%

1) EBIT (Earnings Before Interest and Taxes)/Sales

Total assets

The total assets of the ANDRITZ GROUP as of December 31, 2009 increased to 3,309.3 MEUR (December 31, 2008: 3,086.3 MEUR). The equity ratio as of December 31, 2009 amounted to 20.0% (December 31, 2008: 18.7%).

Liquid funds (cash and cash equivalents plus marketable securities) amounted to 1,082.1 MEUR as of December 31, 2009 (December 31, 2008: 821.8 MEUR). The net liquidity (liquid funds plus fair value of interest rate swaps minus financial liabilities) increased to 677.9 MEUR, thus well above the value at the end of last year (December 31, 2008: 408.9 MEUR).

Key balance sheet ratios

	Unit	2009	2008
Equity ratio ¹⁾	%	20.0	18.7
Return on equity ²⁾	%	22.5	36.5
Return on investment ³⁾	%	4.4	7.1
Net liquidity ⁴⁾	MEUR	677.9	408.9
Net debt ⁵⁾	MEUR	-505.3	-242.9
Net working capital ⁶⁾	MEUR	-104.3	22.7
Capital employed ⁷⁾	MEUR	285.9	406.8
Gearing ⁸⁾	%	-76.2	-42.1

1) Total shareholders' equity/Total assets 2) EBT (Earnings Before Taxes)/Total shareholders' equity 3) EBIT (Earnings Before Interest and Taxes)/Total assets 4) Cash and cash equivalents plus marketable securities plus fair value of interest rate swaps minus financial liabilities 5) Interest bearing liabilities incl. provisions for severance payments, pensions, and jubilee payments minus cash and cash equivalents and marketable securities 6) Non-current receivables plus current assets (excl. cash and cash equivalents as well as marketable securities) minus other non-current liabilities and current liabilities (excl. financial liabilities and provisions) 7) Net working capital plus intangible assets and property, plant, and equipment 8) Net debt/Total shareholders' equity

Assets

769.2 MEUR	1,458.0 MEUR	1,082.1 MEUR
Long-term assets: 23%	Short-term assets: 44%	Cash and cash equivalents, and marketable securities: 33%

Shareholders' equity and liabilities

663.5 MEUR	425.7 MEUR	323.1 MEUR	1,897.0 MEUR
Shareholders' equity incl. Minority interests: 20%	Financial liabilities: 13%	Other long-term liabilities: 10%	Other short-term liabilities: 57%

Capex and cash flow

The Group's investments in tangible and intangible assets amounted to 70.5 MEUR (2008: 69.7 MEUR) in 2009. Capital expenditure mainly focused on workshop modernizations.

The cash flow from operating activities amounted to 345.7 MEUR and was thus significantly higher than the previous year's value (2008: 255.0 MEUR).

Key cash flow ratios

	Unit	2009	2008
Cash flow from operating activities	MEUR	345.7	255.0
Capital expenditure ¹⁾	MEUR	70.5	69.7
Free cash flow ²⁾	MEUR	285.6	187.5
Free cash flow per share ³⁾	EUR	5.5	3.6

1) Additions to intangible assets and property, plant, and equipment 2) Cash flow from operating activities minus capital expenditure plus payments from the sale of intangible assets and property, plant, and equipment 3) Free cash flow/Total number of ANDRITZ shares

RISK MANAGEMENT

ANDRITZ has a Group-wide risk management system whose goal is to identify nascent risks and to take countermeasures. This is an important element in the active risk management within the Group.

Main characteristics of the internal controlling and risk management system for the invoicing process

The Executive Board is responsible for implementing a suitable internal controlling and risk management system for the invoicing process and financial reporting. For this purpose, the Executive Board has agreed on binding regulations and guidelines to be applied throughout the Group for the main business risks and in the financial reporting process.

The accounting department, which includes financial accounting, reports directly to the Executive Board. Suitable organizational arrangements ensure that the legal requirements to make complete, correct, timely, and orderly entries in the books and other records are met. The entire process from procurement to payment is subject to strict rules and guidelines that are intended to avoid any risks these processes may entail. These measures and rules include separation of functions, signature authorization matrices, and signatory powers for authorizing payments applying on a collective basis only and restricted to a small number of employees, as well as system-supported checks by the software in use (SAP).

By using a standardized, Group-wide financial reporting system, together with ad hoc reporting on major events, the Executive Board is informed constantly on all relevant issues. The Supervisory Board is informed in Supervisory Board meetings held at least once every quarter on the current business development, including operative planning and the medium-term strategy of the Group, with direct and immediate information being provided to the Supervisory Board in special cases. Internal control and risk management are among the topics dealt with in audit committee meetings.

Internal auditing, set up as a management administrative department, audits individual processes or Group companies according to an audit plan defined for each year.

Financial risks

Monitoring and management of financial risks are integral parts of the accounting and controlling activities within the ANDRITZ GROUP. Continuous controlling and regular reporting are intended to increase the likelihood of identifying major risks at an early stage and allow countermeasures to be taken if necessary. Still, there is no guarantee that the monitoring and risk control systems are sufficiently effective.

The essential risks for the business development of the ANDRITZ GROUP in 2010 relate above all to the Group's dependence on the general economic development and on 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. The persistent financial crisis and substantial economic slowdown in the main economic regions of the world also constitute a serious risk for the ANDRITZ GROUP's financial development during the 2010 business year. The global economic weakness may lead to further delays in the execution of existing orders and to the postponement or cancellation of projects. Cancellations of existing contracts could adversely affect the ANDRITZ GROUP's order backlog, which would in turn have a negative impact on utilization of the Group's manufacturing capacities.

The global financial and economic crisis may also necessitate complete or partial impairments of single goodwill created in the course of acquisitions if the business development goals cannot be reached. This may influence the earnings development of the ANDRITZ GROUP. In addition, there is always some risk that partial or full provisions will have to be made for some trade accounts receivable.

For the majority of orders, the risk of payment failure by customers is mitigated by means of bank guarantees and export insurance. Risks related to deliveries to countries with medium to high political risks typically are also insured to a large extent. Interest and exchange rate risks are minimized and controlled by derivative financial instruments, in particular forward exchange contracts and swaps. Net currency exposure of orders in foreign currencies (mainly US dollar, Euro, and Swiss franc) is hedged by forward contracts. Cash flow risks are monitored via monthly cash flow reports.

In order to further reduce the financial risks and to enhance monitoring, control, and assessment of its financial and liquidity position, the ANDRITZ GROUP has continuously improved its treasury guidelines and information system.

The ANDRITZ GROUP's position in terms of liquidity is very good; the Group has sufficient liquidity reserves and secures access to liquidity. The Group avoids dependence on one single or only a few banks. To ensure independence, no bank will receive more than a certain defined amount of the business in any important product (cash and cash equivalents, financial liabilities, financial assets, guarantees, and derivatives).

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

Non-financial risks

In the manufacturing sector, precise planning, high commitment, and flexibility of employees are essential factors to ensure short lead times and on-time production. Internally, ANDRITZ uses flextime contracts and a large contingent of temporary workforce to cope with cyclical fluctuations and peaks in workload. In addition, the handling of outsourced business is improved continuously by efficient supplier management, and the pool of suppliers is constantly extended to include new, qualified companies.

The ANDRITZ manufacturing strategy is based on in-house manufacture of core components and purchase of additional manufacturing services. This strategy makes it easier to deal with variations in capacity utilization and ensures optimum use of own manufacturing capacities. In accordance with this make-or-buy strategy, process-relevant key components for ANDRITZ plants and products are mainly manufactured and assembled in the Group's own workshops. Simple components, on the other hand, are largely purchased from qualified suppliers, who are subjected to regular quality checks and on-time performance monitoring.

In the Human Resources sector, interesting career opportunities, incentive plans, and focused management training programs are essential elements in attracting well-trained and highly qualified employees. High quality standards in the selection process guarantee that the most suitable candidates are recruited.

As part of succession planning, internal candidates for succession to key positions are identified on the basis of standardized performance and potential assessments in order to have candidates available in the short and medium-term to fill any posts becoming vacant.

Variations in capacity utilization can be compensated at Group level by allocating orders to certain sites worldwide and locally by using temporary workforce.

Impact of exchange rate fluctuations

Fluctuations in exchange rates are hedged by forward rate contracts.

Non-financial performance indicators

Manufacturing

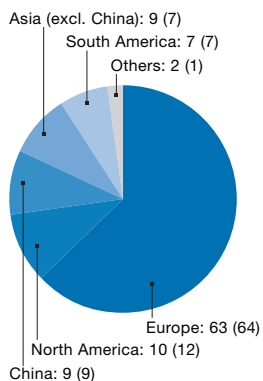
Workload declined in 2009 in the business areas affected by the global economic weakness, particularly in the PULP & PAPER business area. Capacity adjustments were made at some manufacturing sites. In contrast, the HYDRO business area saw an increase in workload, and manufacturing capacities were extended in Europe, Asia, and South America as a result of targeted investments. To minimize the risk of sustained underutilization of the Group's manufacturing capacities, an optimized cyclical management concept was implemented over the past few years to adapt the Group's manufacturing units efficiently to deal with changes in general conditions and capacity utilization.

Investments focused on new manufacturing technologies, automation, capacity adjustments at bottlenecks, development of new capacities in the growth markets of India, China, and Brazil, and on systematic extension of the supply chain.

Human Resources

At the end of 2009, the ANDRITZ GROUP had a total of 13,049 employees (a decrease of 4.8% compared with December 31, 2008: 13,707 employees).

Employees by region as of December 31, 2009 (December 31, 2008) in %



Human Resources Management is responsible for the coordination and planning of Human Resources activities throughout the Group. Its main targets are to fill vacancies in key positions and to offer attractive career and development opportunities for future managers.

Environmental protection

In 2009, the ANDRITZ location in Graz, Austria once again received the Ökoprofit gold certificate awarded by the City of Graz for outstanding achievements in the field of environmental protection standards and measures. By implementing suitable measures, the amount of commercial waste was reduced by 32 t, which is a drop of almost 20% compared to 2008. In the business park, energy consumption for heating was reduced by 12,000 kWh/a by installing thermostatic valves. Thanks to an information campaign conducted throughout the site and suitable accompanying measures, consumption of compressed air and thus, production costs for compressed air were cut by one fifth compared to the previous year – in spite of rising energy costs. These two measures translate into reduced CO₂ emissions of 20 t/a. Improvements of the pipework system led to a reduction of fresh water consumption by over 40%. 670 employees completed training courses on personal health and safety, safety at work, fire prevention, and environmental protection.

RESEARCH & DEVELOPMENT

In 2009, the ANDRITZ GROUP invested approximately 49.2 MEUR in research and development activities (2008: 51.2 MEUR). Including contract-related developments, the total expenditure for new processes and products amounted to approximately 3% of sales. More than 300 employees work in the Group's research centers in Austria, Finland, France, Switzerland, and the USA to develop new processes and equipment and to extend ANDRITZ's technological leadership.

The business areas' research and development programs in detail:

HYDRO

A major focus of the business area's research and development in 2009 was the optimization of hydraulic and electrical equipment for the worldwide highest performing bulb turbines and generators running in large hydropower stations.

In addition, the business area is active in improving the smooth running properties of turbine runners, both at low partial load and at overload. Due to the know-how on the simulation of dynamic processes and practical experience with numerous maximum-capacity generators, substantial progress was made that was also put to the test successfully in practice.

In the large pumps sector, activities focused on project-related, further hydraulic development of existing runners and distributors. This resulted in significant improvements in efficiency and cavitation behavior. A new generation of process pumps was developed in standard centrifugal pumps and the medium-consistency pumps were optimized successfully.

PULP & PAPER

A major focus of the PULP & PAPER business area's research and development activities in 2009 was on supporting customers to achieve sustainable production with higher capacities as well as higher energy-efficiency. The business area is also developing new technologies to generate green energy and for the production of biofuels which will further reduce/minimize greenhouse gas emissions.

The enhancement of low-effluent and chemical recovery systems to lower environmental impact continued. Technology development in evaporation focused on producing highly efficient, effluent-minimizing evaporation systems. White liquor plant development is further reducing gaseous emissions and cleaning solid wastes to reduce their pollutant portion.

R&D activities in the area of fiberlines continued to concentrate on lowering the investment cost per ton of pulp produced, as well as further increasing the capacities to more than 5,000 t/d.

Electricity generation in pulp mills has become a very important issue for the entire pulping industry due to the rising energy costs. With ANDRITZ High Energy Recovery Boilers (HERB), pulp mills can maximize electricity generation from black liquor. Research and development focused mainly on the further enhancement of electricity output.

The business area's R&D activities also continued to focus on new products for biomass handling and biomass power generation, especially on combustion and emission behaviors of different biomass feedstocks.

Waste-To-Power systems (WTP) is a newly created unit within ANDRITZ PULP & PAPER to develop technologies to produce energy out of paper mill residuals (mainly sludge and rejects from wastepaper recycling processes). The main benefits of WTP are derived from the reduced volume of waste going to landfills and an increase in the amount of energy generated by the mill.

The business area is also developing technologies for bioethanol production from non-food based raw materials such as wood and agricultural waste.

METALS

Research and development of the METALS business area concentrated on improvement and further development of products. A new roller seal was developed, for instance, for the stainless steel annealing furnace sector. This allows a very economical process management, particularly with the increasing demand nowadays for longer length furnaces.

In addition, the process for regeneration of used mixed acid from stainless steel pickles was optimized. The target is a totally effluent-free pickling system and regeneration process by using an evaporator for the rinsing water.

A further focus concentrates on dezincification of new scrap produced in car manufacturing. Although this scrap is high-grade material, the zinc coating on the surface means that it can only be further processed at the expense of the quality, thus resulting in markdowns in price. In a process developed by ANDRITZ METALS, the scrap comes into contact with a liquid from zinc production. The zinc content in the liquid thus increases, and the enriched liquid is eventually delivered back to the zinc manufacturer. After cleaning and drying, the dezincified scrap can be used for more sophisticated applications, for example in the foundry industry.

ENVIRONMENT & PROCESS

The research and development activities of the Separation Technologies division focused on value analysis programs for products. These can be used either to achieve a cost reduction of around 20% on customer projects or to enhance unit performance also by around one-fifth – with no increase in costs. A value analysis project, e.g., resulted in the development and patenting of a cylindrical-conical screen bowl centrifuge that enables an increase in throughput of 20-30% compared to conventional cylindrical centrifuges – with virtually unchanged space and energy requirement.

The Thermal Processes division focused its research and development work on biomass, concentrating primarily on increasing the value of biomass fuels and on the drying of biomass. Based on the positive experience gained with installed sawdust dryers, drying technology is now being extended to other biomass fractions, such as bark, rejects, or sludge from the pulp and paper industry. In addition, the through-air process used successfully in sawdust dryers and the alternative process arrangement with circulating air will be developed further; by using circulating air and heat recovery, a savings of up to 20% can be made in the thermal energy required.

Development work on a biological and physical-chemical process for treating exhaust air with the goal to reduce odor and TOC (total organic carbon) emissions from sludge drying plants continued successfully. Pilot tests showed that the non-thermal treatment processes available commercially cannot reliably guarantee the TOC content required by law in some countries. Thus, in borderline cases, the only alternative is to use exhaust air treatment processes with thermal post-combustion.

FEED & BIOFUEL

The FEED & BIOFUEL business area – together with the ENVIRONMENT & PROCESS business area – continued focusing its R&D activities on programs to increase the value of biomass fuels.

Additionally, the business area implemented a new test line for biomass milling and pelletizing in order to conduct research and development work in the area of solid biofuel/renewable energy generation. The line will also be used for customer-specific trials to optimize process characteristics for new raw materials, as well as for operator training purposes.

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

Based on the prevailing economic environment and the current project activity in the relevant markets, the ANDRITZ GROUP's expectations for its economic development in the coming quarters have not changed.

In the HYDRO business area, favorable development of project activity is also expected to continue in 2010. There are a number of projects in the realization phase, both in the modernization sector for existing hydropower plants and in construction of new hydropower stations. As a result of the high average age of the installed base, investment activity in Europe and North America will continue to focus on modernization, rehabilitation, and capacity increases for existing plants. Small power stations and pumped storage power stations should also continue to see a high level of project activity due to the necessity of securing grid stability.

In South America and Asia, many new hydropower projects are in the development and realization phases. The rapid economic growth in these regions and the increased utilization of renewable energy sources to cover the steeply rising demand for electric power are the main factors driving this market.

In the PULP & PAPER business area, the moderate project activity is expected to continue in 2010 – at least in the first half of the year. Although a number of projects have been announced for the construction of greenfield pulp mills – most of them based on existing plantations – and for the modernization of existing mills, delays are nevertheless expected for the award of new contracts and execution of recent orders due to the financial and economic crisis. However, only when the global pulping industry achieves a sustainable high utilization of capacities and the tight financial markets return to normal, a significant increase in project activity can be expected.

The METALS business area expects the low investment activity to continue in 2010, both in the carbon steel and stainless steel sectors. Many international steel manufacturers have cut their capital expenditure plans in view of the financial and economic crisis and due to the low capacity utilization resulting from the lack of demand. Nevertheless, selected projects are expected to be awarded in some regions, similar to 2009.

In the ENVIRONMENT & PROCESS business area, project activity for sludge dewatering equipment should develop satisfactorily in 2010. A slight rise in investment activity is also expected in the course of the year for industrial applications – for instance, in the petrochemical, food, and agricultural sectors. Some recovery can also be expected for municipal sludge drying plants during the year.

In the FEED & BIOFUEL business area, the animal feed sector should develop satisfactorily in 2010. In the aquatic feed and pet food areas, project activity is also expected to develop solidly. The market for wood and biomass pelleting equipment should continue its positive development that started in the fourth quarter of 2009.

On the basis of these expectations and the order backlog of more than 4.4 billion Euros at the end of 2009, the ANDRITZ GROUP expects sales in 2010 to remain unchanged or slightly up compared to the full year of 2009. Due to the cost reductions as a result of the restructuring measures initiated in 2009, the net income should be influenced positively. If, however, the global economy weakens again, a negative impact on the future sales and earnings developments of the ANDRITZ GROUP could be expected. As a consequence, there may be a further need for restructuring that will affect the 2010 earnings development accordingly.

Significant events after December 31, 2009

The status of the global economy and the financial markets did not change substantially in the period between the date of the balance sheet and publication of this report.

SHARES AND SHAREHOLDER STRUCTURE

Disclosure according to Article 243a of the Austrian Business Code (Unternehmensgesetzbuch – UGB)

The capital stock of ANDRITZ AG as of December 31, 2009 amounted to 104,000,000 Euros. As a result, the proportionate amount of the capital is 2.00 Euros per no-par value share.

There are no limitations concerning the voting rights or the transfer of shares. Approximately 29% of the shares are held by Certus Beteiligungs-GmbH, whose Managing Director is Wolfgang Leitner, President and Chief Executive Officer of ANDRITZ AG.

At present, there is no authorized capital. On March 27, 2008, the Annual General Meeting of Shareholders authorized the Executive Board to buy back up to 10% of the total of shares of ANDRITZ AG between October 1, 2008 and March 31, 2011. At the end of September 2008, the Executive Board of ANDRITZ AG decided to make use of this authorization and buy back shares between October 1, 2008 and March 31, 2011. There are no powers of the members of the Executive Board, especially regarding the possibility to issue or buy back shares, that do not result directly from legal stipulations.

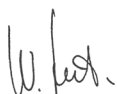
As far as is known to the company, there are no holders of shares with special controlling rights. Employees exercise their voting rights directly. Furthermore, there are no stipulations regarding the appointment and removal of the members of the Executive Board and the Supervisory Board and modifications of the company's Articles of Association that do not result directly from legal stipulations.

There are no significant agreements in which the company participates that would become effective, change, or end in the event of a change in the control of the company following a takeover bid. According to the terms of the ANDRITZ corporate bond 2006-2013 issued in June 2006 and of the ANDRITZ corporate bond 2008-2015 issued in February 2008, all holders of a bond forming part of the issue shall, in the event of a change of control by a large new shareholder taking place and this change of control leading to a substantial impairment of the issuer's ability to fulfill its obligations from the bonds forming part of the issue, be entitled to accelerate maturity of their bonds and to require immediate repayment at the nominal value plus any interest accumulated up to the day of repayment.

Compensation agreements exist between the company and members of its Executive Board in the event of a change of control. No such compensation agreements exist for the members of the Supervisory Board or any employees.

Graz, February 25, 2010

The Executive Board of ANDRITZ AG



Wolfgang Leitner
(President
and CEO)



Franz Hofmann



Karl Hornhofer



Humbert Köfler



Friedrich Papst

Disclaimer:

Certain statements contained in the annual financial report 2009 and annual report 2009 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.

The annual financial report 2009 and the annual report 2009 contain assumptions and forecasts which were based on the information available up to the copy deadline on February 25, 2010. If the premises for these assumptions and forecasts do not occur, or risks indicated in the chapter 'corporate risks' and in the status report in the annual financial report 2009 do arise, actual results may vary from the forecasts made in the annual financial report and annual report 2009. Although the greatest caution was exercised in preparing data, all information related to the future is provided without guarantee.

Corporate Governance report

Compliance with the rules of conduct laid down in the Austrian Corporate Governance code is an integral part of the ANDRITZ GROUP's corporate policy. ANDRITZ regards the Code as an essential means to implement responsible company management and control, which is directed towards creating sustainable added value and transparency for shareholders and other stakeholders. Implementation of and compliance with the Code will promote and intensify the confidence of shareholders, investors, customers, employees, suppliers, representatives of the media, and other stakeholders in the company. The Executive Board and the Supervisory Board, as well as the entire staff of the ANDRITZ GROUP, are committed to complying with the Code. ANDRITZ has received several awards for its achievements in the area of Corporate Governance.

Mandatory information according to Article 243b of the Austrian Business Code (Unternehmensgesetzbuch – UGB)

ANDRITZ has adopted the Austrian Code of Corporate Governance. Changes made to C-rules and R-rules in the course of adaptation to the requirements of the Austrian Stock Corporation Amendment Act and in accordance with the EU Directive, which are to be applied to the business years after December 31, 2009, will be reviewed in the course of the 2010 business year and implemented where relevant.

The Austrian Code of Corporate Governance is publicly accessible and available on the ANDRITZ website at www.andritz.com and on the website of the Austrian working group for Corporate Governance at www.corporate-governance.at.

Categories of rules of the Austrian Code of Corporate Governance

The Austrian Corporate Code of Corporate Governance encompasses the following three categories of rules:

- L-Rules** (Legal Requirement): referring to mandatory legal requirements.
- C-Rules** (Comply or Explain): These rules are to be followed or any deviation must be explained and the reasons stated therefore in order to be in compliance with the Code.
- R-Rules** (Recommendation): the nature of this rule is a recommendation; non-compliance with this rule requires neither disclosure nor explanation.

ANDRITZ states as follows regarding the requirements of and the deviations from the Code's C-Rules:

C-Rule 31, C-Rule 51: ANDRITZ AG believes that the publication of the remuneration of single Executive Board members and single Supervisory Board members does not provide the shareholders and other stakeholders with any additional information relevant to the capital market. It would, therefore, not provide them with additional knowledge gain under economic aspects.

Composition of the Executive Board according to Article 243b, para. 2 UGB

The ANDRITZ AG Executive Board consists of five members:

Wolfgang Leitner, born on March 27, 1953

- President and Chief Executive Officer
- Responsibilities on the Board: central Group functions such as Controlling, Finance, Treasury, Legal Matters, Internal Auditing, Information Technology, Investor Relations, Corporate Communications, Human Resources Management, as well as Organization and Business Process Development
- First appointed as President and CEO on June 29, 1994; as CFO on October 1, 1987
- Current mandate ends on June 28, 2013
- Supervisory board mandates in other listed companies in Austria and abroad: none

Franz Hofmann, born on February 16, 1949

- Responsibilities on the Board: METALS and ENVIRONMENT & PROCESS business areas, Group-wide for Automation
- First appointed on June 1, 1999
- Current mandate ends on March 31, 2011
- Supervisory board mandates in other listed companies in Austria and abroad: none

Karl Hornhofer, born on March 9, 1968

- Responsibilities on the Board: Capital Systems segment of the PULP & PAPER business area, Group-wide for Quality Management
- First appointed on January 1, 2007
- Current mandate ends on December 31, 2014
- Supervisory board mandates in other listed companies in Austria and abroad: none

Humbert Kofler, born on January 11, 1961

- Responsibilities on the Board: Service & Units segment of the PULP & PAPER business area, Group-wide for Procurement
- First appointed on April 1, 2007
- Current mandate ends on March 31, 2015
- Supervisory board mandates in other listed companies in Austria and abroad: none

Friedrich Papst, born on November 6, 1952

- Responsibilities on the Board: HYDRO and FEED & BIOFUEL business areas, Group-wide for Manufacturing
- First appointed on April 1, 1999
- Current mandate ends on December 31, 2010
- Supervisory board mandates in other listed companies in Austria and abroad: none

Composition of the Supervisory Board according to Article 243b, para. 2 UGB

The ANDRITZ AG Supervisory Board consists of six appointed members and three delegated members.

Appointed members:

Kurt Stiassny, born on October 6, 1950

- Chairman of the Supervisory Board
- First appointed on December 29, 1999
- Current mandate ends on the date of the Annual General Meeting deciding on the discharge for business year 2009
- Supervisory board mandates in other listed companies in Austria and abroad: Palfinger AG (until November 30, 2009)

Hellwig Torggler, born on August 26, 1938

- Deputy chairman of the Supervisory Board
- First delegated on September 6, 2000
- Current mandate ends on the date of the Annual General Meeting deciding on the discharge for business year 2013
- Supervisory board mandates in other listed companies in Austria and abroad: none

Peter Mitterbauer, born on November 14, 1942

- First appointed on April 8, 2003
- Current mandate ends on the date of the Annual General Meeting deciding on the discharge for business year 2013
- Other supervisory board mandates in Austrian and other listed companies: Oberbank AG, Rheinmetall AG

Christian Nowotny, born on July 23, 1950

- First appointed on December 29, 1999
- Current mandate ends on the date of the Annual General Meeting deciding on the discharge for business year 2012
- Other supervisory board mandates in Austrian and other listed companies: CA Immo AG (until May 13, 2009)

Fritz Oberlerchner, born on June 16, 1948

- First appointed on March 29, 2006
- Current mandate ends on the date of the Annual General Meeting deciding on the discharge for business year 2010
- Other supervisory board mandates in Austrian and other listed companies: STRABAG AG, Cologne

Klaus Ritter, born on April 20, 1940

- First appointed on March 30, 2004
- Current mandate ends on the date of the Annual General Meeting deciding on the discharge for business year 2011
- Supervisory board mandates in other listed companies in Austria and abroad: none

Delegated members:

Andreas Martiner, born on November 11, 1964

- First delegated on February 14, 2001

Martha Unger, born on May 14, 1951

- First appointed on March 28, 2007

Brigitta Wasserbauer, born on June 14, 1952

- First delegated on September 6, 2000

Regarding the independence criteria, the Supervisory Board of ANDRITZ AG follows the guidelines laid down in the Corporate Governance Code, Annex 1. According to these guidelines, all members of the Supervisory Board of ANDRITZ AG, with the exception of Hellwig Torggler, can be seen as independent. No member of the Supervisory Board of ANDRITZ AG holds more than 10% of the total of shares.

Description of the working procedures of the Executive Board and the Supervisory Board in accordance with Article 243b, para. 2 UGB

Allocation of competencies in the Executive Board

The Executive Board of ANDRITZ AG holds board meetings at regular intervals on essential, Group-relevant topics and/or single business areas, such as PULP & PAPER and HYDRO. The competencies and responsibilities of the Executive Board members are listed in the notes to the Executive Board members in this Corporate Governance report.

Supervisory Board committees

The Supervisory Board of ANDRITZ AG established an audit committee that held two meetings (March 5, 2009 and December 4, 2009) to deal with the consolidated financial statements 2008, the preparation of the consolidated financial statements 2009, issues concerning the auditors, and the implementation of the risk management system in the ANDRITZ GROUP. The members of the audit committee are: Kurt Stiasny (Chairman), Christian Nowotny, Hellwig Torggler, Andreas Martiner, and Brigitte Wasserbauer.

The Supervisory Board has also established a remuneration and Human Resources committee whose scope of activities includes the remuneration paid to the Executive Board members and the content of their employment contracts, appointments to Executive Board positions that become vacant, and succession planning matters. The remuneration and Human Resources committee held a meeting on March 29, 2009 and also took circular resolutions. The members of the remuneration and Human Resources committee are: Kurt Stiasny (Chairman) and Hellwig Torggler (Deputy).

The ANDRITZ AG Supervisory Board held four regular meetings in 2009. The focal points of these meetings were monitoring of the current business development of the ANDRITZ GROUP, including possible deviations from the budget, the strategic goals, medium-term planning for the individual business areas, as well as specific topics, for instance, acquisitions of companies, granting of joint procurations, and other business subject to approval.

Measures to promote the appointment of women to the Executive Board, the Supervisory Board, and to management posts (Article 80, Corporation Act)

For many years now, the ANDRITZ GROUP has pursued a strategy of promoting diversity of its employees in terms of their qualification, experience and age, cultural background, gender, and similar factors.

High attention is paid to maintaining a strict equal opportunities policy in the recruitment process. Recruitment of women graduates is also encouraged for posts in engineering.

Various measures have been implemented and investments made to improve the work-life balance for employees to the extent required by the social structures in the various countries. The company-run nursery school set up beside the headquarters of the ANDRITZ GROUP in Graz and the flexible working hours available to employees with young children are two examples of these measures.

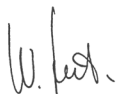
In many areas, women were successful in being appointed to management posts. Only recently, Group-wide managerial posts at first and second reporting level were filled by women.

Disclosure of information on the remunerations of the Executive Board and Supervisory Board (C-Rule 30)

- The remuneration of the Executive Board is composed of a fixed and variable/success-based portion. The amount of the variable portion depends on the net income, including the consideration of linear goodwill amortization.
- As in previous share option programs, participation in the planned 2010 share option program is contingent on investing at least EUR 20,000 in ANDRITZ shares for managerial staff and EUR 40,000 for members of the Executive Board not later than the allocation date of the options. This investment must be maintained continuously until exercise of the options by those persons subscribing to the option program and evidence thereof must be brought when the options are exercised. There is a waiting period of three years after allocation of the options until options can be exercised.
- The members of the Executive Board are entitled to receive pension scheme benefits. In addition to a retirement pension, these include benefits in the event of occupational disability, as well as pension payments for dependents following the death of the beneficiary. The retirement pension is normally paid as from a certain age provided that the employment contract has already been terminated by this date. The administration has been transferred to a pension fund. In the event that the employment contract is terminated prematurely, contributions made up to this point shall still be vested. The pension amount to which the beneficiary is entitled is not subject to an escalation clause before any benefits become payable, but will be adjusted annually thereafter.
- Each member of the Executive Board shall, upon termination of his/her function and concurrent termination of employment, be entitled to severance payments in the meaning of Article 23 of the Austrian Employees Act.
- ANDRITZ AG took out Directors' and Officers' liability insurance (D&O insurance) for 2009. The expenses are borne by the company. The D&O insurance covers certain personal liability risks of persons in the ANDRITZ GROUP acting under responsibility. The annual cost is approximately 200,000 EUR.
- The remuneration scheme of the Supervisory Board is composed of a fixed and an attendance-related portion. The fixed portion is a global sum, which is to be distributed such that the chairman of the Supervisory Board receives double the amount and his deputy one-and-a-half-times the amount paid to the other members. The second portion consists of a lump sum fee paid in respect of each meeting that the member attends.
- The remuneration report for the Executive Board and the Supervisory Board of ANDRITZ AG is available in the notes to the annual financial report 2009.

Graz, March 2010

The Executive Board of ANDRITZ AG



Wolfgang Leitner
(President
and CEO)



Franz Hofmann



Karl Hornhofer



Humbert Köfler



Friedrich Papst

Corporate risks

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.

The risks for the ANDRITZ GROUP include, but are not limited to, the following:

Risks in connection with the general economic development

Effects of the financial and economic crisis

The prevailing global financing and economic crisis constitutes a considerable risk for the future financial development of the ANDRITZ GROUP and could lead to delays in the execution of existing orders and to postponement or termination of current projects. This could entail a decline in the Group's order intake. Possible cancellations of existing orders could have a negative impact on the ANDRITZ GROUP's order backlog. Both factors could have an adverse effect on the future sales and earnings developments of the Group and also on the Group's order backlog.

The financial market crisis and the resulting negative and volatile development of the securities, interest, and currency markets also constitute a considerable financial risk for the ANDRITZ GROUP. The Group avoids dependence on one single or only a few banks by defining limits for certain relevant financial positions (cash and cash equivalents, financial liabilities, financial assets, guarantees, and derivatives). Cash is largely invested in low-risk financial assets, such as government bonds, government-guaranteed bonds, investment funds to cover pension obligations, or term deposits. There is, however, no way of excluding the possibility of a bank with which the ANDRITZ GROUP does business encountering financial difficulties, which could have a negative impact on the volume placed with this bank or result in ANDRITZ not having immediate or only partial access to these investments. In addition, the developments on the financial markets may lead to unfavorable price developments or non-tradeability of various securities (investment funds, bonds, etc.) in which the Group has invested, which could adversely affect the ANDRITZ GROUP's financial result or shareholders' equity due to necessary depreciations or value adjustments.

The global financial and economic crisis could also create the need for complete or partial impairment of some goodwill created in the course of acquisitions if the business development goal cannot be reached. This might significantly influence the earnings development.

Risks related to the industries in which the Group operates

Volatility of incoming orders

Some customers and industries served by the ANDRITZ GROUP are directly dependent on the general economic development and thus subject to frequent fluctuations in the demand for their products. This is especially true of the PULP & PAPER and the METALS business areas, but all business areas can be affected. The prices for the products in these segments are, in part, directly dependent on the prevailing relationship between supply and demand. Possible price fluctuations are, therefore, apt to have a direct influence on each customer's capital investment decisions, with subsequent influence on the Group's order intake. This may lead to some volatility in the development of the Group's order intake.

Customer concentration

In many of the industries served by ANDRITZ, there is a trend towards consolidation and mergers. This applies above all to the pulp and paper industry, and also the steel industry. This consolidation may result in a reduction of the number of customers in the future, as well as the Group having to negotiate with global companies that have greater purchasing power. The dependence on key customers may increase, which could have direct consequences on the Group's financial development.

Uncertainty of future contracts

Among other things, the Group's future performance depends on its securing new contracts. It can be difficult to predict when an order for which the ANDRITZ GROUP has provided a quotation will actually be awarded. Contract awards are often affected by events outside the control of the Group, such as prices, demand, general economic conditions, the granting of governmental approvals, and the securing of project financing. This uncertainty can cause difficulties in matching the Group's fixed costs and predicted order volume.

Safety and environmental matters

The Group's operations are subject to numerous local, national, and supranational environmental regulations. The Group uses and generates hazardous substances in its manufacturing operations. In addition, many of the Group's current and former properties are, or were, used for industrial purposes, and disposal of waste at disposal sites has been arranged. It is possible that the Group may be subject in the future to liabilities relating to the investigation and clean-up of contaminated areas.

In addition, most of the Group's systems involve technologies that pose the risk of serious or fatal injury, or property damage. Several systems involve the use of dangerous and hazardous chemicals and materials. The Group provides installation and other services on industrial sites containing dangerous and hazardous chemicals and materials. In the event of an accident, including but not limited to a spill of hazardous materials, a fire or an explosion, the Group could be held liable for extensive property damage, personal or fatal injury, and environmental remediation. While the Group maintains insurance policies for some of these risks, there is no assurance that such insurance will be sufficient or cover the risks.

Insurance matters

While the ANDRITZ GROUP maintains insurance programs to cover typical insurable risks related to its business, there can be no assurance that the amount of the Group's insurance will be adequate. Moreover, the Group is involved in certain industries (e.g. space industry) for which such risks are typically uninsurable. Any material liability not covered by insurance would have a material adverse effect on the Group's financial condition.

Risks related to the Group's business

Currencies

The Group has operations and subsidiaries in a large number of countries outside Euroland, and a significant portion of its sales and costs are denominated in non-Euro currencies, mainly in US dollars and British pounds. The currencies in these countries are subject to fluctuations in exchange rates. Currency and interest rate risks are minimized by derivative financial instruments, in particular forward exchange contracts and swaps.

Although the Group attempts to hedge the net currency exposure of those orders not invoiced in Euros by arranging forward contracts, currency fluctuations can result in the recognition of exchange rate losses in the Group's financial statements. Developments of exchange rates may also have translation effects on the Group's sales and earnings whose values are converted into Euros. In addition, shifts in exchange rates may affect ANDRITZ's position relative to its competitors, although most of the main competitors of ANDRITZ are also based in Euroland. As some of ANDRITZ's major customers are based outside Euroland, changes in exchange rates could lead to delays in project decisions by those customers. Also, the shareholders' equity of the ANDRITZ GROUP is not hedged and is thus susceptible to being affected by changes in the exchange rate.

Cash flow risks are monitored via monthly cash flow reports.

Competitive position

The ANDRITZ GROUP does business in highly competitive markets. Some of the markets in which the Group competes are highly fragmented, with a few large, international manufacturers competing against each other and against a large number of smaller, local companies. In some cases, this has had an adverse impact on sales margins realized by certain of the Group's business transactions. The ANDRITZ GROUP has invested approximately 3% of total sales in research and development and has so far been able to offer its customers the latest technological developments. There is, however, no assurance that the Group can maintain and defend this position in the future.

To the extent that the Group's competitive position can be traced to proprietary technology, the global increase in piracy and reverse engineering may also have an adverse effect on the Group's competitive position.

Acquisition and integration of complementary business segments

One of the Group's main strategic goals is to become a full-line supplier in all of its business areas through organic growth and complementary acquisitions. In the course of implementing this strategy, the Group has acquired and integrated a number of companies with worldwide operations since 1990.

There is, however, no guarantee that the Group will be successful in identifying and acquiring appropriate acquisition candidates in the future, or that suitable candidates and sufficient financing will be available. In the past, ANDRITZ was successful in integrating newly acquired companies, but there is no guarantee that planned objectives and synergies can be realized for all acquisitions in the future (including the ongoing integration of the most recently acquired companies), or that the Group may not be exposed to new or legacy risks that have not been properly managed or identified.

Legal proceedings

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. 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.

ANDRITZ Inc., a subsidiary of the ANDRITZ GROUP, is one of many defendants in a total of approximately 26 asbestos cases (status as of December 31, 2009) in the USA. In aggregate, the cases involve 686 plaintiffs. Nearly all of these cases involve claims by multiple plaintiffs against multiple defendants. ANDRITZ Inc. does not believe it should be found liable in connection with any of these claims and intends to defend each claim vigorously.

Compliance

The ANDRITZ GROUP is subject to a variety of legal compliance risks, including compliance with anti-trust and anti-bribery laws in Austria and other countries where the Group conducts business. The Group has adopted a number of compliance policies, including compliance policies prohibiting the violation of applicable anti-trust laws and anti-bribery laws, as well as other rules of conduct. While the Group attempts to make sure that such policies are observed, there can be no assurance that no violations occur. Any such violation could have a lasting adverse impact on the financial position and reputation of the Group.

Risks related to major orders and other contracts

Payment risks from customers

Much of the ANDRITZ GROUP's business involves handling major projects with a large contract value. If a customer fails to meet its payment obligations for one of these projects, this may have a negative effect on the net worth and liquidity position of the Group. The ANDRITZ GROUP tries to limit these risks by securing payment guarantees from banks and export credit insurance agencies. Even in projects covered by export credit insurance, typically only up to 85% of the sales price is secured through such insurance. Moreover, much of the Group's business for aftermarket sales and services is not secured by bank guarantees. Worsening economic conditions could adversely affect the ability of certain customers to meet their payment obligations to ANDRITZ.

Nevertheless, there is always some risk that partial or full provisions will have to be made for some trade accounts receivable.

Performance risk of projects

In conjunction with the performance of plants supplied by ANDRITZ, in many cases the Group is under contractual obligation to provide performance guarantees and to meet certain deadlines. If the performance data stated are not achieved or if deadlines are exceeded, the Group may have to perform remedial work at its own expense or pay damages. If a guaranteed performance level or deadline is missed by a wide margin, the customer may have the right to terminate the agreement and return the delivered system to the Group for a full refund and/or recover damages. Such action could have an adverse effect on the Group's financial development.

Cost overruns

A substantial majority of the Group's projects are based on long-term fixed price contracts. The sales and operating margins realized in a fixed price contract may vary from original estimates as a result of changes in costs, especially fluctuating material costs, and productivity over the term of the contract, especially on projects that include engineering and/or construction of complete plants.

In addition, since certain parts of the Group's supplies are outsourced, the Group may be forced to quote at a fixed price to the customers without knowing exactly how much the purchased parts

will cost. While estimates are made using empirical data and quotes from potential suppliers, these may not always be completely accurate. The Group has experienced significant losses on certain past and pending projects in this regard, and similar difficulties and losses may occur in the future in a way that would adversely affect the Group's financial condition.

EPC/turnkey contract risks

In a growing number of the Group's projects, ANDRITZ has responsibility for plant-wide engineering and/or construction in addition to the supply of ANDRITZ equipment. These turnkey or EPC contracts bear the risks discussed above, but also entail certain risks relating to greater on-site responsibilities, including environmental matters, local labor conditions, as well as construction and installation risks. Additionally, the Group is exposed to the risks inherent in managing the third parties providing construction, installation, and engineering services on these projects. The Group has put risk management procedures in place, including insurance programs, contract policies, and project management discipline to reduce these EPC-related risks. Nevertheless, there is no guarantee that these procedures are sufficient to prevent negative financial consequences.

Consortium risks

In many EPC projects and certain other projects, the ANDRITZ GROUP participates with third parties with whom it shares joint and several liabilities. While the Group attempts to make sure that risks in such projects are properly allocated, there can be no assurance it will be successful. Moreover, the inability of one of the Group's consortium partners to fulfill its obligations on the project, including indemnity obligations to the Group may have an adverse impact on the financial results of the Group.

Limitations of liability

Liabilities arising out of the Group's contracts may include liabilities for customers' loss of profits and other liabilities that can vastly exceed the value of the contract in question. While the Group endeavors to include appropriate limitations of liability in its contracts, there can be no assurance that appropriate limitations will in fact be in place in all contracts or that such limitations will be enforceable under the applicable law.

Government contract

A significant amount of the HYDRO business relates to projects with government entities. These projects can involve the performance, liability, and EPC/turnkey contract risks described above. Due to public bid requirements and local laws, it may not always be possible for the Group to obtain its desired contractual safeguards and thus it may remain more exposed to such risks in connection with these projects.

Risks related to the capital markets

Dependence on the development of international financial markets

Apart from company-related occurrences, development of the ANDRITZ share price is also dependent on fluctuations in prices on the international financial markets. Major price fluctuations and high volatility on major stock markets may have an adverse effect on the ANDRITZ share price.

Recommendations by analysts

As a publicly listed company, ANDRITZ is regularly assessed by financial analysts and institutional investors. Analysts' recommendations to buy or sell ANDRITZ shares and subsequent investment decisions by shareholders may cause considerable fluctuations in the share price. The ANDRITZ GROUP has consistently followed a policy of open and transparent information exchange with shareholders and the financial community to minimize unfounded price fluctuations of its shares.

Active trading of ANDRITZ shares

The high level (approximately 71%) of public free float of ANDRITZ's total outstanding shares and the intensive investor relations activities have led to active trading in ANDRITZ shares on the Vienna Stock Exchange. There is no assurance, however, that active trading will be maintained in the future. If active trading were not maintained, the liquidity and market price of ANDRITZ shares would suffer adverse effects and investors may not be able to sell their shares at what they perceive to be an acceptable price. In the absence of active trading or in the event of a major change in market capitalization, the ANDRITZ share could be removed from various international industrial and stock exchange indices, e.g., the ATX, the leading index of the Vienna Stock Exchange, or other international indices. This could result in major changes in the price of the ANDRITZ share.

Report of the Supervisory Board

The Supervisory Board and the Executive Board held four meetings during the reporting period for in-depth discussions of the economic situation and strategic development of the company, as well as major events, capital expenditures, and other measures. In the course of regular reporting and in all meetings, the Executive Board informed the Supervisory Board, by means of detailed reports, on the business and financial situation of the Group and its affiliates, as well as on the situation regarding Human Resources, capital expenditure, and acquisition projects. Additional information was provided on special occurrences. The Chairman of the Supervisory Board and the Chief Executive Officer were also in regular contact to review the company's strategy, business development, and risk management.

Specific topics were discussed in two meetings in depth by the audit committee and reported on subsequently to the Supervisory Board. The Presidium of the Supervisory Board was informed regularly by the Executive Board on the current business development and acted on behalf of the company in matters concerning the Executive Board. None of the members of the Supervisory Board were absent from more than half of the meetings. All members of the audit committee attended the committee meetings.

With regard to the financial statements for 2008, the audit committee called in the annual auditor to attend its meeting on March 5, 2009 in order to review the financial statements, consolidated financial statements, the status report, and the Executive Board's proposal for appropriation of profits. In addition, a statement was drawn up on the auditor designated for business year 2009, his legal relationship with the ANDRITZ GROUP and the members of its Boards verified, the auditing fees negotiated, and a recommendation for the auditor appointment was made. As a further item on the agenda, the audit committee dealt with implementation of the risk management system in the company and suggested allocating additional staff to Internal Auditing.

At the meeting of the audit committee held on December 4, 2009, the Supervisory Board – with the auditor also present – discussed organization, scheduling, and auditing of the 2009 financial statements, as well as a report by the Executive Board on the new requirements resulting from the Commercial Law Amendment Act. In addition, the Supervisory Board adjusted the Executive Board's rules of procedure to the changed economic and legal requirements.

The Annual General Meeting of Shareholders on March 27, 2009 re-elected DDr. Hellwig Torggler and Dipl.-Ing. Peter Mitterbauer as members of the company's Supervisory Board for the maximum period stipulated in the Articles of Association, i.e. until the end of the Annual General Meeting deciding on the discharge for the 2013 business year. In its meeting on March 5, 2009, the Supervisory Board reviewed the Corporate Governance of the Group.

After the close of the Annual General Meeting of Shareholders on March 27, 2009, the Supervisory Board convened and confirmed the functions of Mag. Kurt Stiassny as chairman of the Supervisory Board and of Hon. Prof. DDr. Hellwig Torggler as his deputy. Mag. Stiassny and Hon. Prof. DDr. Torggler are members of the personnel committee on Executive Board matters and members of the audit committee. During the meeting on December 4, 2009, the current business development, including the impact of the financial crisis, the forecast for the 2009 results, the budget for 2010, and the medium-term planning were discussed in detail.

The financial statements and the status report of ANDRITZ AG and the consolidated financial statements for 2009 drawn up according to IFRS were audited (including the accounts) and certified by AUDITOR TREUHAND GMBH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, who had been appointed as auditors by the Annual General Meeting of Shareholders. The Supervisory Board examined the documents in accordance with Article 96 of the Corporation Act and approved the financial statements, which are hereby adopted in accordance with Article 125, para. 2, of the Corporation Act. The Supervisory Board also checked and approved the proposed appropriation of profits submitted by the Executive Board.

Graz, March 2010

Kurt Stiassny
Chairman of the Supervisory Board

Statement by the Executive Board

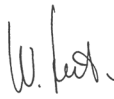
Statement by the Executive Board, pursuant to Article 82 (4) of the (Austrian) Stock Exchange Act:

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group as required by the applicable accounting standards and that the Group status report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces.

We confirm to the best of our knowledge that the separate financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the parent company as required by the applicable accounting standards and that the status report gives a true and fair view of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties the company faces.

Graz, February 2010

The Executive Board of ANDRITZ AG



Wolfgang Leitner
(President
and CEO)



Franz Hofmann



Karl Hornhofer



Humbert Köfler



Friedrich Papst

CONSOLIDATED FINANCIAL STATEMENTS
2009 OF THE ANDRITZ GROUP

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Auditor's report

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of ANDRITZ AG, Graz, Austria for the financial year from January 1, to December 31, 2009. These consolidated financial statements comprise the consolidated balance sheet as of December 31, 2009, the consolidated income statement, statement of changes in equity and cash flow statement for the year ended December 31, 2009 and the notes.

Management's responsibility for the consolidated financial statements and the accounting records

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility and description of type and scope of the statutory audit

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).

These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements are in accordance with legal requirements and present fairly, in all material respects, the financial position of the Group as of December 31, 2009 and of its financial performance and its cash-flows for the financial year from January 1, to December 31, 2009 in accordance with International Financial Reporting Standards as adopted by the EU.

Conclusion on management report for the Group

Laws and regulations require us to perform audit procedures to determine whether the consolidated management report is consistent with the consolidated financial statements and whether the other disclosures made in the consolidated management report do not give rise to misconception of the position of the Group. The auditor's report has to state whether the consolidated management report for the Group is consistent with the consolidated financial statements and whether the disclosures according to section 243a of the Austrian Commercial Code apply.

In our opinion, the consolidated management report for the Group is consistent with the consolidated financial statements. The disclosures according to section 243a of the Austrian Commercial Code apply.

Vienna, February 25, 2010

Deloitte.

Deloitte Audit Wirtschaftsprüfungs GmbH

Mag. Manfred GERITZER
(Austrian) Certified Public Accountant

Mag. Michael SCHOBBER
(Austrian) Certified Public Accountant

If the consolidated financial statements are disclosed or handed over to a third party in a version which differs from that certified by us, our prior approval is necessary if our audit opinion is included or our audit is mentioned.

Consolidated statement of financial position

as of December 31, 2009

(in TEUR)	Notes	2009	2008
ASSETS			
Intangible assets	1.	44,218	56,391
Goodwill	1.	219,894	226,999
Property, plant, and equipment	1.	345,990	327,734
Shares in associated companies	1.	9,397	9,300
Other investments		22,682	35,461
Non-current receivables and other non-current assets	2./ 5./ 7.	37,807	32,608
Deferred tax assets	18.	89,171	76,246
Non-current assets		769,159	764,739
Inventories	3.	319,880	360,051
Advance payments made	4.	98,211	97,984
Trade accounts receivable	5.	454,691	424,947
Cost and earnings of projects under construction in excess of billings	6.	383,887	445,548
Other current receivables	7.	201,378	171,270
Marketable securities		372,545	263,314
Cash and cash equivalents		709,532	558,448
Current assets		2,540,124	2,321,562
TOTAL ASSETS		3,309,283	3,086,301
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital		104,000	104,000
Capital reserves		36,476	36,476
Retained earnings	8.	488,874	402,029
Equity attributable to shareholders of the parent		629,350	542,505
Non-controlling interests		34,142	34,877
Total shareholders' equity		663,492	577,382
Bonds – non-current	11.	371,553	369,023
Bank loans and other financial liabilities – non-current	11.	21,956	25,163
Obligations under finance leases – non-current	11.	736	858
Provisions – non-current	9./ 10.	209,856	217,147
Other liabilities – non-current	12.	23,303	16,989
Deferred tax liabilities	18.	89,955	89,992
Non-current liabilities		717,359	719,172
Bank loans and other financial liabilities – current	11.	31,110	36,334
Obligations under finance leases – current	11.	366	523
Trade accounts payable		260,337	306,295
Billings in excess of cost and earnings of projects under construction	6.	722,839	621,177
Advance payments received		49,466	57,629
Provisions – current	9.	320,088	260,125
Liabilities for current taxes		34,832	34,614
Other liabilities – current	12.	509,394	473,050
Current liabilities		1,928,432	1,789,747
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		3,309,283	3,086,301

The following notes to the consolidated financial statements form an integral part of this consolidated statement of financial position.

Consolidated income statement

For the year ended December 31, 2009

(in TEUR)	Notes	2009	2008
Sales	13.	3,197,517	3,609,812
Changes in inventories of finished goods and work in progress		(28,100)	55,266
Capitalized cost of self-constructed assets		569	738
		3,169,986	3,665,816
Other operating income	14.	52,876	75,719
Cost of materials		(1,820,930)	(2,202,679)
Personnel expenses	15.	(760,411)	(757,439)
Other operating expenses	16.	(423,323)	(503,194)
Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA)		218,198	278,223
Depreciation, amortization and impairment of intangible assets and property, plant, and equipment	1.	(63,207)	(52,896)
Impairment of goodwill	1.	(7,922)	(6,783)
Earnings Before Interest and Taxes (EBIT)		147,069	218,544
Income/(expense) from associated companies		(1,339)	5
Interest result		489	(685)
Other financial income/(expense), net		3,409	(7,396)
Financial result	17.	2,559	(8,076)
Earnings Before Taxes (EBT)		149,628	210,468
Income taxes	18.	(46,716)	(63,421)
NET INCOME		102,912	147,047
Thereof attributable to:			
Shareholders of the parent company		96,807	139,689
Non-controlling interests		6,105	7,358
Weighted average number of no-par value shares		51,270,203	51,220,194
Earnings per no-par value share (in EUR)	19.	1.89	2.73
Effect of potential dilution of share options		0	30,233
Weighted average number of no par value shares and share options	19.	51,270,203	51,250,427
Diluted earnings per no-par value share (in EUR)		1.89	2.73
Proposed or paid dividend per no par value share (in EUR)	8.	1.00	1.10

The following notes to the consolidated financial statements form an integral part of this consolidated income statement.

Consolidated statement of comprehensive income

For the year ended December 31, 2009

(in TEUR)	Notes	2009	2008
Net income		102,912	147,047
Currency translation adjustments		19,951	(13,492)
Actuarial gains/(losses), net of tax		9,218	(6,173)
Changes to IAS 39 reserve, net of tax	j.	6,091	(5,429)
Other comprehensive income for the year		35,260	(25,094)
Total comprehensive income for the year		138,172	121,953
Thereof attributable to:			
Shareholders of the parent company		127,765	117,753
Non-controlling interests		10,407	4,200

The following notes to the consolidated financial statements form an integral part of this consolidated statement of comprehensive income.

Consolidated statement of shareholders' equity

For the year ended December 31, 2009

(in TEUR)	Notes	Attributable to shareholders of the parent							Non-controlling interests	Total shareholders' equity
		Share capital	Capital reserves	Other retained earnings	IAS 39 re-serve	Actuarial gains (losses)	Currency translation adjustments	Total		
Status as at January 1, 2008		104,000	36,476	368,447	644	(7,734)	(34,424)	467,409	14,166	481,575
Total comprehensive income for the year		0	0	139,689	(5,481)	(6,156)	(10,299)	117,753	4,200	121,953
Dividends	8.			(51,087)				(51,087)	(1,747)	(52,834)
Change of consolidation range				(662)				(662)	18,258	17,596
Changes concerning own shares				4,504				4,504		4,504
Other changes				4,588				4,588		4,588
STATUS AS AT DECEMBER 31, 2008		104,000	36,476	465,479	(4,837)	(13,890)	(44,723)	542,505	34,877	577,382
Status as at January 1, 2009		104,000	36,476	465,479	(4,837)	(13,890)	(44,723)	542,505	34,877	577,382
Total comprehensive income for the year				96,807	5,994	9,088	15,876	127,765	10,407	138,172
Dividends	8.			(56,321)				(56,321)	(10,646)	(66,967)
Change of consolidation range				496				496	(496)	0
Changes concerning own shares				10,207				10,207		10,207
Other changes				4,698				4,698		4,698
STATUS AS AT DECEMBER 31, 2009		104,000	36,476	521,366	1,157	(4,802)	(28,847)	629,350	34,142	663,492

The following notes to the consolidated financial statements form an integral part of this consolidated statement of shareholders' equity.

Consolidated statement of cash flows

For the year ended December 31, 2009

(in TEUR)	Notes	2009	2008
Earnings Before Taxes (EBT)		149,628	210,468
Interest result		(489)	685
Depreciation, amortization, write-ups and impairment of fixed assets		71,107	60,176
Income/expense from associated companies		1,339	(5)
Changes in non-current provisions		(5,345)	13
Results from the sale of fixed and financial assets		(3,885)	(535)
Other non-cash income/expenses		2,229	10,033
Taxes paid		(58,068)	(71,883)
Interest received		23,299	36,083
Interest paid		(17,961)	(32,796)
Gross cash flow		161,854	212,239
Changes in inventories		45,643	(78,788)
Changes in advance payments made		2,371	6,069
Changes in receivables		8,019	(44,522)
Changes in current provisions		63,240	7,333
Changes in advance payments received		(10,182)	(44,954)
Changes in liabilities		74,755	197,655
Cash flow from operating activities		345,700	255,032
Payments received for asset disposals		21,578	4,662
Payments made for investments in fixed tangible and intangible assets		(70,550)	(69,697)
Payments made for investments in financial assets		(2,662)	(3,610)
Cash flow due to purchase of non-controlling interests and business acquisitions	i.	17,239	49,302
Payments made for short-term financial investments		(99,258)	(173,740)
Cash flow from investing activities		(133,653)	(193,083)
Changes in interest-bearing borrowings		(9,611)	54,455
Dividends paid by ANDRITZ AG		(56,321)	(51,087)
Other changes of investments by non-controlling shareholders		(10,646)	(1,486)
Payments concerning own shares		10,207	4,504
Cash flow from financing activities		(66,371)	6,386
Change in cash and cash equivalents		145,676	68,335
Changes in cash and cash equivalents resulting from exchange rate fluctuations		5,408	(6,813)
Cash and cash equivalents at the beginning of the period		558,448	496,926
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		709,532	558,448

The following notes to the consolidated financial statements form an integral part of this consolidated statement of cash flows.

Notes to the consolidated financial statements

as of December 31, 2009

a. GENERAL ANDRITZ AG ('ANDRITZ') 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') is a leading producer of high-technology industrial machinery and operates through five strategic business areas: HYDRO, PULP & PAPER, METALS, ENVIRONMENT & PROCESS, and FEED & BIOFUEL.

The average number of employees in the Group was 13,347 in 2009 and 12,876 in 2008. The registered office address of the Group is at Stattegger Strasse 18, 8045 Graz, Austria.

The consolidated financial statements are the responsibility of the Executive Board and are acknowledged by the Supervisory Board.

Various amounts and percentages set out in these consolidated financial statements have been rounded and accordingly may not total.

b. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The principal accounting policies adopted in preparing the consolidated financial statements of ANDRITZ are as follows:

a. General

The financial statements were prepared in accordance with standards formulated by the International Accounting Standards Board (IASB) endorsed by the European Union and whose application is mandatory for 2009. All interpretations formulated by the International Financial Reporting Interpretations Committee (IFRIC), whose application is also mandatory for 2009, have been taken into account.

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

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

In addition, the Group applies the standard IAS 1 'Presentation of Financial Statements' for the financial year beginning on January 1, 2009.

The following pronouncements, issued by the IASB, are not yet effective and have not yet been adopted by ANDRITZ:

Standard/Interpretation	Title	Effective for annual financial statements for periods beginning on or after:
IFRS 3 (revised)	Business Combinations	July 1, 2009
IAS 27 (revised)	Consolidated and Separate Financial Statements	July 1, 2009

The revised standards IFRS 3 and IAS 27 are the most essential standards for the treatment of business combinations, consolidated financial statements, and transactions with non-controlling interests. Especially, fair-value valuations receive more importance in these revised standards.

IFRS 3 reconsiders the application of acquisition accounting for business combinations. Major changes relate to the measurement of non-controlling interests, the accounting for business combinations achieved in stages, as well as the treatment of contingent consideration and acquisition-related costs. Based on the new regulation, non-controlling interests may be measured at their fair value (full-goodwill-method) or at the proportional fair value of assets acquired and liabilities assumed. In business combinations achieved in stages, any previously held equity interest in the acquiree is remeasured to its acquisition date fair value. Any changes to contingent consideration classified as a liability at the acquisition date are recognized in profit and loss. Acquisition-related costs are expensed in the period incurred.

Major changes in relation to IAS 27 relate to the accounting for transactions which do not result in a change of control as well as to those leading to a loss of control. If there is no loss of control, transactions with non-controlling interests are accounted for as equity transactions not affecting profit and loss. At the date control is lost, any retained equity interests are remeasured to fair value. Based on the amended standard, non-controlling interests may show a deficit balance since both profits and losses are allocated to the shareholders based on their equity interests.

The changes in IFRS 3 (revised) and IAS 27 (revised) including consecutive amendments in other standards could have an effect on future transactions, which is currently being evaluated.

b. Reporting currency

The consolidated financial statements are presented in Euro.

c. Principles of consolidation

The consolidated financial statements of the Group include ANDRITZ and the companies that it controls. This control basically exists where ANDRITZ owns, either directly or indirectly, more than 50% of the voting rights of a company's share capital and is able to govern the financial and operating policies of an enterprise so as to benefit from its activities. The equity and net income attributable to non-controlling shareholders' interests are shown separately in the balance sheet and income statement. The purchase method of accounting is used for acquired businesses. Companies acquired or disposed of during the year are included or excluded in the consolidated financial statements from the date of acquisition or date of disposal.

Joint ventures with equal voting rights are consolidated on a proportionate basis.

The following table shows the pro-rata values for entities included in the financial statements by proportionate consolidation:

(in TEUR)	2009	2008
Non-current assets	425	324
Current assets	3,130	2,233
Non-current liabilities	0	0
Current liabilities	1,103	994
Sales	8,613	10,499
Net income	558	919

Inter-company balances and transactions, including inter-company profits and unrealized profits and losses, have been eliminated. The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

c. ACQUISITIONS

In August 2009, ANDRITZ acquired Rollteck, Germany, a specialist in the design and manufacture of winders for the paper industry, thus further complementing ANDRITZ's product offerings for the pulp and paper industries. In addition to complete service, Rollteck produces core cutters and components for winders.

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

(in TEUR)	Carrying amount	Fair value allocations	Fair value
Intangible assets	0	807	807
Property, plant, and equipment	53	0	53
Inventories	697	0	697
Trade and other receivables excluding financial assets	18	0	18
Liabilities excluding financial liabilities	(1,065)	0	(1,065)
Net assets acquired	(297)	807	510

The initial accounting for the businesses acquired in 2009 is based on preliminary figures.

d. ACCOUNTING AND VALUATION PRINCIPLES

a. Intangible assets

Intangible assets are accounted for at acquisition cost. After initial recognition, intangible assets are accounted for at cost less accumulated amortization and any accumulated impairment losses. Intangible assets are amortized on a straight-line basis over the best estimate of their useful lives. The amortization period and the amortization method are reviewed annually at each financial year-end.

Concessions, industrial rights, and similar rights

Amounts paid for concessions, industrial rights, and similar rights are capitalized and then amortized on a straight-line basis over the expected useful life. The expected useful lives vary from 3 to 15 years.

Business combinations and goodwill

For business combinations and goodwill, IFRS 3 has been applied. According to this standard, goodwill is measured as the residual cost of the business combination after recognizing the acquiree's identifiable assets, liabilities, and contingent liabilities. From 2005 on, any goodwill arising from business combinations is no longer amortized. Goodwill is tested for impairment in accordance with IAS 36 at least annually, or more frequently if events or changes in circumstances indicate that it might be impaired. In determining whether the recognition of an impairment loss is required, goodwill is allocated to the cash-generating units that are expected to benefit from the synergies of the business combination. If the carrying amount exceeds the value in use that is calculated by using a Discounted Cash-Flow (DCF) calculation an impairment loss is recognized. An impairment loss recognized for goodwill will not be reversed in a subsequent period.

Future payment surpluses are based on internal forecasts, which are prepared in detail for the next business year and with simplifications for the following two years, and reflect the historical performance and management's best estimates about future developments. After this detailed planning horizon a constant level is assumed, if no grave reasons speak against it. The discount rate used for DCF calculation is based on an interest rate which represents the actual assessment of possible changes of exchange rates as well as specific risks of an asset. Under consideration of the applicable currency and the corresponding risk profile, a discount rate between 7.27% and 12.00% was applied.

Substantial goodwill was allocated at the acquisition date to existing cash-generating units of ANDRITZ AG (1999), of the pulp business acquired through the ANDRITZ-Ahlstrom Group (2000/2001) as well as of the VA TECH HYDRO Group in the HYDRO business area (2006).

After reassessment of the identification and the measurement of the acquiree's identifiable assets, liabilities, and contingent liabilities, and the measurement of cost of the combination, any negative goodwill is recognized in profit or loss immediately.

b. Property, plant, and equipment

Property, plant, and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. When assets are sold or retired, their costs and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the income statement.

The initial cost of property, plant, and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to income statement in the period in which the costs are incurred. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Machinery and technical equipment	4-10 years
Tools, office equipment, and vehicles	3-10 years

The useful life and depreciation methods are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Assets under construction represent plant and properties under construction and are stated at cost. These include costs of construction, plant and equipment and other direct costs.

c. Financial assets and investments in associated companies

These non-current investments consist primarily of shares in associated companies, non-current securities, and loans.

Investments in associated companies (generally investments of between 20% and 50% in a company's equity) where a significant influence is exercised by the Group are accounted for by using the equity method. An assessment of investments in associates is performed when there is an indication that the asset has been impaired or the impairment losses recognized in prior years no longer exist.

Non-current securities held on a long-term basis are initially recognized at acquisition costs including transaction costs and are classified as available-for-sale investments. In subsequent periods, other non-current securities held on a long-term basis are valued at fair value. Changes of these fair values are recognized as gains or losses directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in profit or loss of the period. Interest on these non-current securities is recognized directly in the income statement in the period it incurs. Equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recorded at cost.

Financial assets classified as loans and receivables are measured at amortized costs using the effective interest method less any impairment losses.

d. Finished goods, work in progress, materials, and supplies

Inventories, including work in progress, are valued at the lower of cost and net realizable value after provision for obsolete and slow moving items. The net realizable value is the selling price in the ordinary course of business minus costs of completion, marketing, and distribution. Cost is determined primarily on the basis of the FIFO method. For processed inventories, cost includes the applicable allocation of fixed and variable overhead costs. Unrealizable inventory has been fully written off. Contracts other than construction contracts are valued at production costs. For these contracts, the revenue is recognized when the ownership of the goods is transferred ('completed contract method').

e. Construction contracts

Receivables from construction contracts and the related sales are accounted for using the percentage of completion method. The construction contracts are determined by the terms of the individual contract, which are agreed at fixed prices. The extent of completion ('stage of completion') is established by the cost-to-cost method. Reliable estimates of the total costs and sales prices and the actual figures of the accumulated costs are available on a monthly basis. Estimated contract profits are recorded in earnings in proportion to recorded sales. In the cost-to-cost method, sales and profits are recorded after considering the ratio of accumulated costs to the estimated total costs to complete each contract. Changes to total estimated contract costs and losses, if any, are recognized in the income statement in the period in which they are determined. For remaining technological and financial risks which might occur during the remaining construction period, an individually assessed amount is included in the estimated contract costs. Impending losses out of the valuation of construction contracts are recognized immediately. Impending losses are recognized when it is probable that the total contract costs will exceed the contract revenues. For possible customer warranty claims, provisions are accounted for according to the profit realization. At the completion of a contract, the remaining warranty risk is reassessed.

f. Trade accounts receivable

Receivables are stated at face value after allowances for doubtful accounts.

g. Marketable securities

Marketable securities consist of government bonds, bonds of first-class banks, and bond funds. They are held for the purpose of investing in liquid funds and are not generally intended to be retained on a long-term basis. Marketable securities are initially recognized at acquisition costs, including transaction costs, and are classified as available-for-sale investments. In subsequent periods, marketable securities are valued at fair value. Changes of these fair values are recognized as gains or losses directly in equity, until the security is disposed of or is determined to be impaired. In case of a significant and not only temporary decline in value, impairment is recognized in the income statement.

h. Cash and cash equivalents

Cash includes cash in hand and cash at banks. Cash equivalents might include short-term deposits with banks with original maturities of three months or less and that are not subject to any risk of change in value.

i. Share capital

Only ordinary shares exist and all shares are issued and have the same rights.

The share capital of ANDRITZ AG amounts to TEUR 104,000 divided into 52,000,000 shares of no-par value.

Based on authorizations of the Shareholders' Meeting and with approval from the Supervisory Board, the Executive Board has decided on programs for acquisition of up to 5,200,000 own shares between October 1, 2008 and March 31, 2011. In 2008, 241,646 own shares were acquired at an average price of EUR 23.40 per share. 15,000 own shares were resold at a price of EUR 9.38 per share and 304,000 own shares were resold at a price of EUR 31.67 per share to eligible executives under the management share option plan. 10,874 own shares were transferred to employees of ANDRITZ AG in the course of an employee participation program. In 2009, no shares were bought back. 310,000 own shares were resold at a price of EUR 31.67 per share to eligible executives under the management share option plan and 17,133 own shares were transferred to employees of ANDRITZ AG in the course of an employee participation program. At December 31, 2009, the company held 472,141 own shares at a market value of TEUR 19,131. It is planned to use these shares to service the management share option plan.

j. Capital reserves

Capital Reserves are created in accordance with Austrian legal requirements and include share premium amounts.

k. Retained earnings

Retained earnings include retained income, IAS 39 reserve, actuarial gains and losses, and currency translation adjustments.

l. Provisions

A provision is recognized when, and only when, the enterprise has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

m. Financial instruments under IAS 39 and IFRS 7

Financial assets

A financial instrument is a contract between two entities which creates a financial asset at one entity and a financial liability or equity instrument at another entity. If the Group qualifies as a party to the contract concerning the contract regulations, a financial asset or financial liability is recognized in the consolidated statement of financial position in accordance with the substance of the contractual arrangement. Financial assets and liabilities include cash and cash equivalents, marketable securities, trade and other accounts receivable and payable, non-current receivables, borrowings, issued bonds, and other investments.

Financial instruments are recognized and derecognized on the trade date. This is the day of purchase or sale of a financial asset on which the contract terms require delivery of the financial asset within the timeframe established by the market concerned, and financial assets are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value without transaction costs. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

Financial assets can be classified into the following specified categories: financial assets 'at Fair Value Through Profit or Loss' (FVTPL), 'held-to-maturity investments', 'loans and receivables' and 'Available For Sale' (AFS) financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. ANDRITZ GROUP classifies its financial assets either under FVTPL, loans, and receivables or AFS.

Financial assets at FVTPL

The ANDRITZ GROUP classifies its financial assets at FVTPL if the financial asset is held for trading, which applies only to derivatives. The Group uses derivative financial instruments to manage its exposure to foreign exchange rate risk, changes in fair value of the bonds, and commodity price risk. Financial assets at FVTPL are stated at fair value, with any resulting gain or loss recognized in profit or loss unless the derivative is accounted for as a cash flow hedge with gains and losses recognized in equity.

Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. Depending on the fair value of the derivative, it is either recognized under 'other receivables' or 'other liabilities', respectively bank loans and other financial liabilities.

AFS financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments, or financial assets at fair value through profit or loss. Equity securities (e.g. shares), debt securities (e.g. bonds), and other investments (e.g. fund shares) held by the ANDRITZ GROUP are designated as AFS financial assets.

AFS are stated at fair value. Gains and losses resulting from changes in fair value are recognized directly in equity in the investments revaluation reserve (IAS 39 reserve) with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange

gains and losses on monetary assets, which are recognized directly through profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in the investments revaluation reserve is included in profit or loss for the period. Dividends on AFS equity instruments are recognized in profit or loss when the Group's right to receive payments is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the balance sheet date. The change in fair value attributable to translation differences that result from a change in amortized cost of the asset is recognized in profit or loss, and other changes are recognized in equity.

Loans and receivables

The ANDRITZ GROUP classifies trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market as 'loans and receivables'. Loans and receivables are measured at amortized costs less any impairment.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortized costs, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of a financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized through profit or loss.

The previously recognized impairment loss is reversed through profit or loss up to the extent of the initial impairment, if in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognized at the date the impairment is reversed. An exception is AFS equity instruments, for which any increase in fair value subsequent to an impairment loss is recognized directly in equity.

Financial liabilities and equity instruments issued by the Group Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities can be classified either as financial liabilities at FVTPL or other financial liabilities.

Financial liabilities at FVTPL

The ANDRITZ GROUP classifies financial liabilities at FVTPL if the financial liability is held for trading, which applies only to derivatives. The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risk, changes in fair value of the bonds, and commodity price risk. Financial liabilities at FVTPL are stated at fair value, with any resulting gain or loss recognized in profit or loss unless the derivative is accounted for as a cash flow hedge with gains and losses recognized in equity.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Subsequently, they are measured at amortized costs using the effective interest method, with interest expense recognized on an effective yield basis.

Fair value of financial instruments

The fair value of financial assets (liabilities) is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. In this context, a quoted market price is the best evidence for the fair value, if financial assets (liabilities) are traded on active markets. In case an active market does not exist, generally accepted valuation techniques are used to determine what the price would have been on the measurement date in an arm's length exchange motivated by normal business considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, and if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If no quoted market price (e.g. equity instruments) and no reliable valuation techniques are available, the financial instrument is measured at cost.

Effective interest method and amortized costs

The effective interest method is a method of calculating the amortized costs of a financial asset (liability) and of allocating interest income (expenses) over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset (liability), or, where appropriate, a shorter period. Interest is recognized on a time proportion basis that reflects the effective interest rate of the asset (liability).

Hedge accounting

The Group designated the bonds issued and the corresponding interest rate swaps into a hedging relationship accounted for as a fair value hedge according to IAS 39.

At the inception of the hedge relationship, the ANDRITZ GROUP documented the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the swaps are highly effective in offsetting changes in fair values or cash flows of the hedged item.

All investments in a foreign entity are long-term investments and presently a sale of such an investment is not expected for the foreseeable future. According to the Group's hedging policy, there are no hedges of net investments in foreign currencies.

Fair value hedge

Applying the rules for hedge accounting, the impact is that the gain or loss from remeasuring the hedging instrument at fair value is recognized through profit or loss. The gain or loss on the hedged item attributable to the changes of the hedged risk causes an adjustment of the carrying amount of the hedged item, which is also recognized through profit or loss. In this manner, the gains and losses resulting from the changes in fair value of the hedging instrument and the hedged item offset each other if the hedge is 100% effective.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

Cash flow hedge

The Group uses forward commodity contracts to mitigate exposure to commodity price risk out of projects. Changes in the fair value of a hedging instrument that qualifies as a highly effective cash flow hedge are recognized directly in the IAS 39 reserve in shareholders' equity. Otherwise, for all other cash flow hedges, gains and losses initially recognized in equity are transferred from IAS 39 reserve to net profit or loss in the same period or periods during which the hedged firm commitment or forecast transaction affects the income statement.

n. Other accounting and valuation principles

Research and development costs

Expenditure for research and development is charged as expense in the period incurred because the criteria for capitalization of development costs (IAS 38) are not met. In 2009, TEUR 49,247 and in 2008 TEUR 51,237 were recognized as expenses.

Government grants

Investment grants are deducted from the cost of the asset. Performance-related grants are recorded as other operating income.

Revenue recognition (except for construction contracts)

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Sales are recognized net of sales taxes and discounts when delivery has taken place and transfer of risks and rewards has been completed.

Interest is recognized on a time-proportion basis that reflects the effective interest rate of the asset. Dividends are recognized when the shareholders' right to receive payment is established.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset are capitalized as part of the cost of the asset. All other costs of borrowing are expensed in the period in which they are incurred.

Impairment of assets

Property, plant, and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount (the higher of fair value less costs to sell and value in use), an impairment loss is recognized in income for items of property, plant, and equipment and intangibles carried at cost. Recoverable amounts are estimated for individual assets or, if this is not possible, for the cash-generating unit.

Management share option plans

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

o. Foreign currency

Foreign currency transactions

Foreign currency transactions are recorded in the functional currency by applying the exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange rate differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the periods are recognized in the income statement in the period in which they arise.

Foreign entities

Foreign consolidated subsidiaries are regarded as foreign entities since they are financially, economically, and organizationally autonomous. Their functional currencies are their respective local currencies. Financial statements of foreign consolidated subsidiaries are translated at year-end rates to the presentation currency with respect to the balance sheet. Expense and revenue items are translated using the average exchange rates for the year. All resulting translation differences are included in a currency translation reserve in equity.

As from 2005, any goodwill arising from the acquisition of a foreign entity is allocated to the acquired entity and is recorded using the exchange rate effective on the balance sheet date.

Exchange differences arising on a monetary item that, in substance, forms part of the Group's net investment in a foreign entity are classified as equity in the consolidated financial statements until disposal of the net investment.

p. Employee benefits

Defined benefit plans (provisions for pensions)

Some Group companies provide defined benefit pension plans for certain employees. The funds are valued every year by professionally qualified independent actuaries. The obligation and costs of pension benefits are determined using the projected unit credit method. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service costs are recognized on a straight-line basis over the average period until the amended benefits become vested. Gains or losses on the curtailment or settlement of pension benefits are recognized when the curtailment or settlement occurs. In accordance with IAS 19.93A, actuarial gains and losses affecting provisions for pensions are recognized in equity in the year in which they occur with no effect on profit or loss. Interest expenses resulting from employee benefits are included in the consolidated income statement under interest result. The pension obligation is measured at the present value of estimated future cash flows using different discount rates for different countries. Other Group companies provide defined contribution plans for certain employees. The related costs are expensed as they occur.

Severance payments

In certain countries the Group is also obliged by law to pay termination indemnities in some cases of termination of employment. No termination indemnities are payable for voluntary termination at the request of the employee. Expenses related to termination indemnities are accrued. The funds are valued every year by professionally qualified independent actuaries. The obligation and costs of pension benefits are determined using the projected unit credit method. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service costs are recognized on a straight-line basis over the average period until the amended benefits become vested. Gains or losses on the curtailment or settlement of employee benefits are recognized when the curtailment or settlement occurs. In accordance with IAS 19.93A, actuarial gains and losses affecting provisions for severance are recognized in equity in the year in which they occur with no effect on profit or loss. Interest expenses resulting from employee benefits are included in the consolidated income statement under interest result. The severance obligation is measured at the present value of estimated future cash flows using different discount rates for different countries.

q. Income taxes

The income tax charge is based on profit for the year and considers deferred taxation. Deferred taxes are calculated using the balance sheet liability method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for income tax purposes.

Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the enterprise expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are recognized regardless of when the timing difference is likely to reverse.

Deferred tax assets are recognized when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be utilized. At each balance sheet date, the Group reassesses unrecognized deferred tax assets and the carrying amount of deferred tax assets. The

Group recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Group conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or total of the deferred tax asset to be utilized.

Deferred tax is charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity, including exchange rate differences arising on the translation of inter-company loans.

r. Use of estimates

The preparation of financial statements requires the Executive Board to make estimates and assumptions that can affect the reported amounts of assets, liabilities, revenues, and expenses as well as amounts reported in the notes. Actual results may differ from these estimates.

The Executive Board has made judgments in the process of applying the company's accounting policies. Additionally, at the balance sheet date, the Executive Board made the following key assumptions concerning the future and has identified other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

a) Construction contracts: The accounting for construction contracts is based on estimations for costs and recoverable earnings. Although these estimations are based on all information available on the balance sheet date, substantial changes after the balance sheet date are possible. These changes could lead to adjustments of assets and may influence earnings in subsequent periods.

b) Employee benefits: The valuation of the various pension plans is based on a methodology using some parameters, including the expected discount rate, rate of compensation and pension increase, and return on plan assets. If the relevant parameters developed materially differently than expected this could have a material impact on the company's defined benefit obligation and subsequently net periodic pension cost.

c) Impairments: The impairment analysis for goodwill, other intangible assets, and tangible assets is principally based upon discounted estimated future cash flows from the use and eventual disposal of the assets. Factors like lower than anticipated sales and resulting decreases of net cash flows and changes in the discount rates used could lead to impairments. Regarding the carrying value of goodwill, other intangible assets, and tangible assets see note f (notes to the consolidated statement of financial position).

d) Management share option plans: The share option plans are measured based on the fair value of the options on the granting date. The estimated fair value of these options is based on parameters such as volatility, interest rate, share price, duration of the option, and expected dividend.

e) Deferred taxes: In assessing the recoverability of deferred tax assets, the Executive Board considers whether it is probable that all the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. If the company does not generate sufficient taxable income, deferred tax assets on loss carry forwards cannot be used and a valuation allowance will need to be recorded.

s. Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

e. SEGMENTS **Business areas**

For management purposes, the Group is divided into five main business areas on a worldwide basis:

ANDRITZ HYDRO

Electromechanical systems – in particular, turbines, hydropower generators, and turbo generators – and services for new hydropower stations as well as for modernizations of existing hydropower stations; pumps for the pulp and paper industry and for other applications (drinking water supply, etc.).

ANDRITZ PULP & PAPER

Plants and services for the production of all types of pulp (chemical, mechanical, recycled fiber pulps), paper, board, tissue, and Medium Density Fiberboard (MDF); biomass boilers for power generation.

ANDRITZ METALS

Production and finishing lines for metallic strip, especially for carbon and stainless steel.

ANDRITZ ENVIRONMENT & PROCESS

Plants, equipment, and services for solid/liquid separation for municipalities and industries (e.g. mining, chemical and petrochemical industries, food industry).

ANDRITZ FEED & BIOFUEL

Plants, equipment, and services for the production of animal feed and biomass pellets, especially wood pellets.

The strategic business areas are the basis upon which the Group reports its primary segment information. Financial information on business and geographical segments is presented according to IFRS 8 'Operating Segments' in section h (segment information).

The accounting and valuation principles of the segments are the same as those described in note d.

According to the internal reporting structure, which is the basis for the primary segment information, all sales and all direct and indirect expenses (including overhead and administrative costs) are allocated to business areas and reflect the management structure of the organization and the predominant sources of risks and returns. The key measure of operating performance for the Group is Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA). There are no material inter-segmental transactions. All consolidation entries are included in the relevant business area.

Transition encompasses corporate assets and liabilities as well as consolidation effects and eliminations.

External revenues allocated by geographical segments are based on the geographical location of the company's customers.

The first-time adoption of IFRS 8 did not have any substantial effects on the consolidated financial statements.

Revenues from transactions with a single external customer do not amount to 10% or more of the Group's revenues.

f. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

1. Changes in intangible and tangible assets, goodwill, and shares in associated companies

Acquisition or production costs

2009

(in TEUR)	Balance as at January 1, 2009	Currency translation adjustments	Additions	Change of consolidation range	Disposals	Transfers	Balance as at December 31, 2009
Intangible assets	103,763	879	2,489	807	1,017	171	107,092
Land and buildings	221,791	660	9,500	14	4,819	6,894	234,040
Technical equipment and machinery	238,692	2,084	20,099	0	10,180	16,194	266,889
Other equipment, factory and office equipment	98,179	2,159	11,127	39	6,834	834	105,504
Assets under construction and advance payments	29,957	3,251	27,335	0	528	(24,093)	35,922
Total property, plant, and equipment	588,619	8,154	68,061	53	22,361	(171)	642,355
Total intangible and tangible assets	692,382	9,033	70,550	860	23,378	0	749,447

2008

(in TEUR)	Balance as at January 1, 2008	Currency translation adjustments	Additions	Change of consolidation range	Disposals	Transfers	Balance as at December 31, 2008
Intangible assets	79,507	50	6,002	18,356	353	201	103,763
Land and buildings	202,266	918	3,960	11,865	1,219	4,001	221,791
Technical equipment and machinery	195,998	(730)	23,224	26,222	7,962	1,940	238,692
Other equipment, factory and office equipment	97,627	(2,097)	14,734	4,640	16,712	(13)	98,179
Assets under construction and advance payments	11,428	(1,424)	21,777	5,165	860	(6,129)	29,957
Total property, plant, and equipment	507,319	(3,333)	63,695	47,892	26,753	(201)	588,619
Total intangible and tangible assets	586,826	(3,283)	69,697	66,248	27,106	0	692,382

Depreciation and amortization

2009

(in TEUR)	Balance as at January 1, 2009	Currency translation adjustments	Depreciation and amortization for the year	Impairment	Disposals	Transfers	Balance as at December 31, 2009
Intangible assets	47,372	362	14,613	703	232	56	62,874
Land and buildings	73,399	(312)	6,989	1,121	835	(8)	80,354
Technical equipment and machinery	129,025	(163)	22,694	1,906	5,393	766	148,835
Other equipment, factory and office equipment	58,450	711	14,114	1,067	6,363	(814)	67,165
Assets under construction and advance payments	11	0	0	0	0	0	11
Total property, plant, and equipment	260,885	236	43,797	4,094	12,591	(56)	296,365
Total intangible and tangible assets	308,257	598	58,410	4,797	12,823	0	359,239

2008

(in TEUR)	Balance as at January 1, 2008	Currency translation adjustments	Depreciation and amortization for the year	Impairment	Disposals	Transfers	Balance as at December 31, 2008
Intangible assets	33,134	(60)	13,199	1,382	353	70	47,372
Land and buildings	67,602	663	6,274	0	1,156	16	73,399
Technical equipment and machinery	116,686	715	18,739	0	7,463	348	129,025
Other equipment, factory and office equipment	62,845	(987)	13,302	0	16,298	(412)	58,450
Assets under construction and advance payments	33	0	0	0	0	(22)	11
Total property, plant, and equipment	247,166	391	38,315	0	24,917	(70)	260,885
Total intangible and tangible assets	280,300	331	51,514	1,382	25,270	0	308,257

Net book value

2009

(in TEUR)	Costs as at December 31, 2009	Accumulated depreciation	Net book value as at December 31, 2009	Net book value as at December 31, 2008
Intangible assets	107,092	62,874	44,218	56,391
Land and buildings	234,040	80,354	153,686	148,392
Technical equipment and machinery	266,889	148,835	118,054	109,667
Other equipment, factory and office equipment	105,504	67,165	38,339	39,729
Assets under construction and advance payments	35,922	11	35,911	29,946
Total property, plant, and equipment	642,355	296,365	345,990	327,734
Total intangible and tangible assets	749,447	359,239	390,208	384,125

Finance leases

The net book value for technical equipment and machinery includes an amount of TEUR 272 (2008: TEUR 491) and the net book value for other equipment, factory and office equipment includes an amount of TEUR 571 (2008: TEUR 1,111) in respect of assets held under finance lease. The total of minimum lease payments at balance sheet date amounts to TEUR 1,136 (2008: TEUR 1,427). The lease contracts have terms from 60 up to 84 months.

Goodwill

The following table illustrates the changes in the carrying amount of goodwill for the periods ended December 31, 2008 and 2009:

(in TEUR)	
Goodwill at December 31, 2007	227,083
Currency translation adjustments	-1,284
Change of consolidation range	7,831
Impairment	-6,783
Other changes	152
Goodwill at December 31, 2008	226,999
Currency translation adjustments	1,288
Change of consolidation range	0
Impairment	-7,922
Other Changes	-471
Goodwill at December 31, 2009	219,894

(in TEUR)	2009	2008
VA TECH HYDRO	97,837	97,840
ANDRITZ Ahlstrom	21,386	28,486
Acquisition of ANDRITZ AG	59,596	59,596
Other	41,075	41,077
	219,894	226,999

Impairment

In 2009, the goodwill arising from the acquisitions of ANDRITZ Ahlstrom, Lynson, and 3SYS met the characteristics for impairment because the businesses did not develop according to plan. The impairment of goodwill amounted to TEUR 7,922 and relates to the PULP & PAPER, METALS, and ENVIRONMENT & PROCESS business areas. The value of the reporting unit was estimated using discounted cash flow forecasts using a weighted average cost of capital of 7.27% and 12.00%, respectively. In 2008, impairment of goodwill was at TEUR 6,783.

Furthermore, in 2009 the company recorded impairment charges in the amount of TEUR 4,797 for intangible and tangible assets predominantly in the PULP & PAPER business area. In 2008, an impairment loss of TEUR 1,382 was recognized for intangible assets.

Shares in associated companies

Accumulated assets of material associated companies included in the consolidated balance sheet as of December 31, 2009 amounted to TEUR 149,591 (December 31, 2008: TEUR 139,227), total liabilities to TEUR 140,549 (December 31, 2008: TEUR 129,301), sales amounted to TEUR 57,748 (2008: TEUR 76,477) and net income amounted to TEUR 765 (2008: TEUR 2,492).

2. Non-current receivables and other non-current assets

Non-current receivables and other non-current assets consist of trade accounts receivable and other non-current receivables.

3. Inventories

(in TEUR)	2009	2008
Finished goods	52,993	65,706
Work in progress	141,966	156,364
Materials and supplies	124,921	137,981
	319,880	360,051

Impairment losses of TEUR 7,909 (2008: TEUR 10,045) were recognized for products in cases where the net realizable value (selling price less selling and administrative expenses) was less than the acquisition or production cost or for obsolete and slow-moving items.

4. Advance payments made

The advance payments made and presented in the balance sheet relate to open purchase orders for ongoing contracts.

5. Trade accounts receivable

Total trade receivables (net of allowances) at December 31, 2009 amounted to TEUR 464,830 (2008: TEUR 432,436), whereas the non-current portion is included in the balance sheet item non-current receivables and other non-current assets.

(in TEUR)	2009	2008
Trade accounts receivable – current	454,691	424,947
Trade accounts receivable – non-current	10,139	7,489
	464,830	432,436
Thereof neither past due nor impaired	306,282	299,689
Thereof past due but not impaired	147,659	120,009
Thereof impaired	34,129	37,398
Valuation allowance	(23,240)	(24,660)
	464,830	432,436

The average credit period on sales of goods depending on the business area is 30 to 90 days. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed on an ongoing basis. About two-thirds of the trade receivables are neither past due nor impaired.

Included in the Group's trade receivable balance are debtors with a carrying amount of TEUR 147,659 (2008: TEUR 120,009) which are past due at the reporting date for which the Group has not recognized any allowance as there has not been a significant change in credit quality and the amounts are still considered recoverable.

The roll-forward of the valuation allowance for trade accounts receivable is as follows:

(in TEUR)	2009	2008
Allowance at beginning of the year	(24,660)	(14,670)
Currency translation adjustments	(948)	441
Charged to expenses	(10,732)	(13,853)
Amounts written-off	6,220	2,157
Released	6,880	1,265
Allowance at the end of the year	(23,240)	(24,660)

The trade receivables past due but not impaired at December 31, were as follows:

(in TEUR)	2009	2008
Up to 60 days past due	90,574	65,368
61 to 120 days past due	21,210	24,809
More than 120 days past due	35,875	29,832
	147,659	120,009

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. This determination also regards collateralization of payments by bank guarantees and export insurance. The Executive Board believes that no further credit provision is required in excess of the allowance for doubtful debts already recognized.

6. Construction contracts

(in TEUR)	2009	2008
Contract revenue recognized as sales in the current period	2,227,104	2,552,489
Contract costs incurred and recognized profits (less recognized losses) to date	4,911,387	4,672,420
Advances received and progress billings	5,250,339	4,848,049
Amount of retentions	17,261	15,712

The receivables recorded in the financial position for 'Cost and earnings of projects under construction in excess of billings' fall entirely in the category neither past due nor impaired.

7. Other receivables

(in TEUR)	2009	2008
Receivables from associated companies	3,394	4,500
Foreign exchange forward contracts at fair value	13,297	18,960
Commodity forward contracts at fair value	1,300	0
Receivables from value-added tax	50,852	42,791
Receivables from prepaid income taxes	18,503	19,754
Receivables from other taxes and charges	4,500	4,802
Prepayments and deferred charges	16,842	11,084
Other	120,358	94,498
	229,046	196,389
thereof other current receivables	201,378	171,270
thereof other non-current receivables	27,668	25,119
	229,046	196,389

The Executive Board considers that the carrying amount of other receivables corresponds to their fair value.

8. Retained earnings

Dividends

For 2009, a dividend of EUR 1.00 per outstanding share is proposed by the Executive Board. The dividend for 2008 of TEUR 56,321, which is equal to EUR 1.10 per share, was proposed by the Executive Board and was approved at the 102nd Annual General Meeting of Shareholders on March 27, 2009. The dividend was paid to the shareholders on April 3, 2009.

On February 25, 2010, the Executive Board authorized the consolidated financial statements for the year ended December 31, 2009 according to IFRS. On February 26, 2009, the Executive Board authorized submission of the consolidated financial statements for the year ended December 31, 2008 according to IFRS to its Supervisory Board. The Supervisory Board is made up solely of members not employed within the Group and representatives of employees. The consolidated financial statements were presented to the Supervisory Board and subsequently to the General Meeting of Shareholders.

Additional capital disclosures

ANDRITZ is committed to a strong financial profile, characterized by a conservative capital structure that gives excellent financial flexibility.

As of December 31, 2009 and 2008, equity and total assets of the company were as follows:

(in TEUR)	2009	2008
Total equity	663,492	577,382
Equity ratio	20.0%	18.7%
Total assets	3,309,283	3,086,301

ANDRITZ is not subject to any statutory capital requirements. Commitments exist to sell or otherwise issue common shares in connection with established share-based payment plans. In recent years, commitments from share-based payment have primarily been satisfied through buyback of the company's shares (see note 10).

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. Three bonds were issued in the past to safeguard the financial stability, and also to build the foundation for further growth of the ANDRITZ GROUP. The capital structure of the Group consists of debt, which includes the borrowings, of cash and cash equivalents and equity attributable to equity holders of the parent, comprising share capital, capital reserves, and retained earnings.

The capital structure is reviewed on an ongoing basis. As a part of this review, the cost of capital and the risks associated with each class of capital are considered. Based on this, the Group will balance its overall capital structure through the payment of dividends, new share issues, and share buy-backs as well as the issue of new debt or the redemption of existing debt.

The Group's overall strategy remains unchanged from 2008.

9. Provisions

2009

(in TEUR)	Balance as at January 1, 2009	Currency translation adjustments	Change of consolidation range	Re-classification	Use	Reversal	Addition	Balance as at December 31, 2009
Provisions for severance payments	81,506	(17)	0	0	9,386	5	1,740	73,838
Provisions for pensions	68,341	832	0	0	4,276	945	(2,496)	61,456
Order-related non-current provisions	51,156	1,524	0	(2,344)	8,197	4,163	20,832	58,808
Other non-current provisions	16,144	130	(66)	0	677	24	247	15,754
Non-current provisions	217,147	2,469	(66)	(2,344)	22,536	5,137	20,323	209,856
Order-related current provisions	247,567	6,139	0	2,344	40,652	33,421	113,198	295,175
Other current provisions	12,558	260	0	0	7,044	2,896	22,035	24,913
Current provisions	260,125	6,399	0	2,344	47,696	36,317	135,233	320,088

2008

(in TEUR)	Balance as at January 1, 2008	Currency translation adjustments	Change of consolidation range	Re-classification	Use	Reversal	Addition	Balance as at December 31, 2008
Provisions for severance payments	79,930	79	0	0	6,014	3	7,514	81,506
Provisions for pensions	56,965	1,810	9,098	0	10,024	262	10,754	68,341
Order-related non-current provisions	32,511	196	17,351	(3,550)	4,202	8,736	17,586	51,156
Other non-current provisions	14,808	(13)	7	0	146	10	1,498	16,144
Non-current provisions	184,214	2,072	26,456	(3,550)	20,386	9,011	37,352	217,147
Order-related current provisions	215,396	(2,350)	33,018	3,365	35,727	38,052	71,917	247,567
Other current provisions	2,796	9	1,269	185	1,709	393	10,401	12,558
Current provisions	218,192	(2,341)	34,287	3,550	37,436	38,445	82,318	260,125

Order-related provisions include primarily warranties, contingencies, and impending losses.

10. Employee benefit obligations

Pensions

Some Group companies provide defined benefit pension plans for some classes of employees. Provisions for pension obligations are established for benefits payable in the form of retirement, disability, and surviving dependent pensions. The benefits offered vary according to the legal, fiscal, and economic conditions of each country. Benefits are dependent on years of service and, in some cases, on the respective employee's compensation.

The following table shows the changes of the pension benefit obligations for the years ended December 31, 2009 and 2008:

(in TEUR)	2009	2008
Defined benefit obligation as at January 1	170,449	143,350
Currency translation adjustments	2,993	7,870
Current service cost	5,444	5,069
Interest cost on obligations	7,603	6,247
Actuarial gains/losses	(2,031)	(8,766)
Benefits paid	(18,766)	(11,650)
Contributions by the plan participants	2,310	1,732
Past service cost	74	201
Effect of any curtailment or settlement	(945)	(262)
Change of consolidation range	0	26,658
Defined benefit obligation as at December 31	167,131	170,449
Fair value of plan assets	(105,675)	(102,108)
Accrued liability as at December 31	61,456	68,341

Total pension obligations of TEUR 167,131 (2008: TEUR 170,449) include TEUR 114,194 (2008: TEUR 123,899) that are covered in part or in full by investments in funds (plan assets).

The following table shows the development of the fair value of the plan assets:

(in TEUR)	2009	2008
Fair value of plan assets as at January 1	102,108	86,385
Currency translation adjustments	2,161	6,060
Expected return on plan assets	4,753	4,785
Actuarial gains/losses	2,481	(17,365)
Contributions by the employer	6,352	4,577
Contributions by the plan participants	2,310	1,732
Benefits paid	(14,490)	(1,626)
Change of consolidation range	0	17,560
Fair value of plan assets as at December 31	105,675	102,108

The split of fair values of the plan assets is as follows:

(in TEUR)	2009	2008
Equity instruments	17,950	30,345
Debt instruments	57,258	39,164
Property	16,129	15,132
Other assets	14,338	17,467
	105,675	102,108

Pension expense is comprised of the following:

(in TEUR)	2009	2008
Current service cost	5,444	5,069
Past service cost	74	201
Effect of any curtailment or settlement	(945)	(262)
	4,573	5,008
Payments to defined contribution plans	17,944	18,470
	22,517	23,478

Principal actuarial assumptions used to determine pension obligations as of December 31, 2009 and 2008 were as follows:

(in %)	2009		2008	
	from	to	from	to
Discount rate	2.00	7.50	2.00	7.50
Wage and salary increases	1.00	4.67	1.00	4.50
Retirement benefit increases	0.25	3.25	0.25	3.25
Expected return on plan assets	2.00	6.25	0.00	6.25

The average expected return is assumed according to the portfolio structure of the plan assets, consideration of historical returns, as well as future estimates of long-term investment returns. In 2009, the actual return on plan assets was 6.58% (2008: actual loss of 4.08%).

Experience adjustments are as follows:

(in TEUR)	2009	2008	2007	2006
Present value of defined benefit obligation	167,131	170,449	143,350	147,136
Fair value of plan assets	105,675	102,108	86,385	87,818
Deficit of the plan	61,456	68,341	56,965	59,318
Experience adjustments of the defined benefit obligation	(7,489)	(15,112)	341	18
Experience adjustments of the plan assets	2,081	(1,895)	(917)	(165)

The expected payments to pension funds for defined benefits are TEUR 4,726 for the fiscal year 2010.

Severance payments

The following table shows the changes in the severance benefit obligations for the years ended December 31, 2009 and 2008:

(in TEUR)	2009	2008
Defined benefit obligation as at January 1	81,741	80,075
Currency translation adjustments	(17)	79
Current service cost	2,538	6,297
Interest cost on obligations	4,165	3,403
Actuarial gains/losses	(4,963)	(2,186)
Benefits paid	(9,247)	(5,924)
Effect of any curtailment or settlement	(5)	(3)
Defined benefit obligation as at December 31	74,212	81,741
Fair value of plan assets	(374)	(235)
Accrued liability as at December 31	73,838	81,506

Severance expense is comprised of the following:

(in TEUR)	2009	2008
Current service cost	2,538	6,297
Effect of any curtailment or settlement	(5)	(3)
	2,533	6,294
Payments to defined contribution plans	1,148	968
	3,681	7,262

Experience adjustments are as follows:

(in TEUR)	2009	2008	2007	2006
Present value of defined benefit obligation	74,212	81,741	80,075	75,043
Fair value of plan assets	374	235	145	0
Deficit of the plan	73,838	81,506	79,930	75,043
Experience adjustments of the defined benefit obligation	6,411	529	(5,264)	(1,808)
Experience adjustments of the plan assets	(9)	18	0	0

Principal actuarial assumptions used to determine severance obligations were the same as used for pension obligations.

Management share option plan

The 99th Annual General Meeting of Shareholders held on March 29, 2006 adopted a share option program for managers and members of the Executive Board. The number of options granted to the different managers varies depending on the area of responsibility, between 6,000, 10,000, and 20,000 shares for managers, to 40,000 for Executive Board members, and 50,000 for the Chief Executive Officer (CEO). 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 be in active employment with ANDRITZ AG or one of its affiliates from May 1, 2006 until before each date of exercise of an option. Another requirement is that managers must have invested at least EUR 20,000 in ANDRITZ shares from their own resources, and the members of the Executive Board at least EUR 40,000.

The exercise price of the option is the unweighted average closing price of ANDRITZ shares in the four calendar weeks following the 99th Annual General Meeting of Shareholders held on March 29, 2006.

The options can be exercised between May 1, 2008 and April 30, 2010 (=period of exercise) provided that the average unweighted closing price of the ANDRITZ share over twenty consecutive trading days within the period from May 1, 2008 to April 30, 2009 is at least 15% above the exercise price and the earnings per share in business year 2007 (based on the total number of shares listed); or that the earnings per share in business year 2008 (based on the total number of shares listed) are at least 15% above the earnings per share in business year 2005 (based on the total number of shares listed); or that the average unweighted closing price of the ANDRITZ share over twenty consecutive trading days within the period from May 1, 2009 to April 30, 2010 is at least 20% above the exercise price and the earnings per share in business year 2008 (based on the total number of shares listed) or the earnings per share in business year 2009 (based on the total number of shares listed) are at least 20% above the earnings per share in business year 2005 (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 2006 totalled 944,000. The fair value of the options at the time of granting amounts to TEUR 6,492, whereas no expense incurred in 2009. The calculation of the fair value is based on the Black-Scholes option pricing model. The share price at the time of granting the options is the closing price of the ANDRITZ share on June 1, 2006 and amounts to EUR 32.44. The exercise price of EUR 31.67 was calculated in accordance with the rules of the option program. For the lifetime of the options a period of two years was assumed. The expected dividend yield was fixed at 2.5%, a discount rate of 4.5% was used. As expected volatility, the value released by the Vienna Stock Exchange was applied. Further parameters of granting the options were not used.

The 101st Annual General Meeting of Shareholders held on March 27, 2008 adopted another share option program for managers and members of the Executive Board. The number of options granted to the different managers varies depending on the area of responsibility, between 6,000, 10,000, and 20,000 shares for managers, to 40,000 for Executive Board members, and 50,000 for the Chief Executive Officer (CEO). 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 be in active employment with ANDRITZ AG or one of its affiliates from May 1, 2008 until before each date of exercise of an option. Another requirement is that managers must have invested at least EUR 20,000 in ANDRITZ shares from their own resources, and the members of the Executive Board at least EUR 40,000.

The exercise price of the option is the unweighted average closing price of ANDRITZ shares in the four calendar weeks following the 101st Annual General Meeting of Shareholders held on March 27, 2008.

The options can be exercised between May 1, 2010 and April 30, 2012 (=period of exercise) provided that the average unweighted closing price of the ANDRITZ share over twenty consecutive trading days within the period from May 1, 2010 to April 30, 2011 is at least 15% above the exercise price and the earnings per share in business year 2009 (based on the total number of shares listed); or that the earnings per share in business year 2010 (based on the total number of shares listed) are at least 15% above the earnings per share in business year 2007 (based on the total number of shares listed); or that the average unweighted closing price of the ANDRITZ share over twenty consecutive trading days within the period from May 1, 2011 to April 30, 2012 is at least 20% above the exercise price and the earnings per share in business year 2010 (based on the total number of shares listed) or the earnings per share in business year 2011 (based on the total number of shares listed) are at least 20% above the earnings per share in business year 2007 (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 shares purchased under the share option program are not subject to a ban on sales over a certain period. The options granted in 2008 totalled 1,100,000. The fair value of the options at the time of granting amounts to TEUR 9,396, thereof TEUR 4,698 have been reported as proportionate expense in 2009. The calculation of the fair value is based on the Black-Scholes option pricing model. The share price at the time of granting the options is the closing price of the ANDRITZ share on May 5, 2008 and amounts to EUR 39.55. The exercise price of EUR 35.44 was calculated in accordance with the rules of the option program. For the lifetime of the options a period of two years was assumed. The expected dividend yield was fixed at 2.5%, a discount rate of 4.5% was used. As expected volatility, the value released by the Vienna Stock Exchange was applied. Further parameters of granting the options were not used.

Movements in options under the stock option plans for financial years 2009 and 2008 were as follows:

	2009		2008	
	Number of options	Average exercise price per option (in EUR)	Number of options	Average exercise price per option (in EUR)
Total at the beginning of the year	1,678,000	34.14	913,000	31.30
Options granted	0	0	1,100,000	35.44
Options exercised	(310,000)	31.67	(319,000)	30.62
Options forfeited	(34,000)	35.44	(16,000)	31.67
Total at the end of the year	1,334,000	34.68	1,678,000	34.14
Exercisable at year-end	268,000	31.67	578,000	31.67

11. Statement of liabilities

2009

(in TEUR)	Remaining term less than 1 month	Remaining term between 1 and 3 months	Remaining term between 4 and 12 months	Remaining term between 1 and 5 years	Remaining term over 5 years	Total
Bonds	0	0	0	212,136	159,417	371,553
Bank loans and other financial liabilities	25,745	4,312	1,053	20,816	1,140	53,066
Obligations under finance leases	23	96	247	736	0	1,102
	25,768	4,408	1,300	233,688	160,557	425,721

2008

(in TEUR)	Remaining term less than 1 month	Remaining term between 1 and 3 months	Remaining term between 4 and 12 months	Remaining term between 1 and 5 years	Remaining term over 5 years	Total
Bonds	0	0	0	206,988	162,035	369,023
Bank loans and other financial liabilities	30,508	3,351	2,475	19,701	5,462	61,497
Obligations under finance leases	92	78	353	858	0	1,381
	30,600	3,429	2,828	227,547	167,497	431,901

The interest-bearing borrowings consist primarily of current bank loans at floating interest rates and fixed rates.

Property, plant, and equipment amounting to TEUR 3,414 and TEUR 3,414 as at 31 December 2009 and 2008, respectively, have been pledged as security for long-term debt.

There are no material credit defaults in the ANDRITZ GROUP; all of the financial liabilities are settled in general on the due date.

The Executive Board considers that the carrying amount of liabilities corresponds to their fair value.

12. Other liabilities

(in TEUR)	2009	2008
Payables due to associated companies	1,459	1,406
Personnel-related costs and similar liabilities	106,513	113,227
Outstanding invoices for order-related costs	250,449	211,449
Deferred income	1,801	3,848
Foreign exchange forward contracts at fair value	15,622	25,884
Liabilities from value-added tax	23,283	14,461
Liabilities from commissions	7,417	10,481
Commodity forward contracts at fair value	0	6,163
Other	126,153	103,120
	532,697	490,039
thereof other current liabilities	509,394	473,050
thereof other non-current liabilities	23,303	16,989
	532,697	490,039

Other non-current liabilities include trade accounts payable of TEUR 1,557 (2008: TEUR 468). The Executive Board considers that the carrying amount of other liabilities corresponds to their fair value.

g. NOTES TO
THE CONSOLIDATED
INCOME
STATEMENT

13. Sales

(in TEUR)	2009	2008
Contract revenue recognized as sales in the current period	2,227,104	2,552,489
Other	970,413	1,057,323
	3,197,517	3,609,812

14. Other operating income

(in TEUR)	2009	2008
Profit on disposal of intangible and tangible assets	991	732
Exchange rate gains	12,487	36,896
Rental income	2,866	2,677
Other	36,532	35,414
	52,876	75,719

15. Personnel expenses

(in TEUR)	2009	2008
Wages and salaries	592,378	595,890
Pension expenses	22,517	23,478
Severance expenses	3,681	7,262
Social security and payroll-related duties	102,312	103,808
Other social payments	39,523	27,001
	760,411	757,439

16. Other operating expenses

(in TEUR)	2009	2008
Exchange rate losses	15,094	51,240
Sales expenses	187,999	221,341
Administrative expenses	32,990	38,264
Rents and leases	33,266	28,007
Change of allowance of trade receivables	10,732	12,588
Loss on disposal of intangible and tangible assets	1,543	396
Other	141,699	151,358
	423,323	503,194

17. Financial result

(in TEUR)	2009	2008
Income/(expense) from associated companies	(1,339)	5
Interest and similar income	23,154	37,242
Interest and similar expenses	(22,665)	(37,927)
Interest result	489	(685)
Other financial income/(expense), net	3,409	(7,396)
	2,559	(8,076)

Interest and similar expenses include TEUR 6,888 (2008: TEUR 4,848) interest cost on pension and severance obligations as well as expected return on plan assets.

18. Income taxes

(in TEUR)	2009	2008
Current tax expense	(60,661)	(79,858)
Changes in deferred taxes charged to the income statement	13,945	16,437
	(46,716)	(63,421)

Changes in the deferred income tax account consist of the following:

(in TEUR)	2009	2008
Deferred tax assets	76,246	58,882
Deferred tax liabilities	(89,992)	(93,904)
Balance as of December 31, as previously stated	(13,746)	(35,022)
Deferred taxes relating to the origination and reversal of temporary differences		
income statement charge	13,945	16,437
charged to equity	(983)	4,839
	(784)	(13,746)
thereof		
Deferred tax assets	89,171	76,246
Deferred tax liabilities	(89,955)	(89,992)

The reconciliation of the effective tax rate to the tax rate used is as follows:

(in TEUR)	2009	2008
Earnings Before Taxes (EBT)	149,628	210,468
Tax at the applicable tax rate (25% in 2009 and 25% in 2008)	(37,407)	(52,617)
Non-deductible impairment of goodwill	(3,082)	(2,094)
Tax effect of		
change in tax rate and foreign tax rate differential	2,783	(2,278)
other changes	(9,010)	(6,432)
	(46,716)	(63,421)
Current tax expense	(60,661)	(79,858)
Changes in deferred taxes charged to the income statement	13,945	16,437

Deferred tax assets and liabilities for deferred taxes as at December 31, 2009 and 2008 are the result of the following temporary valuation differences between book values in the IFRS consolidated financial statements and the relevant tax bases:

(in TEUR)	2009		2008	
	Deferred tax		Deferred tax	
	assets	liabilities	assets	liabilities
Intangible assets	1,363	(8,389)	1,619	(11,113)
Property, plant, and equipment	7,457	(12,397)	3,803	(8,783)
Financial assets	4	(19,394)	8	(18,164)
Inventories	400,452	(2,620)	379,195	(2,885)
Receivables and other assets	29,379	(92,206)	24,384	(78,627)
	438,655	(135,006)	409,009	(119,572)
Provisions	88,806	(29,533)	78,633	(36,797)
Liabilities	37,736	(418,780)	25,702	(378,630)
	126,542	(448,313)	104,335	(415,427)
Tax loss carry-forwards	66,983	0	58,811	0
Deferred tax assets and liabilities	632,180	(583,319)	572,155	(534,999)
Valuation allowance for deferred tax assets	(49,645)		(50,902)	0
Offset within legal tax units and jurisdiction	(493,364)	493,364	(445,007)	445,007
Net deferred tax assets and liabilities	89,171	(89,955)	76,246	(89,992)

In assessing the recoverability of deferred tax assets, management considers whether it is probable that all the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. The Executive Board considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, the Executive Board believes it is probable that the company will realize the benefits of the recognized deductible differences and operating loss carry-forwards.

19. Earnings per share

Basic earnings per share (see consolidated income statement) are calculated by dividing the net income for the period attributable to shareholders of the parent company by the weighted average number of ordinary shares outstanding during the period. Diluted basic earnings per share are calculated by dividing the net income for the period attributable to shareholders of the parent company by the weighted average number of ordinary shares outstanding during the period with consideration of share options.

h. SEGMENT INFORMATION

Segment information is prepared on the following basis:

Business areas

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

- a. HYDRO (HY)
- b. PULP & PAPER (PP)
- c. METALS (ME)
- d. ENVIRONMENT & PROCESS (EP)
- e. FEED & BIOFUEL (FB)

Geographical segments

The Group's activities are conducted predominantly in Europe, North America, South America, and Asia.

2009

Business area data

(in TEUR)	HY	PP	ME	EP	FB	Transition	Total
Sales	1,378,035	903,330	473,378	322,605	120,169	0	3,197,517
Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA)	120,897	41,964	23,157	29,333	2,847	0	218,198
Total assets	1,167,590	560,423	215,837	230,968	75,731	1,058,734	3,309,283
Total liabilities	1,052,713	500,486	171,975	107,773	41,509	771,335	2,645,791
Capital expenditure	44,521	14,921	2,011	5,675	3,422	0	70,550
Depreciation, amortization, and impairment of intangible assets and property, plant, and equipment*	28,463	24,967	3,233	4,693	1,851	0	63,207
Share of net profit/(loss) of associates		(1,923)		602	(18)	0	(1,339)
Shares in associated companies		5,978		2,810	609	0	9,397

* Depreciation, amortization, and impairment of intangible assets and property, plant, and equipment includes TEUR 9,109, which refers to amortization of identifiable intangible assets acquired in a business combination and recognized separately from goodwill.

Geographical segment data

(in TEUR)	Europe	North America	South America	Asia	Rest of the world and consolidation	Total
External sales	1,440,600	511,049	347,532	769,861	128,475	3,197,517
Total assets	4,293,477	475,991	330,815	393,593	(2,184,593)	3,309,283
Capital expenditure	35,025	5,288	13,532	16,331	374	70,550

2008
Business area data

(in TEUR)	HY	PP	ME	EP	FB	Transition	Total
Sales	1,205,899	1,326,565	566,208	366,639	144,501	0	3,609,812
Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA)	105,759	84,509	42,577	32,115	13,263	0	278,223
Total assets	1,067,787	685,364	230,998	250,468	89,743	761,941	3,086,301
Total liabilities	925,946	513,722	204,181	128,228	39,162	697,680	2,508,919
Capital expenditure	35,046	20,156	4,265	7,374	2,856	0	69,697
Depreciation, amortization, and impairment of intangible assets and property, plant, and equipment*	24,722	18,678	2,970	4,862	1,664	0	52,896
Share of net profit/(loss) of associates	0	1,153	0	(889)	(259)	0	5
Shares in associated companies	0	5,867	0	2,806	627	0	9,300

* Depreciation, amortization, and impairment of intangible assets and property, plant, and equipment includes TEUR 7,862, which refers to amortization of identifiable intangible assets acquired in a business combination and recognized separately from goodwill.

Geographical segment data

(in TEUR)	Europe	North America	South America	Asia	Rest of the world and consolidation	Total
External sales	1,716,187	507,560	408,914	762,840	214,311	3,609,812
Total assets	4,115,978	538,125	212,167	327,518	(2,107,487)	3,086,301
Capital expenditure	43,791	4,626	8,604	12,129	547	69,697

i. NOTES TO
THE CONSOLIDATED STATE-
MENT OF
CASH FLOWS

Cash flows from acquisition of subsidiaries*

(in TEUR)	Business Area			Total	Total
	HYDRO	PULP & PAPER	METALS	2009	2008
Intangible assets	0	807	0	807	18,382
Property, plant, and equipment	0	53	0	53	49,524
Inventories	0	697	0	697	46,831
Trade and other receivables excluding financial assets	0	18	0	18	86,423
Liabilities excluding financial liabilities	0	(1,065)	0	(1,065)	(230,802)
Non-interest bearing net assets	0	510	0	510	(29,642)
Cash and cash equivalents acquired	0	0	0	0	113,730
Debt assumed	0	0	0	0	(7,420)
Goodwill	0	0	0	0	5,420
Changes in non-controlling interests	0	0	0	0	(17,596)
Purchase price for investments previously accounted under the equity method	0	0	0	0	(64)
Total purchase price	0	510	0	510	64,428
Purchase price paid	0	(510)	0	(510)	(64,428)
Changes in receivables due to acquisitions of prior years not affecting net income	17,749	0	0	17,749	0
Cash and cash equivalents acquired	0	0	0	0	113,730
Net cash flow	17,749	(510)	0	17,239	49,302

* converted by using exchange rates as per dates of transaction

j. FINANCIAL INSTRUMENTS

a. Risk management

As a global company serving a variety of different markets and customers, the Group is subject to certain general and industry-specific risks. These risks mainly relate to the industries the Group serves (e.g. uncertainty of future contracts, volatility of incoming orders, customer concentration, etc.), the Group's business (e.g. currency exposure, competitive position, legal proceedings, etc.), and to major orders (e.g. payment risks, liabilities, and performance of projects, cost overruns, etc.).

ANDRITZ has a long-established Group-wide management steering committee whose main task is to identify nascent risks early and to take countermeasures. This is an important element in the active risk management system within the Group.

Although having this monitoring and risk management system in place, it cannot be guaranteed that all risks will be identified at an early stage, and consequently the financial situation of the Group could be adversely affected.

The essential risks for the business development of the ANDRITZ GROUP in 2010 relate above all to the Group's dependence on the general economic development and on development of the industries it serves, the receipt 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. The persistent financial crisis and substantial economic slowdown in the main economic regions of the world also constitute a serious risk for the ANDRITZ GROUP's financial development during the 2010 business year. The global economic weakness may lead to further delays in the execution of existing orders and to the postponement or cancellation of projects. Cancellations of existing contracts could adversely affect the ANDRITZ GROUP's order backlog, which would in turn have a negative impact on the utilization of the Group's manufacturing capacities.

The global financial and economic crisis may also necessitate complete or partial impairments of single goodwill created in the course of acquisitions if the business development goals cannot be reached. Moreover, a negative business development in certain areas could make impairments of certain assets necessary. This may influence the earnings development of the ANDRITZ GROUP. Furthermore, there is always some risk that partial or full provisions will have to be made for some trade accounts receivable.

The monitoring and management of financial risks are integral parts of ANDRITZ's Group-wide accounting and controlling activities. Continuous controlling and regular reporting should ensure the identification of major risks at an early stage and to take countermeasures, if necessary.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the Executive Board, which provide written principles on managing financial risks. Moreover, rules are defined for the use of derivative and non-derivative financial transactions as well as surplus cash. Compliance with policies and exposure limits is reviewed by the internal auditor on a continuous basis. The Group does not own or trade financial instruments for speculative purposes.

For the majority of orders, the risk of payment failure by customers is mitigated by means of bank guarantees and export insurance. Risks related to deliveries to countries with medium to high political risks typically are also insured to a large extent. Interest and exchange rate risks are minimized and controlled by derivative financial instruments, in particular forward exchange contracts and swaps.

The Group enters into forward foreign exchange contracts to manage its foreign exchange risk resulting from cash flows from current business activities. Transaction risk is calculated in each foreign currency and includes currency denominated assets and liabilities and certain off-balance sheet items such as highly probable future cash flows or firm commitments and highly probable purchases, and sales. The currency risks of the Group occur due to the fact that the Group's operations, production sites and markets are located in various countries. The Group carries its forward exchange contracts at fair value.

Cash flow risks are minimized by the Group's cash management system which controls cash in- and outflows of all relevant ANDRITZ affiliates. It also monitors the Group's cash pooling activities in order to optimize net financing income. The Group manages liquidity risks especially by holding adequate reserves, by issuing bonds, by receiving substantial customer advances, and by constantly monitoring the predicted and actual cash flows, as well as reconciling maturity date profiles of financial assets and liabilities.

b. Liquidity risks

In order to further reduce the financial risks and to enhance monitoring, control, and assessment of its financial and liquidity position, the ANDRITZ GROUP has continuously improved its treasury guidelines and information system.

The ANDRITZ GROUP's position in terms of liquidity is very good; the Group has sufficient liquidity reserves and secures access to liquidity. The Group avoids dependence on one single or only a few banks. To ensure independence, no bank will receive more than a certain defined amount of the business in any important product (cash and cash equivalents, financial liabilities, financial assets, guarantees, and derivatives).

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

c. Credit risks

Credit risks, or the risk of counterparties defaulting, are controlled by the application of credit approvals, limits, and monitoring procedures. Where appropriate, the Group obtains guarantees from governmental export agencies or similar private institutions to reduce the risk of a counterpart defaulting.

Credit risk associated with the investment of liquid funds and securities is low, as a wide distribution with simultaneously defined minimum criteria for the creditworthiness of the contractual partners are determining factors for the conservative investment strategy.

For certain financial assets and financial liabilities, the Group has a legally enforceable right to set off. These amounts are only reported on a net basis. For all known risks, valuation allowances are included. It cannot be excluded that in the future there will a shortfall in payment exceeding the recorded valuation allowance. Without considering risk minimization strategies as described above, the carrying amounts of financial assets recorded in the financial statements represent the Group's maximum exposure to credit risk of the corresponding categories.

(in TEUR)	2009	2008
Held for trading	40,109	49,428
Available for sale	375,019	269,183
Loans and receivables	657,066	597,906
Cash and cash equivalents	709,532	558,448
	1,781,726	1,474,965

No impairment was recorded in the category available for sale (2008: TEUR 7,817). The trade receivables in the category loans and receivables are impaired by TEUR 23,240 (balance 2008: TEUR 24,660).

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. The three largest customers contribute less than 15% of all incoming orders in various strategic business areas. Thus, there is no significant concentration of credit risk.

d. Interest risk

In June 2006, the company issued bond for a nominal value of MEUR 200 with a repayment period of seven years and a nominal interest rate of 4.5% p.a. For this bond interest swaps have been used to hedge the risk arising from the fixed interest rate of the bond. The interest swaps change the fixed interest rate for the whole period to a variable interest rate based on the 1 month's Euribor. Therefore, there is the risk of a changing interest rate concerning the cash flows but the fair value of the bond is hedged and hedge accounting in the sense of IAS 39 was applied.

In February 2008, the company issued another bond for a nominal value of MEUR 150 with a repayment period of seven years and a nominal interest rate of 5.25% p.a. For this bond interest swaps have been used to hedge the risk arising from the fixed interest rate of the bond. The interest swaps change the fixed interest rate for the whole period to a variable interest rate based on the 3 month's Euribor. Therefore, there is the risk of a changing interest rate concerning the cash flows but the fair value of the bond is hedged and hedge accounting in the sense of IAS 39 was applied.

The contractual basic parameters of the swaps are similar to the ones of the bonds, and therefore the hedges were 100% effective in hedging the fair value exposure to interest rate movements during the period. By applying the rules for hedge accounting, the gain or loss from the swaps to fair value was recognized through profit or loss. The gain or loss attributable to the changes of the hedged interest rate risk caused an adjustment of the bonds' carrying amounts and was also recognized through profit or loss. Therefore, the gains and losses resulting from the changes in fair value of the swaps and the bonds offset each other.

The details to the change of the fair value of the swaps designated as fair value hedge are as follows:

(in TEUR)	2009	2008
Fair value swap end of previous period	19,023	(7,737)
Fair value swap end of current period	21,553	19,023
Gain/(loss) recognized through profit or loss	2,530	26,760

The Executive Board believes that the exposure to interest rate risk of remaining financial assets and liabilities is negligible. Consequently, additional material derivative instruments for hedging these interest risks are not used within the Group.

The weighted average interest rates at the balance sheet date were as follows:

(in %)	2009	2008
Cash on current accounts	0.6	1.9
Short-term deposits	1.2	3.5
Securities, short-term	2.7	2.9
Securities, long-term	1.6	3.3
Overdrafts on current accounts	5.0	5.4
Short-term loans	5.8	8.1
Long-term loans	2.7	4.2
Bonds	2.2	5.1

e. Sensitivity analyses

The Group's activities are exposed primarily to the financial risks of changes in foreign currency, changes in fair value and changes in interest rates. The Group enters into financial derivatives to manage its exposure to foreign currency risk and the risk of changes in fair values. These market risk exposures are measured using sensitivity analyses:

Foreign currency sensitivity

Sensitivity analyses provide an approximate quantification of the exposure in the event that certain specified parameters were to be met under a specific set of assumptions.

The Group is mainly exposed to the US Dollar (USD) and Swiss Franc (CHF).

The following explanations detail the Group's sensitivity to an increase and decrease in US Dollar and Swiss Franc against the Euro (EUR). The change represents the amount applied on internal reporting of foreign currency risk and represents the Executive Board's assessment of the possible change in foreign exchange rates. The sensitivity analyses include the material outstanding foreign currency denominated monetary items.

The impacts on the net income compared to the net income recognized and on the equity compared to the equity stated, respectively, are as follows:

(in TEUR)	2009	2008
Increase of USD to EUR by 10%	(498)	(1,467)
Decrease of USD to EUR by 10%	199	(445)
Increase of CHF to EUR by 10%	(514)	(1,384)
Decrease of CHF to EUR by 10%	1,112	2,197

The changes of the net income compared to the reported net income comprises mainly the fair values of the forward foreign exchange contracts in US Dollar and Swiss Franc calculated with new foreign exchange rates.

Interest rate sensitivity

The sensitivity analyses have been determined based on the exposure to interest rates of the bonds. There is no risk of a changing interest rate concerning the cash flows for the company as the issuer of the fixed-interest bearing bonds, although there is the risk of changes in the fair value of the bonds. The company entered into swaps to hedge against this risk of changes in the fair value, so that on a net basis, the Group has the liability to pay a variable interest rate based on 1 month's Euribor and 3 month's Euribor, respectively.

A 100 basis point change in interest rate is used when reporting interest rate risk internally to key management personnel and represents the Executive Board's assessment of the possible change in interest rates.

If interest rates had been 100 basis points higher and all other variables were held constant, this would have caused a decrease of the fair value of the swaps in the amount of TEUR 13,090 (2008: decrease of TEUR 16,249). This change would be offset by a basis adjustment of the bonds in the same amount.

If interest rates had been 100 basis points lower and all other variables were held constant, this would have caused an increase of the fair value of the swaps in the amount of TEUR 15,815 (2008: increase of TEUR 17,283). This change would be offset by a basis adjustment of the bonds in the same amount.

A rise in the interest level by 100 basis points by simultaneously keeping constant all other variables would have led to an increase of the interest result of TEUR 5,313 in the business year 2009 (2008: rise by TEUR 3,669). A decline in the interest level would have led to a decrease of the interest result at the same amount.

f. Fair value of financial instruments

The following table discloses the carrying values of financial instruments with their fair values per class:

(in TEUR)	Carrying value December 31, 2009	Market value December 31, 2009	Carrying value December 31, 2008	Market value December 31, 2008
ASSETS				
Other investments				
Available for sale	2,474	2,474	5,869	5,869
Loans and receivables	20,141	20,141	29,593	29,593
Receivables and other assets				
Loans and receivables	636,925	636,925	568,313	568,313
At fair value through profit and loss – trading*	40,109	40,109	49,428	49,428
Marketable securities				
Available for sale	372,545	372,545	263,314	263,314
Cash and cash equivalents	709,532	709,532	558,448	558,448
	1,781,726	1,781,726	1,474,965	1,474,965
LIABILITIES				
Financial liabilities				
Measured at amortized costs	371,553	371,553	369,023	369,023
At fair value through profit and loss – designation	53,066	53,066	61,497	61,497
Not allocated to any IAS-39 valuation category	1,102	1,102	1,381	1,381
Trade accounts payable				
Measured at amortized costs	260,337	260,337	306,295	306,295
Other liabilities				
At fair value through profit and loss – trading**	21,448	21,448	37,421	37,421
Measured at amortized costs	511,249	511,249	452,618	452,618
	1,218,755	1,218,755	1,228,235	1,228,235

* thereof hedging of cash flows TEUR 1,300 (2008: TEUR 0).

** thereof hedging of cash flows TEUR 0 (2008: TEUR 6,163).

The bonds are recognized at fair value as hedge accounting (fair value hedge) is applied.

The following table discloses the IAS 39 valuation categories for the financial instruments:

(in TEUR)	Carrying value December 31, 2009	Market value December 31, 2009	Carrying value December 31, 2008	Market value December 31, 2008
FINANCIAL ASSETS				
Cash and cash equivalents	709,532	709,532	558,448	558,448
At fair value through profit and loss – trading				
Derivatives*	36,150	36,150	37,983	37,983
Embedded derivatives	3,959	3,959	11,445	11,445
Available for sale				
Non-current securities	2,474	2,474	5,869	5,869
Marketable securities	372,545	372,545	263,314	263,314
Loans and receivables				
Loans granted	4,200	4,200	15,513	15,513
Investments in other companies	15,941	15,941	14,080	14,080
Non-current receivables and other non-current assets	16,254	16,254	13,585	13,585
Trade accounts receivable	454,691	454,691	424,947	424,947
Other receivables and assets - current	165,980	165,980	129,781	129,781
	1,781,726	1,781,726	1,474,965	1,474,965
FINANCIAL LIABILITIES				
At fair value through profit and loss – trading				
Derivatives**	15,622	15,622	32,047	32,047
Embedded derivatives	5,826	5,826	5,374	5,374
At fair value through profit and loss – designation				
Bonds	371,553	371,553	369,023	369,023
Financial liabilities measured at amortized costs				
Bank loans and other financial liabilities	53,066	53,066	61,497	61,497
Trade accounts payable	260,337	260,337	306,295	306,295
Other liabilities	511,249	511,249	452,618	452,618
Other liabilities, not allocated to any IAS 39 valuation category				
Obligations under finance leases	1,102	1,102	1,381	1,381
	1,218,755	1,218,755	1,228,235	1,228,235

* thereof hedging of cash flows TEUR 1,300 (2008: TEUR 0).

** thereof hedging of cash flows TEUR 0 (2008: TEUR 6,163).

The bonds are recognized at fair value as hedge accounting (fair value hedge) is applied.

The following table allocates our 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 observable market inputs when estimating fair values.

2009

(in TEUR)	Total as of December 31, 2009	thereof level 1	thereof level 2	thereof level 3
FINANCIAL ASSETS				
At fair value through profit and loss – trading				
Derivatives	36,150		36,150	
Embedded derivatives	3,959		3,959	
Available for sale				
Non-current securities	2,474	2,474		
Marketable securities	372,545	372,545		
	415,128	375,019	40,109	0
FINANCIAL LIABILITIES				
At fair value through profit and loss – trading				
Derivatives	15,622		15,622	
Embedded derivatives	5,826		5,826	
At fair value through profit and loss – designation				
Bonds	371,553			371,553
	393,001	0	21,448	371,553

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

Level 1:

Quoted prices in active markets for identical assets or liabilities

Level 2:

Inputs other than quoted prices that are observable 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 observable market data

Reconciliation of the financial instruments at fair value classified at level 3 is as follows:

(in TEUR)	2009
Opening balance	369,023
Gains and losses in income statement*	2,530
Issues	0
Settlements	0
Closing balance	371,553
Total gains and losses for liabilities at the end of the period	2,530

* without consideration of gains or losses of the concluded swaps

Fair value calculation

The fair value of foreign exchange forward contracts is determined using forward exchange market rates at the balance sheet date.

At the balance sheet date, the fair values of foreign exchange forward contracts with banks were as follows:

(in TEUR)	2009	2008
Forward contracts with positive fair values	13,297	18,960
Forward contracts with negative fair values	(15,622)	(25,884)
	(2,325)	(6,924)

The remaining terms of the foreign exchange forward contracts are as follows:

(in TEUR)	not exceeding 1 year	more than 1 year	Total 2009	Total 2008
US Dollars	3,460	(1,266)	2,194	(6,891)
Swiss Francs	9	(109)	(100)	(329)
Euros	(3,093)	380	(2,713)	2,866
Other currencies	(1)	(1,705)	(1,706)	(2,570)
	375	(2,700)	(2,325)	(6,924)

At the balance sheet date, the fair values of the embedded derivatives were as follows:

(in TEUR)	2009	2008
Embedded derivatives with positive fair values	3,959	11,445
Embedded derivatives with negative fair values	(5,826)	(5,374)
	(1,867)	6,071

The remaining terms of the embedded derivatives are as follows:

(in TEUR)	not exceeding 1 year	more than 1 year	Total 2009	Total 2008
US Dollars	(1,605)	(307)	(1,912)	5,077
Swiss Francs	(373)	(93)	(466)	(394)
Euros	327	(238)	89	2,001
Other currencies	383	39	422	(613)
	(1,268)	(599)	(1,867)	6,071

The fair value of the interest swaps presenting a total positive fair value as of December 31, 2009 was TEUR 21,553 (TEUR 19,023 as of end of 2008 being a positive fair value).

The fair value of the commodity forward contracts presenting a total positive fair value as of December 31, 2009 was TEUR 1,300 (a total negative fair value of TEUR 6,163 at December 31, 2008). Thereof contracts representing an amount of TEUR 1,232 have a remaining term of less than one year (in 2008 TEUR 4,626).

Cash and cash equivalents, current and non-current financial assets

The carrying amount of cash and other financial assets approximates the fair value due to the relatively short-term maturity of these financial instruments.

Non-current and current securities

The fair values of publicly traded instruments are based on quoted market prices. Non-current securities of the Group are classified as available for sale and are valued at their quoted market price at the balance sheet date.

Receivables and payables

The historical carrying amounts of receivables and payables which are all subject to normal trade credit terms correspond basically to their fair values.

Short-term borrowings

The carrying amount approximates the fair value because of the short period to maturity of those instruments.

Long-term borrowings

The fair value of the long-term debts is based on the current interest rates available for debt with the same maturity profile. The fair value of non-current borrowings and other payables with variable interest rates approximates their carrying amounts. The risks of the changes in fair value have been hedged by interest rate swaps. The management believes that the exposure to interest rate risk of the remaining financial assets and liabilities is negligible.

IAS 39 reserve

The table below shows the movements in the IAS 39 reserve in equity:

(in TEUR)	Unrealized gain (loss) on hedging activities	Unrealized gain (loss) on securities	Unrealized gain (loss) total IAS 39 reserve
Balance as at January 1, 2008	0	644	644
Gains and losses from changes in fair value	(6,163)	(942)	(7,105)
Deferred income taxes thereon	1,541	274	1,815
Transfers to income statement	0	(255)	(255)
Deferred income taxes thereon	0	64	64
Balance as at December 31, 2008	(4,622)	(215)	(4,837)
Gains and losses from changes in fair value	2,837	223	3,060
Deferred income taxes thereon	(709)	(65)	(774)
Transfers to income statement	4,626	318	4,944
Deferred income taxes thereon	(1,157)	(79)	(1,236)
Balance as at December 31, 2009	975	182	1,157

The net gains and losses for each category of financial instruments are as follows:

2009

(in TEUR)	Held for trading	Held for trading	Available for sale
	Derivatives	Embedded derivatives	Securities
Changes in fair values recognized in profit or loss	2,503	(7,938)	(318)
Changes in fair values recognized in equity	2,837	0	223
Recycling out of equity	4,626	0	318
Net gains/(losses)	9,966	(7,938)	223

2008

(in TEUR)	Held for trading	Held for trading	Available for sale
	Derivatives	Embedded derivatives	Securities
Changes in fair values recognized in profit or loss	8,708	9,597	(7,562)
Changes in fair values recognized in equity	(6,163)	0	(942)
Recycling out of equity	0	0	(255)
Net gains/(losses)	2,545	9,597	(8,759)

k. LEASES The Group has entered into various operating lease agreements for machinery, offices, and other facilities as lessee. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt, or further leasing.

Future minimum lease payments under non-cancellable operating leases are as follows:

(in TEUR)	2009	2008
Not exceeding 1 year	17,241	16,406
1 year to 5 years	37,464	35,698
After 5 years	9,409	7,793
	64,114	59,897

l. COMMITMENTS Commitments arising from contracts for expenditure on property, plant, and equipment are only incurred in the ordinary course of business. As of December 31, 2009, these commitments amounted to TEUR 12,850 (2008: to TEUR 14,628).

m. CONTINGENT LIABILITIES AND OFF-BALANCE SHEET TRANSACTIONS Various legal actions and claims are pending or may be asserted in the future against Group companies incidental to the ordinary course of the Group's business. Many of these actions and claims arise out of project-related disputes. Although the outcome of these items cannot be ascertained with precision, management believes, subject to the following paragraph, that the outcome of these legal actions and claims, individually or in the aggregate, should not have a material adverse effect on the company's business, liquidity, result of operations, or financial position.

As of December 2009, ANDRITZ Inc., as subsidiary of the company, was one of many defendants in a total of approximately 26 asbestos cases in the US. Nearly all of these cases involve claims against multiple defendants. In aggregate, the cases involve a total of approximately 686 plaintiffs. ANDRITZ Inc. plans to vigorously defend each claim. As the vast majority of claims against ANDRITZ Inc. have not as yet been stated with specificity, it is not possible for ANDRITZ Inc. to assess the full extent of its potential exposure to asbestos litigation. Through December 31, 2009 ANDRITZ Inc. has not had a judgment of liability rendered against it in connection with an asbestos claim. Approximately 96 asbestos cases and about 20,393 claims against ANDRITZ have been dismissed, and one claim has been resolved without ANDRITZ incurring any significant liability or expense. It is possible that the final adjudication or settlement of such proceedings will have an adverse effect on the company's business, results of operations, and financial condition.

There are no take-back obligations, other than the guarantee claims customary within the industry. The management is not aware of any further risks and rewards originating from off-balance sheet transactions.

n. RELATED PARTY TRANSACTIONS

Only minor business relations exist with the shareholders. The shareholders are:

Free float	71%
Certus Beteiligungs-GmbH	29%

Transactions with associated companies and not consolidated companies were not material. As the Group's transfer-price policy provides for at arm's length transfer-prices, no transactions are carried out, which do not represent market standards.

Transactions with companies in which members of the Supervisory Board of ANDRITZ AG are active are concluded at third-party conditions and are immaterial in scope.

Emoluments of the Executive Board

A provision of TEUR 4,056 in 2009 (TEUR 4,650 in 2008) was recorded for pensions of former members of the Executive Board and their dependants; the current year expense for these pensions amounted to TEUR 75 for 2009 (TEUR 554 for 2008).

The following expenses have been recognized for the Executive Board:

(in TEUR)	2009	2008
Short-term benefits	6,364	8,374
Post-employment benefits	544	1,581
Share-based expenses	974	812
	7,882	10,767

The members of the Supervisory Board received remunerations in the amount of TEUR 125 (2008: TEUR 125).

o. EXPENSES FOR SERVICES RENDERED BY THE GROUP AUDITOR

The expenses for services rendered by the group auditor comprise the following:

(in TEUR)	2009	2008
Year-end audit	208	208
Tax advisory services	52	73
	260	281

p. LIST OF SUBSIDIARIES

Company	Headquarters	Interest	Type of consolidation	Remarks
Anstalt für Strömungsmaschinen GmbH	Graz, Austria	100%	NC	1)
ANDRITZ Technology and Asset Management GmbH	Graz, Austria	100%	FC	
ANDRITZ Finance GmbH	Vienna, Austria	100%	FC	
ANDRITZ Power & Water GmbH	Vienna, Austria	100%	FC	
European Mill Service GmbH	Graz, Austria	50%	NC	1)
ANDRITZ R&M Service S.R.L.	Bucharest, Romania	25%	NC	1)
ANDRITZ HYDRO GmbH	Vienna, Austria	100%	FC	
ANDRITZ HYDRO S.A.S.	Grenoble, France	100%	FC	
ANDRITZ HYDRO Pvt. Ltd.	Bhopal, India	100%	FC	
ANDRITZ Deutschland Beteiligungs GmbH	Krefeld, Germany	100%	FC	
ANDRITZ GmbH	Hemer, Germany	100%	FC	
ANDRITZ Kaiser GmbH	Bretten-Gölshausen, Germany	100%	FC	
Sundwig GmbH	Hemer, Germany	75%	FC	
ANDRITZ Fiedler GmbH	Regensburg, Germany	100%	FC	
ANDRITZ Fiedler Holding S.A.R.L.	Scorbé Clairvaux, France	100%	FC	
ANDRITZ Separation GmbH	Cologne, Germany	100%	FC	

Company	Headquarters	Interest	Type of consolidation	Re- marks
ANDRITZ - Jochman s.r.o.	Spišská Nová Ves, Slovakia	90%	EQ	
ANDRITZ Fließbett Systeme GmbH	Ravensburg, Germany	100%	FC	
Lenser Verwaltungs GmbH	Senden, Germany	100%	FC	
ANDRITZ S.R.L.	Cisnădie, Romania	100%	EQ	
Lenser Filtration GmbH	Senden, Germany	100%	FC	
Lenser Asia Sdn. Bhd.	Selangor, Malaysia	100%	FC	
ANDRITZ HYDRO GmbH	Ravensburg, Germany	100%	FC	
ANDRITZ Küsters GmbH	Krefeld, Germany	100%	FC	
ANDRITZ Kufferath GmbH	Düren, Germany	100%	FC	
AKRE Real Estate GmbH	Düren, Germany	100%	FC	
ANDRITZ Maerz GmbH	Düsseldorf, Germany	100%	FC	
ANDRITZ Rollteck GmbH	Krefeld, Germany	100%	FC	
ANDRITZ HYDRO S.L.	Madrid, Spain	100%	FC	
ANDRITZ HYDRO S.r.l.	Vicenza, Italy	100%	FC	
ANDRITZ HYDRO AOSTA S.r.l.	Aosta, Italy	100%	NC	1)
ANDRITZ HYDRO AG	Kriens, Switzerland	100%	FC	
ANDRITZ HYDRO S.A. de CV.	Morelia, Mexico	100%	FC	
ANDRITZ HYDRO AS	Jevnaker, Norway	100%	FC	
ANDRITZ HYDRO BRASIL Ltda.	São Paulo, Brazil	100%	FC	
ANDRITZ HYDRO Ltd. Sirketi	Ankara, Turkey	100%	FC	
PT ANDRITZ HYDRO	Jakarta, Indonesia	51%	FC	
ANDRITZ HYDRO S.A.	Lima, Peru	100%	NC	1)
ANDRITZ HYDRO (Pty) Ltd.	Bedfordview, South Africa	100%	NC	1)
ANDRITZ HYDRO Limitada	Bogotá, Colombia	100%	NC	1)
ANDRITZ HYDRO s.r.o.	Prague, Czech Republic	100%	NC	1)
ANDRITZ INDIA Pvt. Ltd.	Faridabad, India	100%	NC	1)
ANDRITZ HYDRO C.A.	Caracas, Venezuela	100%	NC	1)
ANDRITZ POWER Sdn. Bhd.	Kuala Lumpur, Malaysia	30%	NC	1)
ANDRITZ HYDRO Inc.	Makati City, Philippines	100%	NC	1)
The Hydro Equipment Association Limited	London, Great Britain	33.3%	NC	1)
HGI Holdings Limited	Limassol, Cyprus	100%	EQ	
AP Anlage-Projektierungs AG	Bülach, Switzerland	100%	FC	
ANDRITZ Separation (India) Private Ltd.	Chennai, India	100%	FC	
ANDRITZ spol. s.r.o.	Hradec Králové, Czech Republic	100%	NC	1)
ANDRITZ Denmark A/S	Esbjerg, Denmark	100%	FC	
ANDRITZ FEED & BIOFUEL A/S	Esbjerg, Denmark	100%	FC	
ANDRITZ FEED & BIOFUEL Brasil Ltda.	Porto Alegre, Brazil	100%	NC	1)
ANDRITZ FEED & BIOFUEL s.r.o.	Humenné, Slovakia	100%	EQ	
ANDRITZ Chile Ltda.	Santiago de Chile, Chile	100%	FC	
ANDRITZ (USA) Inc.	Roswell, Georgia, USA	100%	FC	
ANDRITZ Inc.	Roswell, Georgia, USA	100%	FC	
ANDRITZ Finance Inc.	Tualatin, Oregon, USA	100%	FC	
Delta Holding Corporation	Tualatin, Oregon, USA	100%	FC	
ANDRITZ Separation Inc.	Arlington, Texas, USA	100%	FC	
ANDRITZ Filter Press Inc.	Arlington, Texas, USA	100%	FC	
ANDRITZ Automation Inc.	Decatur, Georgia, USA	100%	FC	
CyberMetrics Inc.	Alpharetta, Georgia, USA	100%	FC	
Lenser Filtration Inc.	Lakewood, New Jersey, USA	100%	FC	
ANDRITZ HYDRO Corp.	Charlotte, North Carolina, USA	100%	FC	
ANDRITZ S. A. S.	Vélizy, France	100%	FC	
ANDRITZ Selas S.A.S.	Asnières-sur-Seine, France	100%	FC	
Lenser Filtration S.A.R.L.	Haguenau, France	100%	FC	
Jaybee Engineering (Holdings) Pty. Ltd.	Victoria, Australia	100%	FC	
ANDRITZ Pty. Ltd.	Victoria, Australia	100%	FC	
ANDRITZ Ingeniería S.A.	Madrid, Spain	100%	FC	
ANDRITZ Brasil Ltda.	Curitiba, Brazil	100%	FC	

Company	Headquarters	Interest	Type of consolidation	Re- marks
ANDRITZ Separation Industria e Comércio de Equipamentos de Filtração Ltda.	Pomerode, Brazil	100%	FC	
Sindus Manutenção e Sistemas Industriais Ltda.	Porto Alegre, Brazil	50%	QU	
Sindus ANDRITZ Uruguay S.A.	Río Negro, Uruguay	50%	NC	1)
ANDRITZ Hydro Inepar do Brasil S.A.	São Paulo, Brazil	50%	FC	
ANDRITZ Pilão Equipamentos Ltda.	São Paulo, Brazil	100%	FC	
ANDRITZ Oy	Helsinki, Finland	100%	FC	
Savonlinna Works Oy	Savonlinna, Finland	100%	FC	
ANDRITZ Hydro Inepar Finland Oy	Tampere, Finland	100%	FC	
Carbona Oy	Helsinki, Finland	80%	EQ	
Warkaus Works Oy	Varkaus, Finland	50%	EQ	
Enmas ANDRITZ Private Ltd.	Chennai, India	40%	EQ	
ANDRITZ HYDRO Canada Inc.	Stoney Creek, Ontario, Canada	100%	FC	
ANDRITZ HYDRO Canada Ltd./Ltee,	Pointe Claire, Quebec, Canada	100%	FC	
ANDRITZ HYDRO Installations Inc.	Lachine, Quebec, Canada	100%	NC	1)
ANDRITZ Ltd./Ltée.	Lachine, Quebec, Canada	100%	FC	
ANDRITZ Paper Machinery Ltd.	Lachine, Quebec, Canada	100%	FC	
ANDRITZ Automation Ltd.	Richmond, British Columbia, Canada	100%	FC	
IDEAS Simulation & Control Ltd.	Richmond, British Columbia, Canada	100%	FC	
ANDRITZ AB	Örnsköldsvik, Sweden	100%	FC	
ANDRITZ Lynson AB	Vallentuna, Sweden	100%	FC	
ANDRITZ Waplans AB	Nälden, Sweden	100%	FC	
ANDRITZ Hydro Inepar Sweden AB	Kristinehamn, Sweden	100%	FC	
ANDRITZ Ltd.	Staffordshire, Great Britain	100%	FC	
ANDRITZ Selas UK Ltd.	Derbyshire, Great Britain	100%	FC	
ANDRITZ-Kenflo Foshan Pump Co. Ltd.	Foshan, China	60%	FC	
ANDRITZ Technologies Ltd.	Foshan, China	100%	FC	
ANDRITZ-Wolfensberger Special Alloy Foundry Co., Ltd.	Foshan, China	65%	FC	
ANDRITZ Technologies H.K. Ltd.	Hong Kong, China	100%	NC	1)
Kufferath Forming Technology China (Zhejiang) Co., Ltd.	Zhejiang, China	100%	NC	1)
ANDRITZ THERMTEC Holding B.V.	Rotterdam, The Netherlands	100%	FC	
ANDRITZ THERMTEC B.V.	Rotterdam, The Netherlands	100%	FC	
ANDRITZ Technologies Private Limited	Bangalore, India	100%	FC	
ANDRITZ FEED & BIOFUEL Limited	Hull, Great Britain	100%	FC	
ANDRITZ FEED & BIOFUEL B.V.	Geldrop, The Netherlands	100%	FC	
ANDRITZ B.V.	Den Helder, The Netherlands	100%	FC	
ANDRITZ 3SYS AG	Wohlen, Switzerland	100%	FC	
ANDRITZ Singapore Pte. Ltd.	Singapore, Singapore	100%	FC	
ANDRITZ (Thailand) Limited	Bangkok, Thailand	100%	FC	
ANDRITZ Uruguay S.A.	Río Negro, Uruguay	100%	FC	
ANDRITZ Industrias S.A.	Río Negro, Uruguay	100%	NC	1)
ANDRITZ Pulp Technologies Punta Pereira S.A.	Montevideo, Uruguay	100%	NC	1)
ANDRITZ K.K.	Tokyo, Japan	100%	FC	
ANDRITZ (Pty) Ltd.	Bedfordview, South Africa	100%	FC	
PT ANDRITZ	Jakarta, Indonesia	100%	FC	
ANDRITZ Australia Pty. Ltd.	Melbourne, Victoria, Australia	100%	NC	1)
LLC ANDRITZ	St. Petersburg, Russia	100%	FC	
OOO ANDRITZ Metals	Moscow, Russia	100%	NC	1)
ANDRITZ Kufferath s.r.o.	Levice, Slovakia	100%	FC	
ANDRITZ Kft.	Tiszaújváros, Hungary	100%	FC	

1) immaterial FC: Full consolidation QU: Proportional consolidation EQ: Equity accounting NC: No consolidation

Graz, February 25, 2010

Wolfgang Leitner
(President
and CEO)

Franz Hofmann

Karl Hornhofer

Humbert Köfler

Friedrich Papst

DISCLAIMER Certain statements contained in the annual financial report 2009 and annual report 2009 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.

The annual financial report 2009 and the annual report 2009 contain assumptions and forecasts which were based on the information available up to the copy deadline on February 25, 2010. If the premises for these assumptions and forecasts do not occur, or risks indicated in the chapter 'corporate risks' and in the status report in the annual financial report 2009 do arise, actual results may vary from the forecasts made in the annual financial report and annual report 2009.

Although the greatest caution was exercised in preparing data, all information related to the future is provided without guarantee.

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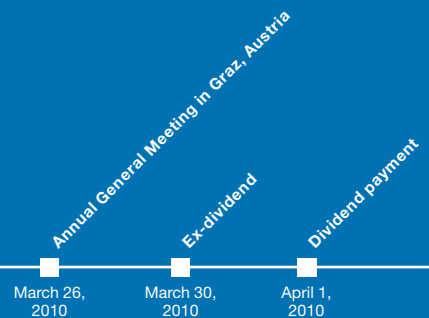
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Financial calendar (preliminary):

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





Results for the first quarter of 2010

Results for the first half of 2010

Results for the first three quarters of 2010

May 7, 2010

August 9, 2010

November 8, 2010



ANDRITZ annual report 2009

Companies all over the world have been confronted with exceptional challenges as a result of the financial and economic crisis. Additionally, such central topics as globalization or climate and environmental protection also present global challenges that have to be answered.

The ANDRITZ annual report 2009 relates how the ANDRITZ GROUP stood its ground and developed in the face of these challenges – and how it tackles day-to-day challenges in order to achieve its goals of world market leadership and long-term, profitable growth.

Jahresabschluss 2009 der ANDRITZ AG

Präambel

Lagebericht ANDRITZ-GRUPPE

Bilanz ANDRITZ AG

Gewinn- und Verlustrechnung ANDRITZ AG

Anhang ANDRITZ AG



Lagebericht

Präambel

Der Jahresabschluss (Einzelabschluss) der ANDRITZ AG wird nach den Bilanzierungs- und Bewertungsvorschriften des österreichischen UGB aufgestellt. Entsprechend dieser Vorschriften sind die verbundenen Unternehmen im Rahmen des Finanzanlagevermögens ausgewiesen. Dadurch ergibt sich aus dem Einzelabschluss lediglich ein Ausschnitt der wirtschaftlichen Lage für die ANDRITZ AG und ihre verbundenen Unternehmen.

Finanzielle Leistungsindikatoren der ANDRITZ AG:

Die Kennzahlen wurden entsprechend dem Fachgutachten zur Mindestausgestaltung finanzieller Leistungsindikatoren im Lagebericht berechnet.

in MEUR bzw. in %	2008	2009
Auftragsstand	1.470,2	1.590,9
Umsatzerlöse	765,6	477,5
Ergebnis vor Zinsen und Steuern	91,9	88,1
Umsatzrentabilität	12,0%	18,5%
Eigenkapitalrentabilität	21,5%	23,7%
Gesamtkapitalrentabilität	7,1%	6,4%
Nettoverschuldung	265,0	190,9
Nettoumlaufvermögen	-79,8	63,4
Eigenkapitalquote	23,8%	23,7%
Verschuldungsgrad	85,9%	58,9%
Ergebnis vor Zinsen, Steuern und Abschreibungen	130,2	120,9

Aufgrund der geringeren Endabrechnung von Großprojekten sind die Umsatzerlöse und das Betriebsergebnis im Vorjahresvergleich deutlich zurückgegangen.

Der Netto-Geldfluss aus laufender Geschäftstätigkeit betrug in 2009 +159,4 MEUR (2008: +121,4 MEUR), jener aus der Investitionstätigkeit -29,8 MEUR (2008: -160,4 MEUR) und jener aus der Finanzierungstätigkeit -56,8 MEUR (2008: +37,9 MEUR). Der Finanzmittelbestand am Ende der Periode erhöhte sich daher von 45,2 MEUR am 31.12.2008 auf 118,0 MEUR am 31.12.2009.

Nicht-finanzielle Leistungsindikatoren der ANDRITZ AG:

Bezüglich der Themenbereiche Fertigung, Personalwesen und Umweltschutz wird auf die Ausführungen im Konzernlagebericht verwiesen, welche auch für die ANDRITZ AG zutreffend sind. Im Bereich Forschung und Entwicklung ist die ANDRITZ AG eines von mehreren Forschungszentren in der ANDRITZ-Gruppe und in sämtlichen Geschäftsbereichen mit Ausnahme des Geschäftsbereichs FEED & BIOFUEL in verschiedenen Projekten tätig.

Zur besseren Einsicht in die Vermögens-, Finanz- und Ertragslage basiert der folgende Lagebericht auf dem nach IFRS erstellten Konzernabschluss.

Lagebericht

WIRTSCHAFTLICHE RAHMENBEDINGUNGEN

Während die Entwicklung der Weltwirtschaft im 1. Halbjahr 2009 durch die globale Finanz- und Wirtschaftskrise negativ beeinflusst war, stabilisierte sich in der zweiten Jahreshälfte das wirtschaftliche Umfeld in den wichtigsten Wirtschaftsregionen.

In den USA kam es nach einem sehr schwierigen 1. Halbjahr zu einer leichten Erholung der Wirtschaft ab dem 3. Quartal 2009. Die Industrie-Produktion und v. a. der Privatkonsum, der den Hauptteil des US-Bruttonationalprodukts ausmacht, entwickelten sich erfreulich, wobei sich das von der US-Regierung gestartete Anreiz-Programm zum Kauf von neuen, sparsamen Kraftfahrzeugen („Abwrackprämie“) positiv auswirkte. Ebenso kam es am Immobilienmarkt zu einer Entspannung. Dennoch blieb die Situation am Arbeitsmarkt mit einer Arbeitslosenquote von über 10% schwierig.

In Europa war eine ähnliche wirtschaftliche Entwicklung feststellbar, wenngleich die wirtschaftliche Erholung im 2. Halbjahr 2009 durch den schwachen Privatkonsum in den meisten Mitgliedsstaaten deutlich gemäßiger als in den USA ausfiel. Nur stark exportorientierte Länder, wie z. B. Deutschland, zeigten durch die Belebung der Wirtschaft in den aufstrebenden Ländern eine deutlichere Erholung.

In Asien und den anderen großen aufstrebenden Ländern waren die Auswirkungen der Weltwirtschaftskrise deutlich geringer als in den USA oder Europa. In China kam es nach einer Phase der Abkühlung im 1. Quartal 2009 rasch zu einer Erholung der Wirtschaft; das Wirtschaftswachstum wurde hier v. a. durch das von der chinesischen Regierung aufgelegte Stimulus-Programm zur Belebung der Wirtschaft, aber auch durch die steigenden Exporte unterstützt. Ebenso zeigten die aufstrebenden Wirtschaftsnationen in Südamerika im Verlauf des 2. Halbjahrs 2009 eine starke wirtschaftliche Erholung.

Quelle: OECD

GESCHÄFTSENTWICKLUNG

Veränderung des Konsolidierungskreises/Akquisitionen

Die folgenden Unternehmen waren im Geschäftsjahr 2008 nicht oder nur teilweise im Konzernabschluss der ANDRITZ-GRUPPE enthalten:

- Maerz Industrieofenanlagen GmbH: Wärmebehandlungsanlagen und Schmelzöfen.
- Einzelne Vermögenswerte von GE (General Electric Company) Energy: Wasserkraft-Technologie.
- GEH (Mehrheitsbeteiligung am Joint Venture General Electric Hydro Inepar): Wasserkraft-Technologie.
- Kufferath: Service-Unternehmen für die Zellstoff- und Papier-Industrie.

Folgendes Unternehmen wurde 2009 im Konzern-Abschluss der ANDRITZ-GRUPPE neu konsolidiert:

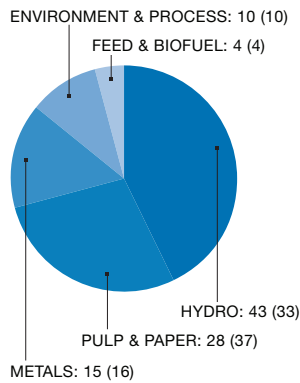
- Rollteck: Konstruktion und Fertigung von Rollenschneid-Maschinen für die Papier-Industrie.

Die erstmalige Einbeziehung der in 2008 und 2009 erworbenen Unternehmen/Geschäftsfelder erfolgte auf Basis vorläufiger Werte.

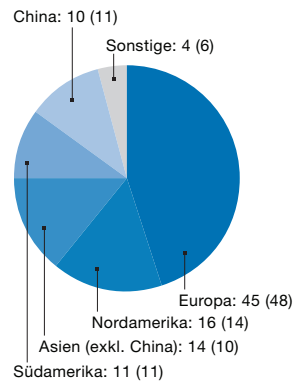
Umsatz

Der Umsatz der ANDRITZ-GRUPPE betrug im Geschäftsjahr 2009 3.197,5 MEUR und lag damit um 11,4% unter dem Rekordwert des Vorjahrs (2008: 3.609,8 MEUR). Während der Geschäftsbereich HYDRO seinen Umsatz deutlich steigern konnte, ging der Umsatz in den anderen Geschäftsbereichen – insbesondere im Bereich PULP & PAPER – im Jahresvergleich zurück.

Umsatz nach Geschäftsbereichen 2009 (2008) in %



Umsatz nach Regionen 2009 (2008) in %



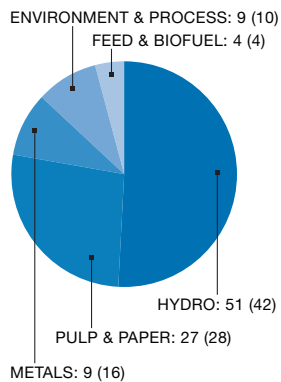
Anteil Service-Umsatz am Umsatz der Gruppe und der Geschäftsbereiche

	2009	2008
ANDRITZ-GRUPPE	27%	24%
HYDRO	24%	24%
PULP & PAPER	41%	32%
METALS	3%	3%
ENVIRONMENT & PROCESS	28%	24%
FEED & BIOFUEL	56%	50%

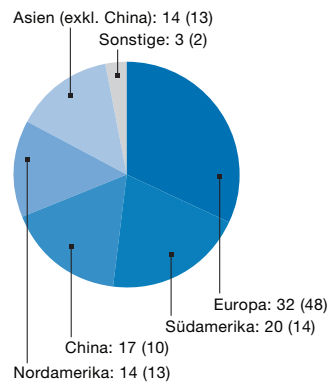
Auftragseingang

Trotz der schwierigen gesamtwirtschaftlichen Entwicklung lag der Auftragseingang der Gruppe mit 3.349,3 MEUR im Jahr 2009 nur um 9,6% unter dem sehr hohen Wert des Vorjahrs (2008: 3.705,3 MEUR). Dies ist v. a. auf die sehr positive Entwicklung des Geschäftsbereichs HYDRO zurückzuführen – der Auftragseingang stieg hier um 9,8% auf den neuen Rekordwert von 1.693,9 MEUR an (2008: 1.543,4 MEUR). Die anderen Geschäftsbereiche – insbesondere der Geschäftsbereich METALS – verzeichneten dagegen im Jahresvergleich Rückgänge des Auftrags-eingangs.

Auftragseingang nach Geschäftsbereichen 2009 (2008) in %



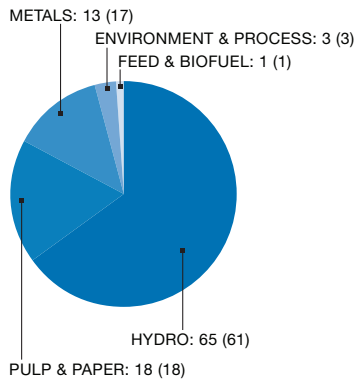
Auftragseingang nach Regionen 2009 (2008) in %



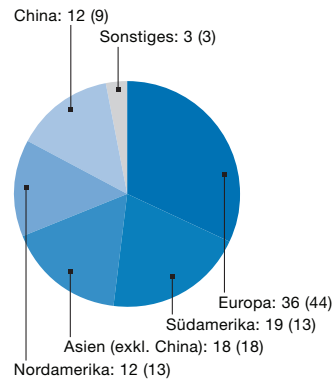
Auftragsstand

Der Auftragsstand der ANDRITZ-GRUPPE per 31. Dezember 2009 betrug 4.434,5 MEUR, was einen Anstieg von 3,7% gegenüber dem hohen Niveau des Vorjahrs bedeutet (31. Dezember 2008: 4.277,4 MEUR). Während sich der Auftragsstand des Geschäftsbereichs HYDRO im Jahresvergleich deutlich erhöhte, ging der Auftragsstand v. a. im Geschäftsbereichen METALS deutlich zurück.

Auftragsstand nach Geschäftsbereichen 2009 (2008) in %



Auftragsstand nach Regionen 2009 (2008) in %



Ergebnis

Das EBITA der Gruppe betrug im Berichtsjahr 164,1 MEUR und lag damit deutlich unter dem Vorjahreswert (2008: 233,2 MEUR). Die Rentabilität (EBITA-Marge) erreichte einen Wert von 5,1% (2008: 6,5%).

Dieser Rückgang ist im Wesentlichen auf Aufwendungen für konjunkturbedingt notwendige, kapazitive Anpassungen und operative Restrukturierungen in Höhe von rd. 29 MEUR – insbesondere im Geschäftsbereich PULP & PAPER – sowie auf den Umsatzrückgang zurückzuführen. Exklusive dieser einmaligen Aufwendungen beträgt das EBITA im Jahr 2009 193,1 MEUR, was einer EBITA-Marge von 6,0% entspricht. Aus den Anpassungen und Restrukturierungen werden zukünftig deutliche Einsparungseffekte erwartet, die sich auf das operative Ergebnis im Geschäftsjahr 2010 und in den Folgejahren positiv auswirken sollten.

Im Berichtsjahr wurden Wertminderungen von Firmenwerten von 7,9 MEUR (2008: 6,8 MEUR) erfasst, die v. a. dem Geschäftsbereich PULP & PAPER zuzuordnen sind.

Das Finanzergebnis der ANDRITZ-GRUPPE betrug 2,6 MEUR und lag damit deutlich über dem Wert des Vorjahrs (2008: -8,1 MEUR). Dies ist im Wesentlichen auf Kursgewinne veräußerter Geldmarktfonds zurückzuführen, die 2008 bedingt durch die weltweite Finanzkrise wertberichtigt werden mussten.

Die Steuerquote betrug im Berichtsjahr 31,2% (2008: 30,1%).

Das Konzern-Ergebnis der Gruppe nach Abzug von Minderheitsanteilen betrug im Berichtsjahr 96,8 MEUR (2008: 139,7 MEUR).

Finanz-Kennzahlen

	Einheit	2009	2008	+/-
Umsatz	MEUR	3.197,5	3.609,8	-11,4%
Umsatzrendite ¹⁾	%	4,6	6,1	-
EBITDA	MEUR	218,2	278,2	-21,6%
Ergebnis vor Zinsen und Ertragsteuern (EBIT)	MEUR	147,1	218,5	-32,7%
Ergebnis vor Ertragsteuern (EBT)	MEUR	149,6	210,5	-28,9%
Konzern-Ergebnis	MEUR	102,9	147,0	-30,0%

1) EBIT (Ergebnis vor Zinsen und Ertragsteuern)/Umsatz

Vermögens- und Kapitalstruktur

Die Bilanzsumme der ANDRITZ-GRUPPE per 31. Dezember 2009 stieg auf 3.309,3 MEUR an (31. Dezember 2008: 3.086,3 MEUR). Die Eigenkapitalquote per 31. Dezember 2009 betrug 20,0% (31. Dezember 2008: 18,7%).

Die liquiden Mittel (flüssige Mittel plus Wertpapiere des Umlaufvermögens) per 31. Dezember 2009 betragen 1.082,1 MEUR (31. Dezember 2008: 821,8 MEUR). Die Netto-Liquidität (liquide Mittel plus Marktwert der Zinsswaps abzüglich Finanzverbindlichkeiten) betrug 677,9 MEUR und lag damit deutlich über dem Wert zum Ende des Vorjahrs (31. Dezember 2008: 408,9 MEUR).

Bilanz-Kennzahlen

	Einheit	2009	2008
Eigenkapitalquote ¹⁾	%	20,0	18,7
Eigenkapitalrentabilität ²⁾	%	22,5	36,5
Gesamtkapitalrentabilität ³⁾	%	4,4	7,1
Nettoliquidität ⁴⁾	MEUR	677,9	408,9
Nettoverschuldung ⁵⁾	MEUR	-505,3	-242,9
Nettoumlaufvermögen ⁶⁾	MEUR	-104,3	22,7
Capital employed ⁷⁾	MEUR	285,9	406,8
Verschuldungsgrad ⁸⁾	%	-76,2	-42,1

1) Summe Eigenkapital/Bilanzsumme 2) Ergebnis vor Ertragsteuern/Summe Eigenkapital 3) Ergebnis vor Zinsen und Ertragsteuern/Bilanzsumme 4) Flüssige Mittel plus Wertpapiere des Umlaufvermögens plus Marktwert der Zinsswaps abzüglich Finanzverbindlichkeiten 5) Verzinsliches Fremdkapital inkl. Rückstellungen für Abfertigungen, Pensionen und Jubiläumsgelder abzüglich flüssige Mittel und Wertpapiere des Umlaufvermögens 6) Langfristige Forderungen plus kurzfristige Vermögenswerte (exkl. Wertpapiere des Umlaufvermögens und flüssige Mittel) abzüglich sonstige langfristige Verbindlichkeiten und kurzfristige Verbindlichkeiten (exkl. Finanzverbindlichkeiten und Rückstellungen) 7) Nettoumlaufvermögen plus immaterielle Vermögenswerte und Sachanlagen 8) Nettoverschuldung/Summe Eigenkapital

Aktiva

769,2 MEUR	1.458,0 MEUR	1.082,1 MEUR
Langfristiges Vermögen: 23%	Sonstiges kurzfristiges Vermögen: 44%	Flüssige Mittel und Wertpapiere des Umlaufvermögens: 33%

Passiva

663,5 MEUR	425,7 MEUR	323,1 MEUR	1.897,0 MEUR
Summe Eigenkapital inkl. Anteile in Fremdbesitz: 20%	Finanzverbindlichkeiten: 13%	Sonstige langfristige Verbindlichkeiten: 10%	Sonstige kurzfristige Verbindlichkeiten: 57%

Investitionen und Cashflow

Die Investitionen in materielle und immaterielle Vermögensgegenstände betragen 2009 70,5 MEUR (2008: 69,7 MEUR) und betrafen im Wesentlichen Modernisierungen von Fertigungsstätten.

Der Cashflow aus laufender Geschäftstätigkeit betrug 345,7 MEUR und war damit deutlich höher als im Vorjahr (2008: 255,0 MEUR).

Cashflow-Kennzahlen

	Einheit	2009	2008
Cashflow aus laufender Geschäftstätigkeit	MEUR	345,7	255,0
Investitionen ¹⁾	MEUR	70,5	69,7
Free Cashflow ²⁾	MEUR	285,6	187,5
Free Cashflow je Aktie ³⁾	EUR	5,5	3,6

1) Zugänge zu immateriellen Vermögenswerten und Sachanlagen 2) Cashflow aus laufender Geschäftstätigkeit abzüglich Investitionen plus Einzahlungen aus dem Verkauf von immateriellen Vermögenswerten und Sachanlagen 3) Free Cashflow/ Aktiengesamtzahl

ANDRITZ verfügt über ein gruppenweites Risiko-Managementsystem, mit dem Risikopotenziale erkannt und Gegenmaßnahmen getroffen werden sollen. Dies ist ein wichtiges Element des aktiven Risikomanagements innerhalb der Gruppe.

Wesentliche Merkmale des internen Kontroll- und Risikomanagementsystems in Hinblick auf den Rechnungslegungsprozess

Die Einrichtung eines angemessenen internen Kontroll- und Risikomanagementsystems in Hinblick auf den Rechnungslegungsprozess bzw. die Finanzberichterstattung liegt in der Verantwortung des Vorstands. Dazu hat der Vorstand sowohl für die wesentlichen Geschäftsrisiken innerhalb der Gruppe als auch für den Finanzberichterstattungsprozess gruppenweit verbindlich anzuwendende Regelungen und Richtlinien verabschiedet.

Das Rechnungswesen und die darin integrierte Finanzbuchhaltung sind direkt dem Vorstand unterstellt. Durch entsprechende organisatorische Maßnahmen wird sichergestellt, dass die gesetzliche Vorgabe, dass die Eintragungen in die Bücher und die sonstigen Aufzeichnungen vollständig, richtig, zeitgerecht und geordnet zu erfolgen haben, erfüllt wird. Der gesamte Prozess von der Beschaffung bis zur Zahlung unterliegt strengen Regeln und Richtlinien, welche jegliche damit im Zusammenhang stehenden Risiken vermeiden sollen. Zu diesen Maßnahmen und Regeln zählen u. a. Funktionstrennungen, Unterschriftenordnungen, ausschließlich kollektive und auf wenige Personen eingeschränkte Zeichnungsermächtigung für Zahlungen sowie systemunterstützte Prüfungen durch die verwendete Software (SAP).

Durch ein standardisiertes, konzernweites Finanzberichtswesen sowie durch Adhoc-Berichterstattung über bedeutende Ereignisse wird der Vorstand laufend über alle relevanten Sachverhalte informiert. Der Aufsichtsrat wird in zumindest einer pro Quartal stattfindenden Aufsichtsratssitzung über den laufenden Geschäftsgang inklusiver operativer Planung und mittelfristiger Strategie des Konzerns unterrichtet, in besonderen Fällen wird der Aufsichtsrat auch unmittelbar informiert. In den Prüfungsausschusssitzungen wird u. a. auch das interne Kontroll- und Risikomanagement behandelt.

Eine interne Revision, die als Stabstelle des Vorstands eingerichtet ist, auditiert konzernweit einzelne Prozesse oder Gesellschaften anhand eines jährlich festgelegten Prüfplans.

Finanzielle Risiken

Überwachung und Management finanzieller Risiken sind integrale Bestandteile des Rechnungswesens und des Controllings innerhalb der gesamten ANDRITZ-GRUPPE. Kontinuierliches Controlling und regelmäßiges Reporting sollen die Wahrscheinlichkeit erhöhen, dass größere Risiken früh erkannt und wenn notwendig Gegenmaßnahmen getroffen werden können. Dennoch gibt es keine Garantie dafür, dass die Überwachungs- und Risikokontroll-Systeme effektiv genug sind.

Die wesentlichen Risiken für die Geschäftsentwicklung der ANDRITZ-GRUPPE im Jahr 2010 beziehen sich v. a. auf die Abhängigkeit der Gruppe von der allgemeinen Konjunktorentwicklung und der Entwicklung der von ihr bedienten Industrien, den Erhalt von Großaufträgen und die Erzielung der entsprechenden Umsatzerlöse aus dem hohen Auftragsstand. Die anhaltende Finanzkrise und die starke wirtschaftliche Verlangsamung in den wichtigsten Wirtschaftsregionen der Welt stellen darüber hinaus für die finanzielle Entwicklung der ANDRITZ-GRUPPE im Geschäftsjahr 2010 ein ernstes Risiko dar. Die weltweite Wirtschaftsschwäche könnte zu weiteren Verzögerungen bei der Abwicklung bestehender Aufträge sowie zur Verzögerung oder Einstellung laufender Projekte führen. Die Stornierung bestehender Aufträge könnte den Auftragsstand der ANDRITZ-GRUPPE negativ beeinflussen, was sich wiederum negativ auf die Kapazitätsauslastung der Produktionsstätten der Gruppe auswirken könnte.

Die globale Finanz- und Wirtschaftskrise könnte auch eine vollständige oder teilweise Abschreibung einzelner im Zuge von Akquisitionen entstandener Firmenwerte notwendig machen, wenn die wirtschaftlichen Ziele nicht erreicht werden können. Dies könnte die Ergebnisentwicklung der ANDRITZ-GRUPPE beeinflussen. Abseits davon besteht jederzeit das Risiko, dass Forderungen aus Lieferungen und Leistungen teilweise oder gänzlich wertberichtigt werden müssen.

Das Zahlungsausfallsrisiko von Kunden wird für einen Großteil der Aufträge durch Besicherung von Zahlungen durch Banken sowie durch Abschluss von Exportversicherungen reduziert. Das Risiko für Lieferungen in als politisch durchschnittlich riskant oder sehr riskant eingestufte Länder wird üblicherweise ebenfalls in großem Ausmaß versichert. Zins- und Wechselkursrisiken werden durch die Verwendung von derivativen Finanzinstrumenten – v. a. Devisentermingeschäfte und Swaps – minimiert und gesteuert. Bei in Fremdwährung fakturierten Aufträgen (hauptsächlich solchen in US-Dollar, Euro und Schweizer Franken) wird die Nettowährungsposition durch den Abschluss von Termingeschäften gesichert. Cashflow-Risiken werden über monatliche Cashflow-Berichte überwacht.

Um die finanziellen Risiken weiter zu reduzieren und zur besseren Überwachung, Kontrolle und Bewertung der Finanz- und Liquiditätsposition verbessert die ANDRITZ-GRUPPE laufend ihre Treasury-Richtlinien und -Informationssysteme.

Die ANDRITZ-GRUPPE ist hinsichtlich Liquidität sehr gut positioniert und verfügt über ausreichende Liquiditätsreserven sowie einen gesicherten Zugang zu Liquidität. Die Gruppe vermeidet es, von einer einzigen Bank oder von nur wenigen Banken abhängig zu sein. Zur Sicherstellung der Unabhängigkeit wird bei allen wichtigen Finanz-Produkten (flüssige Mittel, Finanzverbindlichkeiten, Finanzanlagevermögen, Garantien und Derivate) jeweils nur ein bestimmtes Volumen mit einer Bank abgewickelt.

Geld wird weitgehend in risikoarme Finanzanlagen investiert, wie z. B. in Staatsanleihen, staatsgarantierte Anleihen, Wertpapierfonds zur Deckung der Pensionsverpflichtungen oder Termingelder. Die Finanzmarktkrise und deren Auswirkungen können jedoch zu einer ungünstigen Preisentwicklung bei verschiedenen Wertpapieren, in welche die Gruppe investiert hat (z. B. Wertpapierfonds oder Anleihen), oder zu deren Unhandelbarkeit führen. Dies könnte sich aufgrund notwendig werdender Abwertungen oder Wertberichtigungen negativ auf das Finanzergebnis oder das Eigenkapital der ANDRITZ-GRUPPE auswirken. Durch die Krise erhöht sich zudem das Ausfallsrisiko einzelner Emittenten der Wertpapiere bzw. der Kunden.

Nicht-finanzielle Risiken

Im Bereich der Fertigung sind exakte Planung, hoher Einsatz und Flexibilität seitens der Mitarbeiter wesentliche Erfolgsfaktoren, um kurze Auftragsdurchlaufzeiten und hohe Termintreue zu garantieren. ANDRITZ setzt intern auf flexible Arbeitszeitmodelle und einen hohen Anteil an Zeitarbeitern, um zyklischen Auslastungsschwankungen zu begegnen. Weiters wird durch effizientes Lieferantenmanagement die Abwicklung des Zukaufsvolumens kontinuierlich verbessert und der Lieferantenpool laufend um qualifizierte Unternehmen erweitert.

Die ANDRITZ-Fertigungsstrategie basiert auf Eigenfertigung der Kernbauteile sowie Zukauf von Fertigungsleistungen. Damit können Auslastungsschwankungen besser ausgeglichen werden und die vorhandenen eigenen Fertigungskapazitäten optimal ausgelastet werden. Gemäß dieser „Make-or-Buy“-Strategie werden prozessrelevante Schlüsselkomponenten für Anlagen und Produkte von ANDRITZ meist in eigenen Produktionsstätten gefertigt und montiert. Einfache Komponenten werden dagegen vorwiegend bei qualifizierten Lieferanten beschafft, deren Qualität und Termintreue laufend kontrolliert und überwacht wird.

Im Bereich Personal sind interessante Karrieremöglichkeiten, eine leistungsorientierte Entlohnung und fokussierte Management-Trainingsprogramme wesentliche Voraussetzungen, dass ANDRITZ bestens ausgebildete und hoch qualifizierte Mitarbeiter anzieht. Hohe Qualitätsstandards im Auswahlverfahren gewährleisten, dass die am besten geeigneten Kandidaten eingestellt werden.

Im Rahmen der Nachfolgeplanung werden auf Basis standardisierter Leistungs- und Potenzialbeurteilungen für jede Schlüsselposition interne Nachfolgekandidaten identifiziert, um für kurz- und mittelfristige Nachbesetzungen jederzeit Kandidaten verfügbar zu haben.

Auslastungsschwankungen können gruppenweit durch die Zuteilung von Aufträgen auf die einzelnen globalen Standorte sowie lokal durch den Einsatz von Leiharbeitern ausgeglichen werden.

Auswirkungen von Wechselkursänderungen

Wechselkursänderungen werden durch entsprechende Terminkontrakte abgesichert.

Nicht-finanzielle Leistungsindikatoren

Fertigung

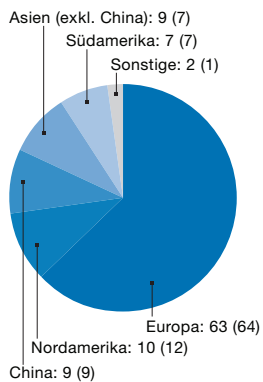
In den von der weltweiten Konjunkturschwäche betroffenen Geschäftsbereichen, insbesondere im Bereich PULP & PAPER, ging 2009 die Auslastung zurück. Es wurden an einzelnen Fertigungsstandorten kapazitive Anpassungen vorgenommen. Im Bereich HYDRO hingegen wurde eine Erhöhung der Auslastung verzeichnet und es wurden die Fertigungskapazitäten durch gezielte Investitionen in Europa, Asien und Südamerika erweitert. Zur Minimierung des Risikos einer nachhaltigen Unterauslastung der gruppenweiten Fertigungskapazitäten wurde in den vergangenen Jahren ein optimiertes Zyklizitätsmanagement implementiert, das die Fertigungseinheiten der Gruppe effizient und schnell an veränderte Rahmenbedingungen und Auslastungen anpasst.

Bei den Investitionen lag der Schwerpunkt auf neuen Fertigungstechnologien, Automatisierung, Kapazitätsanpassungen bei Engpassprozessen, Aufbau von Kapazitäten in den Wachstumsmärkten Indien, China und Brasilien sowie auf der gezielten Erweiterung der Wertschöpfungskette.

Personalwesen

Die ANDRITZ-GRUPPE beschäftigte per Ende 2009 13.049 Mitarbeiter (-4,8% gegenüber 31. Dezember 2008: 13.707 Mitarbeiter).

Mitarbeiter nach Regionen per 31. Dezember 2009 (31. Dezember 2008) in %



Das Human Resources-Management ist gruppenweit für die Koordination und Planung des Personalwesens verantwortlich. Hauptziele sind die Nachbesetzung von Schlüsselpositionen sowie die Schaffung attraktiver Karriere- und Entwicklungsmöglichkeiten für zukünftige Führungskräfte.

Umweltschutzelange

Der ANDRITZ-Standort Graz, Österreich, erhielt 2009 für herausragende Leistungen im Bereich Umwelt-Standards und Umwelt-Maßnahmen von der Stadt Graz erneut die Ökoprotit-Auszeichnung in Gold. Durch gezielte Maßnahmen gelang es, das Aufkommen des Gewerbeabfalls um 32 t zu senken, das entspricht einer Reduktion von knapp 20% gegenüber 2008. Im Gewerbepark wurde durch Einbau von Thermostatventilen der Energieverbrauch für Heizung um 12.000kWh/a gesenkt. Durch eine standortweite Informationskampagne und begleitende Maßnahmen wurden der Pressluftverbrauch und damit die Pressluftherstellkosten – trotz steigender Energiekosten – im Jahresvergleich um ein Fünftel reduziert. Diese beiden Maßnahmen bedeuten eine Reduktion des CO₂-Ausstoßes von 20 t pro Jahr. Durch Verbesserungen im Leitungssystem wurde der Frischwasserverbrauch um mehr als 40% reduziert. 670 Mitarbeiter absolvierten Schulungen zu den Themen Gesundheit, Arbeitssicherheit, Brandschutz und Umweltschutz.

FORSCHUNG & ENTWICKLUNG

Im Jahr 2009 investierte die ANDRITZ-GRUPPE rd. 49,2 MEUR in Forschung und Entwicklung (2008: 51,2 MEUR). Einschließlich der auftragsbezogenen Entwicklungsarbeiten wurden rd. 3% des Umsatzes für die Entwicklung neuer Verfahren und Produkte aufgewendet. In den Forschungszentren der Gruppe in Österreich, Finnland, Frankreich, der Schweiz und den USA arbeiten mehr als 300 Mitarbeiter an der Entwicklung neuer Prozesse und Anlagen, um die Technologieführerschaft von ANDRITZ weiter auszubauen.

Die Forschungs- und Entwicklungsarbeiten der Geschäftsbereiche im Detail:

HYDRO

Ein wesentlicher Forschungs- und Entwicklungsschwerpunkt des Geschäftsbereichs lag 2009 in der hydraulischen und elektrischen Optimierung der weltweit leistungsstärksten Rohr-Turbinen und -Generatoren, die in großen Wasserkraftwerken eingesetzt werden.

Darüber hinaus beschäftigt sich der Geschäftsbereich mit der Verbesserung der Laufruhe von Turbinenlaufrädern sowohl bei tiefer Teillast als auch bei Überlast. Durch das Know-how auf dem Gebiet der Simulation dynamischer Vorgänge sowie die praktische Erfahrung mit zahlreichen Grenzleistungsmaschinen wurden weitere wesentliche Fortschritte verzeichnet, die bereits in der Praxis erfolgreich unter Beweis gestellt werden konnten.

Im Bereich Großpumpen lag der Schwerpunkt in der projektbezogenen, hydraulischen Weiterentwicklung von bestehenden Laufrädern und Leitapparaten. Dadurch konnten signifikante Verbesserungen im Wirkungsgrad und Kavitationsverhalten erzielt werden. Im Bereich Standard-Kreiselpumpen wurden eine neue Prozesspumpen-Generation entwickelt und die Mittelkonsistenzpumpen erfolgreich optimiert.

PULP & PAPER

Wesentlicher Schwerpunkt der Forschungs- und Entwicklungstätigkeiten des Geschäftsbereichs PULP & PAPER war die Unterstützung der Kunden bei der Erreichung ihrer Ziele hinsichtlich einer nachhaltigen Produktion mit höheren Kapazitäten und einer höheren Energie-Effizienz. Darüber hinaus entwickelte der Geschäftsbereich Technologien für die Erzeugung von Ökostrom und zur Herstellung von Biobrennstoffen, die das Entstehen von Treibhausgas reduzieren bzw. minimieren.

Um die Auswirkungen auf die Umwelt zu verringern, wurde die Verbesserung von Systemen hinsichtlich Chemikalien-Rückgewinnung und Reduktion der Abwassermenge fortgesetzt. Bei Eindampfanlagen fokussierte die technologische Entwicklung auf den Bau hocheffizienter Anlagen, um die Abwassermenge zu minimieren. Durch Entwicklungen in der Weißlaugen-Rückgewinnung werden Abgasmengen weiter gesenkt und Feststoff-Abfälle gereinigt, um deren Schadstoff-Gehalt zu reduzieren.

Im Bereich Faserlinie konzentrierten sich die Forschungs- und Entwicklungstätigkeiten weiterhin auf die Senkung der Investitionskosten pro Tonne produzierten Zellstoff sowie auf eine weitere Erhöhung der Kapazitäten auf mehr als 5.000 t/d.

Auf Grund der steigenden Energiekosten ist die Stromerzeugung in Zellstoff-Werken zu einem wesentlichen Thema in der gesamten Zellstoff-Industrie geworden. Mit von ANDRITZ entwickelten HERB-Rückgewinnungskesseln (HERB: High Energy Recovery Boiler) können Zellstoff-Fabriken die Stromerzeugung aus Schwarzlauge maximieren. Die Forschungs- und Entwicklungsarbeit beschäftigte sich u. a. mit einer weiteren Steigerung der Strom-Produktion.

Ein weiterer Forschungs- und Entwicklungsschwerpunkt liegt unverändert auf neuen Produkten für die Verarbeitung von Biomasse und auf der Stromerzeugung aus Biomasse, v. a. hinsichtlich Verbrennungs- und Emissionsverhalten unterschiedlicher Biomasse-Rohstoffe.

Waste-To-Power Systeme (WTP) ist ein neu geschaffener Bereich von ANDRITZ PULP & PAPER, der Technologien zur Erzeugung von Energie aus den in Papier-Fabriken anfallenden Rückständen ermöglichen soll (v. a. aus Schlamm und Rejekten der Altpapier-Aufbereitung). Der wesentliche Nutzen von WTP liegt im geringeren Volumen an Rückständen für die Abfallentsorgung und in der Erhöhung der werkseigenen Energieproduktion.

Der Geschäftsbereich entwickelt weitere Technologien für die Herstellung von Bio-Ethanol aus Rohstoffen, die nicht aus dem Lebensmittelbereich stammen, wie z. B. aus Holz und landwirtschaftlichen Abfällen.

METALS

Die Forschungs- und Entwicklungsaktivitäten des Geschäftsbereichs METALS konzentrierten sich auf Produkt-Verbesserung und -Weiterentwicklung. So wurde im Bereich der Glühöfen für Edelstahl eine neue Rollenabdichtung entwickelt, die eine sehr wirtschaftlicher Prozess-Führung insbesondere bei den heute vermehrt nachgefragten Öfen mit großer Länge ermöglicht.

Weiters wurde die Regeneration von verbrauchten Mischsäuren aus Edelstahlbeizen optimiert. Das Ziel ist eine vollkommen abwasserfreie Beize und Regeneration durch Einsatz eines Spülwasserverdampfers.

Ein weiterer Schwerpunkt konzentriert sich auf die Entzinkung von bei der Automobil-Produktion anfallendem Neuschrott. Obwohl dieser Schrott hochwertig ist, konnte er wegen des Zinkbelags an der Oberfläche bislang nur mit Qualitätseinbußen und daher mit Preisabschlägen weiterverwertet werden. In einer von ANDRITZ METALS entwickelten Pilotanlage wird der Schrott mit einer Flüssigkeit aus der Zinkproduktion in Kontakt gebracht. Der Zinkgehalt der Flüssigkeit steigt dadurch an und wird angereichert an den Zinkhersteller zurückgeliefert. Nach Reinigung und Trocknung kann der entzinkte Schrott für anspruchsvolle Anwendungen z. B. in der Gießerei-Industrie eingesetzt werden.

ENVIRONMENT & PROCESS

Im Mittelpunkt der Forschungs- und Entwicklungsaktivitäten der Division Separation Technologies standen Programme zur Wertanalyse von Produkten. Damit können bei Kundenprojekten entweder Kostenreduktionen von rd. 20% erzielt oder die Leistung des Aggregats – bei gleichbleibenden Kosten – ebenfalls um ca. ein Fünftel gesteigert werden. So wurde z. B. im Rahmen eines Wertanalyseprojekts eine kombinierte zylindrisch-konische Siebmantelzentrifuge entwickelt und patentiert, die im Vergleich zur herkömmlichen zylindrischen Zentrifuge – bei annähernd gleichem Platz- und Energie-Bedarf – eine Durchsatzsteigerung von 20–30% ermöglicht.

Die Division Thermal Processes fokussierte ihre Forschungs- und Entwicklungsarbeit auf Biomasse und konzentrierte sich dabei v. a. auf die Wertsteigerung von Biomasse-Brennstoffen und die Biomasse-Trocknung. Ausgehend von den guten Erfahrungen mit bereits installierten Sägespäne-Trocknern wird die Trocknungstechnologie auf weitere Biomasse-Fractionen wie Rinde, Rejekte oder Schlamm aus der Zellstoff- und Papier-Industrie erweitert. Zusätzlich werden das bei Sägespäne-Trocknern bewährte Durchluftverfahren und die alternative Umluft-Prozessführung weiter entwickelt; durch den Einsatz von Umluft und die Wärmerückgewinnung können bis zu 20% der thermischen Energie eingespart werden.

Erfolgreich weitergeführt wurde die Untersuchung von biologischen und physikalisch-chemischen Abluftbehandlungsverfahren zur Reduktion der Geruchs- und TOC-Emissionen (TOC: Total Organic Carbon) von Schlamm-trocknungsanlagen. Pilotversuche zeigten, dass die marktüblichen, nicht-thermischen Behandlungsverfahren die in einigen Ländern gesetzlich geforderten TOC-Gehalte nicht zuverlässig gewährleisten können. Als Alternative können daher in Grenzfällen nur Abluftbehandlungsverfahren mit thermischer Nachverbrennung eingesetzt werden.

FEED & BIOFUEL

Der Geschäftsbereich konzentrierte seine Forschungs- und Entwicklungsaktivitäten – in Zusammenarbeit mit dem Geschäftsbereich ENVIRONMENT & PROCESS – weiterhin auf Entwicklungsprogramme zur Wertsteigerung von Biomasse-Brennstoffen.

In den Bereichen feste Biobrennstoffe und Energieerzeugung aus erneuerbaren Ressourcen richtete der Geschäftsbereich weitere eine neue Versuchslinie für das Mahlen und die Pelletierung von Biomasse. Die Linie wird auch für kundenspezifische Versuche zur Optimierung der Prozesseigenschaften bei neuen Rohstoffen sowie bei der Schulung von Bedienungspersonal eingesetzt.

AUSBLICK Gemäß den Prognosen führender Wirtschaftsexperten wird sich die Wirtschaftssituation in den wichtigsten Regionen der Welt zwar in den kommenden Monaten weiter stabilisieren, eine starke und nachhaltige Erholung ist jedoch für 2010 nicht zu erwarten.

Auf Basis dieser wirtschaftlichen Rahmenbedingungen sowie der aktuellen Projektaktivität in den für die ANDRITZ-GRUPPE relevanten Märkten haben sich die Erwartungen der ANDRITZ-GRUPPE hinsichtlich der wirtschaftlichen Entwicklung in den kommenden Quartalen nicht geändert.

Im Geschäftsbereich HYDRO wird auch für 2010 eine unverändert gute Entwicklung der Projektaktivität erwartet. Sowohl im Bereich der Modernisierung bestehender Wasserkraftanlagen als auch im Bereich der Errichtung neuer Wasserkraftwerke befindet sich eine Reihe von Projekten in der Realisierungsphase. In Europa und Nordamerika wird sich – bedingt durch das hohe durchschnittliche Alter der installierten Basis – die Investitionstätigkeit weiterhin v. a. auf Modernisierung, Rehabilitation und Kapazitätssteigerung bestehender Anlagen konzentrieren. Die Projektaktivität bei Kleinwasserkraftwerken sowie bei Pumpspeicherkraftwerken zur Sicherung der Netzstabilität sollte ebenfalls auf hohem Niveau bleiben.

In Südamerika und Asien befindet sich eine große Anzahl von neuen Wasserkraftwerksprojekten in der Entwicklungs- oder Realisierungsphase. Das rasche Wirtschaftswachstum dieser Regionen und die zunehmende Nutzung erneuerbarer Energiequellen zur Deckung der stark steigenden Stromnachfrage sind dabei die wesentlichen Markttreiber.

Im Geschäftsbereich PULP & PAPER wird für 2010 mit einer Fortsetzung der nur moderaten Projektaktivität – zumindest im 1. Halbjahr – gerechnet. Es gibt zwar eine Anzahl angekündigter Projekte für den Bau neuer Zellstoff-Werke, meist basierend auf bereits bestehenden Plantagen, und für die Modernisierung bestehender Fabriken, dennoch sind wegen der Finanz- und Wirtschaftskrise Verzögerungen sowohl bei der Auftragsvergabe als auch bei der Abwicklung von zuletzt vergebenen Aufträgen zu erwarten. Erst wenn die weltweite Zellstoff-Industrie eine nachhaltige hohe Kapazitätsauslastung erzielt und sich die angespannte Situation an den Finanzmärkten normalisiert, ist mit einem deutlichen Anziehen der Projektaktivität zu rechnen.

Im Geschäftsbereich METALS wird 2010 sowohl für Kohlenstoffstahl- als auch für Edelstahl-Ausrüstungen mit einer Fortsetzung der niedrigen Investitionstätigkeit gerechnet. Viele der internationalen Stahl-Hersteller haben angesichts der Finanz- und Wirtschaftskrise und der nachfragebedingt niedrigen Kapazitätsauslastung ihre Investitionspläne massiv gekürzt. Dennoch sind ähnlich wie in 2009 selektive Projektvergaben in einzelnen Regionen zu erwarten.

Im Geschäftsbereich ENVIRONMENT & PROCESS sollte sich 2010 die Projektaktivität bei Schlamm-entwässerungsanlagen zufriedenstellend entwickeln. Bei industriellen Anwendungen – etwa in den Bereichen Petrochemie, Lebensmittel und Landwirtschaft – wird im Jahresverlauf eine leicht anziehende Investitionstätigkeit erwartet. Auch bei Schlamm-trocknungsanlagen für Kommunen ist mit einer leichten Erholung im Jahresverlauf zu rechnen.

Im Geschäftsbereich FEED & BIOFUEL sollte sich 2010 der Bereich Tierfutter weiter zufriedenstellend entwickeln. Auch in den Bereichen Fischfutter- und Haustierfutter-Erzeugung ist mit einer soliden Entwicklung der Projektaktivität zu rechnen. Im Bereich Holz- und Biomasse-Pelletieranlagen sollte sich die ab dem 4. Quartal 2009 verzeichnete Marktbelebung auch im Jahr 2010 fortsetzen.

Auf Basis dieser Erwartungen und des Auftragsstands von mehr als 4,4 Milliarden Euro per Ultimo 2009 erwartet die ANDRITZ-GRUPPE für das Geschäftsjahr 2010 aus heutiger Sicht einen im Vergleich zum Gesamtjahr 2009 unveränderten bzw. leicht ansteigenden Umsatz. Das Konzern-Ergebnis sollte durch die Kostenreduktionen aus den 2009 eingeleiteten Restrukturierungsmaßnahmen positiv beeinflusst werden. Sollte sich jedoch die globale Weltwirtschaft im Jahr 2010 erneut eintrüben, so ist mit negativen Auswirkungen auf die Umsatz- und Ertragsentwicklung der ANDRITZ-GRUPPE zu rechnen. Ebenso könnten weitere Restrukturierungsaufwendungen notwendig werden, welche die Ergebnisentwicklung 2010 ebenso beeinflussen würden.

Wichtige Ereignisse nach dem 31. Dezember 2009

Die Situation der Weltwirtschaft sowie an den Finanzmärkten hat sich in der Zeit zwischen dem Bilanzstichtag und der Veröffentlichung dieses Berichts nicht wesentlich geändert.

AKTIEN UND AKTIONÄRS- STRUKTUR

Offenlegung gemäß § 243a UGB

Das Grundkapital der ANDRITZ AG per 31. Dezember 2009 betrug 104.000.000 Euro. Auf jede nennwertlose Aktie entfällt damit ein anteiliger Betrag am Grundkapital von 2,00 Euro.

Es bestehen keine Beschränkungen, welche die Stimmrechte oder die Übertragung von Aktien betreffen. Rund 29% der Aktien befinden sich in Besitz der Certus Beteiligungs-GmbH, deren Geschäftsführer Wolfgang Leitner, Vorstandsvorsitzender der ANDRITZ AG, ist.

Es gibt derzeit kein genehmigtes Kapital. Aufgrund eines Beschlusses der Hauptversammlung vom 27. März 2008 ist der Vorstand ermächtigt, zwischen 1. Oktober 2008 und 31. März 2011 bis zu 10% des Grundkapitals der ANDRITZ AG zurückzuerwerben. Ende September 2008 hat der Vorstand der ANDRITZ AG beschlossen, von dieser Ermächtigung Gebrauch zu machen und Aktien zwischen 1. Oktober 2008 und 31. März 2011 zurückzukaufen. Es gibt keine sich nicht unmittelbar aus dem Gesetz ergebenden Befugnisse für Mitglieder des Vorstands, insbesondere hinsichtlich der Möglichkeit, Aktien auszugeben oder zurückzukaufen.

Soweit der Gesellschaft bekannt ist, gibt es keine Inhaber von Aktien mit besonderen Kontrollrechten. Die Arbeitnehmer üben das Stimmrecht direkt aus. Es existieren darüber hinaus auch keine sich nicht unmittelbar aus dem Gesetz ergebenden Bestimmungen über die Ernennung und Abberufung der Mitglieder des Vorstands und des Aufsichtsrats und über die Änderung der Satzung der Gesellschaft.

Die Gesellschaft ist keine bedeutenden Vereinbarungen eingegangen, die bei einem Kontrollwechsel der Gesellschaft infolge eines Übernahmeangebots wirksam, sich ändern oder enden würden. Gemäß den Bedingungen der im Juni 2006 begebenen ANDRITZ-Anleihe 2006–2013 bzw. der im Februar 2008 begebenen ANDRITZ-Anleihe 2008–2015 ist jeder Inhaber von Teilschuldverschreibungen berechtigt, seine Teilschuldverschreibungen fällig zu stellen und sofortige Rückzahlung zum Nennbetrag zuzüglich der bis zum Tag der Rückzahlung aufgelaufenen Zinsen zu verlangen, falls ein Kontrollwechsel durch einen neuen Großaktionär erfolgt, und dieser Kontrollwechsel zu einer wesentlichen Beeinträchtigung der Fähigkeit der Emittentin führt, ihre Verpflichtungen aus den Teilschuldverschreibungen zu erfüllen.

Es existieren Entschädigungsvereinbarungen zwischen der Gesellschaft und Mitgliedern des Vorstands im Falle eines Kontrollwechsels. Es gibt keine Entschädigungsvereinbarungen für die Aufsichtsratsmitglieder und Arbeitnehmer.

Graz, am 25. Februar 2010

Der Vorstand der ANDRITZ AG



Wolfgang Leitner
(Vorstands-
vorsitzender)



Franz Hofmann



Karl Hornhofer



Humbert Köfler



Friedrich Papst

Disclaimer:

Bestimmte Aussagen im Jahresfinanzbericht 2009 und im Geschäftsbericht 2009 sind „zukunftsgerichtete Aussagen“. Diese Aussagen, welche die Worte „glauben“, „beabsichtigen“, „erwarten“ und Begriffe ähnlicher Bedeutung enthalten, spiegeln die Ansichten und Erwartungen der Geschäftsleitung wider und unterliegen Risiken und Unsicherheiten, welche die tatsächlichen Ergebnisse wesentlich beeinträchtigen können. Der Leser sollte daher nicht unangemessen auf diese zukunftsgerichteten Aussagen vertrauen. Die Gesellschaft ist nicht verpflichtet, das Ergebnis allfälliger Berichtigungen der hierin enthaltenen zukunftsgerichteten Aussagen zu veröffentlichen, außer dies ist nach anwendbarem Recht erforderlich.

Der Jahresfinanzbericht 2009 und der Geschäftsbericht 2009 enthalten Annahmen und Prognosen, die auf Basis aller bis Redaktionsschluss am 25. Februar 2010 zur Verfügung stehenden Informationen getroffen wurden. Sollten die den Annahmen und Prognosen zugrunde liegenden Einschätzungen nicht eintreffen oder die im Kapitel „Unternehmensrisiken“ und im Lagebericht des Jahresfinanzberichts 2009 angesprochenen Risiken eintreten, so können die tatsächlichen Ergebnisse von den im Jahresfinanzbericht 2009 und im Geschäftsbericht 2009 erwarteten Ergebnissen abweichen. Trotz größter Sorgfalt erfolgen daher alle zukunftsbezogenen Aussagen ohne Gewähr.

BILANZ zum 31. Dezember 2009

(Beträge in EUR)

AKTIVA

		31.12.2008	
		TEUR	
A. Anlagevermögen			
I. Immaterielle Vermögensgegenstände			
1.	Software, Lizenzen und andere Rechte	2.098.805,24	1.210
2.	Firmenwert	45.051.843,86	56.315
		47.150.649,10	57.525
II. Sachanlagen			
1.	Grundstücke und Bauten	13.735.235,62	14.285
2.	technische Anlagen und Maschinen	2.168.898,62	430
3.	andere Anlagen, Betriebs- und Geschäftsausstattung	723.092,93	210
4.	geleistete Anzahlungen und Anlagen in Bau	2.197.763,69	1.896
		18.824.990,86	16.821
III. Finanzanlagen			
1.	Anteile an verbundenen Unternehmen	770.598.553,68	736.217
2.	Beteiligungen	102.396,00	102
3.	Wertpapiere des Anlagevermögens	1.196.160,00	1.196
4.	sonstige Ausleihungen	--	11.136
		771.897.109,68	748.651
		837.872.749,64	822.997
B. Umlaufvermögen			
I. Vorräte			
1.	Roh-, Hilfs- und Betriebsstoffe	2.969.406,53	2.619
2.	fertige Erzeugnisse und Waren	18.209.710,48	18.701
3.	noch nicht abrechenbare Leistungen mit erhaltenen Anzahlungen verrechnet	761.213.402,33 (593.435.753,15)	737.384 (575.183)
		167.777.649,18	162.201
4.	geleistete Anzahlungen mit erhaltenen Anzahlungen verrechnet	8.877.240,11 (964.645,34)	9.072 (3.320)
		7.912.594,77	5.752
		196.869.360,96	189.273
II. Forderungen und sonstige Vermögensgegenstände			
1.	Forderungen aus Lieferungen und Leistungen	19.712.249,88	24.230
2.	Forderungen gegenüber verbundenen Unternehmen	52.373.298,34	52.454
3.	sonstige Forderungen und Vermögensgegenstände	37.378.927,48	46.935
		109.464.475,70	123.619
III. Wertpapiere und Anteile			
1.	eigene Anteile	8.574.080,56	14.515
2.	sonstige Wertpapiere und Anteile	94.302.000,00	99.241
		102.876.080,56	113.756
IV. Kassenbestand, Guthaben bei Kreditinstituten			
		117.965.820,04	45.156
		527.175.737,26	471.804
C. Rechnungsabgrenzungsposten			
		1.467.728,00	1.509
		1.366.516.214,90	1.296.310

PASSIVA

		31.12.2008	
		TEUR	
A. Eigenkapital			
I. Grundkapital			
		104.000.000,00	104.000
II. gebundene Kapitalrücklagen			
		39.631.373,23	39.631
III. gesetzliche Gewinnrücklage			
		5.338.626,77	5.339
IV. Rücklage für eigene Anteile			
		8.574.080,56	14.515
V. Bilanzgewinn			
		166.693.412,62	144.981
	davon Gewinnvortrag 88.659.941,39 (Vorjahr TEUR 66.624)		
		324.237.493,18	308.466
B. Rückstellungen			
1. Rückstellungen für Abfertigungen			
		33.365.919,00	36.527
2. Rückstellungen für Pensionen			
		4.123.156,00	6.106
3. Steuerrückstellungen			
		16.450.522,08	7.694
4. sonstige Rückstellungen			
		154.110.469,29	137.384
		208.050.066,37	187.711
C. Verbindlichkeiten			
1. Anleihen			
		350.000.000,00	350.000
2. Verbindlichkeiten gegenüber Kreditinstituten			
		10.752.140,37	11.339
3. erhaltene Anzahlungen auf Bestellungen mit Vorräten verrechneter Anteil			
		865.758.044,56 (594.400.398,49)	772.109 (578.503)
		271.357.646,07	193.606
4. Verbindlichkeiten aus Lieferungen und Leistungen			
		27.917.443,99	35.829
5. Verbindlichkeiten gegenüber verbundenen Unternehmen			
		160.951.641,44	190.709
6. sonstige Verbindlichkeiten			
		11.741.782,48	16.712
	davon aus Steuern 239.472,89 (Vorjahr TEUR 328)		
	davon im Rahmen der sozialen Sicherheit 2.166.324,16 (Vorjahr TEUR 2.174)		
		832.720.654,35	798.195
D. Rechnungsabgrenzungsposten			
		1.508.001,00	1.938
		1.366.516.214,90	1.296.310
Eventualverbindlichkeiten			
		1.862.331.600,40	1.423.986

GEWINN- UND VERLUSTRECHNUNG für das Geschäftsjahr 2009

(Beträge in EUR)

		2008 TEUR
1. Umsatzerlöse	477.497.268,83	765.603
2. Bestandsveränderungen		
a) Veränderung des Bestands an fertigen Erzeugnissen sowie an noch nicht abrechenbaren Leistungen	23.829.405,58	(44.348)
b) Veränderungen der Auftragsrückstellungen	<u>(18.274.701,32)</u>	<u>(46.692)</u>
	5.554.704,26	(91.040)
3. andere aktivierte Eigenleistungen	356.144,18	186
4. sonstige betriebliche Erträge		
a) Erträge aus dem Abgang vom Anlagevermögen mit Ausnahme der Finanzanlagen	111.469,75	45
b) übrige	<u>41.357.512,46</u>	<u>36.446</u>
	41.468.982,21	36.491
5. Aufwendungen für Material und sonstige bezogene Herstellungsleistungen		
a) Materialaufwand	(262.670.345,42)	(366.729)
b) Aufwendungen für bezogene Leistungen	<u>(29.868.923,50)</u>	<u>(34.014)</u>
	(292.539.268,92)	(400.743)
6. Personalaufwand		
a) Löhne	(17.002.402,31)	(21.114)
b) Gehälter	(77.054.023,84)	(87.439)
c) Aufwendungen für Abfertigungen und Leistungen an betriebliche Mitarbeitervorsorgekassen	(1.144.221,38)	(2.474)
d) Aufwendungen für Altersversorgung	(807.560,60)	(2.696)
e) Aufwendungen für gesetzlich vorgeschriebene Sozialabgaben sowie vom Entgelt abhängige Abgaben und Pflichtbeiträge	(21.542.858,18)	(23.351)
f) sonstige Sozialaufwendungen	<u>(252.300,44)</u>	<u>(265)</u>
	(117.803.366,75)	(137.339)
7. Abschreibungen auf immaterielle Gegenstände des Anlagevermögens und Sachanlagen	(13.088.333,53)	(14.624)
8. sonstige betriebliche Aufwendungen		
a) Steuern, soweit sie nicht unter Z 18 fallen	(630.753,79)	(758)
b) übrige	<u>(105.975.598,17)</u>	<u>(128.550)</u>
	(106.606.351,96)	(129.308)
9. Zwischensumme aus Z 1 bis 8 (Betriebserfolg)	(5.160.221,68)	29.226
10. Erträge aus Beteiligungen	99.115.495,23	74.887
davon aus verbundenen Unternehmen 99.115.495,23 (Vorjahr TEUR 74.887)		
11. Erträge aus anderen Wertpapieren	55.180,00	116
12. sonstige Zinsen und ähnliche Erträge	7.696.546,83	11.258
davon aus verbundenen Unternehmen 1.006.135,84 (Vorjahr TEUR 1.337)		
13. Erträge aus dem Abgang von Finanzanlagen und Wertpapieren des Umlaufvermögens	8.312.781,67	52
14. Aufwendungen aus Finanzanlagen und aus Wertpapieren des Umlaufvermögens	(21.918.308,26)	(23.618)
davon aus Abschreibungen -19.701.796,36 (Vorjahr TEUR -23.618)		
davon Aufwendungen aus verbundenen Unternehmen -18.861.796,36 (Vorjahr TEUR -11.481)		
15. Zinsen und ähnliche Aufwendungen	(11.380.873,63)	(25.661)
davon betreffend verbundene Unternehmen -317.477,35 (Vorjahr TEUR -673)		
16. Zwischensumme aus Z 10 bis 15 (Finanzerfolg)	81.880.821,84	37.034
17. Ergebnis der gewöhnlichen Geschäftstätigkeit	76.720.600,16	66.260
18. Steuern vom Einkommen und vom Ertrag	(4.627.864,21)	(1.446)
davon Weiterbelastung vom Gruppenträger 14.400.579,00 (Vorjahr TEUR 14.749)		
19. Jahresüberschuss	72.092.735,95	64.814
20. Auflösung Rücklage für eigene Anteile	5.940.735,28	13.543
21. Gewinnvortrag aus dem Vorjahr	88.659.941,39	66.624
22. Bilanzgewinn	166.693.412,62	144.981

Jahresabschluss zum 31. Dezember 2009

A N H A N G

I. Bilanzierungs- und Bewertungsmethoden

Der Jahresabschluss zum 31. Dezember 2009 wurde unter Beachtung der Grundsätze ordnungsgemäßer Buchführung sowie unter Beachtung der Generalnorm, ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage zu vermitteln, aufgestellt. Für die Gewinn- und Verlustrechnung wird das Gesamtkostenverfahren angewendet.

Die immateriellen Vermögensgegenstände und das Sachanlagevermögen werden zu Anschaffungs- bzw. Herstellungskosten abzüglich planmäßiger linearer Abschreibungen bewertet. Für Zugänge werden ab dem Folgemonat der Anschaffung monatlich Abschreibungen vorgenommen. Bei voraussichtlich dauernder Wertminderung werden außerplanmäßige Abschreibungen vorgenommen. Geringwertige Wirtschaftsgüter werden im Jahr des Zugangs voll abgeschrieben und als Abgang behandelt. Für die Abschreibung des Firmenwerts wird eine Nutzungsdauer von 14 Jahren zugrundegelegt, die Nachhaltigkeit ist durch die Marktpositionierung und die Zukunftsperspektiven der Andritz AG gegeben. Die Sätze der Normalabschreibungen entsprechen den unternehmensrechtlichen Vorschriften. Sie betragen für das übrige immaterielle Anlagevermögen zwischen 20% und 25%, für Gebäude und sonstige Baulichkeiten zwischen 2% und 14,29%, für technische Anlagen und Maschinen, andere Anlagen und Betriebs- und Geschäftsausstattung zwischen 10% und 33,3%.

Beteiligungen werden mit den Anschaffungskosten oder im Falle einer dauernden Wertminderung mit den niedrigeren Ertragswerten bewertet. Ausleihungen und Wertpapiere des Anlagevermögens werden zu den Anschaffungskosten oder den niedrigeren Kurswerten bewertet.

Die Vorräte und Forderungen werden unter Beachtung des strengen Niederstwertprinzips bewertet.

Aufträge werden mit ihren Herstellungskosten abzüglich allfälliger Vorsorgen für drohende Verluste bewertet. Gewinnrealisierungen erfolgen bei Endabrechnung der Kundenaufträge, für das Gewährleistungsrisiko werden Einzelvorsorgen gebildet.

Der Bilanzansatz der noch nicht abrechenbaren Leistungen wird mit erhaltenen Anzahlungen, soweit diese bereits angearbeitete Aufträge betreffen, offen saldiert.

Wertpapiere und eigene Anteile werden zu den Anschaffungskosten oder den niedrigeren Kurswerten bewertet.

Die Verpflichtungen aus vertraglichen Pensionszusagen und laufenden Pensionen, aus Abfertigungen sowie die kollektivvertraglichen Jubiläumsgelder sind nach versicherungsmathematischen Grundsätzen passiviert, wobei die Bewertungsvorschriften von IAS 19 angewandt wurden. Die Rückstellungen berücksichtigen die nach den Grundsätzen kaufmännischer Beurteilung erkennbaren Risiken und Verpflichtungen.

Anleihen werden mit ihren Rückzahlungsbeträgen ausgewiesen.

Fremdwährungsforderungen werden mit dem Entstehungskurs oder mit dem für die Bilanzierung maßgeblichen, niedrigeren Stichtagskurs bewertet. Fremdwährungsverbindlichkeiten werden mit dem Entstehungskurs oder mit dem für die Bilanzierung maßgeblichen, höheren Stichtagskurs bewertet.

Die Ansätze für die Vermögenswerte und Schulden entsprechen im Übrigen den bereits in den Vorjahren angewandten Grundsätzen.

II. Erläuterungen zur Bilanz

AKTIVA

Anlagevermögen

Entwicklung der Anschaffungskosten

(Beträge in EUR)

	Stand am 1.1.2009	Zugänge	Umbuchung	Abgänge	Stand am 31.12.2009
I. Immaterielle Vermögensgegenstände					
1. Software, Lizenzen und andere Rechte	1.211.116,75	1.152.536,76	0,00	0,00	2.363.653,51
2. Firmenwert	168.193.550,34	0,00	0,00	0,00	168.193.550,34
	169.404.667,09	1.152.536,76	0,00	0,00	170.557.203,85
II. Sachanlagen					
1. Grundstücke und Bauten	43.354.222,99	122.309,17	580.154,84	249.252,83	43.807.434,17
2. technische Anlagen und Maschinen	431.294,11	1.679.927,35	256.500,00	0,00	2.367.721,46
3. andere Anlagen, Betriebs- und Geschäftsausstattung*)	213.824,91	853.482,70	0,00	206.158,13	861.149,48
4. geleistete Anzahlungen und Anlagen in Bau	1.895.981,66	1.235.152,38	-836.654,84	96.715,51	2.197.763,69
	45.895.323,67	3.890.871,60	0,00	552.126,47	49.234.068,80
III. Finanzanlagen					
1. Anteile an verbundenen Unternehmen	766.688.496,27	47.732.606,11	0,00	4.716.360,00	809.704.742,38
2. Beteiligungen	102.991,00	0,00	0,00	595,00	102.396,00
3. Wertpapiere des Anlagevermögens	1.584.190,00	0,00	0,00	0,00	1.584.190,00
4. Sonstige Ausleihungen	11.136.000,00	0,00	0,00	11.136.000,00	0,00
	779.511.677,27	47.732.606,11	0,00	15.852.955,00	811.391.328,38
Summe	994.811.668,03	52.776.014,47	0,00	16.405.081,47	1.031.182.601,03

*) Im Zugang und Abgang sind geringwertige Wirtschaftsgüter in Höhe von 203.997,44 EUR enthalten.

Entwicklung der kumulierten Abschreibungen

(Beträge in EUR)

	Stand am 1.1.2009	Jahres- abschreibung	Abgänge	Stand am 31.12.2009
I. Immaterielle Vermögensgegenstände				
1. Software, Lizenzen und andere Rechte	1.524,17	263.324,10	0,00	264.848,27
2. Firmenwert	111.878.745,52	11.262.960,96	0,00	123.141.706,48
	111.880.269,69	11.526.285,06	0,00	123.406.554,75
II. Sachanlagen				
1. Grundstücke und Bauten	29.069.037,24	1.025.889,37	22.728,06	30.072.198,55
2. technische Anlagen und Maschinen	1.483,81	197.339,03	0,00	198.822,84
3. andere Anlagen, Betriebs- und Geschäftsausstattung*)	3.594,04	338.820,07	204.357,56	138.056,55
	29.074.115,09	1.562.048,47	227.085,62	30.409.077,94
III. Finanzanlagen				
1. Anteile an verbundenen Unternehmen	30.471.943,72	8.634.244,98	0,00	39.106.188,70
2. Beteiligungen	0,00	0,00	0,00	0,00
3. Wertpapiere des Anlagevermögens	388.030,00	0,00	0,00	388.030,00
4. Sonstige Ausleihungen	0,00	0,00	0,00	0,00
	30.859.973,72	8.634.244,98	0,00	39.494.218,70
Summe	171.814.358,50	21.722.578,51	227.085,62	193.309.851,39

*) In der Jahresabschreibung und in den Abgängen sind geringwertige Wirtschaftsgüter in Höhe von 203.997,44 EUR enthalten.

Buchwerte zum 31.12.2009

(Beträge in EUR)

	Anschaffungs- werte	kumulierte Abschreibungen	Buchwerte
I. Immaterielle Vermögensgegenstände			
1. Software, Lizenzen und andere Rechte	2.363.653,51	264.848,27	2.098.805,24
2. Firmenwert	168.193.550,34	123.141.706,48	45.051.843,86
	170.557.203,85	123.406.554,75	47.150.649,10
II. Sachanlagen			
1. Grundstücke und Bauten	43.807.434,17	30.072.198,55	13.735.235,62
2. technische Anlagen und Maschinen	2.367.721,46	198.822,84	2.168.898,62
3. andere Anlagen, Betriebs- und Geschäftsausstattung	861.149,48	138.056,55	723.092,93
4. geleistete Anzahlungen und Anlagen in Bau	2.197.763,69	0,00	2.197.763,69
	49.234.068,80	30.409.077,94	18.824.990,86
III. Finanzanlagen			
1. Anteile an verbundenen Unternehmen	809.704.742,38	39.106.188,70	770.598.553,68
2. Beteiligungen	102.396,00	0,00	102.396,00
3. Wertpapiere des Anlagevermögens	1.584.190,00	388.030,00	1.196.160,00
4. Sonstige Ausleihungen	0,00	0,00	0,00
	811.391.328,38	39.494.218,70	771.897.109,68
Summe	1.031.182.601,03	193.309.851,39	837.872.749,64

Immaterielle Vermögensgegenstände

Der aus der Verschmelzung mit der Andritz Internationale Technologie AG stammende Firmenwert von 168 MEUR wird plangemäß über 14 Jahre verteilt abgeschrieben.

Sachanlagen

Der in den Grundstücken enthaltene Grundwert beträgt 1.511.642 EUR (Vorjahr: 1.517.506 EUR).

Finanzanlagen

Die Zugänge unter den Anteilen an verbundenen Unternehmen betreffen im Jahr 2009 getätigte Akquisitionen sowie Kapitalmaßnahmen bei bestehenden Tochtergesellschaften.

Von den sonstigen Ausleihungen wurden nach Verwertung von Sicherheiten und planmäßigen Rückführungen im Berichtsjahr 7.610.456 EUR getilgt, die verbleibenden 3.525.544 EUR mussten ausgebucht werden.

Die aus steuerrechtlichen Gründen unterlassene Zuschreibung bei den Wertpapieren des Anlagevermögens beträgt 147.740 EUR (Vorjahr: 0 EUR).

Roh-, Hilfs- und Betriebsstoffe

Die Bewertung erfolgte zu durchschnittlichen Einstandspreisen oder den niedrigeren Wiederbeschaffungspreisen des Bilanzstichtags. Für nicht- oder schwergängige Materialien wurden angemessene Abwertungen vorgenommen.

fertige Erzeugnisse und Waren

Die fertigen Erzeugnisse wurden zu Herstellungskosten angesetzt. Wertberichtigungen wurden nach dem Grad der Verwertbarkeit bzw. dem kaufmännischen Vorsichtsgebot entsprechend in angemessener Höhe gebildet.

noch nicht abrechenbare Leistungen

Der Wertansatz bei diesen Leistungen erfolgte zu Herstellungskosten, wobei auch bei langfristiger Fertigung keine Zuschläge für Verwaltungs- und Vertriebskosten angesetzt werden. Wertberichtigungen wurden für aus Kundenaufträgen erwartete Verluste sowie für schwere Verwertbarkeit bei Vorratsaufträgen gebildet. Noch nicht verrechnete Anzahlungen von Kunden wurden, soweit die Aufträge bereits angearbeitet waren, in dieser Bilanzposition offen saldiert.

Forderungen und sonstige Vermögensgegenstände

(Beträge in TEUR)

	Restlaufzeit bis 1 Jahr (Vorjahr)	Restlaufzeit > 1 Jahr (Vorjahr)	Bilanz- wert (Vorjahr)
Forderungen aus Lieferungen und Leistungen	19.033 (24.204)	679 (26)	19.712 (24.230)
Forderungen gegenüber verbundenen Unternehmen	52.373 (52.454)	0 (0)	52.373 (52.454)
sonstige Forderungen und Vermögensgegenstände	8.960 (18.516)	28.419 (28.419)	37.379 (46.935)
	80.366 (95.174)	29.098 (28.445)	109.464 (123.619)

Unter Beachtung des strengen Niederstwertprinzips wurden bei den Forderungen und sonstigen Vermögensgegenständen erkennbare Risiken durch Einzelwertberichtigungen berücksichtigt. Auslandsforderungen sind in den meisten Fällen durch Exportgarantien besichert. Unverzinsliche langfristige Forderungen aus Lieferungen und Leistungen wurden abgezinst.

In den Forderungen gegen verbundene Unternehmen sind 26.612.856 EUR (Vorjahr: 9.390.365 EUR) aus Lieferungen und Leistungen enthalten.

In den sonstigen Forderungen sind keine Erträge enthalten, welche erst nach dem Abschlussstichtag zahlungswirksam werden.

In den sonstigen Forderungen ist insbesondere eine Restforderung an die UniCredit Bank Austria AG für die Abdeckung bereits rückgestellter Verluste der Jahre 1983 und 1984 enthalten.

eigene Anteile

Der Vorstand hat auf Basis einer Ermächtigung der Hauptversammlung und mit Zustimmung des Aufsichtsrats ein Aktienrückkauf- und -wiederverkaufsprogramm beschlossen, welches den Erwerb von bis zu 5.200.000 Stückaktien im Zeitraum 1.Oktober 2008 bis 31.März 2011 ermöglicht. Zum 31. Dezember 2009 befinden sich 472.141 Stückaktien in Besitz der Andritz AG, dies entspricht einem Anteil am Grundkapital in Höhe von 0,91% bzw. 944.282 EUR. Es ist vorgesehen, diese Aktien für die Bedienung der Optionen im Rahmen des Aktienbeteiligungsprogramms für Führungskräfte zu verwenden.

2009 wurden von berechtigten Führungskräften Optionen zum Erwerb von insgesamt 310.000 Stückaktien zu einem Preis von 31,67 EUR je Aktie ausgenutzt; die Bedienung erfolgte aus vorhandenen Beständen eigener Anteile; der auf diese Aktien entfallende Betrag des Grundkapitals ist 620.000 EUR, der Anteil am Grundkapital beträgt 0,60%. Die aus den Verkäufen erzielten Erlöse wurden zur kurzfristigen Liquiditätssteuerung verwendet.

Weiters wurden im Rahmen einer Mitarbeiterbeteiligungsaktion 17.133 Stückaktien an Mitarbeiter der Andritz AG abgegeben.

Die aus steuerrechtlichen Gründen unterlassene Zuschreibung bei den eigenen Anteilen beträgt 5.151.058 EUR (Vorjahr: 0 EUR).

PASSIVA

Grundkapital

Das Grundkapital der Gesellschaft beträgt 104.000.000 EUR (Vorjahr: 104.000.000 EUR). Es ist in 52.000.000 Stückaktien ohne Nennwert zerlegt.

Rücklage für eigene Anteile

Die Rücklage für eigene Anteile zum 31. Dezember 2009 beträgt 8.574.081 EUR; ihr stehen auf der Aktivseite ausgewiesene eigene Anteile in gleicher Höhe gegenüber.

Rückstellungen für Abfertigungen, Rückstellungen für Pensionen

Die Verpflichtungen aus den theoretischen Abfertigungsansprüchen der Dienstnehmer sowie die Rückstellungen für Pensionen wurden zum 31.12.2009 nach versicherungsmathematischen Grundsätzen unter Verwendung eines Zinssatzes von 5,25% (Vorjahr: 5,5%) sowie eines Gehaltstrends von 3,25% (Vorjahr: 3,75%) (IAS 19) berechnet. Für die Berechnung wurden die AVÖ2008 – Angestellte Pagler & Pagler zugrunde gelegt. Aufgrund der geänderten Prozentsätze wurden aperiodische Erträge in Höhe von 877.965 EUR erzielt. Die Korridormethode wurde nicht angewendet. Das rechnungsmäßige Pensionsalter entspricht wie im Vorjahr dem frühest möglichen Anfallsalter für die vorzeitige Alterspension gemäß der im Budgetbegleitgesetz 2003 verankerten Pensionsreform. Für die im Jahr 1999 an eine Pensionskasse übertragenen Pensionsansprüche wurde ein Gutachten nach den gleichen Grundsätzen erstellt. Zum 31. Dezember 2009 lag das Deckungskapital der Pensionsversicherung auf dem Niveau der entsprechenden Pensionsverpflichtungen.

sonstige Rückstellungen

	31.12.2009
	<u>in MEUR</u>
Auftragsbezogene Vorsorgen für	
- fehlende Selbstkosten	26,1
- Gewährleistungen und Mehrkosten	42,8
Personalaufwendungen	35,3

Zu erwartende Auftragsverluste werden in Höhe der Unterschiedsbeträge zwischen den voraussichtlichen Gesamtselbstkosten und den Erlösen ermittelt und passiviert.

Die Rückstellung für unverbrauchte Urlaube ist mit 14,7 MEUR (Vorjahr: 16,6 MEUR) angesetzt.

Die Rückstellung für Jubiläumsgelder wurde nach versicherungsmathematischen Grundsätzen (IAS 19) berechnet. Aufgrund der geänderten %-Sätze wurden aperiodische Erträge in Höhe von 111.137 EUR erzielt.

Verbindlichkeiten

(Beträge in TEUR)

	Restlaufzeit bis 1 Jahr <i>(Vorjahr)</i>	Restlaufzeit 1 bis 5 Jahre <i>(Vorjahr)</i>	Restlaufzeit > als 5 Jahre <i>(Vorjahr)</i>	Bilanz- wert <i>(Vorjahr)</i>	davon Hypothekar- schulden <i>(Vorjahr)</i>
Anleihen	0 <i>(0)</i>	200.000 <i>(200.000)</i>	150.000 <i>(150.000)</i>	350.000 <i>(350.000)</i>	0 <i>(0)</i>
Verbindlichkeiten gegenüber Kreditinstituten	10.556 <i>(10.752)</i>	196 <i>(588)</i>	0 <i>(0)</i>	10.752 <i>(11.339)</i>	0 <i>(0)</i>
erhaltene Anzahlungen auf Bestellungen	121.266 <i>(135.207)</i>	150.092 <i>(58.399)</i>	0 <i>(0)</i>	271.358 <i>(193.606)</i>	0 <i>(0)</i>
Verbindlichkeiten aus Lieferungen und Leistungen	27.434 <i>(35.236)</i>	483 <i>(593)</i>	0 <i>(0)</i>	27.917 <i>(35.829)</i>	0 <i>(0)</i>
Verbindlichkeiten gegenüber verbundenen Unternehmen	128.327 <i>(170.005)</i>	32.625 <i>(20.704)</i>	0 <i>(0)</i>	160.952 <i>(190.709)</i>	0 <i>(0)</i>
sonstige Verbindlichkeiten	10.960 <i>(15.626)</i>	781 <i>(958)</i>	0 <i>(128)</i>	11.742 <i>(16.712)</i>	120 <i>(151)</i>
	298.543 <i>(366.826)</i>	384.177 <i>(281.242)</i>	150.000 <i>(150.128)</i>	832.721 <i>(798.195)</i>	120 <i>(151)</i>

Am 19. Juni 2006 wurde eine öffentliche Anleihe am Kapitalmarkt mit einer Laufzeit von 7 Jahren platziert; das Volumen beträgt 200 MEUR, die Kuponverzinsung wurde mit 4,5% p.a. fixiert. Am 20. Februar 2008 wurde eine weitere öffentliche Anleihe in Höhe von 150 MEUR mit einer Laufzeit von 7 Jahren und einer Fixverzinsung von 5,25% p.a. begeben. Über das gesamte Volumen und die gesamte Laufzeit beider Anleihen wurden Zinsswaps abgeschlossen, mit denen die fixen Zinszahlungen der Gesellschaft gegen variable Zinszahlungen auf Basis 1-Monats-EURIBOR bzw. 3-Monats-EURIBOR getauscht wurden.

In den Verbindlichkeiten gegenüber verbundenen Unternehmen sind 20.279.684 EUR (Vorjahr: 17.794.554 EUR) aus Lieferungen und Leistungen und 118.856.748 EUR (Vorjahr: 144.900.381 EUR) aus erhaltenen Anzahlungen enthalten.

In den sonstigen Verbindlichkeiten sind Aufwendungen in Höhe von 3.925.421 EUR (Vorjahr: 6.737.692 EUR) enthalten, welche erst nach dem Abschlussstichtag zahlungswirksam werden.

Eventualverbindlichkeiten

In den Eventualverbindlichkeiten sind Haftungen für verbundene Unternehmen in Höhe von 1.700.890 TEUR (Vorjahr: 1.268.063 TEUR) enthalten.

Die Eventualverbindlichkeiten entfallen zur Gänze auf übernommene Garantien.

Verpflichtungen aus der Nutzung von in der Bilanz nicht ausgewiesenen Sachanlagen

Diese betragen für die folgenden fünf Geschäftsjahre 29,0 MEUR (Vorjahr: 30,0 MEUR), davon für 2010 6,8 MEUR (Vorjahr: 7,0 MEUR) und betreffen zur Gänze verbundene Unternehmen.

sonstige finanzielle Verpflichtungen

Zum 31. Dezember 2009 bestand ein Bestellobligo für Investitionsgüter in Höhe von 2,5 MEUR (Vorjahr: 3,5 MEUR).

außerbilanzielle Geschäfte

Es bestehen keine Geschäfte, die weder in der Bilanz ausgewiesen noch gemäß § 237 Z 8 UGB oder § 199 UGB anzugeben sind, aus denen wesentliche Risiken oder Vorteile entstehen.

III. Erläuterungen zur Gewinn- und Verlustrechnung

Umsatzerlöse

(Beträge in TEUR)

	Inland	Export	2009 Gesamt	2008 Gesamt
Papier und Zellstoff	10.721	291.426	302.147	432.101
Walz- und Bandbehandlungsanlagen	168	79.249	79.417	160.108
Hydraulische Maschinen	15.256	49.374	64.630	51.748
Umwelt- und Prozesstechnologien	1.194	22.990	24.184	93.695
Sonstige	4.079	2.910	6.989	28.223
Nebenerlöse, Skonti	0	130	130	(272)
	<u>31.418</u>	<u>446.079</u>	<u>477.497</u>	<u>765.603</u>

Umsatzerlöse nach Märkten

	in TEUR	
	2009	2008
Inland	31.418	23.171
Europäische Union	159.471	200.378
Übriges Europa	29.632	19.787
Nordamerika	22.899	9.455
Asien	149.615	292.928
Übrige Welt	84.462	219.884
	<u>477.497</u>	<u>765.603</u>

Der Exportanteil bei den Umsatzerlösen beträgt 93%.

übrige sonstige betriebliche Erträge

In den übrigen sonstigen betrieblichen Erträgen sind neben diversen Mieterlösen (1.076 TEUR) und Erträgen aus Wechselkursdifferenzen (3.511 TEUR) insbesondere Verrechnungen an Tochtergesellschaften (31.702 TEUR) enthalten.

Aufwendungen für Abfertigungen und Leistungen an betriebliche Mitarbeitervorsorgekassen

In den Aufwendungen für Abfertigungen und Leistungen an betriebliche Mitarbeitervorsorgekassen sind Aufwendungen für Abfertigungen in Höhe von 632 TEUR enthalten. Der restliche Betrag von 512 TEUR betrifft Leistungen an betriebliche Mitarbeitervorsorgekassen.

übrige betriebliche Aufwendungen

Die übrigen betrieblichen Aufwendungen setzen sich im Wesentlichen aus auftragsbezogenen Kosten (34.707 TEUR), Wechselkursdifferenzen (4.658 TEUR) sowie aus Beratungs- (10.110 TEUR), Reise- (14.065 TEUR), Instandhaltungs- (7.825 TEUR) und sonstigen allgemeinen Verwaltungskosten zusammen.

Finanzergebnis

Die Erträge aus Beteiligungen von 99.115 TEUR (Vorjahr: 74.887 TEUR) stammen aus Gewinnausschüttungen von Tochterunternehmen.

Steuern vom Einkommen und vom Ertrag

Die Steuern vom Einkommen und vom Ertrag betreffen insbesondere Ertragssteuern der Geschäftsjahre 2008 und 2009 sowie ausländische Quellensteuern. Seitens der Andritz AG als Gruppenträger erfolgten im Geschäftsjahr Weiterbelastungen an Gruppenmitglieder in Höhe von 14.401 TEUR.

	2009 TEUR	2008 TEUR
Körperschaftsteuer		
laufendes Geschäftsjahr	16.172	15.110
Vorjahre	363	0
Weiterbelastungen an Gruppenmitglieder		
laufendes Geschäftsjahr	(14.913)	(14.966)
Vorjahre	512	218
ausländische Quellensteuer	2.494	1.084
	<u>4.628</u>	<u>1.446</u>

Die gemäß § 198 Abs. 10 UGB aktivierbare Steuerabgrenzung hätte zum 31. Dezember 2009 8,9 MEUR (Vorjahr: 8,7 MEUR) betragen.

IV. Sonstiges

Beteiligungen, verbundene Unternehmen

(Beträge in TEUR)

Verbundene Unternehmen	Sitz	Beteiligungsquote		in TEUR	
		direkt	indirekt	Jahresüberschuss	Eigenkapital
Anstalt für Strömungsmaschinen GmbH	Graz / Österreich	100%			*)
ANDRITZ Technology and Asset Management GmbH	Graz / Österreich	100%		356,77	179.987,39
ANDRITZ Finance GmbH	Wien / Österreich		100%	3.794,96	158.835,16
ANDRITZ Power & Water GmbH	Wien / Österreich		100%	3.653,31	40.173,31
European Mill Service GmbH	Graz / Österreich	50%			*)
ANDRITZ HYDRO GmbH	Wien / Österreich	100%		52.184,62	218.215,36
ANDRITZ HYDRO S.A.S.	Grenoble / Frankreich		100%	1.840,45	4.614,16
ANDRITZ HYDRO Private Limited	Bhopal / Indien		100%	5.440,08	17.465,01
ANDRITZ Deutschland Beteiligungs GmbH	Krefeld / Deutschland	49%	51%	25.616,81	203.779,11
ANDRITZ GmbH	Hemer / Deutschland	6,25%	93,75%	19.687,36	60.229,49
ANDRITZ Kaiser GmbH	Bretten-Gölshausen / Deutschland		100%	-1.841,72	326,70
Sundwig GmbH	Hemer / Deutschland		75%	7.176,95	50.760,74
ANDRITZ Fiedler GmbH	Regensburg / Deutschland		100%	-1.339,79	3.812,58
ANDRITZ Fiedler Holding S. A. R. L.	Scorbé Clairvaux / Frankreich		100%	1.137,17	2.446,51
ANDRITZ Separation GmbH	Köln / Deutschland		100%	5.031,60	10.242,97
ANDRITZ - Jochman s. r. o.	Spišská Nová Ves / Slowakei		90%		*)
ANDRITZ Fließbettsysteme GmbH	Ravensburg / Deutschland		100%	1.755,77	7.766,81
Lenser Verwaltungs GmbH	Senden / Deutschland		100%	22,78	288,52
ANDRITZ S.R.L.	Cisnadia / Rumänien		100%		*)
Lenser Filtration GmbH	Senden / Deutschland		100%	-2.170,86	9.754,78
Lenser Asia Sdn. Bhd.	Selangor / Malaysia		100%	370,61	2.072,48
ANDRITZ HYDRO GmbH	Ravensburg / Deutschland		100%	9.717,34	29.812,24
ANDRITZ Küsters GmbH	Krefeld / Deutschland		100%	-6.496,99	21.753,10
ANDRITZ Kufferath GmbH	Düren / Deutschland		100%	166,12	8.074,51
AKRE Real Estate GmbH	Düren / Deutschland		100%	-3,66	3.022,98
ANDRITZ Maerz GmbH	Düsseldorf / Deutschland		100%	9.854,50	24.477,17
ANDRITZ Rollteck GmbH	Krefeld / Deutschland		100%	-870,37	-845,37
ANDRITZ HYDRO S.L.	Madrid / Spanien		100%	1.217,81	6.279,45
ANDRITZ HYDRO S.r.l.	Vicenza / Italien		100%	3.342,12	10.738,24
ANDRITZ HYDRO Aosta S.r.l.	Aosta / Italien		100%		*)
ANDRITZ HYDRO AG	Kriens / Schweiz		100%	376,51	8.195,05
ANDRITZ HYDRO S.A. de C.V.	Morelia / Mexiko		100%	431,68	509,40
ANDRITZ HYDRO AS	Jevnaker / Norwegen		100%	2.096,68	7.226,61
ANDRITZ HYDRO Brasil Ltda.	São Paulo / Brasilien		100%	5.083,23	3.747,50
ANDRITZ HYDRO Ltd. Sirketi	Ankara / Türkei		100%		*)
PT. ANDRITZ HYDRO	Jakarta / Indonesien		51%	1.227,79	1.919,29
ANDRITZ HYDRO S.A.	Lima / Peru		100%		*)
ANDRITZ HYDRO (Pty) Ltd.	Umtshlanga / Südafrika		100%		*)
ANDRITZ HYDRO Ltda.	Bogota / Kolumbien		100%		*)
ANDRITZ HYDRO s.r.o.	Prag / Tschechische Republik		100%		*)
ANDRITZ INDIA PRIVATE LIMITED	Faridabad / Indien		100%		*)
ANDRITZ HYDRO C.A.	Caracas / Venezuela		100%		*)
ANDRITZ POWER Sdn. Bhd.	Kuala Lumpur / Malaysia		30%		*)
ANDRITZ HYDRO Inc.	Makati City / Philippinen		100%		*)
HGI Holdings Limited	Limassol / Zypern	100%			*)
AP Anlage-Projektierungs AG	Bülach / Schweiz	100%		-535,18	-5.503,55
ANDRITZ Separation (India) Private Ltd.	Chennai / Indien	100%		364,60	921,06
ANDRITZ spol.s.r.o.	Hradec Kralove / Tschechische Republik	100%			*)
ANDRITZ Denmark A/S	Esbjerg / Dänemark	100%		-4.013,27	5.004,65
ANDRITZ FEED&BIOFUEL A/S	Esbjerg / Dänemark		100%		*)
ANDRITZ FEED&BIOFUEL do Brasil Ltda.	Porto Alegre / Brasilien		100%		*)
ANDRITZ FEED&BIOFUEL s.r.o.	Humenné / Slowakei		100%		*)
ANDRITZ Chile Ltda.	Santiago de Chile / Chile	100%		-720,30	1.674,82
ANDRITZ (USA) Inc.	Roswell / Georgia (USA)	100%		-4.896,71	73.733,31
ANDRITZ Inc.	Roswell / Georgia (USA)		100%		*)
ANDRITZ Finance Inc.	Tualatin / Oregon (USA)		100%		*)
Delta Holding Corporation	Tualatin / Oregon (USA)		100%		*)
ANDRITZ Separation Inc.	Arlington / Texas (USA)		100%		*)
ANDRITZ Filter Press Inc.	Arlington / Texas (USA)		100%		*)
ANDRITZ Automation Inc.	Decatur / Georgia (USA)		100%		*)
CyberMetrics Inc.	Alpharetta / Georgia (USA)		100%		*)
Lenser Filtration Inc.	Lakewood / New Jersey (USA)		100%		*)
ANDRITZ HYDRO Corp.	Charlotte / North Carolina (USA)		100%		*)
ANDRITZ S. A. S.	Velizy / Frankreich	100%		5.271,82	23.632,58
Andritz Selas S.A.S.	Asnières-sur-Seine / Frankreich		100%	1.309,68	2.886,99
Lenser Filtration S. A. R. L.	Haguenau / Frankreich		100%	2,79	110,98

*) wegen Unwesentlichkeit nicht im Konzernabschluss einbezogen

**) konsolidiert

Andritz AG
Graz

Verbundene Unternehmen	Sitz	Beteiligungsquote		in TEUR	
		direkt	indirekt	Jahresüberschuss	Eigenkapital
Jaybee Eng. (Holdings) Pty. Ltd.	Victoria (Australia)	100%		-4.140,26	3.625,40 **)
ANDRITZ Pty. Ltd.	Victoria (Australia)		100%		
ANDRITZ Ingeniería S.A.	Madrid / Spanien	100%		717,70	1.543,05
ANDRITZ Brasil Ltda.	Curitiba / Brasilien	100%		14.515,75	62.481,33
ANDRITZ Separation Industria e Comércio de Equipamentos de Filtração Ltda.	Pomerode / Brasilien		100%	-487,92	9.307,84
Sindus Manutenção e Sistemas Industriais Ltda.	Porto Alegre / Brasilien		50%	557,88	2.451,51
Sindus ANDRITZ Uruguay S.A.	Rio Negro / Uruguay		50%		*)
ANDRITZ HYDRO Inepar do Brasil S.A.	Campinas - São Paulo / Brasilien		50%	6.304,87	39.450,53
ANDRITZ Plão Equipamentos Ltda.	Vinhedo, São Paulo / Brasilien		100%	-4.019,01	-3.566,03
ANDRITZ Oy	Helsinki / Finnland	100%		5.113,86	74.877,74
Savonlinna Works Oy	Savonlinna / Finnland		100%	-4.422,09	559,25
ANDRITZ HYDRO Inepar Finland Oy	Tampere / Finnland		100%	1.522,25	4.281,54
Carbona Oy	Helsinki / Finnland		80%		
ANDRITZ HYDRO Canada Inc.	Stoney Creek / Ontario (Kanada)	100%		-2.952,12	21.341,19 **)
ANDRITZ HYDRO Canada Ltd./Ltée.	Pointe Claire / Quebec (Kanada)		100%		
ANDRITZ HYDRO Installations Inc.	Lachine / Quebec (Kanada)		100%		
ANDRITZ Ltd./Ltée.	Lachine / Quebec (Kanada)		100%		
ANDRITZ Paper Machinery Ltd.	Lachine / Quebec (Kanada)		100%		
ANDRITZ Automation Ltd.	Richmond / British Columbia (Kanada)		100%		
IDEAS Simulation & Control Ltd.	Richmond / British Columbia (Kanada)		100%		
ANDRITZ AB	Örnsköldsvik / Schweden	100%		2.511,64	9.791,10
ANDRITZ Lynson AB	Vallentuna / Schweden		100%	220,39	365,10
ANDRITZ Waplans AB	Nälden / Schweden		100%	759,73	2.781,36
ANDRITZ HYDRO Inepar Sweden AB	Kristinehamn / Schweden		100%	69,40	868,08
ANDRITZ Ltd.	Staffordshire / Großbritannien	100%		-119,73	3.219,85
ANDRITZ Selas UK Ltd.	Derbyshire / Großbritannien		100%	76,12	458,55
ANDRITZ-Kenflo Foshan Pump Co. Ltd.	Foshan / China	60%		448,73	7.792,98
ANDRITZ Technologies Ltd.	Foshan / China	100%		8.137,98	44.534,27
ANDRITZ - Wolfensberger Special Alloy Foundry Co., Ltd.	Foshan / China	65%		-2.386,81	-2.798,54
ANDRITZ Technologies H.K. Ltd.	Hong Kong / China	100%			*)
Kufferath Forming Technology China (Zhejiang) Co. Ltd.	Zhejiang / China	100%			*)
ANDRITZ Thermtec Holding B.V.	Rotterdam / Niederlande	100%		2.295,84	4.413,84 **)
ANDRITZ Thermtec B.V.	Rotterdam / Niederlande		100%		
ANDRITZ Technologies Private Ltd.	Bangalore / Indien	100%		484,89	1.059,05
ANDRITZ FEED&BIOFUEL Ltd.	Hull / Großbritannien	100%		334,60	2.098,12
ANDRITZ FEED&BIOFUEL B.V.	Geldrop / Niederlande	100%		2.035,41	13.984,67
ANDRITZ B. V.	Den Helder / Niederlande		100%	281,00	1.252,50
ANDRITZ 3SYS AG	Wohlen / Schweiz	100%		-1.652,98	-4.636,43
ANDRITZ Singapore Pte. Ltd.	Singapur / Singapur	100%		2.191,63	4.401,72
ANDRITZ (Thailand) Ltd.	Bangkok / Thailand	100%		10,67	128,12
ANDRITZ Uruguay S. A.	Rio Negro / Uruguay	100%		1.386,91	2.127,48
ANDRITZ Industrias S. A.	Rio Negro / Uruguay	100%			*)
ANDRITZ Pulp Technologies Punta Pereira S.A.	Montevideo/ Uruguay	100%			*)
ANDRITZ KK	Tokio / Japan	100%		228,44	3.854,37
ANDRITZ (Pty) Ltd.	Umlhanga / Südafrika	100%		434,64	1.633,89
PT ANDRITZ	Jakarta / Indonesien	100%		69,68	4,74
ANDRITZ Australia Pty. Ltd.	Victoria (Australia)	100%			*)
LLC ANDRITZ	St. Petersburg / Russland	100%		-189,88	-231,14
OOO ANDRITZ Metals	Moskau / Russland	100%			*)
ANDRITZ Kufferath s.r.o.	Levice / Slowakei	100%		375,02	6.736,38
ANDRITZ Kft.	Tiszaújváros / Ungarn	100%		3.472,84	22.551,34
Sonstige Unternehmen					
ASH DEC Umw elt AG	Wien / Österreich	2,87%			
CEST Kompetenzzentrum für elektrochemische Oberflächentechnologie GmbH	Wiener Neustadt / Österreich	2,38%			
Warkaus Works Oy	Varkaus / Finnland		50%		
Enmas ANDRITZ Private Ltd.	Chennai / Indien		40%		
The Hydro Equipment Association Limited	London / Großbritannien		33,3%		
ANDRITZ R&M Service S.R.L.	Bukarest / Rumänien		25%		
Motter Printing Equipment Ltd.	Kriens / Schweiz		19,6%		
Orissa Power Consortium Ltd.	Hyderabad / Indien		19%		
Birecik Baraj ve Hidroelektrik	Birecik / Türkei		3,7%		
Venture Capital Zentralschweiz AG	Luzern / Schweiz		1,3%		
DC Hidro Enerji Üretim A.Ş.	Istanbul / Türkei		1%		
Eriç Enerji Üretim ve Ticaret A.Ş.	Istanbul / Türkei		1%		
Kalehan Enerji Üretim ve Ticaret A.Ş.	Ankara / Türkei		0,0003%		

*) wegen Unwesentlichkeit nicht im Konzernabschluss einbezogen

**) konsolidiert

Die Angaben für Eigenkapital und Jahresüberschuss der verbundenen Unternehmen wurden den zur Erstellung des Konzernabschlusses herangezogenen Abschlüssen, welche entsprechend den „International Financial Reporting Standards“ (IFRS) aufgestellt wurden, entnommen.

Steuerliche Unternehmensgruppe

Zwischen der Andritz AG als Gruppenträger und der Andritz Hydro GmbH, Wien als Gruppenmitglied besteht eine steuerliche Unternehmensgruppe gem. § 9 KStG. Die aus dem Gruppenvertrag resultierenden Steuerumlagen werden nach der sogenannten Belastungsmethode verrechnet, wobei im Falle eines steuerlichen Gewinns das Gruppenmitglied eine Steuerumlage an den Gruppenträger zu entrichten hat, im Falle eines steuerlichen Verlusts dieser evident gehalten und mit späteren Gewinnen des Gruppenmitglieds ausgeglichen wird. Die Steuerumlage ist spätestens bis zum 30.9. des folgenden Geschäftsjahrs zu leisten, der Gruppenträger kann jedoch entsprechende Vorauszahlungen vorschreiben. Der Vertrag wurde auf unbestimmte Dauer geschlossen und unterliegt österreichischem Recht.

Beschäftigte

Im Jahresdurchschnitt wurden 1.436 Mitarbeiter (ohne Lehrlinge), davon 403 Arbeiter und 1.033 Angestellte, beschäftigt.

Aufwendungen für Abfertigungen und Pensionen

	TEUR
für Vorstandsmitglieder und leitende Angestellte	119
für andere	1.833
	<u>1.952</u>

Aktienbeteiligungsprogramm für Führungskräfte

Sämtliche Angaben wurden entsprechend dem im Jahr 2007 durchgeführten Aktiensplit (1 : 4) angepasst.

Optionsprogramm 1:

Die 99. ordentliche Hauptversammlung vom 29. März 2006 hat ein Aktienoptionsprogramm für leitende Angestellte und Mitglieder des Vorstands beschlossen.

Die Anzahl der je berechtigter Führungskraft gewährten Optionen beträgt je nach Verantwortungsbereich 6.000, 10.000 oder 20.000, für Mitglieder des Vorstands 40.000 und für den Vorsitzenden des Vorstands 50.000. Die Optionen sollen aus von der Gesellschaft rückerworbenen eigenen Aktien bedient werden.

Eine Aktienoption berechtigt zum Bezug einer Aktie. Um eine Aktienoption ausüben zu können, muss der Berechtigte vom 1.5.2006 bis vor einem jeden Ausübungszeitpunkt dauernd in einem aktiven Arbeitsverhältnis zur Gesellschaft oder einer zum Andritz-Konzern gehörenden Gesellschaft gestanden haben. Weitere Voraussetzung ist ein Eigeninvestment in Andritz-Aktien von zumindest 20.000 EUR für leitende Angestellte und 40.000 EUR für Mitglieder des Vorstands. Der Ausübungspreis für die Aktienoptionen ist der ungewichtete Durchschnitt der Börsenschlusskurse der Andritz-Aktie während der vier auf die 99. ordentliche Hauptversammlung vom 29. März 2006 folgenden Kalenderwochen und beträgt 31,67 EUR.

Die Optionen können in der Zeit vom 1. Mai 2008 bis 30. April 2010 (= Ausübungszeitraum) ausgeübt werden und nur dann, wenn

- der ungewichtete Schlusskurs der Andritz-Aktie im Durchschnitt von zwanzig aufeinanderfolgenden Handelstagen im Zeitraum von 1. Mai 2008 bis 30. April 2009 mindestens 15% über dem Ausübungspreis liegt und
- der Gewinn je Aktie (bezogen auf die Gesamtzahl der gelisteten Aktien) des Geschäftsjahrs 2007 oder der Gewinn je Aktie des Geschäftsjahrs 2008 (bezogen auf die Gesamtzahl der gelisteten Aktien) mindestens 15% über dem Gewinn je Aktie (bezogen auf die Gesamtzahl der gelisteten Aktien) des Geschäftsjahrs 2005 liegt

oder wenn

- der ungewichtete Schlusskurs der Andritz-Aktie im Durchschnitt von zwanzig aufeinanderfolgenden Handelstagen im Zeitraum 1. Mai 2009 bis 30. April 2010 mindestens 20% über dem Ausübungspreis liegt und

- der Gewinn je Aktie (bezogen auf die Gesamtzahl der gelisteten Aktien) des Geschäftsjahrs 2008 oder der Gewinn je Aktie (bezogen auf die Gesamtzahl der gelisteten Aktien) des Geschäftsjahrs 2009 mindestens 20 % über dem Gewinn je Aktie (bezogen auf die Gesamtzahl der gelisteten Aktien) des Geschäftsjahrs 2005 liegt.

Im Falle der Erfüllung der Ausübungsbedingungen können 50% der Optionen sofort, 25% der Optionen nach drei Monaten und die restlichen 25% nach weiteren drei Monaten bezogen werden. Aktienoptionen können nur durch schriftliche Erklärung an die Gesellschaft ausgeübt werden. Die Aktienoptionen sind nicht übertragbar. Die in Ausübung der Aktienoptionen bezogenen Aktien unterliegen keiner Behaltfrist.

Optionsprogramm 2:

Die 101. ordentliche Hauptversammlung vom 27. März 2008 hat ein Aktienoptionsprogramm für leitende Angestellte und Mitglieder des Vorstands beschlossen.

Die Anzahl der je berechtigter Führungskraft gewährten Optionen beträgt je nach Verantwortungsbereich 6.000, 10.000 oder 20.000, für Mitglieder des Vorstands 40.000 und für den Vorsitzenden des Vorstands 50.000. Die Optionen sollen aus von der Gesellschaft rückerworbenen eigenen Aktien bedient werden.

Eine Aktienoption berechtigt zum Bezug einer Aktie. Um eine Aktienoption ausüben zu können, muss der Berechtigte vom 1.5.2008 bis vor einem jeden Ausübungszeitpunkt dauernd in einem aktiven Arbeitsverhältnis zur Gesellschaft oder einer zum Andritz-Konzern gehörenden Gesellschaft gestanden haben. Weitere Voraussetzung ist ein Eigeninvestment in Andritz-Aktien von zumindest 20.000 EUR für leitende Angestellte und 40.000 EUR für Mitglieder des Vorstands. Der Ausübungspreis für die Aktienoptionen ist der ungewichtete Durchschnitt der Börsenschlusskurse der Andritz-Aktie während der vier auf die 101. ordentliche Hauptversammlung vom 27. März 2008 folgenden Kalenderwochen und beträgt 35,44 EUR.

Die Optionen können in der Zeit vom 1. Mai 2010 bis 30. April 2012 (= Ausübungszeitraum) ausgeübt werden und nur dann, wenn

- der ungewichtete Schlusskurs der Andritz-Aktie im Durchschnitt von zwanzig aufeinanderfolgenden Handelstagen im Zeitraum von 1. Mai 2010 bis 30. April 2011 mindestens 15% über dem Ausübungspreis liegt und

- der Gewinn je Aktie (bezogen auf die Gesamtzahl der gelisteten Aktien) des Geschäftsjahrs 2009 oder der Gewinn je Aktie des Geschäftsjahrs 2010 (bezogen auf die Gesamtzahl der gelisteten Aktien) mindestens 15% über dem Gewinn je Aktie (bezogen auf die Gesamtzahl der gelisteten Aktien) des Geschäftsjahrs 2007 liegt

oder wenn

- der ungewichtete Schlusskurs der Andritz-Aktie im Durchschnitt von zwanzig aufeinanderfolgenden Handelstagen im Zeitraum 1. Mai 2011 bis 30. April 2012 mindestens 20% über dem Ausübungspreis liegt und
- der Gewinn je Aktie (bezogen auf die Gesamtzahl der gelisteten Aktien) des Geschäftsjahrs 2010 oder der Gewinn je Aktie (bezogen auf die Gesamtzahl der gelisteten Aktien) des Geschäftsjahrs 2011 mindestens 20% über dem Gewinn je Aktie (bezogen auf die Gesamtzahl der gelisteten Aktien) des Geschäftsjahrs 2007 liegt.

Im Falle der Erfüllung der Ausübungsbedingungen können 50% der Optionen sofort, 25% der Optionen nach drei Monaten und die restlichen 25% nach weiteren drei Monaten bezogen werden. Aktienoptionen können nur durch schriftliche Erklärung an die Gesellschaft ausgeübt werden. Die Aktienoptionen sind nicht übertragbar. Die in Ausübung der Aktienoptionen bezogenen Aktien unterliegen keiner Behaltefrist.

	Optionsprogramm 1		Optionsprogramm 2
	im Jahr 2009 ausgenützte Optionen	im Jahr 2010 ausnützbare Optionen per 31.12.2009	eingräumte Optionen per 31.12.2009
Vorstand			
Wolfgang Leitner	50.000	0	50.000
Franz Hofmann	0	40.000	40.000
Karl Hornhofer	10.000	0	40.000
Humbert Köfler	10.000	0	40.000
Friedrich Papst	40.000	0	40.000
Leitende Angestellte	200.000	228.000	856.000
GESAMT	310.000	268.000	1.066.000
Ausübungspreis je Aktie in EUR	31,67	31,67	35,44
Wert Optionen gesamt in EUR	bei Ausübung 1.916.796	31.12.2009 2.371.800	31.12.2009 5.415.280

Derivative Finanzinstrumente

Zum Bilanzstichtag bestanden folgende Devisentermingeschäfte (in TEUR):

	<u>Umfang</u>	<u>Zeitwert</u>
US-Dollar:	50.305	1.244
Pfund Sterling:	10.825	-172
<u>Andere Währungen</u>	<u>2.462</u>	<u>-26</u>
Summe	63.592	1.046

Der beizulegende Zeitwert wird auf Basis der Terminkurse zum Bilanzstichtag durch Abzinsung des ermittelten Endwerts über die Restlaufzeit errechnet.

Die beizulegenden Zeitwerte für die Zinssicherung der Anleihen in Form von Zinsswaps betragen zum 31.12.2009 21.553 TEUR (Vorjahr: 19.023 TEUR) und repräsentieren die Marktwerte zum Bilanzstichtag.

Weiters bestehen zum 31.12.2009 zwei Zinsswaps zu Beteiligungsfinanzierungen (Umfang: 19.075 TEUR). Die beizulegenden Zeitwerte für die Zinssicherungen betragen zum 31.12.2009 726 TEUR (Vorjahr: 420 TEUR) und repräsentieren die Marktwerte zum Bilanzstichtag.

Drohende Verluste aus derivativen Finanzinstrumenten werden in der Bilanz nicht passiviert, da diese mit bilanzierten Aktiv- bzw. Passivposten eine geschlossene Position bilden.

Nahestehende Unternehmen und Personen

Es bestehen keine wesentlichen Geschäftsbeziehungen mit nahestehenden Unternehmen und Personen, die unter marktunüblichen Bedingungen abgeschlossen wurden.

Vorstand und Aufsichtsrat

Die Vorstandsvergütungen betragen:

	in TEUR	
	2009	2008
Kurzfristige Leistungen	6.364	8.374
Leistungen nach Beendigung des Arbeitsverhältnisses	544	1.581
Aktienbasierte Vergütungen	974	812
	<u>7.882</u>	<u>10.767</u>

Der Gegenwert der aktienbasierten Vergütungen wurde nach IFRS ermittelt.

Von verbundenen Unternehmen wurden keine Bezüge ausbezahlt. An ehemalige Vorstandsmitglieder und deren Hinterbliebene wurden 330.169 EUR (Vorjahr: 328.388 EUR) ausbezahlt.

Die Mitglieder des Aufsichtsrats erhielten Vergütungen von 125.000 EUR (Vorjahr: 125.000 EUR).

Aufsichtsrat:

Gewählte Mitglieder:

Kurt Stiassny

Vorsitzender

Hellwig Torggler

Stellvertreter des Vorsitzenden

Peter Mitterbauer

Christian Nowotny

Fritz Oberlerchner

Klaus Ritter

Andritz AG
Graz

Delegierte Mitglieder:

Andreas Martiner
Martha Unger
Brigitta Wasserbauer

Vorstand:

Wolfgang Leitner
Vorsitzender
Franz Hofmann
Karl Hornhofer
Humbert Köfler
Friedrich Papst

Graz, am 25. Februar 2010

Der Vorstand

Wolfgang Leitner Franz Hofmann Karl Hornhofer Humbert Köfler Friedrich Papst

Bestätigungsvermerk

Wir haben den beigefügten Jahresabschluss der Andritz AG, Graz, für das Geschäftsjahr vom 1. Jänner 2009 bis zum 31. Dezember 2009 unter Einbeziehung der Buchführung geprüft. Dieser Jahresabschluss umfasst die Bilanz zum 31. Dezember 2009, die Gewinn- und Verlustrechnung für das am 31. Dezember 2009 endende Geschäftsjahr sowie den Anhang.

Verantwortung der gesetzlichen Vertreter für den Jahresabschluss und für die Buchführung

Die gesetzlichen Vertreter der Gesellschaft sind für die Buchführung sowie für die Aufstellung und den Inhalt des Jahresabschlusses verantwortlich, der ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage der Gesellschaft in Übereinstimmung mit den österreichischen unternehmensrechtlichen Vorschriften vermittelt. Diese Verantwortung beinhaltet: Gestaltung, Umsetzung und Aufrechterhaltung eines internen Kontrollsystems, soweit dieses für die Aufstellung des Jahresabschlusses und die Vermittlung eines möglichst getreuen Bildes der Vermögens-, Finanz- und Ertragslage der Gesellschaft von Bedeutung ist, damit dieser frei von wesentlichen Fehldarstellungen ist, sei es auf Grund von beabsichtigten oder unbeabsichtigten Fehlern; die Auswahl und Anwendung geeigneter Bilanzierungs- und Bewertungsmethoden; die Vornahme von Schätzungen, die unter Berücksichtigung der gegebenen Rahmenbedingungen angemessen erscheinen.

Verantwortung des Abschlussprüfers und Beschreibung von Art und Umfang der gesetzlichen Abschlussprüfung

Unsere Verantwortung besteht in der Abgabe eines Prüfungsurteils zu diesem Jahresabschluss auf der Grundlage unserer Prüfung. Wir haben unsere Prüfung unter Beachtung der in Österreich geltenden gesetzlichen Vorschriften und Grundsätze ordnungsgemäßer Abschlussprüfung durchgeführt. Diese Grundsätze erfordern, dass wir die Standesregeln einhalten und die Prüfung so planen und durchführen, dass wir uns mit hinreichender Sicherheit ein Urteil darüber bilden können, ob der Jahresabschluss frei von wesentlichen Fehldarstellungen ist.

Eine Prüfung beinhaltet die Durchführung von Prüfungshandlungen zur Erlangung von Prüfungsnachweisen hinsichtlich der Beträge und sonstigen Angaben im Jahresabschluss. Die Auswahl der Prüfungshandlungen liegt im pflichtgemäßen Ermessen des Abschlussprüfers unter Berücksichtigung seiner Einschätzung des Risikos eines Auftretens wesentlicher Fehldarstellungen, sei es auf Grund von beabsichtigten oder unbeabsichtigten Fehlern.

Bei der Vornahme dieser Risikoeinschätzung berücksichtigt der Abschlussprüfer das interne Kontrollsystem, soweit es für die Aufstellung des Jahresabschlusses und die Vermittlung eines möglichst getreuen Bildes der Vermögens-, Finanz- und Ertragslage der Gesellschaft von Bedeutung ist, um unter Berücksichtigung der Rahmenbedingungen geeignete Prüfungshandlungen festzulegen, nicht jedoch um ein Prüfungsurteil über die Wirksamkeit der internen Kontrollen der Gesellschaft abzugeben. Die Prüfung umfasst ferner die Beurteilung der Angemessenheit der angewandten Bilanzierungs- und Bewertungsmethoden und der von den gesetzlichen Vertretern vorgenommenen wesentlichen Schätzungen sowie eine Würdigung der Gesamtaussage des Jahresabschlusses.

Wir sind der Auffassung, dass wir ausreichende und geeignete Prüfungsnachweise erlangt haben, sodass unsere Prüfung eine hinreichend sichere Grundlage für unser Prüfungsurteil darstellt.

Prüfungsurteil

Unsere Prüfung hat zu keinen Einwendungen geführt. Auf Grund der bei der Prüfung gewonnenen Erkenntnisse entspricht der Jahresabschluss nach unserer Beurteilung den gesetzlichen Vorschriften und vermittelt ein möglichst getreues Bild der Vermögens- und Finanzlage der Andritz AG zum 31. Dezember 2009 sowie der Ertragslage der Gesellschaft für das Geschäftsjahr vom 1. Jänner 2009 bis zum 31. Dezember 2009 in Übereinstimmung mit den österreichischen Grundsätzen ordnungsmäßiger Buchführung.

Aussagen zum Lagebericht

Der Lagebericht ist auf Grund der gesetzlichen Vorschriften darauf zu prüfen, ob er mit dem Jahresabschluss in Einklang steht und ob die sonstigen Angaben im Lagebericht nicht eine falsche Vorstellung von der Lage der Gesellschaft erwecken. Der Bestätigungsvermerk hat auch eine Aussage darüber zu enthalten, ob der Lagebericht mit dem Jahresabschluss in Einklang steht und ob die Angaben nach § 243a UGB zutreffen.

Der Lagebericht steht nach unserer Beurteilung in Einklang mit dem Jahresabschluss. Die Angaben gemäß § 243a UGB sind zutreffend.

Wien, am 25. Februar 2010

Deloitte Audit Wirtschaftsprüfungs GmbH

Mag. Manfred Geritzer e.h.
Wirtschaftsprüfer

Mag. Michael Schober e.h.
Wirtschaftsprüfer