

ANNUAL FINANCIAL REPORT 2008



ANDRITZ

The online version of this annual financial report offers you the following special features:

- Downloading of all tables with key financial figures as well as individual chapters.
- Targeted search for pre-defined topics that were of special importance to the ANDRITZ GROUP during the reporting period.
- Selection of individual sections and compilation of a customized report.
- Advanced search functions for such areas as share, key figures, Consolidated financial statement, order intake, and acquisitions.

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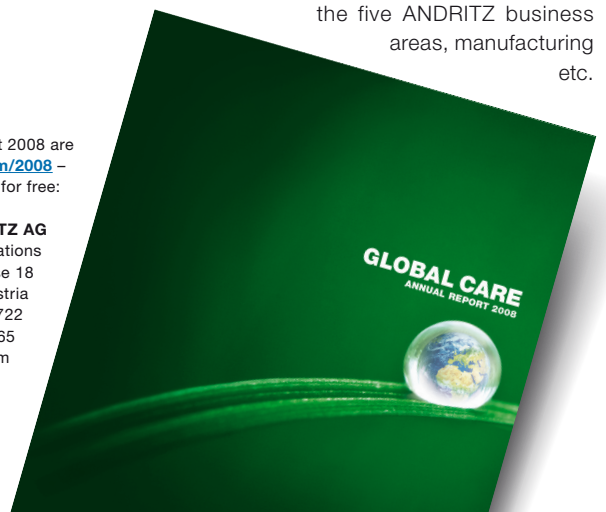
All annual reports, annual financial reports, and quarterly reports since the IPO in 2001, are available at: www.andritz.com/reports



The **annual report 2008** of the ANDRITZ GROUP contains further information such as: Interview with Wolfgang Leitner (President & CEO of ANDRITZ AG), Global Care (global challenges in environmental and climate protection – and ANDRITZ’s answers to these challenges), strategy, the ANDRITZ share, the five ANDRITZ business areas, manufacturing etc.

The annual financial report and the annual report 2008 are available at reports.andritz.com/2008 – you can also order a printed copy for free:

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KEY FIGURES OF THE ANDRITZ GROUP 2004-2008

MEUR (IFRS)	2008	2007*	2006*	2005	2004
Order intake	3,705.3	3,749.5	2,891.0	1,974.6	1,837.0
Order backlog as of December 31	4,277.4	3,843.3	3,397.1	1,695.6	1,439.2
Sales	3,609.8	3,282.5	2,709.7	1,744.3	1,481.3
EBITDA ¹⁾	278.2	250.7	197.7	130.9	115.4
EBITA ²⁾	233.2	209.7	166.2	107.0	92.8
Earnings Before Interest and Taxes (EBIT)	218.5	200.9	163.3	106.7	76.1
Earnings Before Taxes (EBT)	210.5	200.8	165.3	110.0	76.6
Net income (including minority interests)	147.0	137.8	121.1	80.2	53.4
Cash flow from operating activities	255.0	33.1	143.1	237.3	208.0
Capital expenditure ³⁾	69.7	57.0	45.7	26.7	29.4
Employees as of December 31 (excluding apprentices)	13,707	12,016	10,215	5,943	5,314
Fixed assets	732.1	632.3	608.6	308.0	276.3
Current assets	2,354.2	1,877.1	1,777.5	1,083.3	877.1
Total shareholders' equity ⁴⁾	577.4	481.6	414.5	328.8	277.1
Provisions	477.3	402.4	386.1	189.8	159.6
Other liabilities	2,031.6	1,625.4	1,585.5	872.7	716.7
Total assets	3,086.3	2,509.4	2,386.1	1,391.3	1,153.4
Equity ratio ⁵⁾ (%)	18.7	19.2	17.4	23.6	24.0
Net liquidity ⁶⁾	408.9	246.5	365.7	383.9	219.6
Net debt ⁷⁾	-242.9	-94.8	-216.9	-316.4	-158.2
Net working capital ⁸⁾	22.7	99.1	-93.6	-128.2	-1.0
Capital employed ⁹⁾	406.8	405.6	194.5	21.1	131.9
Gearing ¹⁰⁾ (%)	-42.1	-19.7	-52.3	-116.8	-79.3
EBITDA margin (%)	7.7	7.6	7.3	7.5	7.8
EBITA margin (%)	6.5	6.4	6.1	6.1	6.3
EBIT margin (%)	6.1	6.1	6.0	6.1	5.1
Net income/sales (%)	4.1	4.2	4.5	4.6	3.6
ROE ¹¹⁾ (%)	25.5	28.6	29.2	24.3	19.5
EV ¹²⁾ /EBITDA	1.9	7.6	9.1	6.3	4.4
Depreciation and amortization/sales (%)	1.5	1.4	1.3	1.4	1.5
Impairment resp. amortization goodwill/sales (%)	0.2	0.1	0.0	0.0	1.1

* restated

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 7,862 TEUR (2007: 5,967 TEUR) and impairment of goodwill at 6,783 TEUR (2006: 2,771 TEUR); ³⁾ Additions to Intangible assets and Property, plant, and equipment; ⁴⁾ Total shareholders' equity incl. Minority 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 including Provisions for severance payments, pensions, and jubilee payments minus Cash and cash equivalents and Marketable securities; ⁸⁾ Non-current receivables plus Current assets (excluding Cash and cash equivalents as well as Marketable securities) minus Other non-current liabilities and Current liabilities (excluding 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

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STATUS REPORT

GENERAL ECONOMIC CONDITIONS

In 2008, the development of the global economy was adversely affected by the financial market crisis. The US economy suffered from the crisis of the sub-prime market and the resulting collapse of the American mortgage market, leading to sustained weakness of the banking and financial system. As a result, private consumer spending and corporate investments declined substantially in the course of the year. The US economy slipped into the deepest recession since 1982. In order to counter a potential collapse of the financial system and to stimulate the economy, the US Federal Reserve Board (FED) reduced key interest rates in several steps to a range between zero and 0.25%, the lowest level of all times.

In Europe, the economic development was also considerably impacted by the financial turmoil and the slowdown of economic activity in most European countries. Private consumer spending declined substantially. Export-oriented companies in Europe suffered from the economic weakness in the USA and Asia. The European Central Bank (ECB) injected massive amounts of cash into the banking system to secure inter-bank liquidity and reduced key interest rates to 2.5%.

In Asia, economic activities have also slowed down in most countries. The Japanese economy slipped into a recession, and in China, the growth in most industrial sectors has significantly cooled down due to the slowdown in exports and the weakening of domestic consumption.

Source: OECD

BUSINESS DEVELOPMENT

Note: In accordance with IAS 19.93A, actuarial gains and losses for severance and pension provisions can be recognized in equity in the year in which they occur with no effect on income statement. Until now they were included directly in the income statement of the period. The Group has now used the option provided in IAS 19.93A. Prior periods have been adjusted accordingly pursuant to IAS 8. For the reference period 2007, personnel expenses of TEUR 2,764 and deferred taxes thereon of TEUR 1,072 were reclassified from income statement and recognized in equity with no effect on income statement.

Interest expenses resulting from severance and pension provisions are included in the consolidated income statement under the item 'interest result.' For 2007, an amount of TEUR 5,595 was reclassified from personnel expenses to interest result.

In addition, an adjustment was made retrospectively in accordance with IAS 8. As of December 31, 2007 the balance sheet item 'Deferred tax assets' changed from TEUR 56,982 to TEUR 58,882, 'Liabilities for deferred taxes' from TEUR 99,604 to TEUR 93,904, and 'Provisions – current' from TEUR 210,592 to TEUR 218,192. These changes have no effect on the income statement for 2007 and 2008.

Changes in consolidated companies/acquisitions

The following companies were not, or only partially, included in the consolidated financial statements of the ANDRITZ GROUP in business year 2007:

- Sindus Human Technology: service company for the pulp and paper industry;
- Maerz Industrieofenanlagen GmbH: heat treatment plants and melting furnaces;
- Tigép Kft.: production of heavy machinery, especially for hydropower plants;
- Waplans Mekaniska Verkstads AB (remaining 60% share): service company for the hydropower and the pulp and paper industries;
- 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 first-time consolidation of the companies/business segments acquired in 2007 and 2008 was based on preliminary values.

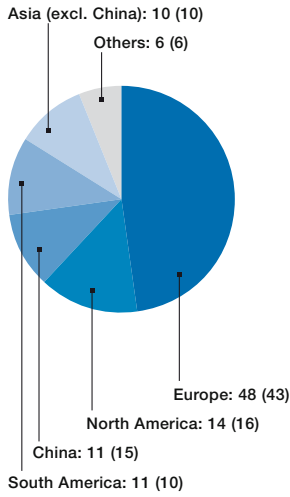
Note: The following ANDRITZ business areas were renamed as of January 1, 2009:

- Rolling Mills and Strip Processing Lines, new name: METALS
- Hydro Power, new name: HYDRO

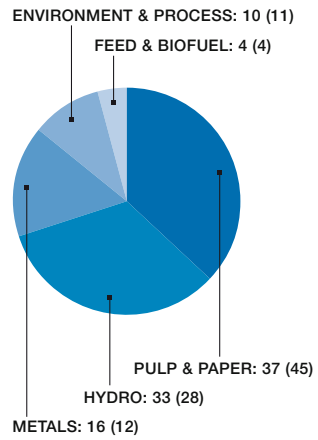
Sales

Sales of the ANDRITZ GROUP during 2008 amounted to 3,609.8 MEUR, an increase of 10.0% compared to last year (2007: 3,282.5 MEUR). In particular, the HYDRO and METALS business areas achieved strong increases in sales compared to the previous year. Organic growth of the Group in 2008 amounted to approximately 2.2%.

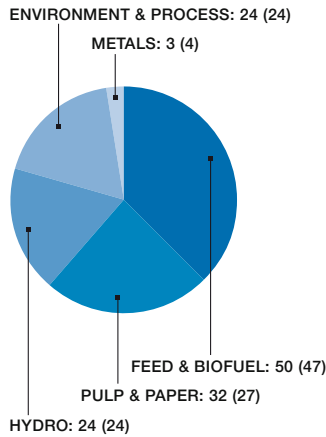
**Sales by region
2008 (2007) in %**



**Sales by business area
2008 (2007) in %**



**Service sales as % of business
area's sales 2008 (2007)**



Sales of the ANDRITZ GROUP 2004-2008

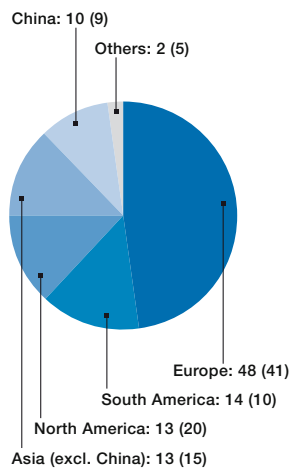


Order intake and order backlog

The order intake of the ANDRITZ GROUP amounted to 3,705.3 MEUR in 2008, thus being only slightly below the record high of last year (2007: 3,749.5 MEUR). The HYDRO, ENVIRONMENT & PROCESS, and FEED & BIOFUEL business areas showed a very favorable development and achieved increases in order intake compared to the previous year. The order intake of the PULP & PAPER business area, on the other hand, declined over the course of the year; the global economic crisis caused a significant decrease in order intake in this business area, especially during the fourth quarter of 2008.

The order backlog of the ANDRITZ GROUP amounted to 4,277.4 MEUR as of December 31, 2008, up 11.3% from the previous year (December 31, 2007: 3,843.3 MEUR). While the order backlog of the PULP & PAPER business area dropped, the HYDRO and METALS business areas were able to considerably increase their order backlogs over the previous year.

Order intake by region 2008 (2007) in %



Earnings

The ANDRITZ GROUP's EBITA in 2008 amounted to 233.2 MEUR. This is an increase of 11.2% compared to 2007 (209.7 MEUR), showing a slightly stronger growth than sales. Thus, the Group's EBITA margin increased to 6.5% in 2008 (2007: 6.4%). In the face of the global economic and financial crisis, provisions were made for restructuring and capacity adjustments. Without these measures, the EBITA margin for 2008 would have been 6.8%. In particular, the HYDRO and ENVIRONMENT & PROCESS business areas showed a favorable earnings and profitability development.

The financial result, at -8.1 MEUR, was lower than last year (2007: -0.1 MEUR). This is mainly due to value adjustments for securities in connection with the global financial crisis. The tax rate was 30.1% in 2008 (2007: 31.4%).

The net income after minorities amounted to 139.7 MEUR (2007: 134.5 MEUR).

Net worth position and capital structure

Total assets as of December 31, 2008 increased to 3,086.3 MEUR (December 31, 2007: 2,509.4 MEUR). This is mainly due to the first-time inclusion of the assets and liabilities of the companies acquired in 2008 and the successful issue of a public 150 MEUR corporate bond, in February 2008. This bond (tenor: seven years, fixed coupon: 5.25% p. a.) replaced the 100 MEUR corporate bond (tenor: six years, fixed coupon: 6.0% p. a.), which was redeemed at the beginning of June 2008.

The equity ratio as of December 31, 2008 was 18.7% (December 31, 2007: 19.2%).

Liquid funds amounted to 821.8 MEUR as of December 31, 2008. The net liquidity increased to 408.9 MEUR and was thus significantly higher than at the end of last year (December 31, 2007: 246.5 MEUR).

Assets

764.7 MEUR	1,499.8 MEUR	821.8 MEUR
Long-term assets: 25%	Short-term assets: 48%	Cash and cash equivalents, and marketable securities: 27%

Shareholders' equity and liabilities

577.4 MEUR	431.9 MEUR	324.1 MEUR	1,752.9 MEUR
Shareholders' equity incl. Minority interests: 19%	Financial liabilities: 14%	Other long-term liabilities: 10%	Other short-term liabilities: 57%

Shares and shareholder structure – disclosure according to Article 243a of the Austrian Business Code (Unternehmensgesetzbuch)

The capital stock of ANDRITZ AG as of December 31, 2008 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, 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 until 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.

Key financial figures of the ANDRITZ GROUP

MEUR	2008	2007*	+/- (in %)
Sales	3,609.8	3,282.5	+ 10.0
Return on sales ¹⁾ (%)	6.1	6.1	-
EBITDA	278.2	250.7	+ 11.0
Earnings before interest and taxes (EBIT)	218.5	200.9	+ 8.8
Earnings before taxes (EBT)	210.5	200.8	+ 4.8
Net income	147.0	137.8	+ 6.7

* restated

¹⁾ Earnings before interest and taxes/Sales

Key balance sheet ratios

	2008	2007*
Equity ratio ²⁾ (%)	18.7	19.2
Return on equity ³⁾ (%)	36.5	41.7
Return on investment ⁴⁾ (%)	7.1	8.0
Net liquidity ⁵⁾ (MEUR)	408.9	246.5
Net debt ⁶⁾ (MEUR)	-242.9	-94.8
Net working capital ⁷⁾ (MEUR)	22.7	99.1
Capital employed ⁸⁾ (MEUR)	406.8	405.6
Gearing ⁹⁾ (%)	-42.1	-19.7

* restated

2) Total shareholders' equity/Total assets

3) Earnings before taxes/Total shareholders' equity

4) Earnings before interest and taxes/Total assets

5) Cash and cash equivalents plus Marketable securities plus Fair value of interest rate swaps minus Financial liabilities

6) Interest bearing liabilities including Provisions for severance payments, pensions, and jubilee payments minus Cash and cash equivalents and Marketable securities

7) Non-current receivables plus Current assets (excluding Cash and cash equivalents as well as Marketable securities) minus Other non-current liabilities and Current liabilities (excluding Financial liabilities and Provisions)

8) Net working capital plus Intangible assets and Property, plant, and equipment

9) Net debt/Total shareholders' equity

Risk management

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

Financial risks

The monitoring and management of financial risks are integral parts of the ANDRITZ GROUP's accounting and controlling activities. Continuous controlling and regular reporting should raise the likelihood that major risks are identified at an early stage and counter-measures can be taken, if necessary. However, there is no guarantee that the monitoring and risk control systems are sufficiently effective.

The essential risks for the business development of the ANDRITZ GROUP in 2009 relate to the Group's dependence on the general economic development and the development of the industries it serves, the receipt of major orders and adequate sales proceeds from the high order backlog. The persistent global 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 2009 business year. The global economic weakness might lead to 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.

For the majority of orders, the risk of payment failure by customers is reduced by bank guarantees and export insurances. 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 limited and controlled by derivative financial instruments, in particular forward exchange contracts and swaps. Net currency exposure of orders in non-Euro currencies (mainly US dollars, British pounds, and Swedish crowns) 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 the monitoring, control, and assessment of its financial and liquidity position, the ANDRITZ GROUP has continuously improved the treasury guidelines and information system.

The ANDRITZ GROUP's position in terms of liquidity is very good; the Group has sufficient liquidity reserves and secure 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 invested in low-risk financial assets, such as government bonds, money market funds, or term deposits. Still, there is no guarantee that the monitoring and risk control systems are sufficiently effective. In addition, the financial market crisis and its effects have heightened the default risk of some issuers of securities as well as the price risk. Financial investments which were liquid until recently have become temporarily not or only partially tradeable.

Non-financial risks

In the **manufacturing** area, 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 high portion of temporary workforce to cope with cyclical fluctuations and peaks in workload. In addition, handling of the outsourced business volume is continuously improved by efficient supplier management; the pool of suppliers is permanently enlarged with new, qualified companies.

ANDRITZ's manufacturing strategy is based on a combination of in-house manufacture and purchase of manufacturing services to cope with peaks in workload and make optimum use of own manufacturing capacities. In accordance with this make-or-buy strategy, process-relevant key components for plants and products are mostly manufactured and assembled at ANDRITZ's own workshops. Simple components, on the other hand, are purchased from qualified suppliers, who are subjected to regular quality checks and on-time performance monitoring.

In the **Human Resources** area, ANDRITZ has used a series of targeted measures to further strengthen its image as an attractive employer during the past few years. Interesting career opportunities, incentive plans, and focused management training programs are essential elements in attracting well-trained, highly qualified employees. High quality standards in the selection procedure, including several job interviews with different experts and managers, ensure that the most suitable candidates are hired.

Group-wide succession planning prevents fluctuations in management positions. Preparing and selecting the most suitable internal candidates ensures continuity in the staffing of global key positions.

The impact of variations in capacity utilization can be mitigated on the Group level by allocating orders to individual sites worldwide and locally by using temporary workforce.

Capex and cash flow

The Group's investments in tangible and intangible assets amounted to 69.7 MEUR in 2008 (2007: 57.0 MEUR). Capital expenditure mainly focused on building and workshop modernizations.

Cash flow from operating activities amounted to 255.0 MEUR, considerably up from the previous year (2007: 33.1 MEUR).

Key cash flow ratios

MEUR	2008	2007
Cash flow from operating activities	255.0	33.1
Capital expenditure ¹⁾	69.7	57.0
Free cash flow ²⁾	187.5	-19.6
Free cash flow per share ³⁾ (EUR)	3.6	-0.4

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

Effects from exchange rates

Changes in exchange rates are hedged by forward rate contracts.

Non-financial performance indicators

Manufacturing

To be able to process the large order backlog as of December 31, 2007 according to schedule, the purchase of manufacturing services was increased during the first half of 2008 – in addition to full utilization of the Group-wide manufacturing capacities. As a result of the global economic weakness, workload began to decrease in some segments, particularly PULP & PAPER, during the second half of 2008. In the HYDRO business area, on the other hand, the order backlog increased during the same period. To minimize the risk of sustained underutilization of the Group's manufacturing capacities, an optimized cyclical management concept was implemented during the past few years. It efficiently adapts the Group's manufacturing units to changes in general conditions and capacity utilization. The acquisition of GE Energy's hydropower activities in 2008 has enabled the Group to expand its manufacturing capacities in the HYDRO business area.

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

Human Resources

The number of ANDRITZ GROUP employees amounted to 13,707 in 2008, a 14.1% increase compared to 2007 (12,016 employees). This growth mainly resulted from acquisitions of companies, recruitment of highly skilled workers and engineers in Europe, and staff increases in

emerging markets to strengthen local presence and secure access to low-cost production. The establishment of the Global Human Resources function in 2008 will contribute to meeting the increasing demand for Group-wide coordination and planning of Human Resources activities. It will help to ensure smooth succession for key positions and offer attractive career and development opportunities for future managers.

Environmental protection

In 2008, ANDRITZ AG's site in Graz, Austria once more received the Ökoprofit certificate of the City of Graz for special performance with regard to environmental protection standards and measures. For the first time, ANDRITZ received the award in gold because it had not only delivered excellent results in environmental protection but had also worked out environmental measures together with authorities and the local community. A new traffic concept was developed for the Graz location and implemented in close cooperation with the authorities and the local community. It achieved major improvements in terms of sound and exhaust gas emissions, saving a total of more than 20,000 kilometers and 15 tons of CO₂. Energy consumption and CO₂ emissions of the workshops have also been reduced substantially. The installation of a new gas annealing furnace – supplied by ANDRITZ Maerz – in the Graz workshop helped to save approximately 45,000 kWh of electricity and over nine tons of CO₂ in the first six months of operation. This corresponds to a reduction in energy consumption of over 30%. Further major energy savings were achieved by installing a demand-driven compressor control, by reducing the cold-air inflow through the doors and by installing a new lighting system for the halls. Several staff briefings were held, especially for the 'waste assignees', with regard to waste management and fire prevention. The amount of waste in 2008 was reduced by about 15% in comparison with the previous year.

RESEARCH & DEVELOPMENT

In 2008, the ANDRITZ GROUP invested approximately 51.2 MEUR in research and development activities (2007: 45.4 MEUR). Including the expenditure for contract-related developments, the total R&D expenditure for new processes and products amounted to approximately 3% of sales. More than 300 people work in the Group's research centers in Austria, Finland, France, Switzerland, and the USA to develop new processes and equipment and to expand ANDRITZ's technological leadership.

The business areas' R&D programs in detail:

In the **HYDRO** business area, hydraulic developments focused, inter alia, on low-pressure Francis turbines. Using Computational Fluid Dynamics (CFD) methods and model tests, a new hydraulic design was developed for the plant in Bemposta (head: 63.3 m, output: 193 MW), Portugal.

In the area of high-pressure Francis turbines, a new hydraulic design was developed for the Kar-cham Wangtoo project in India (head: 300 m, output: 255 MW). This new design enables complete coating of the blade channels as protection against sand abrasion. Due to the high sand content of the water, uncoated stainless steel runners would be abraded very rapidly. The new coating significantly extends the runner's useful life.

A focus of the generator development during the year under review was optimization of vertical generators. Generators with a comparatively low capacity are now beginning to be the subject of a parameterized design system, which would allow carrying out the necessary optimizations.

Also with the goal of optimization, a concept for flexible coupling of the plate stacking to the rotor was developed for a specific generator type. This design solution will result in significant cost savings.

Based on a comprehensive value analysis for turbo generators, a further prototype of the new series was successfully tested in 2008. Extensive real-time recordings of approximately 1,100 measuring points allowed precise calibration of the finite element method and the CFD models applied. The findings of these tests have been practically applied to a further prototype of this new turbo generator series.

Parameterized CFD models were also developed for radial fans, as they had been for axial fans, in the aim to permit comparatively rapid and reliable calculation of the characteristic curves. In-depth CFD analyses for fresh oil feed to bearings have led to efficiency increases. A design for spring-supported bearings for large generators has enlarged the spectrum of potential designs.

An essential focus of the research and development work related to automation for hydropower stations. Following optimizations to 250 SCALA (the leading SCADA system for control rooms and operator stations including the smallest displays), an extensive development project was started in 2008 in the high-end range with the goal of achieving an all-around system and safety solution for groups and cascades of power stations. In addition, a hydro-energetic overall optimization of hydropower cascades is performed on the basis of mathematical models. These automation developments have become necessary because of the rising number of widely spread hydropower parks incorporating a large number of single stations. This is a consequence of the liberalization of the energy market and of mergers of energy generation companies.

The research and development work for large pumps focused on the hydraulic development of existing hydraulic designs for impellers and distributors. This has led to significant improvements in efficiency and cavitation behavior. In addition, a development project for a concrete spiral pump with high specific speed for large flow rates was started and successfully completed. In the area of centrifugal pumps, the focus was on efficiency improvements of the existing product series with the goal of further reducing the energy costs for end users.

The **PULP & PAPER** business area is focusing its R&D activities on both new greenfield plants and plants that are already in use (brownfield plants). Activities are focused on optimization of energy, raw materials, and effluents; upgrades of existing products to improve their energy efficiency and reliability; and new products which will continue to maximize production while lowering investment and operating costs.

ANDRITZ technologies that support the drive for sustainable production considerably reduce waste of energy, chemicals, water, and fibers. This is also evident in the development of new systems which efficiently process both wood and plantation fibers and systems which maximize energy efficiency. Considerable effort is being employed to effectively utilize biomass as an energy source. Advanced control systems for all pulp and paper mill processes are being developed and tested.

The increasing importance of environmental performance and the push towards full utilization of renewable resources has prompted the Wood Processing Division to focus on the development of wood processing systems for biomass handling and processing.

Technology development in the Fiberline Systems division continues to focus on lowering the investment cost per ton of pulp produced, which is being accomplished through process simplification, increased unit capacities, standardization, and modularization. In terms of scale and capacity, the 5,000 t/d single fiberline is already a reality. To lower the environmental impact, less chemicals are now required for cooking and bleaching, and fresh water consumption has been reduced. Simplified process design and improved equipment efficiencies are also consuming less energy.

The Chemical Systems division is further developing technologies for environmental sustainability and increased capacities of pulp mills. In terms of capacity, a new lime kiln has been commissioned with a capacity of 1,000 t/d. The application of centrifuge technology for dregs dewatering and washing is gaining acceptance, which minimizes the volume of dregs in landfills. A new front-end technology for lime kilns, LimeFlash™, is now in operation to considerably boost the throughput that can be achieved from existing conventional or LMD kilns.

Due to rising energy costs, the Recovery Systems divisions has seen an increase in the demand for advanced biomass-fired power boilers which are suited for bark, forest residues, and short-rotation small trees. The first biomass gasification plant using Carbona technology to produce fuel gas is now in operation in Denmark; ANDRITZ's affiliate Carbona is a specialist in gasification systems. Applications for lime kiln fuel gas production (to replace oil/natural gas) are ready for the market. Development of pressurized gasifiers for liquid biofuels continues. Other gasifier applications under development include upgrading of the steam parameters in recovery boilers and integrated gasification combined-cycle plants for improved electrical efficiency. High Energy Recovery Boilers (HERB) at pulp mills increase electricity generation from black liquor. As mills continue to close their chemical circulation loops to reduce emissions and generate more electricity, chloride removal is becoming more important. The new leaching-based chloride removal process by ANDRITZ PULP & PAPER offers a lower cost alternative to ash re-crystallization. Technology development in the evaporation business is aimed at producing highly efficient, low (or zero) effluent evaporation systems. These environmentally friendly evaporators and related technologies ensure low energy consumption and minimal raw material losses.

The focus of the Pulp Drying Systems division is on increasing production capacity of drying lines to the target of 600 t/d per meter working width to cover the needs of pulp mills of the future that will produce 1.5 million t/y or more in a single line. This requires new forming and pressing concepts, improved heat transfer within the airborne dryer, and operating speeds of the cutter/layboy in excess of 300 m/min. For the finishing line, the target is to increase the production rate and improve equipment availability.

Developments in the tissue machine segment of the Paper Machine division include the PrimeDry Steel, made of welded steel, which gives higher performance and is operationally safer than a cast iron Yankee. In the air engineering department, the focus is on energy savings. A new step in heat recovery from the exhaust of Yankee hoods (ReEvaporation) saves up to 25% primary steam by re-evaporating condensate in a heat exchanger using exhaust air.

R&D work in the Fiber Preparation Systems division focused on optimizing the new low-consistency pulping systems in wastepaper processing. This is a major step in improving system efficiency and reducing energy consumption.

One focus of the Mechanical Pulping Systems division's R&D work is the testing of new wood species such as eucalyptus, acacia, birch, maple, and also annual plants such as bagasse, reed, or kenaf for mechanical pulping. This supports sustainable development in countries with different wood species or where wood is a rare resource. Further research is being conducted to reduce the effluent flows from all mechanical pulping systems and in the panelboard industry. The goal is to develop low-effluent mills and chemical recovery systems which reduce effluent pollution to the minimum. Minimizing energy consumption remains the main focus in the panelboard industry. In addition, there are ongoing investigations to produce high-quality fibers from annual plants as an alternative to wood chips and other wood by-products.

The main focus of development work in the Paper Finishing division has been on shoe rolls for pulp, paper, and tissue applications. For the tissue-making industry, a newly developed shoe roll – the smallest and fastest in the market – has been successfully installed and started up. In

calendering technology, a value analysis study was completed. Cost reduction and acceleration of deliveries have been reached through modular calender design which achieves the same functionality as conventional units. A new design PrimeFeeder technology has been introduced that stabilizes the threading process and shortens the time it takes for a paper machine to reach full production after a sheet break.

In the automation area, SpectraVision™ optical sensors were introduced to measure fiber properties continuously without sampling. The sensor requires significantly less maintenance and eliminates the need for intense recalibration often required for competitive units. Advanced process control systems to achieve fully automated production lines were introduced for all process areas of pulp and paper mills. These systems are built using the BrainWave® model-predictive controller and the expertise of ANDRITZ technologists encapsulated into the ACE™ (Advanced Control Expert) products. The IDEAS training simulator was augmented using the new Instructor™ software to monitor the operator's progress as he/she learns the new processes and to provide a certification process for operators.

The research and development activities of the **METALS** business area concentrated on new coating technologies using electrogalvanic and CVD processes (CVD: Chemical Vapor Deposition). Both processes were successfully demonstrated on a pilot scale.

In the stainless steel strip annealing and pickling area, a new, patented process was implemented for the first time. It uses the excess heat in the exhaust gas from the annealing furnace in catalytic denoxification (DeNOx process) of the mixed-acid pickling plant. This process significantly reduces energy consumption for the DeNOx process and reduces the nitrogen oxide content in the annealing furnace exhaust gas.

The global automotive industry produces over 25 million tons of scrap material when processing galvanized steel. The business area has developed a process to recover the zinc from the scrap material. The zinc-free scrap is of high value to foundries. This process saves raw materials and reduces the environmental impact.

A high-pressure vacuum strip cleaning system has been developed for continuous strip processing plants with inline rolling mills. It features a very compact, low-priced design compared to conventional systems. Additionally, this system does without chemicals and is thus very environmentally friendly.

The Separation Technologies division of the **ENVIRONMENT & PROCESS** business area continued the programs to further enhance performance and/or reduce manufacturing costs for centrifuges; numerous new products with an improved cost/benefit ratio were successfully introduced to the market. This has further increased ANDRITZ's market share even in very competitive markets. Promising results were achieved in large-scale tests to increase the throughput and dry contents achieved on centrifuges. Successful tests have continuously extended the applications for ANDRITZ centrifuges in the food industry. A quick-opening filter press for mining applications was developed and a patent filed; two such plants have been sold to customers in South America and Europe after successful long-time testing.

In the Thermal Process Technologies division, work to develop a reliable and environmentally friendly system to minimize odor and TOC (Total Organic Carbon) compounds in the offgas from sludge drying plants was continued. Selected technologies will be tested on a pilot-scale in early 2009 to obtain practical findings on their efficiency. Development work in biomass drying yielded the first successes soon after it had been started in 2007; the first two orders for the new belt dryer generation for biomass were won during the reporting period. Another develop-

ment program in the field of biomass focused on increasing the value of biomass fuels through thermal pretreatment (torrefication). This treatment is aimed at increasing the energy density of biomass and making it insensitive to moisture. The pellets derived from torrefication are an ideal auxiliary fuel for power stations with coal dust firing. The Austrian research promotion agency (FFG – Forschungsförderungsgesellschaft) has granted subsidies for this project, which are now being used for research, development, and pilot testing by a consortium of which ANDRITZ is a member. The ANDRITZ Thermal Process Technologies division is focusing on the drying process, and the ANDRITZ FEED & BIOFUEL business area on the grinding and pelleting of the torrefied biomass fraction after the reactor. To meet the demand for ever more energy-efficient drying systems, a drying plant has been developed that energetically links two different ANDRITZ drying systems to achieve extraordinarily low thermal energy consumption. This DoubleDry technology combines a fluidized bed dryer and a belt dryer both of which are fed with sludge and produce dry granulate. The combined system reuses the residual heat from the fluidized bed dryer in belt drying thus making two-fold, and therefore maximum, use of the heat contained in the primary energy applied.

The **FEED & BIOFUEL** business area developed a new-generation automation concept for its processing lines, which offers – besides process automation – process and raw material ingredients traceability.

A solution for increasing capacity from 6 to 10 t/h for medium-sized extruders, targeting the pet food and aquatic feed segments, was developed and successfully introduced to the market.

The business area is taking part – together with the ENVIRONMENT & PROCESS business area – in the development program aimed at increasing the value of biomass fuels through thermal pretreatment (torrefication).

OUTLOOK The global financial crisis has resulted in a marked slowdown of the global economy and has impacted all areas and industries of the real economy. On the basis of the latest developments and the economic data published, economic experts predict that the economic crisis will continue far into the year 2009 or even into 2010.

In the **HYDRO** business area, the good development of project activity is expected to continue in 2009 despite the difficult economic conditions. To counter the effects of the economic weakness, many governments or government-related organisations are implementing investment programs in the fields of infrastructure and energy. Investment activity in Europe and North America will continue to concentrate on modernization, rehabilitation, and capacity increases of existing plants. Due to the relatively high average age of the installed base in these regions, there is large demand for the refurbishment of installed equipment. Small power stations and pumped storage power stations should also continue to see high 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 main reasons are the rapid economic growth in these regions and the increasing use of renewable energy sources to meet the rise in electricity demand and protect the climate.

The reduced project activity in the **PULP & PAPER** business area is expected to continue in 2009, mainly due to the significant decrease in pulp prices, downsizing of capacities in pulp and paper mills in the USA and Europe, and the effects of the international financial crisis, which impedes financing of some projects. While the number of projects announced for the construction of greenfield pulp mills – most of which are based on existing plantations – and for the modernization of existing mills is solid, delays are expected in the awards of new contracts and the execution of recent orders due to the financial and economic crisis. Thus, the business area's order intake for 2009 could be lower than in 2008.

Compared to the extraordinarily high level of the past years, the **METALS** business area expects to see lower investment activity in 2009, both in the carbon steel and the stainless steel sector. A marked decline in investments is expected to occur in China, in particular.

In the **ENVIRONMENT & PROCESS** business area, the project activity for sewage sludge dewatering equipment should develop satisfactorily despite the difficult economic situation. Solid investment activity is also expected in industrial applications – for instance, in the petrochemical, food, and agricultural areas. In contrast, the project activity for sewage sludge drying equipment for municipal applications is expected to remain at a low level.

In the **FEED & BIOFUEL** business area, the animal feed sector should continue to develop satisfactorily; good project activity is anticipated in Eastern Europe, Russia, as well as Central and South America. In the aquatic feed and pet food sectors, project activity should also develop solidly. Investments in wood pelleting plants should also remain at a satisfactory level.

Due to the present economic situation and the continued uncertainty regarding the duration of the financial and economic crisis, it is hardly possible to give a reliable forecast of the effects of the crisis on the **ANDRITZ GROUP's** business – especially where the development of the order intake is concerned. The HYDRO business area, as well as the ENVIRONMENT & PROCESS and FEED & BIOFUEL business areas, are likely to be less affected by the general economic conditions and should, therefore, be able to help mitigate the negative effects of the probable decline in order intake in the PULP & PAPER and METALS business areas.

Based on these conditions and the expected development of the project activity in the individual business areas, the ANDRITZ GROUP expects its sales in 2009 to decrease by approximately 15% compared to 2008; net income is also expected to decline versus 2008. Should the global economic and financial crisis further deteriorate in 2009 or extend into 2010, it will probably be necessary to make further provisions for restructuring, which would impact the earnings development in 2009.

Significant events after December 31, 2008

The global economic and financial crisis persisted between the balance sheet date and the publication of this report. This negative macroeconomic environment might have a negative impact on the business development of the ANDRITZ GROUP in the future.

Graz, February 26, 2009

The Executive Board of ANDRITZ AG

Wolfgang Leitner Franz Hofmann Karl Hornhofer Humbert Köfler Friedrich Papst

Disclaimer:

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

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 ANDRITZ, 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 decided to comply with the new Austrian Code of Corporate Governance following the changes made by the Business Law Reform Act (Unternehmensrechts-Änderungsgesetz), although the new Code only needs to be applied to business years after December 31, 2008.

The Code can be publicly accessed on the ANDRITZ website (www.andritz.com) and on the website of Austrian Working Group for Corporate Governance at www.corporate-governance.at.

Categories of rules of the Austrian Code of Corporate Governance

The Austrian 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): this rule is to be followed; any deviation must be explained and the reasons stated 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 explains the requirements of and the deviations to the Code's C Rules as follows:

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 Executive Board of ANDRITZ AG consists of five members:

Wolfgang Leitner, born on March 27, 1953

- President & 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
- First appointed as President & CEO on June 29, 1994; as CFO on October 1, 1987
- Current mandate ends on June 28, 2013.
- Supervisory board member of any Austrian or other listed companies: no

Franz Hofmann, born on February 16, 1949

- Responsibilities on the Board: METALS and ENVIRONMENT & PROCESS business areas, Automation
- First appointed on June 1, 1999
- Current mandate ends on March 31, 2011.
- Supervisory board member of any Austrian or other listed companies: no

Karl Hornhofer, born on March 9, 1968

- Responsibilities on the Board: Capital Systems segment of the PULP & PAPER business area
- First appointed on January 1, 2007
- Current mandate ends on on December 31, 2009.
- Supervisory board member of any Austrian or other listed companies: no

Humbert Köfler, born on January 11, 1961

- Responsibilities on the Board: Service and Units segment of the PULP & PAPER business area
- First appointed on April 1, 2007
- Current mandate ends on March 31, 2010.
- Supervisory board member of any Austrian or other listed companies: no

Friedrich Papst, born on November 6, 1952

- Responsibilities on the Board: HYDRO and FEED & BIOFUEL business areas; Manufacturing, Procurement, Quality Management
- First appointed on January 1, 1998
- Current mandate ends on December 31, 2010.
- Supervisory board member of any Austrian or other listed companies: no

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

ANDRITZ AG's 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.
- Other supervisory board mandates in Austrian and other listed companies: Palfinger AG

Hellwig Torggler, born on August 26, 1938

- Deputy chairman of the Supervisory Board
- First appointed on September 6, 2000
- Current mandate ends on the date of the Annual General Meeting deciding on the discharge for business year 2008.
- Other supervisory board mandates in Austrian or other listed companies: no

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

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

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 2009.
- Other supervisory board mandates in Austrian and other listed companies: Oberbank AG, Rheinmetall AG

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.
- Other supervisory board mandates in Austrian and other listed companies: no

Delegated members:

Andreas Martiner, born on November 11, 1964

- First delegated on February 14, 2001

Martha Unger, born on May 14, 1951

- First delegated 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 has established an Audit Committee. In the meeting held on February 28, 2008, it dealt with the Consolidated Financial Statements for 2007, issues concerning the auditors, and the implementation of the risk management concept in the ANDRITZ GROUP. The members of the Audit Committee are: Kurt Stiasny (Chairman), Christian Nowotny, Hellwig Torggler, Andreas Martiner.

The Supervisory Board has also established a Remuneration and Human Resources Committee that deals with, inter alia, the remuneration of the Executive Board members and the contents of employment contracts, appointments to Executive Board positions becoming vacant and with

succession planning issues. The Committee held a meeting on March 27, 2008 and also took circular resolutions. The members of the Remuneration and Human Resources Committee are: Kurt Stiassny (Chairman), Hellwig Torggler (Deputy).

ANDRITZ AG's Supervisory Board held five regular meetings in 2008. The focal points of these meetings were the 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 businesses subject to approval.

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.
- 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 a Directors' and Officers' liability insurance (D&O insurance) for 2008. 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. Annual cost is approximately 150,000 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 2008.

Graz, March 2009

The Executive Board of ANDRITZ AG

Wolfgang Leitner 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 early and – if possible – to take counter-measures.

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 financial and economic crisis constitutes a considerable risk for the future financial development of the ANDRITZ GROUP. The global economic weakness could lead to further delays in the execution of existing orders and to the 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.

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 mainly invested in low-risk financial assets, such as government bonds, money market funds, or term deposits. However, it cannot be excluded that a bank the ANDRITZ GROUP does business with encounters financial difficulties, which could have a negative impact on the volume placed with this bank or could 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 for various securities (money market 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 make complete or partial impairments of single goodwills created in the course of acquisitions necessary, 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 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 is especially prevalent in the pulp and paper and steel industries. 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

The Group's future performance depends on, among other things, 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 in the future the Group may be subject 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 injury, death, and property damage. Several systems involve the use of dangerous and hazardous chemicals and materials and 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 explosion, the Group could be responsible for extensive property damage, personal injury, death, 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.

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. Although the Group attempts to hedge the net currency exposure of the orders to mitigate the currency risk, 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 a delay of 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.

Competitive position

The ANDRITZ GROUP does business in very 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 high number of smaller, local companies. This has, in some cases, adversely impacted sales margins realized by certain of the Group's businesses. 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 businesses

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 since 1990, the Group has acquired and integrated a number of businesses with worldwide operations.

However, no assurance can be given 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. Furthermore, although ANDRITZ has been successful in integrating newly acquired businesses, it is possible that in connection with current or future integration efforts, including the ongoing integration of VA TECH HYDRO, GE Energy's hydropower activities, Maerz and Kufferath, the integration will not succeed and that planned objectives and synergies are not realized, or the Group may 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 and 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. However, even when provisions are made, there is no guarantee that these will be sufficient.

As of December 31, 2008, ANDRITZ Inc., a subsidiary of the ANDRITZ GROUP, is one of many defendants in a total of approximately 25 asbestos cases in the USA. In aggregate, the cases involve 595 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 plans to vigorously defend each claim.

Compliance matters

The ANDRITZ GROUP is subject to anti-trust and anti-bribery laws in Austria and other countries where the Group conducts business. To make sure the Group does not violate any such laws it has a number of compliance policies in place. In particular, it has introduced global 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 followed, there can be no assurance that no violations occur. Any such violation could have a material 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 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 negative effects on the net worth and liquidity position of the Group. The ANDRITZ GROUP tries to limit these risks by securing payment guarantees from banks. Even in projects covered by export credit insurance, typically only up to 85% of the sales price is secured through such insurance.

Performance risk of projects

In conjunction with the performance of plants supplied by ANDRITZ, the Group is, in many cases, under contractual obligation to make performance guarantees and to meet certain deadlines. If the performances stated are not achieved or if deadlines are exceeded, the Group may have to perform remedial work at its 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 adversely affect 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 compelled 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 be 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 involve the risks discussed above, but also involve risks relating to greater on-site responsibilities including environmental matters, local labor conditions, and construction and installation risks. Additionally, the Group is exposed to risks inherent in managing the third parties that perform 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. However, there is no guarantee that these procedures are sufficient to prevent negative financial consequences.

Government contracts

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

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 attempts to include in its contracts appropriate limitations of liability, there can be no assurance that appropriate limitations will in fact be in place in all contracts or that such a limitation will be enforceable under the applicable law.

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 price fluctuations within international financial markets. Major price fluctuations and high volatility of major stock markets may adversely affect the price of ANDRITZ shares.

Recommendations by research analysts

As a publicly-listed company, ANDRITZ is regularly analyzed by financial analysts and institutional investors. Analysts' recommendations to buy or sell ANDRITZ shares and subsequent investment decisions by shareholders may lead to considerable price fluctuations of the shares. 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 70%) 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. However, there is no assurance that active trading will be maintained in the future. If active trading was not maintained, the liquidity and market price of ANDRITZ shares would be adversely affected and investors might 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 lead to major price changes of the ANDRITZ share.

STATEMENT BY THE EXECUTIVE BOARD

Pursuant to Article 82 (4) of the (Austrian) Stock Exchange Act, the Executive Board of ANDRITZ AG herewith confirms:

1. that, to its knowledge, the Consolidated Financial Statements 2008 drawn up in compliance with applicable financial reporting standards present, as fairly as possible, the financial position and financial performance of the entirety of the companies included in the consolidated figures of the ANDRITZ GROUP;
2. that the Status Report presents the business development, the earnings, and the position of the entirety of the companies included in the consolidated figures of the ANDRITZ GROUP in such a manner as to present, as fairly as possible, the Group's financial position and financial performance, and to describe the essential risks and uncertainties to which the ANDRITZ GROUP is exposed.

The Executive Board of ANDRITZ AG

Wolfgang Leitner (President and CEO), Franz Hofmann, Karl Hornhofer, Humbert Köfler,
Friedrich Papst
Graz, February 2009

REPORT OF THE SUPERVISORY BOARD

The Supervisory Board and the Executive Board held five meetings during the reporting period to intensively discuss 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, of the business and financial situation of the Group and its affiliates, as well as of the situation regarding human resources and 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.

Certain specific topics were intensively discussed by the Audit Committee and subsequently reported to the Supervisory Board. The Presidium of the Supervisory Board was regularly informed by the Executive Board about the current business situation, and represented the company in Executive Board matters. No member of the Supervisory Board was 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 2007, the Audit Committee called in the auditor to attend its meeting on February 28, 2008 in order to review the Financial Statements, Consolidated Financial Statements, the Status Report, and the Executive Board's proposal for appropriation of profits. A declaration on the auditor designated for business year 2008 was drawn up, his legal relationship with the ANDRITZ GROUP and the members of its Boards was verified, the auditing fees negotiated, and a recommendation for the auditor appointment was made.

As further item on the agenda, the Audit Committee dealt with the implementation of the risk management concept in the company and suggested to allocate additional staff to Internal Auditing.

In the meeting held on December 4, 2008, the organization, schedule, and auditing for the Financial Statements 2008 were discussed, as was a report of the Executive Board on the new requirements resulting from the Business Law Reform Act (Unternehmensrechts-Änderungsgesetz). 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 of March 27, 2008 re-elected Univ.-Prof. Dr. Christian Nowotny as a member 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 which decides on the discharge for the business year 2012. In its meeting of February 28, 2008 the Supervisory Board reviewed the Corporate Governance of the Group; each individual Supervisory Board member confirmed his/her independence declaration in the meaning of the Austrian Code.

After the close of the Annual General Meeting of Shareholders on March 27, 2008, the Supervisory Board convened and confirmed the functions of Mag. Kurt Stiaszny as chairman of the Supervisory Board and of Hon. Prof. DDr. Hellwig Torggler as his deputy. Mag. Stiaszny and Hon. Prof. DDr. Torggler are members of the Personnel Committee on Executive Board matters and members of the Audit Committee. During the meeting of December 4, 2008 the current business situation, the impact of the financial crisis on the situation, and the forecasts for the results for 2008, as well as the budget for 2009 and the medium-term planning were thoroughly discussed. The Financial Statements and Status Report of ANDRITZ AG and the Consolidated Financial Statements for 2008 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.

Kurt Stiaszny

Chairman of the Supervisory Board
Graz, March 2009

**CONSOLIDATED FINANCIAL
STATEMENTS 2008
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, 2008. These consolidated financial statements comprise the balance sheet as at December 31, 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended December 31, 2008, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards 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

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). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the 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 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. Based on the results of our audit in our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the group as of December 31, 2008, and of its financial performance and its cash flows for the financial year from January 1, to December 31, 2008 in accordance with International Financial Reporting Standards as adopted by the EU.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Laws and regulations applicable in Austria require us to perform audit procedures 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.

In our opinion, the consolidated management report for the group is consistent with the consolidated financial statements.

Vienna, February 26, 2009

AUDITOR TREUHAND GMBH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Manfred GERITZER Mag. Michael SCHOBER
(Austrian) Certified Public Accountants

AUDITOR TREUHAND GMBH is a member of

Deloitte.

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 BALANCE SHEET

as of December 31, 2008

(in TEUR)	Notes	2008	2007*
ASSETS			
Intangible assets	1.	56,391	46,373
Goodwill	1.	226,999	227,083
Property, plant, and equipment	1.	327,734	260,153
Shares in associated companies	1.	9,300	6,825
Other Investments		35,461	32,997
Non-current receivables and other non-current assets	2./ 5./ 7.	32,608	10,221
Deferred tax assets	18.	76,246	58,882
Non-current assets		764,739	642,534
Inventories	3.	360,051	250,632
Advance payments made	4.	97,984	85,669
Trade accounts receivable	5.	424,947	400,163
Cost and earnings of projects under construction in excess of billings	6.	445,548	391,305
Other current receivables	7.	160,186	128,716
Prepayments and deferred charges		11,084	11,595
Marketable securities		263,314	101,887
Cash and cash equivalents		558,448	496,926
Current assets		2,321,562	1,866,893
TOTAL ASSETS		3,086,301	2,509,427
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital		104,000	104,000
Capital reserves		36,476	36,476
Retained earnings	8.	402,029	326,933
Equity attributable to shareholders of the parent		542,505	467,409
Minority interests		34,877	14,166
Total shareholders' equity		577,382	481,575
Bonds - non-current	11.	369,023	192,268
Bank loans and other financial liabilities - non-current	11.	25,163	28,804
Provisions - non-current	9./ 10.	217,147	184,214
Obligations under finance leases - non-current	11.	858	551
Other liabilities - non-current	12.	16,989	6,976
Liabilities for deferred taxes	18.	89,992	93,904
Non-current liabilities		719,172	506,717
Bonds - current	11.	0	99,995
Bank loans and other financial liabilities - current	11.	36,334	29,931
Obligations under finance leases - current	11.	523	799
Trade accounts payable		306,295	314,028
Billings in excess of cost and earnings of projects under construction	6.	621,177	388,034
Advance payments received		57,629	82,255
Provisions - current	9.	260,125	218,192
Liabilities for current taxes		34,614	20,182
Other liabilities - current	12.	473,050	367,719
Current liabilities		1,789,747	1,521,135
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		3,086,301	2,509,427

* restated

The following notes to the consolidated financial statements form an integral part of this consolidated balance sheet.

CONSOLIDATED INCOME STATEMENT

for the year ended December 31, 2008

(in TEUR)	Notes	2008	2007*
Sales	13.	3,609,812	3,282,488
Changes in inventories of finished goods and work in progress		55,266	(440)
Capitalized cost of self-constructed assets		738	2,035
		3,665,816	3,284,083
Other operating income	14.	75,719	66,657
Cost of materials		(2,202,679)	(1,985,962)
Personnel expenses	15.	(757,439)	(668,244)
Other operating expenses	16.	(503,194)	(445,859)
Earnings before interest, taxes, depreciation, and amortization (EBITDA)		278,223	250,675
Depreciation, amortization, and impairment of intangible assets and property, plant, and equipment	1.	(52,896)	(46,984)
Impairment of goodwill	1.	(6,783)	(2,771)
Earnings before interest and taxes (EBIT)		218,544	200,920
Income/Expenses from associated companies		5	887
Interest result		(685)	(1,225)
Other income from financing activities		(7,396)	204
Financial results	17.	(8,076)	(134)
Earnings before taxes (EBT)		210,468	200,786
Income taxes	18.	(63,421)	(62,987)
NET INCOME		147,047	137,799
Thereof attributable to:			
Shareholders of the parent company		139,689	134,456
Minority interests		7,358	3,343
Weighted average number of no-par value shares		51,220,194	51,561,489
Earnings per no-par value share (in EUR)	19.	2.73	2.61
Effect of potential dilution of share options		30,233	269,688
Weighted average number of no par value shares and share options		51,250,428	51,831,177
Diluted Earnings per no-par value share (in EUR)		2.73	2.59
Proposed or paid dividend per no par value share (in EUR)	8.	1.10	1.00

* restated

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

CONSOLIDATED CASH FLOW STATEMENT

for the year ended December 31, 2008

(in TEUR)	Notes	2008	2007*
Earnings before taxes (EBT)		210,468	200,786
Interest result		685	(4,370)
Depreciation, amortization, write-ups and impairment of fixed assets		60,176	49,643
Income/Expense from associated companies		(5)	(887)
Changes in non-current provisions		13	717
Results from the sale of fixed and financial assets		(535)	(1,545)
Other non-cash income/expenses		10,033	3,227
Taxes paid		(71,883)	(56,085)
Interest received		36,083	31,602
Interest paid		(32,796)	(24,142)
Gross cash flow		212,239	198,946
Changes in inventories		(78,788)	(33,286)
Changes in advance payments made		6,069	(50,061)
Changes in receivables, prepayments and deferred charges		(44,522)	(129,397)
Changes in current provisions		7,333	8,942
Changes in advance payments received		(44,954)	7,669
Changes in liabilities and deferred income		197,655	30,296
Cash flow from operating activities		255,032	33,109
Payments received for asset disposals		4,662	14,324
Payments made for investments in fixed tangible and intangible assets		(69,697)	(57,033)
Payments made for investments in financial assets		(3,610)	(8,143)
Cash flow due to purchase of minority interests and business acquisitions	I.	49,302	(36,535)
Payments made for short-term financial investments		(173,740)	(60,758)
Cash flow from investing activities		(193,083)	(148,145)
Changes in interest-bearing borrowings		54,455	5,955
Dividends paid by Andritz AG		(51,087)	(38,690)
Other changes of investments by minority shareholders		(1,486)	(519)
Payments concerning own shares		4,504	(20,180)
Cash flow from financing activities		6,386	(53,434)
Change in cash and cash equivalents		68,335	(168,470)
Changes in cash and cash equivalents resulting from exchange rate fluctuations		(6,813)	(5,195)
Cash and cash equivalents at the beginning of the period		496,926	670,591
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		558,448	496,926

* restated

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

CONSOLIDATED STATEMENT OF RECOGNIZED INCOME AND EXPENSE

for the year ended December 31, 2008

(in TEUR)	Notes	2008				2007*	
		Total	Thereof attribu- table to: Shareholders of the parent company	Thereof attribu- table to: Minority interests	Total	Thereof attribu- table to: Shareholders of the parent company	Thereof attribu- table to: Minority interests
Currency translation adjustments	8.	(13,492)	(10,299)	(3,193)	(12,215)	(12,378)	163
Actuarial gains (losses), net of tax		(6,173)	(6,156)	(17)	(1,692)	(1,718)	26
Changes to IAS 39 reserve, net of tax	J.	(5,429)	(5,481)	52	(29)	(29)	0
Total income and expense for the year recognized directly in equity		(25,094)	(21,936)	(3,158)	(13,936)	(14,125)	189
Net income		147,047	139,689	7,358	137,799	134,456	3,343
Total income and expense for the year		121,953	117,753	4,200	123,863	120,331	3,532

* restated

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

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

for the year ended December 31, 2008

(in TEUR)	No- tes	Attributable to shareholders of the parent							Mino- rity inte- rests	Total share- holders' equity
		Share capi- tal	Capital reser- ves	Other retained earnings	IAS 39 reser- ve	Actua- rial gains (losses)	Currency transla- tion ad- justments	Total		
Status as at January 1, 2007*		94,510	45,966	289,741	673	(6,016)	(22,046)	402,828	11,712	414,540
Total income and expense for the year		0	0	134,456	(29)	(1,718)	(12,378)	120,331	3,532	123,863
Dividends	8.			(38,690)				(38,690)	(1,078)	(39,768)
Changes from acquisitions								0		0
Capital increase from the company's own reserves		9,490	(9,490)					0		0
Changes concerning own shares				(20,180)				(20,180)		(20,180)
Other changes				3,120				3,120		3,120
STATUS AS AT DECEMBER 31, 2007		104,000	36,476	368,447	644	(7,734)	(34,424)	467,409	14,166	481,575
Status as at January 1, 2008		104,000	36,476	368,447	644	(7,734)	(34,424)	467,409	14,166	481,575
Total income and expense 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)
Changes from acquisitions				(662)				(662)	18,258	17,596
Capital increase from the company's own reserves								0		0
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

* restated

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as of December 31, 2008

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 12,876 in 2008 and 10,949 in 2007. 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 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 2008. All interpretations formulated by the International Financial Reporting Interpretations Committee (IFRIC), whose application is also mandatory for 2008, have been taken into account.

In the current business year the Group adopted IFRIC 11 IFRS 2: Group and Treasury Share Transactions. The adoption of this interpretation had no impact on the shareholders' equity and the net income.

At the date of authorization of these consolidated financial statements, the following Standards and Interpretations were issued but not yet effective:

Standard/ Interpretation	Title	Effective for annual financial statements for periods beginning on or after
IFRS 1 (revised)	First-time Adoption of International Financial Reporting Standards	January 1, 2009
IFRS 2 (revised)	Share-based Payment	January 1, 2009
IFRS 3 (revised)	Business Combinations	July 1, 2009
IFRS 8	Operating Segments	January 1, 2009
IAS 1 (revised)	Presentation of Financial Statements	January 1, 2009
IAS 23 (revised)	Borrowing Costs	January 1, 2009
Various	Annual Improvements 2007	General: January 1, 2009 (with some specific transition regulations)
IFRIC 12	Service Concession Arrangements*	January 1, 2008
IFRIC 13	Customer Loyalty Programmes	July 1, 2008
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction**	January 1, 2008
IFRIC 15	Agreements for the Construction of Real Estate	January 1, 2009
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	October 1, 2009
IFRIC 17	Distributions of Non-cash Assets to Owners	July 1, 2009
IFRIC 18	Transfers of Assets from Customers	July 1, 2009

* not yet endorsed by the European Union.

** According to Directive (EC) Nr. 1263/2008 effective at the latest for annual financial statements for periods beginning on or after January 1, 2009.

The effects of the revised IAS 23 are currently being analyzed. The Executive Board believes at present, that no significant effects will impact the enclosed consolidated financial statements. The principal change to the Standard is to eliminate the previously available option to expense all borrowing costs when incurred.

IFRS 8 is a disclosure Standard which may result in a redesignation of the Group's reportable segments, but has no impact on the reported results or financial position of the Group.

The Executive Board intends first-time application of the Standards and Interpretations mentioned above for that period in which they come into force. The application of the Standards and Interpretations will have no essential impact on the equity and reported results of the consolidated financial statements in the year they are adopted for the first time.

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

b. Application of IAS 8

With one exception, the accounting policies used for the 2007 consolidated financial statements continue to apply. In accordance with IAS 19.93A, actuarial gains and losses for severance and pension provisions may be recognized in equity in the year in which they occur with no effect on income statement. Until now the actuarial gains and losses have been included directly in the income statement of the period. The Group now adopts the policy in accordance with IAS 19.93A for reasons of improved comparability with other companies. Interest expenses resulting from employee benefits are included in the consolidated income statement under "interest result" and not under „personnel expenses“ any more. Prior periods were adjusted accordingly pursuant to IAS 8.

Prior year's changes are as follows:

	restated amount	after restatement	prior restatement
(in TEUR)	2007	2007	2007
Personnel expenses	8,359	(668,244)	(676,603)
Interest result	(5,595)	(1,225)	4,370
Income taxes	(1,072)	(62,987)	(61,915)
Net income	1,692	137,799	136,107
Thereof attributable to:			
Shareholders of the parent company	1,718	134,456	132,738
Minority interests	(26)	3,343	3,369
Earnings per no-par value share (in EUR)	0.04	2.61	2.57
Diluted Earnings per no-par value share (in EUR)	0.03	2.59	2.56

There were no impacts on shareholders' equity. The net actuarial gains and losses recognized via income statement in "Other retained earnings" of TEUR 6,016 as of January 1, 2007 and TEUR 7,734 as of December 31, 2007, respectively, were reclassified to "IAS 19 reserve" of TEUR 6,016 as of January 1, 2007 and TEUR 7,734 as of December 31, 2007, respectively.

In addition, an adjustment was made retrospectively in accordance with IAS 8. As of December 31, 2007 the balance sheet item "Deferred tax assets" changed from TEUR 56,982 to TEUR 58,882, "Liabilities for deferred taxes" from TEUR 99,604 to TEUR 93,904, and "Provisions – current" from TEUR 210,592 to TEUR 218,192. These changes have no effect on the income statement for 2007 and 2008.

c. Reporting Currency

The consolidated financial statements are prepared in EURO.

d. 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 minority 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)	2008	2007
Non-current assets	324	354
Current assets	2,233	2,096
Non-current liabilities	0	13
Current liabilities	994	1,121
Sales	10,499	5,875
Net income	919	423

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

The existing 40% shareholding in Waplans Mekaniska Verkstads AB, Sweden, was increased to 100% at the beginning of the first quarter of 2008. Waplans Mekaniska Verkstads (now ANDRITZ Waplans) specializes in repair and rehabilitation work for hydropower plants (in the business area HYDRO) and pulp and paper making equipment (in the business area PULP & PAPER). With this move, ANDRITZ has strengthened its presence in Sweden and offers its customers local competence combined with international experience.

In March 2008, ANDRITZ acquired 100% of Maerz Industrieofenanlagen GmbH, Düsseldorf, Germany. ANDRITZ Maerz is one of the world's leading companies for furnaces and heat treatment plants. The service and product portfolio in the business area METALS comprises engineering, know-how, and process technology for heat treatment plants for the steel industry, as well as melting/refining plants, including planning, design, supply, erection, and commissioning.

In May and June 2008, ANDRITZ acquired hydropower technology and certain assets of GE Energy's hydropower business as well as GE Energy's majority interest in GE Hydro Inepar do Brasil. The acquired businesses have been included in the consolidated balance sheet of ANDRITZ Group from June 30, 2008 and the income statement from July 1, 2008. Through these

acquisitions, ANDRITZ has further enhanced its market position as one of the world's leading suppliers of hydropower equipment in the business area HYDRO, and can serve its customers in Brazil, China, North America, and Scandinavia even better.

In October 2008, ANDRITZ purchased major assets of Andreas Kufferath GmbH & Co. KG, Düren, Germany, including the affiliates in Slovakia and China, from bankruptcy. The business segments acquired – forming fabrics and technical cloths, with a staff of 550 employees – will further expand ANDRITZ's service business with the pulp and paper industry.

Since the dates of their acquisition, the acquired businesses contributed TEUR 225,949 to the ANDRITZ GROUP's sales and TEUR 16,947 to the ANDRITZ GROUP's EBIT. Pro forma disclosures are not feasible because of the structure of the acquisition of GE-Energy. Pro forma information for the other business combinations realized in 2008 is not disclosed because of materiality reasons.

The aggregate purchase price of the business combinations effected in 2008 amounted to TEUR 64,428, directly attributable costs of acquisition amounted to TEUR 1,345.

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	4,828	13,554	18,382
Property, plant and equipment	49,524	0	49,524
Inventories	46,831	0	46,831
Trade and other receivables excluding financial assets	84,254	2,169	86,423
Liabilities excluding financial liabilities	(220,219)	(10,583)	(230,802)
Non-interest bearing net assets	(34,782)	5,140	(29,642)
Cash and cash equivalents acquired	113,730	0	113,730
Debt assumed	(7,420)	0	(7,420)
Goodwill	0	5,420	5,420
Net assets acquired	71,528	10,560	82,088

The goodwill recognized in cause of a business combination comprises acquired intangibles, which could not be recognized separately, such as experienced and trained workforce and the acquired market positions.

The initial accounting for the businesses acquired in 2008 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 and values

Amounts paid for concessions, industrial rights and similar rights and values 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 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 8.57% 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 acquirees' 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 in the course of 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 long-term 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 during which they occur. 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, Raw Materials

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 of 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 at the time of occurrence. 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 an impairment loss 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 non-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. On the basis of the Resolution of the General Meeting of Shareholders on March 29, 2007, a capital increase of TEUR 9,490 was accomplished from the company's own reserves and the ANDRITZ shares were split in a ratio of 1:4 as of May 3, 2007; as a result, the total number of ANDRITZ shares was increased from 13,000,000 to 52,000,000. All disclosures were adjusted according to the share split of 1:4 accomplished in 2007.

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' meetings and with approval from the Supervisory Board, the Executive Board has decided on programs for acquisition of own shares (up to 5,200,000) between April 1, 2007 and September 30, 2008 as well as between October 1, 2008 and March 31, 2011. In 2007, 521,094 own shares were acquired at an average price of EUR 40.48 per share and 62,500 own shares were resold at a price of EUR 9.38 per share to eligible executives under the Management Share Option Plan. 6,928 own shares were transferred to employees of ANDRITZ AG in the course of an employee participation program. 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. At December 31, 2008, the Company held 799,274 own shares at a market value of TEUR 14,515. It is planned to use these shares for delivery of shares within the framework of 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 balance sheet 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 foreign exchange rate risk, exposure to changes in fair value and commodity price risk. Financial assets at FVTPL are stated at fair value, with any resulting gain or loss recognized in profit or loss.

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 (eg. shares), debt securities (eg. 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 recognised at the date the impairment is reversed. An exception are 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 changes in fair value, foreign exchange rate risk and commodity price risk. Financial liabilities at FVTPL are stated at fair value, with any resulting gain or loss recognized in profit or loss.

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 (eg. 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 has the impact 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 against income in the period incurred because the criteria for capitalization of development costs (IAS 38) are not met. In 2008, TEUR 51,237 and in 2007 TEUR 45,400 were recognized as expenses.

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 are generally expensed as 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 disclosed directly within 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 to the foreign currency amount 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 liabilities and deferred tax assets 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 could differ from these estimates.

The Executive Board has made judgements 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 Balance Sheet).

d) Employee incentive plans: The Stock 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. 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 in section H (segment information).

There are no material inter-area transactions. All consolidation entries are included in the relevant business area.

According to the monthly reporting scheme, 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.

F. NOTES TO THE CONSOLIDATED BALANCE SHEET

1. Changes in Intangible and Tangible Assets

Acquisition or production costs

2008

(in TEUR)	Balance as at January 1, 2008	Currency translation differences	Additions	Changes due to business acquisitions	Disposals	Transfers	Balance as at December 31, 2008
Intangible assets	79,507	50	6,002	18,356	353	201	103,763
Goodwill	233,192	(1,284)	152	7,831	0	0	239,891
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	7,115	(1,532)	15,595	5,165	734	(4,972)	20,637
Advance payments on tangible assets	4,313	108	6,182	0	126	(1,157)	9,320
Total property, plant and equipment	507,319	(3,333)	63,695	47,892	26,753	(201)	588,619
Total intangible and tangible assets	820,018	(4,567)	69,849	74,079	27,106	0	932,273

2007

(in TEUR)	Balance as at January 1, 2007	Currency translation differences	Additions	Changes due to business acquisitions	Disposals	Transfers	Balance as at December 31, 2007
Intangible assets	74,022	(435)	3,949	2,566	661	66	79,507
Goodwill	225,955	(1,929)	1,937	7,229	0	0	233,192
Land and buildings	191,664	(2,884)	8,839	5,898	4,357	3,106	202,266
Technical equipment and machinery	174,082	(4,139)	16,311	7,429	4,670	6,985	195,998
Other equipment, factory and office equipment	92,974	(1,578)	16,463	539	9,870	(901)	97,627
Assets under construction	8,075	(235)	7,437	71	218	(8,015)	7,115
Advance payments on tangible assets	1,431	(77)	4,034	262	96	(1,241)	4,313
Total property, plant and equipment	468,226	(8,913)	53,084	14,199	19,211	(66)	507,319
Total intangible and tangible assets	768,203	(11,277)	58,970	23,994	19,872	0	820,018

Depreciation and amortization 2008

(in TEUR)	Balance as at January 1, 2008	Currency translation differences	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
Goodwill	6,109	0	0	6,783	0	0	12,892
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	33	0	0	0	0	(22)	11
Advance payments on tangible assets	0	0	0	0	0	0	0
Total property, plant and equipment	247,166	391	38,315	0	24,917	(70)	260,885
Total intangible and tangible assets	286,409	331	51,514	8,165	25,270	0	321,149

2007

(in TEUR)	Balance as at January 1, 2007	Currency translation differences	Depreciation and amortization for the year	Impairment	Disposals	Transfers	Balance as at December 31, 2007
Intangible assets	23,032	(303)	10,982	0	643	66	33,134
Goodwill	3,338	0	0	2,771	0	0	6,109
Land and buildings	63,071	(1,610)	6,053	437	421	72	67,602
Technical equipment and machinery	107,754	(2,852)	14,365	561	3,930	788	116,686
Other equipment, factory and office equipment	60,302	(1,688)	14,563	0	9,406	(926)	62,845
Assets under construction	10	0	23	0	0	0	33
Advance payments on tangible assets	0	0	0	0	0	0	0
Total property, plant and equipment	231,137	(6,150)	35,003	999	13,757	(66)	247,166
Total intangible and tangible assets	257,507	(6,453)	45,985	3,770	14,400	0	286,409

**Net book value
2008**

(in TEUR)	Costs as at December 31, 2008	Accumu- lated depre- ciation	Net book value as at December 31, 2008	Net book value as at December 31, 2007
Intangible assets	103,763	47,372	56,391	46,373
Goodwill	239,891	12,892	226,999	227,083
Land and buildings	221,791	73,399	148,392	134,664
Technical equipment and machinery	238,692	129,025	109,667	79,312
Other equipment, factory and office equipment	98,179	58,450	39,729	34,782
Assets under construction	20,637	11	20,626	7,082
Advance payments on tangible assets	9,320	0	9,320	4,313
Total property, plant and equipment	588,619	260,885	327,734	260,153
Total intangible and tangible assets	932,273	321,149	611,124	533,609

Finance leases

The net book value for technical equipment and machinery includes an amount of TEUR 491 (2007: TEUR 777) and the net book value for other equipment, factory and office equipment includes an amount of TEUR 1,111 (2007: TEUR 448) in respect of assets held under finance lease. The total of minimum lease payments at balance sheet date amounts to TEUR 1,427 (2007: TEUR 1,403). The lease contracts have terms from 60 up to 84 months.

Goodwill

(in TEUR)	2008	2007
VA TECH HYDRO	97,840	97,836
ANDRITZ-Ahlstrom	28,486	32,577
Acquisition of ANDRITZ AG	59,596	59,596
Other	41,077	37,074
	226,999	227,083

Impairment

In 2008, the goodwill arising from the acquisition of ANDRITZ-Ahlstrom and BMB met the characteristics for impairment because the businesses did not develop according to plan. The impairment loss for this goodwill amounted to TEUR 6,783 and is related to the PULP & PAPER business area. The value of the reporting unit was estimated using discounted cash flow forecasts using a weighted average cost of capital of 8.57% and 12.0%, respectively. In 2007, impairment of goodwill was at TEUR 2,771.

Furthermore, in 2008 the Company recorded impairment charges in the amount of TEUR 1,382 for intangible assets in the PULP & PAPER business area. In 2007, an impairment loss of TEUR 999 was recognized for buildings and technical equipment in the PULP & PAPER business area.

Shares in associated companies

Accumulated assets of material associated companies included in the consolidated balance sheet as of December 31, 2008 amounted to TEUR 139,227, total liabilities to TEUR 129,301, sales amounted to TEUR 76,477 and net income amounted to 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)	2008	2007
Finished goods	65,706	59,896
Work in progress	156,364	88,252
Raw materials	137,981	102,484
	360,051	250,632

Impairment losses of TEUR 10,045 (2007: TEUR 2,585) 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, 2008 amounted to TEUR 432,436 (2007: TEUR 405,231), whereas the long-term portion is included in the balance sheet item non-current receivables and other non-current assets.

(in TEUR)	2008	2007
Trade accounts receivable - short-term	424,947	400,163
Trade accounts receivable - long-term	7,489	5,068
	432,436	405,231
Thereof neither past due nor impaired	299,689	268,334
Thereof past due but not impaired	120,009	115,452
Thereof impaired	37,398	36,115
Valuation allowance	(24,660)	(14,670)
	432,436	405,231

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 120,009 (2007: TEUR 115,452) 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 allowance for trade accounts receivable is as follows:

(in TEUR)	2008	2007
Allowance at beginning of the year	(14,670)	(12,564)
Foreign currency adjustment	441	(664)
Charged to expenses	(13,853)	(4,469)
Amounts written-off	2,157	1,671
Released	1,265	1,356
Allowance at the end of the year	(24,660)	(14,670)

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

(in TEUR)	2008	2007
Up to 60 days past due	65,368	71,078
61 to 120 days past due	24,809	11,565
More than 120 days past due	29,832	32,809
	120,009	115,452

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. 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)	2008	2007
Contract revenue recognized as sales in the current period	2,552,489	2,224,624
Contract costs incurred and recognized profits (less recognized losses) to date	4,672,420	4,750,192
Advances received and progress billings	4,848,049	4,746,921
Amount of retentions	15,712	6,926

The "billings in excess of costs and earnings of projects under construction" represent primarily payments from customers for work not yet performed, and fall entirely in the category neither past due nor impaired.

7. Other Receivables

(in TEUR)	2008	2007
Receivables from associated companies	4,500	3,518
Open forward contracts (currency) at fair value	18,960	18,029
Receivables from value-added tax	42,791	42,649
Receivables from prepaid income taxes	19,754	17,665
Receivables from other taxes and charges	4,802	5,690
Other	94,498	46,318
	185,305	133,869
thereof other current receivables	160,186	128,716
thereof other non-current receivables	25,119	5,153
	185,305	133,869

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

8. Retained Earnings

Dividends

For 2008, a dividend of EUR 1.10 per outstanding share is proposed by the Executive Board. The dividend for 2007 of TEUR 51,087, which is equal to EUR 1.00 per share, was proposed by the Executive Board and was approved at the 101th Annual General Meeting of Shareholders on March 27, 2008. The dividend was paid to the shareholders on April 4, 2008.

On February 26, 2009, the Executive Board authorized the consolidated financial statements for the year ended December 31, 2008 according to IFRS. On February 19, 2008, the Executive Board authorized submission of the consolidated financial statements for the year ended December 31, 2007 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.

Currency translation adjustment

Equity and shareholder loans in foreign currency are not hedged against currency risks because the investments are considered to be permanent and the conversion to the reporting currency is not planned. Exceptions are made for planned disposals of investments or planned repayments of shareholder loans.

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, 2008 and 2007, equity and total assets of the Company were as follows:

(in TEUR)	2008	2007*
Total equity	577,382	481,575
Equity ratio	18.7%	19.2%
Total assets	3,086,301	2,509,427

* restated

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 buy-back 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 fundament 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 2007.

9. Provisions

2008

(in TEUR)	Balance as at January 1, 2008	Currency translation differences	Changes due to business acquisitions	Reclassification	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
Other non-current provisions	47,319	183	17,358	(3,550)	4,348	8,746	19,084	67,300
Non-current provisions	184,214	2,072	26,456	(3,550)	20,386	9,011	37,352	217,147
Current provisions	218,192	(2,341)	34,287	3,550	37,436	38,445	82,318	260,125

2007*

(in TEUR)	Balance as at January 1, 2007	Currency translation differences	Changes due to business acquisitions	Reclassification	Use	Reversal	Addition	Balance as at December 31, 2007
Provisions for severance payments	75,043	(337)	0	0	5,313	310	10,847	79,930
Provisions for pensions	59,318	665	0	0	4,656	779	2,417	56,965
Other non-current provisions	47,641	(502)	0	(1,321)	2,429	6,760	10,690	47,319
Non-current provisions	182,002	(174)	0	(1,321)	12,398	7,849	23,954	184,214
Current provisions	211,706	(1,831)	90	1,321	43,001	32,165	82,072	218,192

* restated

Other non-current and current provisions consist primarily of order-related provisions (2008: TEUR 298,723 and 2007: TEUR 247,907) for 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 dependant 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, 2008 and 2007:

(in TEUR)	2008	2007
Defined benefit obligation as at January 1	143,350	147,136
Currency translation differences	7,870	(1,633)
Current service cost	5,069	4,178
Interest cost on obligations	6,247	6,495
Actuarial gains/losses	(8,766)	120
Benefits paid	(11,650)	(13,632)
Contributions by the plan participants	1,732	1,465
Past service cost	201	0
Effect of any curtailment or settlement	(262)	(779)
Business acquisitions	26,658	0
Defined benefit obligation as at December 31	170,449	143,350
Fair value of plan assets	(102,108)	(86,385)
Accrued liability as at December 31	68,341	56,965

Total pension obligations of TEUR 170,449 (2007: TEUR 143,350) include TEUR 123,899 (2007: TEUR 90,857) 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)	2008	2007
Fair value of plan assets as at January 1	86,385	87,818
Currency translation differences	6,060	(2,298)
Expected return on plan assets	4,785	4,080
Actuarial gains/losses	(17,365)	743
Contributions by the employer	4,577	3,553
Contributions by the plan participants	1,732	1,465
Benefits paid	(1,626)	(8,976)
Business acquisitions	17,560	0
Fair value of plan assets as at December 31	102,108	86,385

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

(in TEUR)	2008	2007
Equity instruments	30,345	27,284
Debt instruments	39,164	36,528
Property	15,132	12,972
Other assets	17,467	9,601
	102,108	86,385

Pension expense is comprised of the following:

(in TEUR)	2008	2007*
Current service cost	5,069	4,178
Past service cost	201	0
Effect of any curtailment or settlement	(262)	(779)
	5,008	3,399
Payments to defined contribution plans	18,470	18,002
	23,478	21,401

* restated

Principal actuarial assumptions used to determine pension obligations as of December 31, 2008 and 2007 were as follows:

(in %)	2008		2007	
	from	to	from	to
Discount rate	2.00	7.50	2.00	8.00
Wage and salary increases	1.00	4.50	3.00	6.00
Retirement benefit increases	0.25	3.25	2.50	2.50
Expected return on plan assets	0.00	6.25	(0.15)	7.00

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 2008, the actual return on plan assets was 4.08% (2007: 1.26%).

Experience adjustments are as follows:

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

The expected payments to pension funds for defined benefits are TEUR 4,382 for the fiscal year 2009.

Severance payments

The following table shows the changes in the severance benefit obligations for the years ended December 31, 2008 and 2007:

(in TEUR)	2008	2007
Defined benefit obligation as at January 1	80,075	75,043
Currency translation differences	79	(337)
Current service cost	6,297	4,280
Interest cost on obligations	3,403	3,190
Actuarial gains/losses	(2,186)	3,377
Benefits paid	(5,924)	(5,279)
Contributions by the plan participants	0	111
Effect of any curtailment or settlement	(3)	(310)
Defined benefit obligation as at December 31	81,741	80,075
Fair value of plan assets	(235)	(145)
Accrued liability as at December 31	81,506	79,930

Severance expense is comprised of the following:

(in TEUR)	2008	2007*
Current service cost	6,297	4,280
Effect of any curtailment or settlement	(3)	(310)
	6,294	3,970
Payments to defined contribution plans	968	301
	7,262	4,271

* restated

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

Management share option plan

The 97th Annual General Meeting of Shareholders held on March 30, 2004 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 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, 2004 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 97th Annual General Meeting of Shareholders held on March 30, 2004. Options can be exercised between May 1, 2006 and April 30, 2008 (=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, 2006 to April 30, 2007 is at least 15% above the exercise price and the earnings per share in business year 2005 (based on the total number of shares listed); or that the earnings per share in business year 2006 (based on the total number of shares listed) are at least 15% above the earnings per share in business year 2003 (based on the total number of shares listed); or that the average unweighted closing price of the ANDRITZ share over 20 consecutive trading days within the period from May 1, 2007 to April 30, 2008 is at least 20% above the exercise price and the earnings per share in business year 2006 (based on the total number of shares listed); or that the earnings per share in business year 2007 (based on the total number of shares listed) are at least 20% above the earnings per share in business year 2003 (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 2004 totaled 698,000. The exercise requirements regarding the share price increase and the earnings per share were fulfilled in 2006, so it was possible to exercise the options according to the other requirements of the program. The fair value of the options at the time of granting amounts to TEUR 1,220, whereas no expense incurred in 2008. 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 was the closing price of the ANDRITZ share on May 17, 2004 and amounted to EUR 9.26. The exercise price of EUR 9.38 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 3%, a discount rate of 5% was used. The expected volatility was calculated on the basis of the historical development of the share price of the ANDRITZ share during the 30 months preceding the granting date of the options. Further parameters for granting the options were not used.

The 99th Annual General Meeting of Shareholders held on March 29, 2006 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, 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 totaled 944,000. The fair value of the options at the time of granting amounts to TEUR 6,492, thereof TEUR 1,144 have been reported as proportionate expense in 2008. 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 101th Annual General Meeting of Shareholders held on March 27, 2008 and amounts to EUR 35.44.

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 options granted in 2008 totaled 1,100,000. The fair value of the options at the time of granting amounts to TEUR 9,396, thereof TEUR 2,740 have been reported as proportionate expense in 2008. 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 2008 and 2007 were as follows:

	2008		2007	
	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	913,000	31.30	1,021,500	29.98
Options granted	1,100,000	35.44	14,000	31.67
Options exercised	(319,000)	30.62	(62,500)	9.38
Options forfeited	(16,000)	31.67	(60,000)	31.67
Total at the end of the year	1,678,000	34.14	913,000	31.30
Exercisable at year-end	578,000	31.67	15,000	9.38

11. Statement of Liabilities**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

2007

(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	99,995	192,268	0	292,263
Bank loans and other financial liabilities	16,731	1,847	11,353	25,160	3,644	58,735
Obligations under finance leases	343	114	342	551	0	1,350
	17,074	1,961	111,690	217,979	3,644	352,348

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 16,197 as at 31 December 2008 and 2007, respectively, has been pledged as security for long-term debt.

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

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

12. Other Liabilities

(in TEUR)	2008	2007
Payables to associated companies	1,406	1,345
Personnel-related costs and similar liabilities	113,227	100,585
Outstanding invoices for order-related costs	211,449	160,805
Deferred income	3,848	5,563
Open forward contracts (currency) at fair value	25,884	6,901
Liabilities from value-added tax	14,461	15,573
Liabilities from commissions	10,481	7,578
Open forward contracts (commodity) at fair value	6,163	0
Other	103,120	76,345
	490,039	374,695
thereof other current liabilities	473,050	367,719
thereof other non-current liabilities	16,989	6,976
	490,039	374,695

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)	2008	2007
Contract revenue recognized as sales in the current period	2,552,489	2,224,624
Revenue recognized due to after-sales service	876,258	781,117
Other	181,065	276,747
	3,609,812	3,282,488

14. Other Operating Income

(in TEUR)	2008	2007
Profit on disposal of intangible and tangible assets	732	1,681
Exchange rate gains	36,896	32,255
Rental income	2,677	2,572
Other	35,414	30,149
	75,719	66,657

15. Personnel Expenses

(in TEUR)	2008	2007*
Wages and Salaries	595,890	532,072
Pension expenses	23,478	21,401
Severance expenses	7,262	4,271
Social security and payroll related duties	103,808	92,795
Other social payments	27,001	17,705
	757,439	668,244

* restated

16. Other Operating Expenses

(in TEUR)	2008	2007
Exchange rate losses	51,240	25,404
Sales expenses	221,341	192,379
Administrative expenses	38,264	36,309
Rents and leases	28,007	30,978
Change of allowance of trade receivables	12,588	3,113
Loss on disposal of intangible and tangible assets	396	230
Other	151,358	157,446
	503,194	445,859

17. Financial Results

(in TEUR)	2008	2007*
Income/expenses from associated companies	5	887
Other interest and similar income	37,242	29,462
Interest and similar expenses	(37,927)	(30,687)
Interest result	(685)	(1,225)
Other income / expenses from financing activities	(7,396)	204
	(8,076)	(134)

* restated

The interest and similar expenses contain TEUR 4,848 (2007: TEUR 5,595) interest cost on pension and severance obligations, and expected return on plan assets.

18. Income Taxes

(in TEUR)	2008	2007*
Current tax expense	(79,858)	(43,326)
Changes in deferred taxes charged to the income statement	16,437	(19,661)
	(63,421)	(62,987)

* restated

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

(in TEUR)	2008	2007*
Deferred tax assets	58,882	60,869
Liabilities for deferred taxes	(93,904)	(74,393)
Balance as at December 31, as previously stated	(35,022)	(13,524)
Deferred tax relating to the origination and reversal of temporary differences		
income statement charge	16,437	(19,661)
charged to equity	4,839	(1,837)
	(13,746)	(35,022)
thereof		
Deferred tax assets	76,246	58,882
Liabilities for deferred taxes	(89,992)	(93,904)

* restated

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

(in TEUR)	2008	2007*
Earnings before taxes (EBT)	210,468	200,786
Tax at the applicable tax rate (25% in 2008 and 25% in 2007)	(52,617)	(50,197)
Non-deductible amortization of goodwill	(2,094)	(859)
Tax effect of		
adjustment of using new tax rates	(2,278)	1,237
other changes	(6,432)	(13,168)
	(63,421)	(62,987)
Current tax expense	(79,858)	(43,326)
Changes in deferred taxes charged to the income statement	16,437	(19,661)

* restated

Deferred tax assets and liabilities for deferred taxes as at December 31, 2008 and 2007 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)	2008		2007*	
	Assets	Liabilities	Assets	Liabilities
Intangible assets	1,619	(11,113)	3,240	(12,256)
Property, plant, and equipment	3,803	(8,783)	2,947	(16,651)
Financial assets	8	(18,164)	7	(7,340)
Inventories	379,195	(2,885)	318,260	(4,621)
Receivables	20,386	(78,432)	9,793	(72,483)
Marketable securities and shares	5	(143)	0	(281)
Other assets	3,993	(52)	121	(2)
	409,009	(119,572)	334,368	(113,634)
Provisions	78,633	(36,797)	64,232	(28,496)
Liabilities	25,349	(378,145)	20,067	(323,023)
Deferred income	353	(485)	129	0
	104,335	(415,427)	84,428	(351,519)
Tax loss carry-forwards	58,811	0	63,073	0
Deferred tax assets/liabilities	572,155	(534,999)	481,869	(465,153)
Valuation allowance for deferred tax assets	(50,902)	0	(51,738)	0
Offset within legal tax units and jurisdiction	(445,007)	445,007	(371,249)	371,249
Net deferred tax assets and liabilities	76,246	(89,992)	58,882	(93,904)

* restated

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 (P&P)
- 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.

2008**Business area data**

(in TEUR)	HY	P&P	ME	EP	FB	Transition	Total
Sales	1,205,899	1,326,565	566,208	366,639	144,501	0	3,609,812
Segment result before interest, taxes, depreciation, and amortization (EBITDA)	105,759	84,509	42,577	32,115	13,263	0	278,223
Total assets	984,838	684,585	224,112	246,520	84,792	861,454	3,086,301
Total liabilities	948,017	568,158	262,092	140,664	39,002	550,986	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

2007****Business area data**

(in TEUR)	HY	P&P	ME	EP	FB	Transition	Total
Sales	910,043	1,462,206	408,001	364,432	137,806	0	3,282,488
Segment result before interest, taxes, depreciation, and amortization (EBITDA)	66,298	105,328	33,071	30,755	15,223	0	250,675
Total assets	755,201	706,595	159,316	232,004	76,595	579,716	2,509,427
Total liabilities	619,218	609,393	192,681	145,077	37,455	424,028	2,027,852
Capital expenditure	25,415	21,818	3,210	4,851	1,739	0	57,033
Depreciation, amortization, and impairment of intangible assets and property, plant, and equipment*	19,905	17,716	2,491	5,005	1,867	0	46,984
Share of net profit/loss of associates	0	367	0	439	81	0	887
Shares in associated companies	0	4,767	0	1,488	570	0	6,825

* restated

*Depreciation, amortization, and impairment of intangible assets and property, plant, and equipment includes TEUR 5,967, 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	1,400,020	522,123	314,367	841,742	204,236	3,282,488
Total assets	3,385,135	539,209	132,022	264,748	(1,811,687)	2,509,427
Capital expenditure	39,211	3,356	2,115	12,063	288	57,033

**restated

I. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENTS**Cash flows from acquisition of subsidiaries***

(in TEUR)	Business Area			Total	Total
	HYDRO	PULP & PAPER	METALS	2008	2007
Intangible assets	13,985	1,062	3,335	18,382	2,566
Property, plant, and equipment	25,646	22,421	1,457	49,524	14,020
Inventories	21,430	3,681	21,720	46,831	9,319
Trade and other receivables excluding financial assets	75,775	2,433	8,215	86,423	1,385
Liabilities excluding financial liabilities	(172,751)	(6,224)	(51,827)	(230,802)	(11,241)
Non-interest bearing net assets	(35,915)	23,373	(17,100)	(29,642)	16,049
Marketable securities	0	0	0	0	807
Cash and cash equivalents acquired	86,794	94	26,842	113,730	5,455
Debt assumed	(6,853)	(567)	0	(7,420)	(1,653)
Goodwill	2,291	0	3,129	5,420	9,166
Changes in minority interests	(17,841)	0	245	(17,596)	0
Purchase price for investments previously accounted under the equity method	(64)	0	0	(64)	0
Total purchase price	28,412	22,900	13,116	64,428	29,824
Purchase price paid	(28,412)	(22,900)	(13,116)	(64,428)	(41,990)
Cash and cash equivalents acquired	86,794	94	26,842	113,730	5,455
Net cash flow	58,382	(22,806)	13,726	49,302	(36,535)

*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 counter-measures. This is an important element in the active risk management within the Group.

Even though having this monitoring and control 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 2009 relate to the Group's dependence on the general economic development and the development of the industries it serves, the receipt of major orders and adequate sales proceeds from the high order backlog. The persistent global 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 2009 business year. The global economic weakness might lead to 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 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 counter-measures, 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 most of the orders, the risk of payment failure by customers is reduced by bank guarantees and export insurances. Risks for deliveries in countries with a political risk are typically also insured. Interest and exchange rate risks are limited and controlled by using 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. The remaining period of most of the hedged cash flows does not exceed one year.

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

Due to Group-wide finance and liquidity planning, ANDRITZ maintains sufficient cash and cash equivalents or has available funding through an adequate amount of credit facilities to meet its commitments. Any excess cash is invested mostly in federal bonds, bonds of first-class banks, and bond funds.

In spite of the liquidity planning and investment strategy it cannot be guaranteed that no liquidity bottlenecks or losses of assets may occur.

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 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)	2008	2007
Held for trading	49,428	19,762
Available for sale	269,183	108,789
Loans and receivables	1,156,354	1,042,359
	1,474,965	1,170,910

The trade receivables in the category loans and receivables are impaired by TEUR 24,660 (balance 2007: TEUR 14,670).

An impairment loss of TEUR 7,817 was recorded in the category available for sale due to a significant decline of the fair value of money market funds.

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 2002, the Company issued a bond, for a nominal value of MEUR 100 with a repayment period of 6 years and a nominal interest rate of 6% p.a. For this bond an interest swap has been used to hedge the risk arising from the fixed interest rate of the bond. The interest swap changes the fixed interest rate for the whole period to a variable interest rate based on 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 June 2008, this bond of MEUR 100 was redeemed.

In June 2006, the Company issued another bond for a nominal value of MEUR 200 with a repayment period of 7 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 7 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)	2008	2007
Fair value swap end of previous period	(7,737)	(2,647)
Fair value swap end of current period	19,023	(7,737)
Gain/loss recognized through profit or loss	26,760	(5,090)

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 %)	2008	2007
Cash on current accounts	1.9	2.1
Short-term deposits	3.5	4.6
Securities, short-term	2.9	4.6
Securities, long-term	3.3	3.1
Overdraft on current accounts	5.4	5.0
Short-term loans	8.1	10.7
Long-term loans	4.2	3.6
Bond	5.1	4.9

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 U.S. Dollar (USD) and Swiss Franc (CHF).

The following explanations detail the Group's sensitivity to an increase and decrease in USD-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 only material outstanding foreign currency denominated monetary items and adjust their translation at the period end for a change in foreign currency rates.

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)	2008	2007
Increase of USD to EUR by 10%	(1,467)	(5,171)
Decrease of USD to EUR by 10%	(445)	2,650
Increase of CHF to EUR by 10%	(1,384)	(5,806)
Decrease of CHF to EUR by 10%	2,197	471

The changes of the net income compared to the reported net income comprises mainly the fair values of the forward foreign exchange contracts in U.S.-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 16,249 (2007: decrease of TEUR 9,398). 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 17,283 (2007: increase of TEUR 9,375). 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 3,669 in the business year 2008 (2007: rise by TEUR 3,305). 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 compares the carrying values of financial instruments with their fair values:

2008

(in TEUR)	At amor- tized costs	Fair value not through profit or loss	Fair value through profit or loss	Carrying value Decem- ber 31, 2008	Market value Decem- ber 31, 2008
ASSETS					
Other Investments					
Available for sale	6,205	(336)	0	5,869	5,869
Loans and receivables	29,593	0	0	29,593	29,593
Receivables and other assets					
Loans and receivables	568,313	0	0	568,313	568,313
Held for trading	0	0	49,428	49,428	49,428
Marketable securities					
Available for sale	263,453	(139)	0	263,314	263,314
Cash and cash equivalents					
Loans and receivables	558,448	0	0	558,448	558,448
	1,426,012	(475)	49,428	1,474,965	1,474,965
LIABILITIES					
Financial liabilities					
Measured at amortized costs	430,520	0	0	430,520	430,520
Not allocated to any IAS valuation category	1,381	0	0	1,381	1,381
Trade accounts payable					
Measured at amortized costs	306,295	0	0	306,295	306,295
Other liabilities					
Held for trading*	0	0	37,421	37,421	37,421
Measured at amortized costs	452,618	0	0	452,618	452,618
	1,190,814	0	37,421	1,228,235	1,228,235

* thereof hedging of cash flows TEUR 6,163.

2007

(in TEUR)	At amor- tized costs	Fair value not through profit or loss	Fair value through profit or loss	Carrying value Decem- ber 31, 2007	Market value Decem- ber 31, 2007
ASSETS					
Other Investments					
Available for sale	6,840	62	0	6,902	6,902
Loans and receivables	26,095	0	0	26,095	26,095
Receivables and other assets					
Loans and receivables	519,338	0	0	519,338	519,338
Held for trading	0	0	19,762	19,762	19,762
Marketable securities					
Available for sale	101,041	846	0	101,887	101,887
Cash and cash equivalents					
Loans and receivables	496,926	0	0	496,926	496,926
	1,150,240	908	19,762	1,170,910	1,170,910
LIABILITIES					
Financial liabilities					
Measured at amortized costs	350,998	0	0	350,998	350,998
Not allocated to any IAS valuation category	1,350	0	0	1,350	1,350
Trade accounts payable					
Measured at amortized costs	314,028	0	0	314,028	314,028
Other liabilities					
Held for trading*	0	0	19,897	19,897	19,897
Measured at amortized costs	354,798	0	0	354,798	354,798
	1,021,174	0	19,897	1,041,071	1,041,071

* thereof hedging of cash flows TEUR 0.

The following table shows the transition from the carrying values of financial instruments to the IAS 39 categories:

2008

(in TEUR)	Amortized costs	Fair value not through profit or loss	Fair value through profit or loss	Carrying value December 31, 2008	Market value December 31, 2008
ASSETS					
Held for trading					
Derivatives	0	0	37,983	37,983	37,983
Embedded derivatives	0	0	11,445	11,445	11,445
Available for sale					
Non-current securities	6,205	(336)	0	5,869	5,869
Marketable securities	263,453	(139)	0	263,314	263,314
Loans and receivables					
Loans granted	15,513	0	0	15,513	15,513
Investments in other companies	14,080	0	0	14,080	14,080
Non - current receivables and other non - current assets	13,585	0	0	13,585	13,585
Trade accounts receivable	424,947	0	0	424,947	424,947
Other receivables and assets - current	129,781	0	0	129,781	129,781
Cash and cash equivalents	558,448	0	0	558,448	558,448
	1,426,012	(475)	49,428	1,474,965	1,474,965
LIABILITIES					
Held for Trading					
Derivatives*	0	0	32,047	32,047	32,047
Embedded derivatives	0	0	5,374	5,374	5,374
Financial liabilities measured at amortized costs					
Bonds	369,023	0	0	369,023	369,023
Bank loans and other financial liabilities	61,497	0	0	61,497	61,497
Trade accounts payable	306,295	0	0	306,295	306,295
Other liabilities	452,618	0	0	452,618	452,618
Other liabilities, not allocated to any IAS 39 valuation category					
Obligations under finance leases	1,381	0	0	1,381	1,381
	1,190,814	0	37,421	1,228,235	1,228,235

* thereof hedging of cash flows TEUR 6,163.

2007

(in TEUR)	Amortized costs	Fair value not through profit or loss	Fair value through profit or loss	Carrying value December 31, 2007	Market value December 31, 2007
ASSETS					
Held for trading					
Derivatives	0	0	18,029	18,029	18,029
Embedded derivatives	0	0	1,733	1,733	1,733
Available for sale					
Non-current securities	6,840	62	0	6,902	6,902
Marketable securities	101,041	846	0	101,887	101,887
Loans and receivables					
Loans granted	14,611	0	0	14,611	14,611
Investments in other companies	11,484	0	0	11,484	11,484
Non - current receivables and other non - current assets	10,221	0	0	10,221	10,221
Trade accounts receivable	400,163	0	0	400,163	400,163
Other receivables and assets - current	108,954	0	0	108,954	108,954
Cash and cash equivalents	496,926	0	0	496,926	496,926
	1,150,240	908	19,762	1,170,910	1,170,910
LIABILITIES					
Held for Trading					
Derivatives*	0	0	14,638	14,638	14,638
Embedded derivatives	0	0	5,259	5,259	5,259
Financial liabilities measured at amortized costs					
Bonds	292,263	0	0	292,263	292,263
Bank loans and other financial liabilities	58,735	0	0	58,735	58,735
Trade accounts payable	314,028	0	0	314,028	314,028
Other liabilities	354,798	0	0	354,798	354,798
Other liabilities, not allocated to any IAS 39 valuation category					
Obligations under finance leases	1,350	0	0	1,350	1,350
	1,021,174	0	19,897	1,041,071	1,041,071

* thereof hedging of cash flows TEUR 0.

Fair value calculation

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

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

(in TEUR)	2008	2007
Forward contracts with positive fair values	18,960	18,029
Forward contracts with negative fair values	(25,884)	(6,901)
	(6,924)	11,128

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

(in TEUR)	not exceeding 1 year	more than 1 year	Total 2008	Total 2007
US Dollars	(1,337)	(5,554)	(6,891)	7,096
Swiss Francs	(464)	135	(329)	3,077
Singapore Dollars	577	0	577	1,641
Euros	2,961	(95)	2,866	1,056
Other currencies	64	(3,211)	(3,147)	(1,742)
	1,801	(8,725)	(6,924)	11,128

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

(in TEUR)	2008	2007
Embedded derivatives with positive fair values	11,445	1,733
Embedded derivatives with negative fair values	(5,374)	(5,259)
	6,071	(3,526)

The remaining terms of the embedded derivatives are as follows:

(in TEUR)	not exceeding 1 year	more than 1 year	Total 2008	Total 2007
US Dollars	541	4,536	5,077	(4,751)
Swiss Francs	(54)	(340)	(394)	18
Euros	1,363	638	2,001	360
Other currencies	(597)	(16)	(613)	847
	1,253	4,818	6,071	(3,526)

The fair value of the interest swaps presenting a total positive fair value as of December 31, 2008 was TEUR 19,023 (TEUR 7,737 as of end of 2007 being a negative fair value).

The fair value of the forward commodity contracts presenting a total negative fair value as of December 31, 2008 was TEUR 6,163 (in 2007 no forward commodity contracts were outstanding). Thereof contracts representing an amount of TEUR 4,626 have a remaining term of less than one year.

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, 2007	(78)	751	673
Gains and losses from changes in fair value	0	(285)	(285)
Deferred income taxes thereon	0	50	50
Transfers to income statement	104	169	273
Deferred income taxes thereon	(26)	(41)	(67)
Balance as at December 31, 2007	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)

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

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)

2007

(in TEUR)	Held for trading	Held for trading	Available for sale
	Derivatives	Embedded derivatives	Securities
Changes in fair values recognized in profit or loss	(5,227)	5,537	(169)
Changes in fair values recognized in equity	0	0	(285)
Recycling out of equity	0	0	169
Net gains/(losses)	(5,227)	5,537	(285)

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)	2008	2007
Not exceeding 1 year	16,406	13,611
1 year to 5 years	35,698	21,807
After 5 years	7,793	6,896
	59,897	42,314

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, 2008, these commitments amounted to TEUR 14,628 (2007: to TEUR 14,443).

M. CONTINGENT LIABILITIES 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, including one lawsuit in the United States in which the claims against ANDRITZ are approximately USD 30 million. Although the resolution of these matters within established reserves can not be guaranteed the Management believes, subject to the following paragraph, that the outcome of these legal actions and claims, individually or in

the aggregate, will not have a material adverse effect on the Company's business, liquidity, result of operations or financial position.

As of December 2008, ANDRITZ Inc., as subsidiary of the Company, was one of many defendants in a total of approximately 25 asbestos cases in the US. Nearly all of these cases involve claims by multiple plaintiffs against multiple defendants. In aggregate the cases involve a total of approximately 595 plaintiffs. ANDRITZ Inc. does not believe it should be found liable in connection with any of these claims and 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. ANDRITZ Inc. has not had a judgment of liability rendered against it in connection with an asbestos claim. Approximately 96 asbestos cases and about 26,998 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 has a material adverse effect on the Company's business, results of operations and financial condition. The Group believes it has potential sources of recovery including insurance and/or contractual indemnities from the previous owners of the relevant businesses of ANDRITZ Inc. Whether any indemnities and/or insurance will apply depends on the particular facts of each plaintiff's claim. Because the claims against ANDRITZ in many cases have not as yet been stated with specificity and for the reasons set forth below, it is not possible for the Group to assess the amount of its expected recovery. Certain indemnitors or insurers have contested and others may contest the applicability of the indemnity or insurance in question, and there can be no assurance that the Group will prevail in any dispute relating to the applicability of such insurance or indemnity to existing or future claims against a Group company.

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. 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 4,650 in 2008 (TEUR 4,318 in 2007) was recorded for pensions of former members of the Executive Board and their dependants; the current year expense for these pensions amounted to TEUR 554 for 2008 (TEUR 343 for 2007).

The following expenses have been recognized for the Executive Board:

(in TEUR)	2008	2007
Short-term benefits	8,374	9,383
Post-employment benefits	1,581	1,903
Share-based expenses	812	642
	10,767	11,928

The members of the Supervisory Board received remunerations in the amount of TEUR 125 (2007: TEUR 111).

O. SUBSEQUENT EVENTS

The global economic and financial crisis persisted between the balance sheet date and the publication of this report. This negative macroeconomic environment might have a negative impact on the business development of the ANDRITZ GROUP in the future.

P. LIST OF CONSOLIDATED SUBSIDIARIES

Company	Headquarters	Interest	Type of Consolidation	Remarks
Anstalt für Strömungsmaschinen GmbH Staatlich autorisierte Versuchsanstalt für Strömungsmaschinen	Graz / Austria	100%	NK	1)
ANDRITZ Technology and Asset Management GmbH	Graz / Austria	100%	VK	
ANDRITZ Finance GmbH	Vienna / Austria	100%	VK	
European Mill Service GmbH	Graz / Austria	50%	NK	1)
ANDRITZ R&M Service S.R.L.	Bucharest / Romania	25%	NK	1)
ANDRITZ Power & Water GmbH	Vienna / Austria	100%	VK	
ANDRITZ HYDRO GmbH	Vienna / Austria	100%	VK	
ANDRITZ HYDRO S.A.S.	Grenoble / France	100%	VK	
VA TECH HYDRO India Pvt. Ltd.	Bhopal / India	100%	VK	
ANDRITZ Deutschland Beteiligungs GmbH	Krefeld / Germany	100%	VK	
ANDRITZ GmbH	Hemer / Germany	100%	VK	
ANDRITZ Kaiser GmbH	Bretten-Gölshausen / Germany	100%	VK	
Sundwig GmbH	Hemer / Germany	75%	VK	
ANDRITZ Fiedler GmbH	Regensburg / Germany	100%	VK	
ANDRITZ Fiedler Holding S. A. R. L.	Scorbé Clairvaux / France	100%	VK	
ANDRITZ S. A. S. Pulp and Paper Service Division	Chatelleraut / France	100%	VK	
ANDRITZ Separation GmbH	Cologne / Germany	100%	VK	
ANDRITZ - Jochman s. r. o.	Spišská Nová Ves / Slovakia	90%	EQ	
ANDRITZ Fließbettssysteme GmbH	Ravensburg / Germany	100%	VK	
Lenser Verwaltungs GmbH	Senden / Germany	100%	VK	
ANDRITZ S.R.L.	Cisnădie / Romania	100%	EQ	
Lenser Filtration GmbH	Senden / Germany	100%	VK	
Lenser Asia Sdn. Bhd.	Selangor / Malaysia	100%	VK	
ANDRITZ HYDRO GmbH	Ravensburg / Germany	100%	VK	
VA TECH ESCHER WYSS Flovel Private Ltd.	Faridabad / India	100%	VK	
ANDRITZ Küsters GmbH	Krefeld / Germany	100%	VK	
ANDRITZ Kufferath GmbH	Düren / Germany	100%	VK	
AKRE Real Estate GmbH	Düren / Germany	100%	VK	
ANDRITZ Maerz GmbH	Düsseldorf / Germany	100%	VK	
ANDRITZ HYDRO S.L.	Madrid / Spain	100%	VK	
ANDRITZ HYDRO S.r.l.	Vicenza / Italy	100%	VK	
ANDRITZ HYDRO Aosta S.r.l.	Aosta / Italy	100%	NK	1)
ANDRITZ HYDRO AG	Kriens / Switzerland	100%	VK	
ANDRITZ HYDRO S.A. de CV.	Morelia / Mexico	100%	VK	
VA TECH HYDRO AS	Jevnaker / Norway	100%	VK	
ANDRITZ HYDRO Brasil Ltda.	São Paulo / Brazil	100%	VK	
VA Tech HYDRO Beijing. Ltd.	Beijing / China	100%	VK	
ANDRITZ HYDRO Ltd. Sirketi	Ankara / Turkey	100%	NK	1)
PT. VA TECH Indonesia	Jakarta / Indonesia	51%	VK	
ANDRITZ HYDRO S.A.	Lima / Peru	100%	NK	1)
ANDRITZ HYDRO (Pty) Ltd.	Randburg / South Africa	100%	NK	1)
VA TECH Colombia Limitada	Bogota / Columbia	100%	NK	1)
ANDRITZ HYDRO s.r.o.	Prague / Czech Republic	100%	NK	1)
VA TECH India Pvt. Ltd.	Faridabad / India	100%	NK	1)
ANDRITZ HYDRO C.A.	Caracas / Venezuela	100%	NK	1)
ANDRITZ HYDRO Inc.	Makati City / Philippines	100%	NK	1)
The Hydro Equipment Association Limited	London / Great Britain	33,3%	NK	1)
HGI Holdings Limited	Limassol / Cyprus	100%	EQ	

Company	Headquarters	Interest	Type of Consolidation	Remarks
ANDRITZ BMB AG	Bülach / Switzerland	100%	VK	
ANDRITZ Separation (India) Private Ltd.	Chennai / India	100%	VK	
ANDRITZ spol. s. r. o.	Hradec Kralove / Czech Republic	100%	NK	1)
ANDRITZ Denmark A/S	Esbjerg / Denmark	100%	VK	
ANDRITZ Sprout A/S	Esbjerg / Denmark	100%	VK	
ANDRITZ Sprout do Brasil Ltda.	Porto Alegre / Brazil	100%	NK	1)
ANDRITZ Sprout s. r. o.	Humenné / Slovakia	100%	EQ	
ANDRITZ Chile Ltda.	Santiago de Chile / Chile	100%	VK	
ANDRITZ (USA) Inc.	Roswell / Georgia (USA)	100%	VK	
ANDRITZ Inc.	Roswell / Georgia (USA)	100%	VK	
ANDRITZ Finance Inc.	Tualatin/Oregon (USA)	100%	VK	
Delta Holding Corporation	Tualatin / Oregon (USA)	100%	VK	
ANDRITZ Separation Inc.	Arlington / Texas (USA)	100%	VK	
ANDRITZ Filter Press Inc.	Arlington / Texas (USA)	100%	VK	
ANDRITZ Automation Inc.	Decatur / Georgia (USA)	100%	VK	
CyberMetrics Inc.	Alpharetta / Georgia (USA)	100%	VK	
Lenser Filtration Inc.	Lakewood / New Jersey (USA)	100%	VK	
ANDRITZ HYDRO Corporation	Charlotte / North Carolina (USA)	100%	VK	
ANDRITZ S. A. S.	Velizy / France	100%	VK	
ANDRITZ Selas S. A. S.	Gennevilliers / France	100%	VK	
ANDRITZ Sprout S. A. S.	Saint Martin Le Beau / France	100%	VK	
Lenser Filtration S. A. R. L.	Haguenau / France	100%	VK	
Jaybee Engineering (Holdings) Pty. Ltd.	Dandenong / Victoria (Australia)	100%	VK	
ANDRITZ Pty. Ltd.	Dandenong / Victoria (Australia)	100%	VK	
ANDRITZ Ingenieria S.A.	Madrid / Spain	100%	VK	
ANDRITZ Brasil Ltda.	Curitiba / Brazil	100%	VK	
ANDRITZ Separation Industria e Comércio de Equipamentos de Filtração Ltda.	Pomerode / Brazil	100%	VK	
Sindus Manutencao e Sistemas Industriais Ltda.	Porto Alegre / Brazil	50%	QK	
Sindus ANDRITZ Uruguay S.A.	Rio Negro / Uruguay	50%	NK	1)
ANDRITZ HYDRO Brasil Participações Ltda.	Curitiba / Brazil	100%	VK	
ANDRITZ HYDRO Inepar do Brasil S.A.	Campinas - São Paulo / Brazil	50%	VK	
ANDRITZ HYDRO Inepar Finland Oy	Tampere / Finland	50%	VK	
ANDRITZ HYDRO Inepar Sweden AB	Kristinehamn / Sweden	50%	VK	
ANDRITZ Participações Ltda.	Vinhedo / Brazil	100%	VK	
ANDRITZ Pilão Equipamentos Ltda.	São Paulo / Brazil	100%	VK	
ANDRITZ Oy	Helsinki / Finland	100%	VK	
Savonlinna Works Oy	Savonlinna / Finland	100%	VK	
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 / Canada	100%	VK	
ANDRITZ HYDRO Canada Ltd./Ltee.	Pointe Claire / Canada	100%	VK	
ANDRITZ HYDRO Installations Inc.	Lachine / Canada	100%	NK	1)
ANDRITZ Ltd./Ltée.	Lachine / Canada	100%	VK	
ANDRITZ Paper Machinery Ltd.	Lachine / Canada	100%	VK	
ANDRITZ Automation Ltd.	Richmond / Canada	100%	VK	
IDEAS Simulation & Control Ltd.	Richmond / Canada	100%	VK	

Company	Headquarters	Interest	Type of Consolidation	Remarks
ANDRITZ AB	Örnsköldsvik / Sweden	100%	VK	
ANDRITZ Lynson AB	Vallentuna / Sweden	100%	VK	
ANDRITZ Waplans AB	Näliden / Sweden	100%	VK	
ANDRITZ Ltd.	Staffordshire / Great Britain	100%	VK	
ANDRITZ Selas UK Ltd.	Derbyshire / Great Britain	100%	VK	
ANDRITZ-Kenflo Foshan Pump Co. Ltd.	Foshan / China	60%	VK	
ANDRITZ Technologies Ltd.	Foshan / China	100%	VK	
ANDRITZ - Wolfensberger Special Alloy Foundry Co., Ltd.	Foshan / China	65%	VK	
ANDRITZ Technologies H.K. Ltd.	Hong Kong / China	100%	NK	1)
Kufferath Forming Technology China (Zhejiang) Co., Ltd.	Zhejiang / China	100%	NK	1)
Thermtec Holding B.V.	Rotterdam / Netherlands	100%	VK	
Thermtec B.V.	Rotterdam / Netherlands	100%	VK	
ANDRITZ Technologies Private Ltd.	Bangalore / India	100%	VK	
ANDRITZ Sprout Limited	Hull / Great Britain	100%	VK	
ANDRITZ Sprout B. V.	Geldrop / Netherlands	100%	VK	
ANDRITZ B. V.	Den Helder / Netherlands	100%	VK	
ANDRITZ 3SYS AG	Wohlen / Switzerland	100%	VK	
ANDRITZ Singapore Pte. Ltd.	Singapore / Singapore	100%	VK	
ANDRITZ (Thailand) Limited	Bangkok / Thailand	100%	VK	
ANDRITZ Uruguay S. A.	Rio Negro / Uruguay	100%	VK	
ANDRITZ Industrias S. A.	Rio Negro / Uruguay	100%	NK	1)
ANDRITZ Pulp Technologies Punta Pereira S.A.	Montevideo/ Uruguay	100%	NK	1)
ANDRITZ KK	Tokyo / Japan	100%	VK	
ANDRITZ (Pty) Ltd.	Umhlanga / South Africa	100%	VK	
PT ANDRITZ	Jakarta / Indonesia	100%	VK	
ANDRITZ Australia Pty. Ltd.	Melbourne / Victoria (Australia)	100%	NK	1)
LLC ANDRITZ	St. Petersburg / Russia	100%	VK	
OOO ANDRITZ METALS	Moscow / Russia	100%	NK	1)
Kufferath Slovakia s.r.o.	Levice / Slovakia	100%	VK	
ANDRITZ Kft.	Tiszaújváros / Hungary	100%	VK	

¹⁾ immaterial

VK ... Full consolidation

QU ... Proportional consolidation

EQ ... Equity accounting

NK ... No Consolidation

Graz, February 26, 2009

Wolfgang Leitner

Franz Hofmann

Karl Hornhofer

Humbert Köfler

Friedrich Papst

DISCLAIMER

Certain statements contained in the annual financial report 2008 and the annual report 2008 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 2008 and the annual report 2008 contain assumptions and forecasts which were based on the information available up to the copy deadline on February 26, 2009. 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 this annual financial report 2008 do arise, actual results may vary from the forecasts made in the annual financial report 2008 and the annual report 2008. Although the greatest caution was exercised in preparing data, all information related to the future is provided without guarantee.

PUBLISHER'S NOTE

Publisher:

ANDRITZ AG
Stattegger Strasse 18
8045 Graz
Austria

Editor in charge:

Dr. Michael Buchbauer

Graphic design and concept:

Faschingbauer + Schaar Werbeagentur

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**Jahresabschluss 2008
der
ANDRITZ AG**

Präambel

Lagebericht ANDRITZ-GRUPPE

Bilanz ANDRITZ AG

Gewinn- und Verlustrechnung ANDRITZ AG

Anhang ANDRITZ AG

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 %	2007	2008
Auftragsstand	1.592,7	1.470,2
Umsatzerlöse	455,2	765,6
Ergebnis vor Zinsen und Steuern	50,2	91,9
Umsatzrentabilität	11,0%	12,0%
Eigenkapitalrentabilität	10,6%	21,5%
Gesamtkapitalrentabilität	4,1%	7,1%
Nettoverschuldung	266,1	265,0
Nettoumlaufvermögen	-185,1	-79,8
Eigenkapitalquote	24,4%	23,8%
Verschuldungsgrad	90,3%	85,9%
Ergebnis vor Zinsen, Steuern und Abschreibungen	68,6	130,2

Der Netto-Geldfluss aus laufender Geschäftstätigkeit betrug in 2008 +121,4 MEUR (2007: +30,9 MEUR), jener aus der Investitionstätigkeit -160,4 MEUR (2007: -66,9 MEUR) und jener aus der Finanzierungstätigkeit +37,9 MEUR (2007: -38,7 MEUR). Der Finanzmittelbestand am Ende der Periode reduzierte sich daher von 46,3 MEUR am 31.12.2007 auf 45,2 MEUR am 31.12.2008.

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 Futtermittel und Biomasse 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

Im Jahr 2008 war die Entwicklung der Weltwirtschaft durch die Finanzmarktkrise negativ beeinflusst. Die Wirtschaft in den USA litt unter der Krise des Subprime-Markts und dem daraus resultierenden Zusammenbruch des amerikanischen Hypothekenmarkts, was zu einer nachhaltigen Schwäche des Banken- und Finanzsystems führte. Infolgedessen gingen die Ausgaben der Privatverbraucher und die Unternehmensinvestitionen im Jahresverlauf stark zurück. Die US-Wirtschaft rutschte in die tiefste Rezession seit 1982. Um einem möglichen Kollaps des Finanzsystems entgegenzuwirken und das Wirtschaftswachstum anzukurbeln, senkte die amerikanische Notenbank FED (Federal Reserve Board) den Leitzinssatz in mehreren Schritten auf einen Bereich zwischen null und 0,25%, womit das tiefste Niveau aller Zeiten erreicht wurde.

Auch in Europa war die wirtschaftliche Entwicklung in hohem Maße von den finanziellen Turbulenzen und dem Rückgang der Konjunktur in den meisten europäischen Ländern betroffen. Der Privatkonsum ging stark zurück. Die exportorientierten europäischen Firmen hatten vor allem unter der Wirtschaftsschwäche der USA und Asiens zu leiden. Die Europäische Zentralbank (EZB) stellte dem Bankensystem beträchtliche Geldmittel zur Verfügung, um den Liquiditätsaustausch zwischen den Banken zu sichern, und senkte den Leitzinssatz auf 2,5%.

Auch in den meisten asiatischen Ländern hat sich die Wirtschaft abgeschwächt. Die japanische Wirtschaft rutschte in die Rezession, in China hat sich das Wachstum der meisten Industriebranchen durch rückläufige Exporte und nachlassende Binnennachfrage deutlich abgekühlt.

Quelle: OECD

Geschäftsentwicklung

Anmerkung: Gemäß IAS 19.93A können versicherungsmathematische Gewinne und Verluste bei Abfertigungs- und Pensionsrückstellungen im Jahr ihrer Entstehung erfolgsneutral im Eigenkapital erfasst werden. Bisher wurden diese sofort in der Gewinn- und Verlustrechnung erfasst. Der Konzern macht nun vom Wahlrecht gemäß IAS 19.93A Gebrauch. Die Vorperioden wurden gemäß IAS 8 entsprechend angepasst. Dabei wurde für die Vergleichsperiode 2007 ein Betrag von TEUR 2.764 aus dem Personalaufwand und darauf entfallender latenter Steueraufwand in Höhe von TEUR 1.072 erfolgsneutral im Eigenkapital erfasst.

Zinsaufwendungen resultierend aus den Pensions- und Abfertigungsrückstellungen werden nun in der Konzern-Gewinn- und -Verlustrechnung unter dem „Zinsergebnis“ erfasst. Für das Jahr 2007 wurde ein Betrag von TEUR 5.595 aus dem Personalaufwand ins Zinsergebnis umgegliedert.

Ferner wurde eine Korrektur gemäß IAS 8 retrospektiv durchgeführt. Die Bilanzpositionen „Aktive latente Steuern“ änderten sich per 31. Dezember 2007 von TEUR 56.982 auf TEUR 58.882, die „Verbindlichkeiten aus latenten Steuern“ von TEUR 99.604 auf TEUR 93.904 und die „Rückstellungen – kurzfristig“ von TEUR 210.592 auf TEUR 218.192. Weder im Jahr 2007 noch im Jahr 2008 ergaben sich dadurch Auswirkungen auf das Konzernergebnis.

Veränderung des Konsolidierungskreises/Akquisitionen

Die folgenden Unternehmen waren im Geschäftsjahr 2007 nicht oder nur teilweise im Konzernabschluss der ANDRITZ-GRUPPE enthalten:

- Sindus Human Technology: Serviceunternehmen für die Zellstoff- und Papier-Industrie;
- Maerz Industrieofenanlagen GmbH: Wärmebehandlungsanlagen und Schmelzöfen;
- Tigép Kft.: Produktion von Schwermaschinen, insbesondere für Wasserkraft-Anlagen;
- Waplans Mekaniska Verkstads AB (restlicher 60%-Anteil): Serviceunternehmen für die Wasserkraft- sowie Zellstoff- und Papier-Industrie;
- Einzelne Vermögenswerte von GE (General Electric Company) Energy: Wasserkraft-Technologie;
- GEHI (Mehrheitsbeteiligung am Joint Venture General Electric Hydro Inepar): Wasserkraft-Technologie;
- Kufferath: Serviceunternehmen für die Zellstoff- und Papier-Industrie.

Die erstmalige Einbeziehung der in 2007 und 2008 erworbenen Unternehmen/Geschäftsfelder erfolgte auf Basis vorläufiger Werte.

Anmerkung: Per 1. Jänner 2009 wurden die folgenden ANDRITZ-Geschäftsbereiche umbenannt:

- Walz- und Bandbehandlungsanlagen: neuer Name METALS
- Wasserkraft: neuer Name HYDRO

Umsatz

Der Umsatz der ANDRITZ-GRUPPE betrug im Jahr 2008 3.609,8 MEUR und erhöhte sich damit um 10,0% gegenüber dem Vorjahr (2007: 3.282,5 MEUR). Insbesondere die Geschäftsbereiche HYDRO sowie METALS verzeichneten im Jahresvergleich deutliche Zuwachsraten. Das organische Wachstum der Gruppe betrug 2008 rund 2,2%.

Auftragseingang und Auftragsstand

Der Auftragseingang der ANDRITZ-GRUPPE betrug im Jahr 2008 3.705,3 MEUR und lag damit nur geringfügig unter dem Rekordwert des Vorjahres (2007: 3.749,5 MEUR). Sehr positiv entwickelten sich die Geschäftsbereiche HYDRO, ENVIRONMENT & PROCESS sowie FEED & BIOFUEL, die im Jahresvergleich Zuwächse beim Auftragseingang erzielten. Der Auftragseingang des Geschäftsbereichs PULP & PAPER war dagegen im Jahresverlauf rückläufig; bedingt durch die globale Wirtschaftskrise kam es v. a. im 4. Quartal 2008 zu einem deutlichen Rückgang des Auftragseingangs.

Der Auftragsstand der ANDRITZ-GRUPPE betrug 4.277,4 MEUR per 31. 12. 2008, was einen Anstieg von 11,3% gegenüber dem Vergleichswert des Vorjahres bedeutet (31. 12. 2007: 3.843,3 MEUR). Während der Auftragsstand des Geschäftsbereichs PULP & PAPER rückläufig war, konnten die Geschäftsbereiche HYDRO und METALS ihre Auftragsstände im Jahresvergleich deutlich erhöhen.

Ergebnis

Das EBITA der ANDRITZ-GRUPPE betrug im Jahr 2008 233,2 MEUR. Gegenüber 2007 (209,7 MEUR) ist dies ein Anstieg um 11,2% und damit eine etwas stärkere Steigerung als beim Umsatz. Damit erhöhte sich die Rentabilität der Gruppe (EBITA-Marge) 2008 auf 6,5% (2007: 6,4%). Im Zuge der globalen Wirtschafts- und Finanzkrise wurden Vorsorgen für Umstrukturierungen und kapazitive Anpassungen gemacht. Bereinigt um diese Maßnahmen hätte die EBITA-Marge für 2008 6,8% betragen. Insbesondere die Geschäftsbereiche HYDRO sowie ENVIRONMENT & PROCESS zeigten eine sehr gute Ergebnis- und Rentabilitätsentwicklung.

Das Finanzergebnis betrug -8,1 MEUR und lag damit unter dem Wert des Vorjahres (2007: -0,1 MEUR). Wesentlicher Grund dafür sind im Zusammenhang mit der globalen Finanzkrise erforderliche Wertberichtigungen von Wertpapierveranlagungen. Die Steuerquote betrug im Berichtsjahr 30,1% (2007: 31,4%).

Das Konzernergebnis nach Abzug von Minderheitsanteilen betrug 139,7 MEUR (2007: 134,5 MEUR).

Vermögens- und Kapitalstruktur

Die Bilanzsumme per 31. Dezember 2008 stieg auf 3.086,3 MEUR an (31. Dezember 2007: 2.509,4 MEUR). Dies ist v. a. auf die erstmalige Einbeziehung der Aktiva und Passiva der im Jahr 2008 erworbenen Firmen sowie die erfolgreiche Platzierung einer Unternehmensanleihe mit einem Volumen von 150 MEUR im Februar 2008 zurückzuführen. Diese Anleihe (Laufzeit: sieben Jahre, jährlicher Fixkupon: 5,25%) ersetzt die Anfang Juni 2008 abgereifte 100-MEUR-Unternehmensanleihe (Laufzeit: sechs Jahre, jährlicher Fixkupon: 6,0%).

Die Eigenkapitalquote per 31. Dezember 2008 betrug 18,7% (31. Dezember 2007: 19,2%).

Die liquiden Mittel per 31. Dezember 2008 betragen 821,8 MEUR; die Netto-Liquidität stieg auf 408,9 MEUR an und lag damit deutlich über dem Wert zum Ende des Vorjahres (31. Dezember 2007: 246,5 MEUR).

Aktien und Aktionärsstruktur – Offenlegung gemäß § 243a UGB

Das Grundkapital der ANDRITZ AG per 31. Dezember 2008 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.

Finanzkennzahlen der ANDRITZ-GRUPPE

MEUR	2008	2007*	+/- (in %)
Umsatz	3,609.8	3,282.5	+ 10,0
Umsatzrendite ¹⁾ (%)	6.1	6.1	-
EBITDA	278.2	250.7	+ 11,0
Ergebnis vor Zinsen und Ertragsteuern (EBIT)	218.5	200.9	+ 8,8
Ergebnis vor Ertragsteuern (EBT)	210.5	200.8	+ 4,8
Konzernergebnis	147.0	137.8	+ 6,7

* angepasst

1) Ergebnis vor Zinsen und Ertragsteuern/Umsatz

Bilanz-Kennzahlen

	2008	2007*
Eigenkapitalquote ²⁾ (%)	18.7	19.2
Eigenkapitalrentabilität ³⁾ (%)	36.5	41.7
Gesamtkapitalrentabilität ⁴⁾ (%)	7.1	8.0
Nettoliiquidität ⁵⁾ (MEUR)	408.9	246.5
Nettoverschuldung ⁶⁾ (MEUR)	-242.9	-94.8
Nettoumlaufvermögen ⁷⁾ (MEUR)	22.7	99.1
Capital employed ⁸⁾ (MEUR)	406.8	405.6
Verschuldungsgrad ⁹⁾ (%)	-42.1	-19.7

*angepasst

2) Summe Eigenkapital/Bilanzsumme; 3) Ergebnis vor Ertragsteuern/Summe Eigenkapital; 4) Ergebnis vor Zinsen und Ertragsteuern/Bilanzsumme; 5) Flüssige Mittel plus Wertpapiere des Umlaufvermögens plus Marktwert des Zinsswaps abzüglich Finanzverbindlichkeiten; 6) Verzinsliches Fremdkapital inklusive Rückstellungen für Abfertigungen, Pensionen und Jubiläumsgelder abzüglich Flüssige Mittel und Wertpapiere des Umlaufvermögens; 7) Langfristige Forderungen plus Kurzfristige Vermögenswerte (exklusive Wertpapiere des Umlaufvermögens und Finanzverbindlichkeiten und Rückstellungen); 8) Nettoumlaufvermögen plus immaterielle Vermögenswerte und Sachanlagen; 9) Nettoverschuldung/Summe Eigenkapital

Risikomanagement

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.

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 2009 beziehen sich v. a. auf die Abhängigkeit der Gruppe von der allgemeinen Entwicklung der globalen Konjunktur und den von ihr bedienten Industrien, den Erhalt von Großaufträgen und die Erzielung der entsprechenden Umsatzerlöse aus dem hohen Auftragsstand. Die anhaltende weltweite Finanzkrise und der starke Konjunkturrückgang in den wichtigsten Wirtschaftsregionen der Welt stellen auch ein ernstes Risiko für die finanzielle Entwicklung der ANDRITZ-GRUPPE im Gesamtjahr 2009 dar. Die weltweite Wirtschaftsschwäche könnte zu Verzögerungen bei der Abwicklung bestehender Aufträge sowie zur Verzögerung oder Einstellung laufender Projekte führen. Die Stornierung bestehender Aufträge könnte auch den Auftragsstand der ANDRITZ-GRUPPE negativ beeinflussen, was sich negativ auf die Kapazitätsauslastung der Fertigungseinheiten der Gruppe auswirken könnte.

Das Zahlungsausfallsrisiko durch den Kunden wird bei einem Großteil der Aufträge durch Bankgarantien und Exportversicherungen reduziert. Das Risiko für Lieferungen in als politisch mittel bis sehr riskant eingestufte Länder wird üblicherweise ebenfalls zu einem großen Teil versichert. Zins- und Wechselkursrisiken werden durch die Verwendung von derivativen Finanzinstrumenten – v. a. Devisentermingeschäften und Swaps – verringert und gesteuert. Bei nicht in Euro getätigten Geschäften (hauptsächlich solchen in US-Dollar, Pfund Sterling und Schwedischen Kronen) wird

die Nettowährungsposition zumeist 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 der 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 Sicherung der Unabhängigkeit erhält keine Bank mehr als ein genau festgelegtes Geschäftsvolumen bei allen wichtigen Produkten (Finanzmittelbestand, Finanzverbindlichkeiten, Finanzanlagevermögen, Garantien und Derivate). Geld wird in risikoarme Finanzanlagen investiert, wie zum Beispiel Staatsanleihen, Geldmarktfonds oder Termin- und Taggelder. Dennoch gibt es keine Garantie dafür, dass die Überwachungs- und Risikokontroll-Systeme effektiv genug sind. Durch die Finanzmarktkrise und deren Auswirkungen erhöht sich zudem das Ausfallrisiko einzelner Emittenten der Wertpapiere bzw. steigt das Kursrisiko. Bisher liquide Veranlagungen sind zeitweise nicht oder nur eingeschränkt handelbar.

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 und extremen Auftragsspitzen 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 sowie Zukauf von Fertigungsleistungen. Damit können Auslastungsspitzen 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 bei qualifizierten Lieferanten beschafft, deren Qualität und Termintreue laufend kontrolliert und überwacht wird.

Im Bereich **Personal** konnte ANDRITZ durch gezielte Maßnahmen in den vergangenen Jahren sein Image als attraktiver Arbeitgeber weiter stärken. Interessante Karrieremöglichkeiten, eine leistungsorientierte Entlohnung und fokussierte Management-Trainingsprogramme sind wesentliche Voraussetzungen, dass ANDRITZ bestens ausgebildete und hoch qualifizierte Mitarbeiter anzieht. Hohe Qualitätsstandards im Auswahlverfahren – mehrere Bewerbungsgespräche mit unterschiedlichen Fach- und Führungskräften – gewährleisten, dass die am besten geeigneten Kandidaten eingestellt werden.

Fluktuationen in Führungspositionen werden durch eine gruppenweite Nachfolgeplanung verhindert. Die Vorbereitung und Auswahl von bestmöglichen internen Kandidaten stellt eine kontinuierliche Nachfolge für globale Schlüsselpositionen sicher.

Auslastungsschwankungen können gruppenweit durch die Zuteilung von Aufträgen auf die einzelnen globalen Standorte sowie lokal durch den Einsatz von Leiharbeitern in ihren Auswirkungen gemildert werden.

Investitionen und Cashflow

Die Investitionen in materielle und immaterielle Vermögensgegenstände betragen 2008 69,7 MEUR (2007: 57,0 MEUR) und betrafen im Wesentlichen Modernisierungen von Gebäuden und Werkstätten.

Der Cashflow aus laufender Geschäftstätigkeit betrug 255,0 MEUR und war damit deutlich höher als im Vorjahr (2007: 33,1 MEUR).

Cashflow-Kennzahlen

MEUR	2008	2007
Cashflow aus laufender Geschäftstätigkeit	255.0	33.1
Investitionen ¹⁾	69.7	57.0
Free Cashflow ²⁾	187.5	-19.6
Free Cashflow je Aktie ³⁾ (EUR)	3.6	-0.4

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

Auswirkungen von Wechselkursänderungen

Wechselkursänderungen werden durch entsprechende Terminkontrakte abgesichert.

Nicht-finanzielle Leistungsindikatoren

Fertigung

Zur Bewältigung und zeitkonformen Abarbeitung des hohen Auftragsstands per Ultimo 2007 wurde im 1. Halbjahr 2008 der Fertigungszukauf – neben der vollen Nutzung der installierten gruppenweiten Fertigungskapazitäten – ausgeweitet. Im Gleichschritt mit der weltweiten Konjunkturschwäche kam es im 2. Halbjahr 2008 zu rückläufigen Auslastungen in einzelnen Produktbereichen, insbesondere im Bereich PULP & PAPER, bzw. zu einer Steigerung des Auftragsstands im Bereich HYDRO. Zur Minimierung des Risikos einer nachhaltigen Unterauslastung der gruppenweiten Fertigungskapazitäten wurde über die letzten Jahre ein optimiertes Zyklizitätsmanagement implementiert, das die Fertigungseinheiten der Gruppe effizient an veränderte Rahmenbedingungen und Auslastungen anpasst. Insbesondere durch die im Geschäftsjahr getätigten Akquisitionen der Wasserkraftaktivitäten von GE Energy konnten die Fertigungskapazitäten für den HYDRO-Bereich erweitert werden.

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

Personalwesen

Die Anzahl der Mitarbeiter der ANDRITZ-GRUPPE betrug Ende des Jahres 2008 13.707, was eine Erhöhung um 14,1% gegenüber 2007 (12.016 Mitarbeiter) bedeutet. Dieser Zuwachs resultierte zum einen aus den getätigten Unternehmens-Akquisitionen sowie zum anderen aus der Aufnahme hochqualifizierter Facharbeiter und Ingenieure in Europa und aus dem verstärkten Aufbau von Personalkapazitäten in den aufstrebenden Märkten, um die lokale Präsenz zu stärken und den Zugang zu kostengünstiger Produktion zu sichern. Im Berichtszeitraum wurde die neue Human Resources-Gruppenfunktion implementiert und damit ein wichtiger Beitrag zur gruppenweiten Koordination und Planung des Personalwesens geleistet. Die neue Funktion ist verantwortlich für eine reibungslose Nachbesetzung von Schlüsselpositionen sowie die Schaffung attraktiver Karriere- und Entwicklungsmöglichkeiten für zukünftige Führungskräfte.

Umweltschutzbelange

Die ANDRITZ AG, Standort Graz, erhielt 2008 erneut die Ökoprofit-Auszeichnung der Stadt Graz für herausragende Leistungen bei Umweltstandards und -maßnahmen. Erstmals wurde ANDRITZ die Auszeichnung in Gold verliehen, weil ANDRITZ neben den erreichten Ergebnissen im Bereich Umweltschutz auch umweltschutzrelevante Maßnahmen gemeinsam mit Behörden und Anrainern erarbeitete. So wurde zum Beispiel ein neues Verkehrskonzept für den Standort Graz in enger Abstimmung mit Behörden und Anrainern erarbeitet und umgesetzt. Damit wurden maßgebliche Verbesserungen bei Schall- und Abgasemissionen erzielt und insgesamt über 20.000 km weniger gefahren sowie 15 Tonnen CO₂ eingespart. Durch zahlreiche Maßnahmen wurden Energieverbrauch und CO₂-Emissionen des Werks deutlich reduziert. Durch Installation eines neuen Gas-Glühofens im Werk Graz – der Ofen wurde von ANDRITZ Maerz geliefert – konnten bereits im ersten halben Jahr seit der Inbetriebnahme rund 45.000 kWh Strom bzw. über neun Tonnen CO₂ eingespart werden. Das entspricht einer Reduzierung des Energieverbrauchs um über 30%. Weitere wesentliche Energie-Einsparungen wurden durch Installation einer bedarfsorientierten Steuerung für Kompressoren, Maßnahmen zur Reduzierung des Kaltlufteintrags bei den Toranlagen und den Einbau neuer Hallenbeleuchtung erzielt. In mehreren Informationsveranstaltungen wurden Mitarbeiter, insbesondere die

Abfallverantwortlichen, zum Thema Abfallwirtschaft und Brandverhütung geschult. Das Abfallaufkommen konnte 2008 gegenüber dem Vorjahr um über 15% reduziert werden.

Forschung und Entwicklung

Im Jahr 2008 investierte die ANDRITZ-GRUPPE rund 51,2 MEUR in Forschung und Entwicklung (2007: 45,4 MEUR). Einschließlich der auftragsbezogenen Entwicklungsarbeiten wurden rund 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:

Ein Teil der Forschungs- und Entwicklungstätigkeiten des **Geschäftsbereichs HYDRO** konzentrierte sich auf die hydraulische Entwicklung bei Niederdruck-Francis-Turbinen. Mithilfe intensiver CFD-Entwicklung (CFD: Computational Fluid Dynamics) und Modellversuchen wurde eine neue Hydraulik für die Anlage Bemposta (Höhe: 63,3 m, Leistung: 193 MW), Portugal, entwickelt.

Im Bereich der Hochdruck-Francis-Turbinen wurde für das Projekt Karcham Wangtoo (Höhe: 300 m, Leistung: 255 MW), Indien, eine neue Hydraulik entwickelt, um eine vollständige Beschichtung der Schaufelkanäle zum Schutz vor Sandabrasion zu ermöglichen. Wegen des hohen Sandgehalts im Wasser dieser Anlage würden unbeschichtete Laufräder aus rostfreiem Stahl innerhalb kürzester Zeit stark abradert werden – mithilfe der neuen Beschichtung kann die Lebensdauer eines Laufrads deutlich erhöht werden.

Ein Schwerpunkt der Generatorenentwicklung war im Berichtsjahr 2008 die Optimierung von Vertikal-Generatoren; für Generatoren mit relativ kleiner Leistung wurde die Entwicklung eines parametrisierten Designsystems begonnen, um die dafür notwendigen Optimierungen durchführen zu können.

Ebenfalls mit dem Ziel der Optimierung wurde für einen spezifischen Generatoren-Typ ein Konzept zur elastischen Ankoppelung der Blechkette am Rotor erstellt, wodurch wesentliche Kosteneinsparungen möglich sind.

Basierend auf einem umfassenden Wertanalyseprojekt für Turbogeneratoren wurde 2008 ein weiterer Prototyp der neuen Serie erfolgreich getestet. Umfassende Echtzeit-Aufzeichnungen von ca. 1.100 Mess-Stellen ermöglichten eine genaue Kalibrierung der Finiten-Elemente- und CFD-Modelle. Die dabei gewonnenen Erkenntnisse konnten für einen weiteren Prototypen dieser neuen Turbogenerator-Serie bereits implementiert werden.

Wie für Axialventilatoren in Hydrogeneratoren wurden auch für Radialventilatoren parametrisierte CFD-Modelle entwickelt, die eine relativ schnelle und zuverlässige Kennlinienberechnung ermöglichen. Umfangreiche CFD-Analysen zur Frischölzufuhr bei Lagern führten zu Effizienzsteigerungen. Ein Design für federunterstützte Lager für große Generatoren erweiterte das Spektrum möglicher Konstruktionen.

Ein wesentlicher Schwerpunkt der Forschungs- und Entwicklungsarbeiten betraf die Automation für Wasserkraftwerke. Nach Optimierungen von 250 SCALA, dem führenden SCADA-System für Steuerwarten, Bedienstationen und Kleinstdisplays, wurde 2008 ein umfangreiches Entwicklungsvorhaben im obersten Leistungsbereich in Angriff genommen. Ziel ist eine umfassende system- und sicherheitstechnische Lösung für zentrale Leitwarten von Kraftwerks-Gruppen und -Kaskaden. Darüber hinaus erfolgt eine hydroenergetische Gesamtoptimierung von Wasserkraftwerks-Kaskaden auf Basis mathematischer Modelle. Diese Automatisierungsentwicklungen sind notwendig geworden, weil durch die Liberalisierung des Energiemarkts und durch Fusionen von Energieerzeugungsunternehmen immer mehr räumlich weit verteilte Wasserkraftwerksparks mit einer Vielzahl einzelner Kraftwerke entstehen.

Ein Schwerpunkt der Forschung und Entwicklung bei Großpumpen lag im Berichtszeitraum in der hydraulischen Weiterentwicklung von bestehenden hydraulischen Designs von Laufrädern und Leitapparaten. Dadurch konnten signifikante Verbesserungen des Wirkungsgrads und Kavitationsverhaltens erzielt

werden. Weiters wurde ein Entwicklungsprojekt für eine Betonspiralpumpe mit hoher spezifischer Drehzahl für große Fördermengen gestartet und erfolgreich abgeschlossen. Im Bereich Kreiselpumpen lag der Entwicklungsschwerpunkt bei der Verbesserung der Wirkungsgrade der bestehenden Produktserien, um die Energiekosten bei den Endverbrauchern weiter senken zu können.

Der **Geschäftsbereich PULP & PAPER** fokussiert seine Forschungs- und Entwicklungstätigkeit sowohl auf Neuanlagen als auch Anlagen, die bereits in Betrieb sind. Schwerpunkte sind die Optimierung des Energie- und Rohmaterial-Einsatzes sowie des Abfall-Managements unter Berücksichtigung der Gesamtanlage, die Verbesserung bestehender Produkte mit Hinblick auf höhere Energieeffizienz und Zuverlässigkeit sowie die Entwicklung neuer Produkte, die auf eine weitere Maximierung der Produktionsleistung bei gleichzeitiger Senkung der Investitions- und Betriebskosten abzielen.

ANDRITZ-Technologien, die den Trend zur Nachhaltigkeit unterstützen, verringern den Verbrauch von Energie, Chemikalien, Wasser und Fasern deutlich. Beispiele dafür sind die Entwicklung neuer Systeme, die sowohl Holz- als auch Plantagen-Fasern noch effizienter verarbeiten, und Technologien, mit denen die Energieeffizienz maximiert wird. Auch die möglichst effektive Nutzung von Biomasse als Energiequelle bildet einen Schwerpunkt der Entwicklungstätigkeit. Für sämtliche Prozesse der Zellstoff- und Papier-Herstellung werden Steuerungssysteme weiterentwickelt und getestet.

Angesichts der weltweiten Bestrebungen zum Schutz der Umwelt und einer noch stärkeren Nutzung erneuerbarer Ressourcen bildet die Weiterentwicklung bestehender Holzplatz-Systeme für Transport, Aufbereitung und effiziente Verarbeitung von Biomasse einen Schwerpunkt der Entwicklungstätigkeit der Division Holzplatztechnik.

Die technologischen Entwicklungsarbeiten der Division Faserlinie konzentrieren sich auf die Senkung der Investitionskosten pro produzierter Tonne Zellstoff. Erreicht wird dies durch Prozess-Vereinfachung, Steigerung der Leistung pro Einheit,

Standardisierung und Modularisierung. Faserlinien mit einer Kapazität von 5.000 Tagedstonnen in einer Linie können bereits angeboten werden. Der Chemikalienbedarf für Kocherei und Bleiche wurde reduziert, wodurch sich die Umweltverträglichkeit dieser Anlagen weiter verbessert hat; ebenso wurde der Frischwasserverbrauch verringert. Prozess-Vereinfachungen und verbesserte Wirkungsgrade der Anlagen wirken sich auch positiv auf den Energieverbrauch aus.

Die Division Chemikalienrückgewinnung konzentriert sich bei der Weiterentwicklung ihrer Technologien auf die Förderung ökologischer Nachhaltigkeit und die Kapazitätssteigerung in Zellstoff-Fabriken. Ein neuer Drehrohrofen mit einer Kapazität von mehr als 1.000 Tagedstonnen wurde in Betrieb gesetzt. Die Kunden stehen dem Einsatz von Zentrifugen zur Entwässerung und Wäsche von Grünlaugen-Rückständen zunehmend positiv gegenüber; dadurch müssen weniger Rückstände deponiert werden. Die neue Lime Flash™-Technologie für Drehrohröfen ermöglicht eine deutliche Steigerung des Durchsatzes bestehender LMD-Drehrohröfen.

Steigende Energiekosten haben für die Division Laugenrückgewinnung zu einem Anstieg der Nachfrage nach modernen, mit Biomasse beheizten Kraftkesseln geführt, die sich für die Verfeuerung von Rinde, Holzabfällen und schnell wachsenden, kleinen Bäumen eignen. Die erste nach der Carbona-Technologie arbeitende Biomasse-Gasifizierungsanlage zur Herstellung von Heizgas läuft erfolgreich in Dänemark; Carbona, ein Tochterunternehmen von ANDRITZ, ist Spezialist für Gasifizierungssysteme. Gasifizierungslösungen zur Produktion von Gas als Ersatzbrennstoff für Öl oder Erdgas in Drehrohröfen sind bereits marktreif. Die Entwicklungsarbeiten an unter Druck arbeitenden Gasifizierungsanlagen zur Erzeugung flüssiger Biokraftstoffe schreiten voran. Weitere Entwicklungsprojekte im Gasifizierungsbereich betreffen die Verbesserung der Dampfparameter in Rückgewinnungskesseln und integrierte Kombi-Gasifizierungsanlagen zur Erzielung eines besseren elektrischen Wirkungsgrads. Mit Rückgewinnungskesseln des Typs HERB (HERB: High Energy Recovery Boiler) können Zellstoff-Fabriken die Stromproduktion aus Schwarzlauge maximieren. Mit zunehmender Kreislaufschließung in den Zellstoff-Fabriken zur Reduzierung von Emissionen und

Steigerung der Stromproduktion gewinnt die Chlorid-Abscheidung an Bedeutung. Das von ANDRITZ PULP & PAPER entwickelte Chlorid-Abscheideverfahren stellt eine kostengünstige Alternative zum Flugasche-Rekristallisationsverfahren dar. Beim Eindampfprozess konzentrieren sich die technologischen Entwicklungsarbeiten weiterhin auf hocheffiziente Anlagen, die wenig oder gar kein Abwasser produzieren. Mit diesen umweltfreundlichen Eindampfern und zugehörigen Technologien werden Energieverbrauch und Rohstoffverluste reduziert.

Hauptziel der Division Zellstoff-Trocknungssysteme ist die Erhöhung der Produktionskapazität einer einzelnen Trocknungslinie auf 600 Tagedestonnen pro Meter Arbeitsbreite, um die steigenden Anforderungen der Zellstoff-Fabriken – es wird eine Jahresproduktion von 1,5 Millionen Tonnen oder mehr in einer Linie angestrebt – auch zukünftig abdecken zu können. Dies erfordert neue Formations- und Press-Konzepte, verbesserten Wärmeübergang im Schwebebahntrockner und Betriebsgeschwindigkeiten von mehr als 300 m/min bei Querschneider und Formatableger. Bei den Verpackungslinien liegt der Schwerpunkt auf der Steigerung der Produktionsleistung und Verfügbarkeit.

Ein neues Produkt der Tissue-Gruppe der Division Papier-Maschinen ist der Kreppzylinder aus geschweißtem Stahl (PrimeDry Steel), der höhere Leistung sowie bessere Betriebssicherheit als konventionelle Zylinder aus Guss-Eisen bietet. Die Produktgruppe Lufttechnik befasst sich insbesondere mit der Entwicklung energieeffizienter Ausrüstungen. Mit der neuen Wärmerückgewinnungsstufe für die Abluft aus Yankee-Trockenhauben (ReEvaporation) wird Kondensat in einem Wärmetauscher unter Verwendung von Abluft verdampft. So können bis zu 25% Primärdampf eingespart werden.

Die Forschungs- und Entwicklungstätigkeit der Division Faserstoffaufbereitung konzentrierte sich auf die Optimierung der neuen Systeme zur Niedrigkonsistenz-Auflösung in der Altpapier-Aufbereitung. Damit wird ein wichtiger Beitrag zur Steigerung der Systemleistung und Verringerung des Energieverbrauchs geleistet.

Die Entwicklungstätigkeit der Division Refiner-Systeme betrifft „neue“ Faserarten wie Eukalyptus, Akazie, Birke, Ahorn und auch Einjahrespflanzen (Bagasse, Schilf, Kenaf) zur Erzeugung von Holzstoff. Dadurch wird eine nachhaltige Entwicklung in Ländern mit verschiedenen Holzarten oder geringen Holzbeständen gefördert. Die Entwicklungsarbeiten zur weiteren Reduzierung der Abwässer aus Anlagen zur Erzeugung mechanischer Faserstoffe und Faserplatten werden fortgesetzt. Ziel ist die Entwicklung von abwasserarmen Anlagen und Systemen zur Chemikalienrückgewinnung, um die Belastung des Abwassers so weit wie möglich zu reduzieren. Die Minimierung des Energieverbrauchs bleibt weiterhin der Schwerpunkt der Entwicklungstätigkeit für die MDF-Plattenerzeugung. Zusätzlich laufen Forschungsarbeiten zum Einsatz von Einjahrespflanzen anstelle von Holzhackschnitzeln und Holzabfällen zur Produktion hochwertiger Fasern.

Zentrales Thema der Entwicklungsarbeiten in der Division Papier-Veredelung waren Schuhwalzen für Anwendungen in der Zellstoff-, Papier- und Tissue-Produktion. Eine speziell für die Tissue-Erzeugung neu entwickelte Schuhwalze, die kleinste und schnellste auf dem Markt, wurde erfolgreich eingebaut und in Betrieb gesetzt. Die für die Kalender-Technologie durchgeführte Wertanalyse wurde abgeschlossen. Durch Modulbauweise wurden Kosten und Lieferzeit reduziert. Die Funktionalität hat sich gegenüber konventionellen Maschinen nicht verändert. Die neu entwickelte PrimeFeeder-Technologie sorgt für stabilere Bahneinführung und verkürzt nach einem Bahnabriss die Zeit bis zur Wiederherstellung der vollen Produktionsleistung.

Im Bereich Automation wurde ein neuer optischer Sensor (SpectraVision™) zur kontinuierlichen Messung der Fasereigenschaften eingeführt. Dieser Sensor ist wesentlich wartungsärmer und braucht nicht so häufig nachgeeicht zu werden wie andere vergleichbare Produkte. Für alle Prozessbereiche der Zellstoff- und Papier-Erzeugung wurden Advanced Process Control-Systeme für einen voll automatisierten Anlagenbetrieb entwickelt. Die Systeme basieren auf dem BrainWave®-Regler und dem Know-how der ANDRITZ-Technologen, das in der ACE™-Softwareplattform (ACE: Advanced Control Expert) gebündelt ist. Der IDEAS-Simulator für Schulungen wurde durch die neue Instructor™-Software ergänzt. Damit wird der Lern-Fortschritt

des Bedienpersonals überwacht und ein Zertifizierungsverfahren für die Teilnehmer geschaffen.

Die Forschungs- und Entwicklungstätigkeit des **Geschäftsbereichs METALS** konzentrierte sich im Berichtsjahr auf neue Beschichtungstechnologien unter Anwendung elektrogalvanischer Verfahren und des CVD-Verfahrens (CVD: Chemical Vapor Deposition). Beide Prozesse konnten im Pilotmaßstab erfolgreich demonstriert werden.

Im Bereich Glüh- und Beiz-Linien für Edelstahlband wurde erstmalig ein neuer, patentierter Prozess realisiert, bei dem die überschüssige Wärme der Abgase des Glühofens in der katalytischen Entstickung (DeNOx) der Mischsäurebeize verwendet wird. Die beiden wesentlichen Vorteile des Prozesses sind eine drastische Reduzierung des Energieverbrauchs für den DeNOx-Prozess und die Reduzierung des Gehalts an Stickoxid im Abgas des Glühofens.

Bei der Verarbeitung von verzinktem Stahl in der Automobil-Industrie fallen jährlich weltweit mehr als 25 Millionen Tonnen Schrott an. Der Geschäftsbereich entwickelte ein Verfahren, welches das Zink aus dem Schrott zurückgewinnt. Der zinkfreie Schrott ist ein hochwertiges Produkt für die Gießerei-Industrie. Mit diesem Verfahren werden Rohstoffe eingespart und damit die Umwelt entlastet.

Für kontinuierliche Bandbehandlungsanlagen mit Inline-Walzgerüsten wurde ein Hochdruck-Vakuum-Bandreinigungssystem entwickelt, das sich im Vergleich zum konventionellen Design durch eine sehr kompakte und kostengünstige Bauweise auszeichnet. Weiters ist dieses System durch die Vermeidung von Chemikalien sehr umweltfreundlich.

In der Division Separation Technologies des **Geschäftsbereichs ENVIRONMENT & PROCESS** wurden die Programme zur Verbesserung der Leistung und/oder Reduzierung der Herstellungskosten von Zentrifugen intensiv weiter bearbeitet; zahlreiche neue Produkte mit verbessertem Preis-Leistungs-Verhältnis wurden erfolgreich am Markt eingeführt. Dadurch ist es ANDRITZ gelungen, auch in stark

umkämpften Märkten die Marktanteile zu steigern. Großversuche zur Steigerung des Durchsatzes und Trockengehalts bei Zentrifugen zeigten vielversprechende Ergebnisse. Erfolgreiche Anwendungsversuche erweitern kontinuierlich den Einsatzbereich von ANDRITZ-Zentrifugen im Lebensmittelbereich. Für den Einsatz in der Bergbau-Industrie wurde eine schnell öffnende Filterpresse entwickelt und zum Patent angemeldet; nach erfolgreichen Dauerversuchen konnten bereits zwei Anlagen an Kunden in Südamerika und Europa verkauft werden.

Die Division Thermische Verfahren setzte die Entwicklungsarbeiten für ein zuverlässiges und umweltfreundliches System zur Reduktion von Geruchs- und TOC-Werten (TOC: Total Organic Carbon) von Schlamm-trocknungsanlagen fort. Tests ausgewählter Technologien im Pilotmaßstab sind für Anfang 2009 geplant, um praktische Erkenntnisse über die Effizienz dieser Verfahren zu erhalten. Die 2007 begonnenen Entwicklungsarbeiten im Bereich Biomasse-Trocknung haben sehr rasch zum Erfolg geführt. Die neue Bandtrockner-Generation für Biomasse wurde im Berichtsjahr bereits in zwei Aufträgen umgesetzt. Ein weiteres Entwicklungsprogramm konzentriert sich auf die Wertsteigerung von Biomasse-Brennstoffen durch thermische Vorbehandlung (Torrefikation). Durch diese Behandlung soll die Biomasse höhere Energiedichte erhalten und unempfindlich gegen Feuchte gemacht werden. Die durch Torrefikation gewonnenen Pellets sind ein idealer Zusatzbrennstoff für Kraftwerke mit Kohlestaubfeuerungen. Die österreichische Forschungsförderungsgesellschaft (FFG) hat für dieses Projekt Fördermittel genehmigt, die nun innerhalb eines Konsortiums, dem ANDRITZ angehört, für Forschung, Entwicklung und Pilotversuche eingesetzt werden. Die ANDRITZ-Entwicklungsschwerpunkte der Division Thermische Verfahren liegen dabei in der Biomassetrocknung, jene des Geschäftsbereichs FEED & BIOFUEL in der Mahlung und Pelletierung der torrefizierten Biomassefraktion nach dem Reaktor. Um der Nachfrage nach noch energieeffizienteren Trocknungssystemen nachzukommen, wurde eine Trocknungsanlage konzipiert, die aufgrund der energetischen Kopplung zweier ANDRITZ-Trocknungstechnologien einen besonders niedrigen thermischen Energieverbrauch aufweist. Die DoubleDry-Technologie besteht aus einem Fließbett-Trockner und einem Bandtrockner, die parallel mit Schlamm beschickt werden und Trockengranulat produzieren. Der große

energetische Vorteil besteht in der Nutzung der Restwärme aus dem Fließbett-Trockner für die Bandrocknung, d. h. die eingesetzte Primärenergie wird durch zweistufige Ausnutzung des Wärmeinhalts maximal umgesetzt.

Der **Geschäftsbereich FEED & BIOFUEL** hat für seine Anlagen eine neue Generation von Prozess-Steuerungen entwickelt, die zusätzlich zur Automatisierung auch die Rückverfolgbarkeit von Prozessen und Rohmaterialbestandteilen ermöglicht.

Für die Haustierfutter- und Fischfutter-Industrie wurde eine Lösung zur Kapazitätssteigerung mittelgroßer Extruder von 6 auf 10 t/h entwickelt und erfolgreich auf dem Markt eingeführt.

Der Geschäftsbereich FEED & BIOFUEL beteiligt sich, ebenso wie der Geschäftsbereich ENVIRONMENT & PROCESS, an dem Entwicklungsprogramm zur Wertsteigerung von Biomasse-Brennstoffen durch thermische Vorbehandlung (Torrefikation).

Ausblick

Die globale Finanzkrise hat zu einer spürbaren Verlangsamung der Weltwirtschaft geführt und betrifft sämtliche Bereiche und Branchen der Realwirtschaft. Angesichts der jüngsten Entwicklungen und der veröffentlichten Wirtschaftsdaten wird diese Wirtschaftskrise nach Meinung der Wirtschaftsexperten bis weit in das Jahr 2009 oder sogar noch ins Jahr 2010 anhalten.

Im Geschäftsbereich **HYDRO** wird für 2009 trotz der schwierigen gesamtwirtschaftlichen Rahmenbedingungen eine unverändert gute Entwicklung der Projektstätigkeit erwartet. Viele Regierungen bzw. staatsnahe Organisationen setzen Investitionsprogramme im Bereich Infrastruktur und Energiewirtschaft um, um den Auswirkungen der globalen Wirtschaftsschwäche entgegenzuwirken. Die Investitionstätigkeit in Europa und Nordamerika wird sich weiter auf Modernisierung, Rehabilitation und Kapazitätssteigerung bestehender Anlagen konzentrieren. Durch das hohe durchschnittliche Alter der in diesen Regionen installierten Basis besteht

hoher Bedarf an Ersatzinvestitionen. Die Projektstätigkeit 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. Die wesentlichen Gründe dafür sind das rasche Wirtschaftswachstum dieser Regionen und die zunehmende Nutzung erneuerbarer Energiequellen, um die steigende Nachfrage nach Strom abzudecken und das Weltklima zu schützen.

Im Geschäftsbereich **PULP & PAPER** wird für 2009 mit einer Fortsetzung der geringen Projektaktivität gerechnet, vor allem wegen der deutlich gesunkenen Zellstoff-Preise, Kapazitätsreduktionen in Zellstoff- und Papier-Fabriken in den USA und in Europa sowie aufgrund der Auswirkungen der internationalen Finanzkrise, die teilweise die Finanzierung von Projekten erschwert. Die Anzahl angekündigter Projekte für den Bau neuer Zellstoff-Fabriken – meist basierend auf bereits bestehenden Plantagen – und die Modernisierung bestehender Fabriken ist zwar solide, dennoch sind wegen der Finanz- und Wirtschaftskrise Verzögerungen sowohl bei der Auftragsvergabe als auch bei der Abwicklung von zuletzt vergebenen Aufträgen zu erwarten. Damit ist es möglich, dass der Auftragseingang des Geschäftsbereichs im Jahr 2009 unter das Niveau des Jahres 2008 sinken wird.

Im Geschäftsbereich **METALS** wird 2009 sowohl für Kohlenstoffstahl- als auch für Edelstahl-Ausrüstungen mit einer im Vergleich zum außerordentlich hohen Niveau der Vorjahre niedrigeren Investitionstätigkeit gerechnet. Vor allem in China ist mit einem deutlichen Investitionsrückgang zu rechnen.

Im Geschäftsbereich **ENVIRONMENT & PROCESS** sollte sich die Projektstätigkeit bei Schlammentwässerungsanlagen trotz des schwierigen wirtschaftlichen Umfelds zufriedenstellend entwickeln. Auch bei industriellen Anwendungen – etwa in den Bereichen Petrochemie, Lebensmittel und Landwirtschaft – wird eine solide Investitionstätigkeit erwartet. Im Gegensatz dazu wird die Projektaktivität bei

Schlamm-trocknungsanlagen für Kommunen weiterhin auf einem niedrigen Niveau verharren.

Im Geschäftsbereich **FEED & BIOFUEL** sollte sich der Bereich Tierfutter weiter zufriedenstellend entwickeln; gute Projektaktivität wird in Osteuropa, Russland sowie Zentral- und Südamerika erwartet. Auch in den Bereichen Fisch- und Haustierfüttererzeugung ist mit einer soliden Entwicklung der Projektaktivität zu rechnen. Die Investitionstätigkeit bei Holzpelletieranlagen sollte ebenso auf einem zufriedenstellenden Niveau bleiben.

Aufgrund des gegenwärtigen schwierigen wirtschaftlichen Umfelds und der anhaltenden Unsicherheit, wie lange diese Finanz- und Wirtschaftskrise noch andauern wird, ist eine zuverlässige Prognose hinsichtlich der Auswirkungen auf das Geschäft der **ANDRITZ-GRUPPE** – vor allem in Bezug auf die Entwicklung des Auftragseingangs – sehr schwer möglich. Der Geschäftsbereich HYDRO sollte – wie auch die beiden anderen ANDRITZ-Geschäftsbereiche ENVIRONMENT & PROCESS sowie FEED & BIOFUEL – von der allgemeinen Wirtschaftslage vermutlich weniger betroffen sein und damit die negativen Auswirkungen von wahrscheinlichen Rückgängen beim Auftragseingang in den Bereichen PULP & PAPER sowie METALS doch mildern helfen.

Auf Basis dieser Rahmenbedingungen sowie der erwarteten Entwicklung der Projektaktivität in den einzelnen Geschäftsbereichen erwartet die ANDRITZ-GRUPPE für das Geschäftsjahr 2009 aus heutiger Sicht einen Rückgang des Umsatzes von ca. 15% sowie eine Verringerung des Konzernergebnisses im Vergleich zu 2008. Sollte sich die globale Finanz- und Wirtschaftskrise 2009 weiter verschärfen bzw. auch im Jahr 2010 weiter andauern, so sind mit großer Wahrscheinlichkeit weitere Umstrukturierungsaufwendungen notwendig, die die Ergebnisentwicklung 2009 beeinflussen werden.

Wichtige Ereignisse nach dem 31. Dezember 2008

Die globale Wirtschafts- und Finanzkrise hat in der Zeit zwischen dem Bilanzstichtag und der Veröffentlichung dieses Berichts unverändert angedauert. Dieses negative makroökonomische Umfeld könnte sich zukünftig möglicherweise negativ auf die Geschäftsentwicklung der ANDRITZ-GRUPPE auswirken.

Disclaimer:

Bestimmte Aussagen in diesem Bericht 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.

BILANZ zum 31. Dezember 2008

(Beträge in EUR)

AKTIVA

	31.12.2007 TEUR
A. Anlagevermögen	
I. Immaterielle Vermögensgegenstände	
1. Software, Lizenzen und andere Rechte	1.209.592,58
2. Firmenwert	56.314.804,82
	57.524.397,40
II. Sachanlagen	
1. Grundstücke und Bauten	14.285.185,75
2. technische Anlagen und Maschinen	429.810,30
3. andere Anlagen, Betriebs- und Geschäftsausstattung	210.230,87
4. geleistete Anzahlungen und Anlagen im Bau	1.895.981,66
	16.821.208,58
III. Finanzanlagen	
1. Anteile an verbundenen Unternehmen	736.216.552,55
2. Beteiligungen	102.991,00
3. Wertpapiere des Anlagevermögens	1.196.160,00
4. sonstige Ausleihungen	11.136.000,00
	748.651.703,55
B. Umlaufvermögen	822.997.309,53
I. Vorräte	
1. Roh-, Hilfs- und Betriebsstoffe	2.619.338,06
2. fertige Erzeugnisse und Waren	18.701.236,85
3. noch nicht abrechenbare Leistungen mit erhaltenen Anzahlungen verrechnet	737.383.996,35 (575.183.289,79)
4. geleistete Anzahlungen mit erhaltenen Anzahlungen verrechnet	162.200.706,59 9.523 (4.170)
	5.752.100,90
II. Forderungen und sonstige Vermögensgegenstände	189.273.382,40
1. Forderungen aus Lieferungen und Leistungen	24.229.939,18
2. Forderungen gegenüber verbundenen Unternehmen	52.453.553,51
3. sonstige Forderungen und Vermögensgegenstände	46.935.152,21
	123.618.644,90
III. Wertpapiere und Anteile	
1. eigene Anteile	14.514.815,84
2. sonstige Wertpapiere und Anteile	99.240.672,06
	113.755.487,90
IV. Kassenbestand, Guthaben bei Kreditinstituten	471.803.884,17
	1.509.068,92
C. Rechnungsabgrenzungsposten	417
	1.296.310.262,62

	31.12.2007 TEUR
PASSIVA	
A. Eigenkapital	
I. Grundkapital	104.000.000,00
II. gebundene Kapitalrücklagen	39.631.373,23
III. gesetzliche Gewinnrücklage	5.339
IV. Rücklage für eigene Anteile	14.514.815,84
V. Bilanzgewinn	144.980.739,99
davon Gewinnvortrag 66.623.609,71 (Vorjahr TEUR 105.642)	
	308.465.555,83
B. Rückstellungen	
1. Rückstellungen für Abfertigungen	36.526.541,00
2. Rückstellungen für Pensionen	6.105.968,37
3. Steuerrückstellungen	4.894
4. sonstige Rückstellungen	7.694.505,08
	137.383.920,89
	187.710.935,34
C. Verbindlichkeiten	
1. Anleihen	350.000.000,00
2. Verbindlichkeiten gegenüber Kreditinstituten	11.339.200,00
3. erhaltene Anzahlungen auf Bestellungen mit Vorräten verrechneter Anteil	772.109.313,82 (578.503.021,25)
4. Verbindlichkeiten aus Lieferungen und Leistungen	183.606.292,57
5. Verbindlichkeiten gegenüber verbundenen Unternehmen	35.828.833,26
6. sonstige Verbindlichkeiten	190.708.992,40
davon aus Steuern 327.567,69 (Vorjahr TEUR 174)	16.711.595,22
davon im Rahmen der sozialen Sicherheit 2.173.597,68 (Vorjahr TEUR 2.185)	
	798.194.913,45
D. Rechnungsabgrenzungsposten	1.938.858,00
	2.370
	1.296.310.262,62
	1.296.310.262,62
Eventualverbindlichkeiten	701,417

**GEWINN- UND VERLUSTRECHNUNG für das Geschäftsjahr
vom 1. Jänner bis zum 31. Dezember 2008**

(Beträge in EUR)

		2007 TEUR
1. Umsatzerlöse	765,602,539.63	455,231
2. Bestandsveränderungen		
a) Veränderung des Bestands an fertigen Erzeugnissen sowie an noch nicht abrechenbaren Leistungen	(44,348,012.01)	188,504
b) Veränderungen der Auftragsrückstellungen	<u>(46,692,048.55)</u>	1,685
	(91,040,060.56)	<u>190,189</u>
3. andere aktivierte Eigenleistungen	186,244.11	206
4. sonstige betriebliche Erträge		
a) Erträge aus dem Abgang vom Anlagevermögen mit Ausnahme der Finanzanlagen	45,000.00	--
b) übrige	<u>36,446,026.86</u>	17,629
	36,491,026.86	<u>17,629</u>
5. Aufwendungen für Material und sonstige bezogene Herstellungsleistungen		
a) Materialaufwand	(366,728,633.82)	(389,152)
b) Aufwendungen für bezogene Leistungen	<u>(34,014,626.19)</u>	(30,228)
	(400,743,260.01)	<u>(419,380)</u>
6. Personalaufwand		
a) Löhne	(21,113,620.55)	(20,314)
b) Gehälter	(87,438,572.71)	(73,085)
c) Aufwendungen für Abfertigungen und Leistungen an betriebliche Mitarbeiter-Vorsorgekassen	(2,473,730.79)	(5,615)
d) Aufwendungen für Altersversorgung	(2,696,088.70)	(1,972)
e) Aufwendungen für gesetzlich vorgeschriebene Sozialabgaben sowie vom Entgelt abhängige Abgaben und Pflichtbeiträge	(23,351,472.24)	(21,483)
f) sonstige Sozialaufwendungen	<u>(265,612.88)</u>	(252)
	(137,339,097.87)	<u>(122,721)</u>
7. Abschreibungen auf immaterielle Gegenstände des Anlagevermögens und Sachanlagen	(14,623,288.53)	(14,624)
8. sonstige betriebliche Aufwendungen		
a) Steuern, soweit sie nicht unter Z 18 fallen	(758,522.32)	(271)
b) übrige	<u>(128,549,791.76)</u>	(124,626)
	(129,308,314.08)	<u>(124,897)</u>
9. Zwischensumme aus Z 1 bis 8 (Betriebserfolg)	29,225,789.55	(18,367)
10. Erträge aus Beteiligungen	74,886,733.38	51,442
davon aus verbundenen Unternehmen 74.886.685,69 (Vorjahr TEUR 51.442)		
11. Erträge aus anderen Wertpapieren und Ausleihungen des Finanzanlagevermögens	115,700.00	1,758
12. sonstige Zinsen und ähnliche Erträge	11,258,352.42	9,140
davon aus verbundenen Unternehmen 1.337.338,49 (Vorjahr TEUR 1.010)		
13. Erträge aus dem Abgang von und der Zuschreibung zu Finanzanlagen und Wertpapieren des Umlaufvermögens	52,105.47	10,208
14. Aufwendungen aus Finanzanlagen und aus Wertpapieren des Umlaufvermögens	(23,617,863.42)	(4,011)
davon aus Abschreibungen -23.617.863,42 (Vorjahr TEUR -3.846)		
davon Aufwendungen aus verbundenen Unternehmen -11.481.179,15 (Vorjahr TEUR -3.656)		
15. Zinsen und ähnliche Aufwendungen	(25,660,599.80)	(18,911)
davon betreffend verbundene Unternehmen -672.901,14 (Vorjahr TEUR -259)		
16. Zwischensumme aus Z 10 bis 15 (Finanzerfolg)	37,034,428.05	49,626
17. Ergebnis der gewöhnlichen Geschäftstätigkeit	66,260,217.60	31,259
18. Steuern vom Einkommen und vom Ertrag	(1,446,129.71)	596
davon Weiterbelastung vom Gruppenträger 14.748.789,13 (Vorjahr TEUR 578)		
19. Jahresüberschuss	64,814,087.89	31,855
20. Auflösung Rücklage für eigene Anteile	13,543,042.39	--
21. Zuweisung Rücklage für eigene Anteile	--	(19,787)
22. Gewinnvortrag aus dem Vorjahr	<u>66,623,609.71</u>	105,642
23. Bilanzgewinn	144,980,739.99	117,710

Jahresabschluss zum 31. Dezember 2008

ANHANG

I. Bilanzierungs- und Bewertungsmethoden

Der Jahresabschluss zum 31. Dezember 2008 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 Firmenwertes 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 1.1.2008	Zugänge	Umbuchung	Abgänge	Stand am 31.12.2008
I. Immaterielle Vermögensgegenstände					
1. Software, Lizenzen und andere Rechte	0,00	1.211.116,75	0,00	0,00	1.211.116,75
2. Firmenwert	168.193.550,34	0,00	0,00	0,00	168.193.550,34
	168.193.550,34	1.211.116,75	0,00	0,00	169.404.667,09
II. Sachanlagen					
1. Grundstücke und Bauten	42.028.044,84	297.928,15	1.028.250,00	0,00	43.354.222,99
2. technische Anlagen und Maschinen	0,00	431.294,11	0,00	0,00	431.294,11
3. andere Anlagen, Betriebs- und Geschäftsausstattung*)	0,00	2.660.373,27	0,00	2.446.548,36	213.824,91
4. geleistete Anzahlungen und Anlagen in Bau	1.051.643,00	1.885.447,66	-1.028.250,00	12.859,00	1.895.981,66
	43.079.687,84	5.275.043,19	0,00	2.459.407,36	45.895.323,67
III. Finanzanlagen					
1. Anteile an verbundenen Unternehmen	680.015.255,65	86.673.240,62	0,00	0,00	766.688.496,27
2. Beteiligungen	150.129,37	2.975,00	0,00	50.113,37	102.991,00
3. Wertpapiere des Anlagevermögens	1.584.190,00	0,00	0,00	0,00	1.584.190,00
4. Sonstige Ausleihungen	12.000.000,00	0,00	0,00	864.000,00	11.136.000,00
	693.749.575,02	86.676.215,62	0,00	914.113,37	779.511.677,27
Summe	905.022.813,20	93.162.375,56	0,00	3.373.520,73	994.811.668,03

*) Im Zugang und Abgang sind geringwertige Wirtschaftsgüter in Höhe von 2.446.548,36 EUR enthalten.

Entwicklung der kumulierten Abschreibungen

(Beträge in EUR)

	Stand am 1.1.2008	Jahres- abschreibung	Abgänge	Stand am 31.12.2008
I. Immaterielle Vermögensgegenstände				
1. Software, Lizenzen und andere Rechte	0,00	1.524,17	0,00	1.524,17
2. Firmenwert	100.615.784,56	11.262.960,96	0,00	111.878.745,52
	100.615.784,56	11.264.485,13	0,00	111.880.269,69
II. Sachanlagen				
1. Grundstücke und Bauten	28.161.860,05	907.177,19	0,00	29.069.037,24
2. technische Anlagen und Maschinen	0,00	1.483,81	0,00	1.483,81
3. andere Anlagen, Betriebs- und Geschäftsausstattung*)	0,00	2.450.142,40	2.446.548,36	3.594,04
	28.161.860,05	3.358.803,40	2.446.548,36	29.074.115,09
III. Finanzanlagen				
1. Anteile an verbundenen Unternehmen	18.990.764,57	11.481.179,15	0,00	30.471.943,72
2. Beteiligungen	50.113,30	0,00	50.113,30	0,00
3. Wertpapiere des Anlagevermögens	174.430,00	213.600,00	0,00	388.030,00
4. Sonstige Ausleihungen	0,00	0,00	0,00	0,00
	19.215.307,87	11.694.779,15	50.113,30	30.859.973,72
Summe	147.992.952,48	26.318.067,68	2.496.661,66	171.814.358,50

*) In der Jahresabschreibung und in den Abgängen sind geringwertige Wirtschaftsgüter in Höhe von 2.446.548,36 EUR enthalten.

Buchwerte zum 31.12.2008

(Beträge in EUR)

	Anschaffungs- werte	kumulierte Abschreibungen	Buchwerte
I. Immaterielle Vermögensgegenstände			
1. Software, Lizenzen und andere Rechte	1.211.116,75	1.524,17	1.209.592,58
2. Firmenwert	168.193.550,34	111.878.745,52	56.314.804,82
	169.404.667,09	111.880.269,69	57.524.397,40
II. Sachanlagen			
1. Grundstücke und Bauten	43.354.222,99	29.069.037,24	14.285.185,75
2. technische Anlagen und Maschinen	431.294,11	1.483,81	429.810,30
3. andere Anlagen, Betriebs- und Geschäfts- ausstattung	213.824,91	3.594,04	210.230,87
4. geleistete Anzahlungen und Anlagen in Bau	1.895.981,66	0,00	1.895.981,66
	45.895.323,67	29.074.115,09	16.821.208,58
III. Finanzanlagen			
1. Anteile an verbundenen Unternehmen	766.688.496,27	30.471.943,72	736.216.552,55
2. Beteiligungen	102.991,00	0,00	102.991,00
3. Wertpapiere des Anlagevermögens	1.584.190,00	388.030,00	1.196.160,00
4. Sonstige Ausleihungen	11.136.000,00	0,00	11.136.000,00
	779.511.677,27	30.859.973,72	748.651.703,55
Summe	994.811.668,03	171.814.358,50	822.997.309,53

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 1.517.506 EUR (Vorjahr: 1.517.506 EUR).

Finanzanlagen

Die Zugänge unter den Anteilen an verbundenen Unternehmen betreffen in 2008 getätigte Akquisitionen sowie Kapitalmaßnahmen bei bestehenden Tochtergesellschaften.

In den sonstigen Ausleihungen haben 576.000 EUR (Vorjahr: 1.440.000 EUR) eine Restlaufzeit von kürzer als einem Jahr.

Die aus steuerrechtlichen Gründen unterlassene Zuschreibung bei den Wertpapieren des Anlagevermögens beträgt 0 EUR (Vorjahr: 125.080 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	24.204 (24.908)	26 (2)	24.230 (24.910)
Forderungen gegenüber verbundenen Unternehmen	52.454 (27.746)	0 (0)	52.454 (27.746)
sonstige Forderungen und Vermögensgegenstände	18.516 (14.079)	28.419 (28.419)	46.935 (42.498)
	95.174 (66.733)	28.445 (28.421)	123.619 (95.154)

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 9.390.365 EUR (Vorjahr: 7.638.126 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 Bank Austria Creditanstalt 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 Aufsichtsrates Aktienrückkauf- und -wiederverkaufsprogramme beschlossen, welche den Erwerb von bis zu 5.200.000 Stückaktien im Zeitraum vom 1. April 2007 bis 30. September 2008 bzw. vom 1. Oktober 2008 bis 31. März 2011 ermöglichen. Zum 31. Dezember 2008 befinden sich 799.274 Stückaktien in Besitz der Andritz AG, dies entspricht einem Anteil am Grundkapital in Höhe von 1,54 % bzw. 1.598.548 EUR. Es ist vorgesehen, diese Aktien für die Bedienung der Optionen im Rahmen des Aktienbeteiligungsprogrammes für Führungskräfte zu verwenden.

in 2008 erworbene Stückaktien:

Datum des Erwerbs	Anzahl der erworbenen Stückaktien	Anteil am Grundkapital in %	Anteil am Grundkapital in EUR	Gewichteter Durchschnittspreis je Aktie	Wert der rückgekauften Aktien
03.Jän.08	4.524	0,01%	9.048,00	38,48	174.098,00
04.Jän.08	20.000	0,04%	40.000,00	37,02	740.484,00
07.Jän.08	1.461	0,00%	2.922,00	34,62	50.579,82
18.Sep.08	15.000	0,03%	30.000,00	31,53	472.999,50
29.Sep.08	5.016	0,01%	10.032,00	29,68	148.849,80
30.Sep.08	8.727	0,02%	17.454,00	29,33	255.921,89
01.Okt.08	8.106	0,02%	16.212,00	29,78	241.380,47
02.Okt.08	15.938	0,03%	31.876,00	27,92	444.979,40
07.Okt.08	33.000	0,06%	66.000,00	23,10	762.313,20
08.Okt.08	22.000	0,04%	44.000,00	20,57	452.449,80
09.Okt.08	6.000	0,01%	12.000,00	20,85	125.110,20
10.Okt.08	30.000	0,06%	60.000,00	18,84	565.233,00
16.Okt.08	2.012	0,00%	4.024,00	18,52	37.268,88
17.Okt.08	25.000	0,05%	50.000,00	17,09	427.360,00
20.Okt.08	15.000	0,03%	30.000,00	17,26	258.889,50
19.Nov.08	8.000	0,02%	16.000,00	17,08	136.663,20
21.Nov.08	6.862	0,01%	13.724,00	17,00	116.654,00
25.Nov.08	15.000	0,03%	30.000,00	16,14	242.160,00
SUMME	241.646	0,46%	483.292,00	23,40	5.653.394,66

In 2008 wurden von berechtigten Führungskräften insgesamt Optionen zum Erwerb von 15.000 Stückaktien zu einem Preis von 9,38 EUR je Aktie und 304.000 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 638.000 EUR, der Anteil am Grundkapital beträgt 0,61 %. Die aus den Verkäufen erzielten Erlöse wurden zur kurzfristigen Liquiditätssteuerung verwendet.

Weiters wurden im Rahmen einer Mitarbeiterbeteiligungsaktion 10.874 Stückaktien an Mitarbeiter der Andritz AG abgegeben.

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 2008 beträgt 14.514.816 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 31.12.2008 nach versicherungsmathematischen Grundsätzen unter Verwendung eines Zinssatzes von 5,5 % (Vorjahr: 4,5 %) sowie eines Gehaltstrends von 3,75 % (Vorjahr: 3,0 %) (IAS 19) berechnet. Für die Berechnung wurden die AVÖ2008 – Angestellte Pagler & Pagler zugrunde gelegt. Aufgrund der geänderten Prozentsätze sowie durch die Anwendung der neuen Sterbetafeln wurden aperiodische Erträge in Höhe von 2.401.253 erzielt. Die Korridormethode wurde nicht angewendet. Das rechnermäßige Pensionsalter entspricht wie im Vorjahr dem frühest möglichen Anfallsalter für die vorzeitige Alterspension gemäß der im Budgetbegleitgesetz 2003 verankerten Pensionsreform. Für die in 1999 an eine Pensionskasse übertragenen Pensionsansprüche wurde ein Gutachten nach den gleichen Grundsätzen erstellt. Zum 31. Dezember 2008 lag das Deckungskapital der Pensionsversicherung unter dem Niveau der entsprechenden Pensionsverpflichtungen, für die erforderlichen Nachschüsse wurden Rückstellungen gebildet.

sonstige Rückstellungen

	31.12.2008
	<u>in MEUR</u>
Auftragsbezogene Vorsorgen für	
- fehlende Selbstkosten	22,0
- Gewährleistungen und Mehrkosten	28,3
Personalaufwendungen	42,3

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 16,6 MEUR (Vorjahr: 15,0 MEUR) angesetzt.

Die Rückstellung für Jubiläumsgelder wurde nach versicherungsmathematischen Grundsätzen (IAS 19) berechnet. Aufgrund der geänderten %-Sätze sowie durch die Anwendung der neuen Sterbetafeln wurden aperiodische Aufwendungen i. H. von 673.351 EUR erzielt.

Da der Börsenkurs zum 31.12.2008 unter den jeweiligen Bezugspreisen der noch laufenden Aktienoptionsprogramme liegt, wurde per 31.12.2008 keine Rückstellung für zu erwartende Aufwendungen aus diesen Programmen gebildet. Im Vorjahr wurden unter dieser Position 0,3 MEUR ausgewiesen.

Für im Geschäftsjahr beschlossene Restrukturierungen wurden Rückstellungen in Höhe von 3,0 MEUR gebildet.

Verbindlichkeiten

(Beträge in TEUR)

	Restlaufzeit bis 1 Jahr (Vorjahr)	Restlaufzeit 1 bis 5 Jahre (Vorjahr)	Restlaufzeit > als 5 Jahre (Vorjahr)	Bilanz- wert (Vorjahr)	davon Hypothekar- schulden (Vorjahr)
Anleihen	0 (100.000)	200.000 (0)	150.000 (200.000)	350.000 (300.000)	0 (0)
Verbindlichkeiten gegenüber Kreditinstituten	10.752 (239)	588 (979)	0 (0)	11.339 (1.218)	0 (0)
erhaltene Anzahlungen auf Bestellungen	135.207 (148.536)	58.399 (36.772)	0 (0)	193.606 (185.308)	0 (0)
Verbindlichkeiten aus Lieferungen und Leistungen	35.236 (57.229)	593 (1.427)	0 (0)	35.829 (58.656)	0 (0)
Verbindlichkeiten gegenüber verbundenen Unternehmen	170.005 (162.552)	20.704 (12.993)	0 (0)	190.709 (175.545)	0 (0)
sonstige Verbindlichkeiten	15.626 (14.592)	958 (1.176)	128 (55)	16.712 (15.823)	151 (183)
	366.826 (483.148)	281.242 (53.347)	150.128 (200.055)	798.195 (736.550)	151 (183)

Die am 4. Juni 2002 von der Gesellschaft begebene Anleihe in Höhe von 100 MEUR mit einer Laufzeit von 6 Jahren und einer Verzinsung von 6 % p.a. wurde fristgerecht getilgt. 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 17.794.554 EUR (Vorjahr: 10.526.894 EUR) aus Lieferungen und Leistungen und 144.900.381 EUR (Vorjahr: 161.970.332 EUR) aus erhaltenen Anzahlungen enthalten.

In den sonstigen Verbindlichkeiten sind Aufwendungen in Höhe von 6.737.692 EUR (Vorjahr: 5.131.092 EUR) enthalten, welche erst nach dem Abschlussstichtag zahlungswirksam werden.

Eventualverbindlichkeiten

In den Eventualverbindlichkeiten sind Haftungen für verbundene Unternehmen in Höhe von 1.268.063 TEUR (Vorjahr: 580.146 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 30,0 MEUR, davon für 2009 7,0 MEUR und betreffen zur Gänze verbundene Unternehmen.

sonstige finanzielle Verpflichtungen

Zum 31. Dezember 2008 bestand ein Bestellobligo für Investitionsgüter in Höhe von 3,5 MEUR.

III. Erläuterungen zur Gewinn- und Verlustrechnung

Umsatzerlöse

(Beträge in TEUR)

	Inland	Export	2008 Gesamt	2007 Gesamt
Papier und Zellstoff	6.467	425.634	432.101	181.258
Walz- und Bandbehandlungsanlagen	2.254	157.854	160.108	130.104
Hydraulische Maschinen	6.374	45.374	51.748	65.744
Umwelt- und Prozesstechnologien	1.029	92.666	93.695	53.106
Sonstige	7.047	21.176	28.223	25.174
Nebenerlöse, Skonti	0	(272)	(272)	(155)
	<u>23.171</u>	<u>742.432</u>	<u>765.603</u>	<u>455.231</u>

Umsatzerlöse nach Märkten

	in TEUR	
	2008	2007
Inland	23.171	37.769
Europäische Union	200.378	144.677
Übriges Europa	19.787	89.858
Nordamerika	9.455	16.530
Asien	292.928	133.696
Übrige Welt	219.884	32.701
	<u>765.603</u>	<u>455.231</u>

Der Exportanteil bei den Umsatzerlösen beträgt 97%.

übrige sonstige betriebliche Erträge

In den übrigen sonstigen betrieblichen Erträgen sind neben diversen Mieterlösen (1.169 TEUR) und Erträgen aus Wechselkursdifferenzen (14.701 TEUR) insbesondere Verrechnungen an Tochtergesellschaften (17.196 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 1.990 TEUR enthalten. Der restliche Betrag von 483 TEUR betrifft Leistungen an betriebliche Mitarbeitervorsorgekassen.

übrige betriebliche Aufwendungen

Die übrigen betrieblichen Aufwendungen setzen sich im Wesentlichen aus auftragsbezogenen Kosten (37.091 TEUR), Wechselkursdifferenzen (15.225 TEUR) sowie aus Beratungs- (4.098 TEUR), Reise- (18.319 TEUR), Instandhaltungs- (5.114 TEUR) und sonstigen allgemeinen Verwaltungskosten zusammen.

Finanzergebnis

Die Erträge aus Beteiligungen von 74.887 TEUR (Vorjahr: 51.442 TEUR) stammen aus Gewinnausschüttungen von Tochterunternehmen.

Steuern vom Einkommen und vom Ertrag

Die Steuern vom Einkommen und vom Ertrag betreffen insbesondere Ertragssteuern der Geschäftsjahre 2007 und 2008 sowie ausländische Quellensteuern. Seitens der Andritz AG als Gruppenträger erfolgten im Geschäftsjahr Weiterbelastungen an Gruppenmitglieder in Höhe von 14.966 TEUR.

	2008 TEUR	2007 TEUR
Körperschaftsteuer		
2008	15.110	0
Vorjahre	0	(506)
Weiterbelastungen an Gruppenmitglieder		
2008	(14.966)	0
Vorjahre	218	(578)
ausländische Quellensteuer	1.084	487
	<u>1.446</u>	<u>(597)</u>

Die gemäß § 198 Abs. 10 UGB aktivierbare Steuerabgrenzung hätte zum 31. Dezember 2008 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					
Staatlich autorisierte Versuchsanstalt für Strömungsmaschinen	Graz / Austria	100%			ᶶ
ANDRITZ Technology and Asset Management GmbH	Graz / Austria	100%		11.772	147.681
ANDRITZ Finance GmbH	Vienna / Austria		100%	6.660	147.141
European Mill Service GmbH	Graz / Austria	50%			ᶶ
ANDRITZ Power & Water GmbH	Vienna / Austria	100%		-1.558	11.220
ANDRITZ HYDRO GmbH	Vienna / Austria	100%		39.411	194.475
ANDRITZ HYDRO S.A.S.	Grenoble / France		100%	1.400	3.974
VA TECH HYDRO India Pvt. Ltd.	Bhopal / India		100%	4.183	7.815
ANDRITZ Deutschland Beteiligungs GmbH	Krefeld / Germany	49%	51%	3.603	199.612
ANDRITZ GmbH	Hemer / Germany	6,25%	93,75%	13.449	56.787
ANDRITZ Kaiser GmbH	Bretten-Gölshausen / Germany		100%	-53	1.818
Sundwig GmbH	Hemer / Germany		75%	13.922	52.044
ANDRITZ Fiedler GmbH	Regensburg / Germany		100%	4.065	9.043
ANDRITZ Fiedler Holding S. A. R. L.	Scorbé Clairvaux / France		100%	503	1.309
ANDRITZ S. A. S. Pulp and Paper Service Division	Châtellerault / France		100%	554	1.615
ANDRITZ Separation GmbH	Cologne / Germany		100%	5.378	9.705
ANDRITZ - Jochman s. r. o.	Spišská Nová Ves / Slovakia		90%		ᶶ
ANDRITZ Fließbettsysteme GmbH	Ravensburg / Germany		100%	3.396	9.777
Lenser Verwaltungs GmbH	Senden / Germany		100%	3	266
ANDRITZ S.R.L.	Cisnadie / Romania		100%		ᶶ
Lenser Filtration GmbH	Senden / Germany		100%	-247	11.682
Lenser Asia Sdn. Bhd.	Selangor / Malaysia		100%	537	1.748
ANDRITZ HYDRO GmbH	Ravensburg / Germany		100%	7.210	30.680
VA TECH ESCHER WYSS Flovel Private Ltd.	Faridabad / India		100%	1.162	3.604
ANDRITZ Küsters GmbH	Krefeld / Germany		100%	-4.153	25.387
ANDRITZ Kufferath GmbH	Düren / Germany		100%	-119	7.908
AKRE Real Estate GmbH	Düren / Germany		100%	2	3.027
ANDRITZ MAERZ GmbH	Düsseldorf / Germany		100%	7.111	14.650
ANDRITZ HYDRO S.L.	Madrid / Spain		100%	1.047	5.062
ANDRITZ HYDRO S.r.l.	Vicenza / Italy		100%	2.788	7.394
ANDRITZ HYDRO Aosta S.r.l.	Aosta / Italy		100%		ᶶ
ANDRITZ HYDRO AG	Kriens / Switzerland		100%	-2.035	1.968
ANDRITZ HYDRO S.A. de CV.	Morelia / Mexico		100%	110	79
VA TECH HYDRO AS	Jevnaker / Norway		100%	1.949	4.536
ANDRITZ HYDRO Brasil Ltda.	São Paulo / Brazil		100%	1.027	-1.464
VA Tech HYDRO Beijing, Ltd.	Beijing / China		100%	1.126	4.213
ANDRITZ HYDRO Ltd. Sirketi	Ankara / Turkey		100%		ᶶ
PT. VA TECH Indonesia	Jakarta / Indonesia		51%	1.078	1.484
ANDRITZ HYDRO S.A.	Lima / Peru		100%		ᶶ
ANDRITZ HYDRO (Pty) Ltd.	Randburg / South Africa		100%		ᶶ
VA TECH Colombia Limitada	Bogota / Columbia		100%		ᶶ
ANDRITZ HYDRO s.r.o.	Prague / Czech Republic		100%		ᶶ
VA TECH India Pvt. Ltd.	Faridabad / India		100%		ᶶ
ANDRITZ HYDRO C.A.	Caracas / Venezuela		100%		ᶶ
ANDRITZ HYDRO Inc.	Makati City / Philippines		100%		ᶶ
HGI Holdings Limited	Limassol / Cyprus	100%			ᶶ
ANDRITZ BMB AG	Bülach / Switzerland	100%		-7.489	-5.917
ANDRITZ Separation (India) Private Ltd.	Chennai / India	100%		5	527
ANDRITZ spol. s. r. o.	Hradec Kralove / Czech Republic	100%			ᶶ
ANDRITZ Denmark A/S	Esbjerg / Denmark	100%		1.568	10.010
ANDRITZ Sprout A/S	Esbjerg / Denmark		100%		ᶶ
ANDRITZ Sprout do Brasil Ltda.	Porto Alegre / Brazil		100%		ᶶ
ANDRITZ Sprout s. r. o.	Humenné / Slovakia		100%		ᶶ
ANDRITZ Chile Ltda.	Santiago de Chile / Chile	100%		-361	1.990
ANDRITZ (USA) Inc.	Roswell / Georgia (USA)	100%		4.572	78.442
ANDRITZ Inc.	Roswell / Georgia (USA)		100%		ᶶ
ANDRITZ Finance Inc.	Tualatin/Oregon (USA)		100%		ᶶ
Delta Holding Corporation	Tualatin / Oregon (USA)		100%		ᶶ
ANDRITZ Separation Inc.	Arlington / Texas (USA)		100%		ᶶ
ANDRITZ Filter Press Inc.	Arlington / Texas (USA)		100%		ᶶ
ANDRITZ Automation Inc.	Decatur / Georgia (USA)		100%		ᶶ
CyberMetrics Inc.	Alpharetta / Georgia (USA)		100%		ᶶ
Lenser Filtration Inc.	Lakewood / New Jersey (USA)		100%		ᶶ
ANDRITZ HYDRO Corporation	Charlotte / North Carolina (USA)		100%		ᶶ

Verbundene Unternehmen	Sitz	Beteiligungsquote		in TEUR	
		direkt	indirekt	Jahresüberschuss	Eigenkapital
ANDRITZ S. A. S.	Velizy / France	100%		6.466	20.541
ANDRITZ Selas S. A. S.	Gennevilliers / France		100%	1.491	3.577
ANDRITZ Sprout S. A. S.	Saint Martin Le Beau / France		100%	54	-224
Lenser Filtration S. A. R. L.	Haguenau / France		100%	-1	108
Jaybee Engineering (Holdings) Pty. Ltd.	Dandenong / Victoria (Australia)	100%		1.506	6.489 **)
ANDRITZ Pty. Ltd.	Dandenong / Victoria (Australia)		100%		
ANDRITZ Ingenieria S.A.	Madrid / Spain	100%		738	1.555
ANDRITZ Brasil Ltda.	Curitiba / Brazil	100%		5.805	46.308
ANDRITZ Separation Industria e Comércio de Equipamentos de Filtração Ltda.	Pomerode / Brazil		100%	2.390	7.625
Sindus Manutencao e Sistemas Industriais Ltda.	Porto Alegre / Brazil		50%	919	1.563
Sindus ANDRITZ Uruguay S.A.	Rio Negro / Uruguay		50%		
ANDRITZ HYDRO Brasil Participações Ltda.	Curitiba / Brazil		100%	0	24.104
ANDRITZ HYDRO Inepar do Brasil S.A.	Campinas - São Paulo / Brazil		50%	6.762	34.032
ANDRITZ HYDRO Inepar Finland Oy	Tampere / Finland		50%	1.205	2.759
ANDRITZ HYDRO Inepar Sweden AB	Kristinehamn / Sweden		50%	25	751
ANDRITZ Participações Ltda.	Vinhedo / Brazil	100%		0	7.852
ANDRITZ Pilaó Equipamentos Ltda.	São Paulo / Brazil		100%	-7.066	-3.466
ANDRITZ Oy	Helsinki / Finland	100%		24.452	91.772
Savonlinna Works Oy	Savonlinna / Finland		100%	-2.045	2.967
Warkaus Works Oy	Varkaus / Finland		50%		
Enmas ANDRITZ Private Ltd.	Chennai / India		40%		
Carbona Oy	Helsinki / Finland		80%		
ANDRITZ HYDRO Canada Inc.	Stoney Creek / Canada	100%		-843	23.951 **)
ANDRITZ HYDRO Canada Ltd./Ltée.	Pointe Claire / Canada		100%		
ANDRITZ HYDRO Installations Inc.	Lachine / Canada		100%		
ANDRITZ Ltd./Ltée.	Lachine / Canada		100%		
ANDRITZ Paper Machinery Ltd.	Lachine / Canada		100%		
ANDRITZ Automation Ltd.	Richmond / Canada		100%		
IDEAS Simulation & Control Ltd.	Richmond / Canada		100%		
ANDRITZ AB	Örnsköldsvik / Sweden	100%		5.394	13.207
ANDRITZ Lynson AB	Vallentuna / Sweden		100%	-1.102	129
ANDRITZ Waplans AB	Näliden / Sweden		100%	260	1.880
ANDRITZ Ltd.	Staffordshire / Great Britain	100%		-10	3.190
ANDRITZ Selas UK Ltd.	Derbyshire / Great Britain		100%	2	356
ANDRITZ-Kerflo Foshan Pump Co. Ltd.	Foshan / China	60%		1.609	8.908
ANDRITZ Technologies Ltd.	Foshan / China	100%		5.880	33.737
ANDRITZ - Wolfensberger Special Alloy Foundry Co., Ltd.	Foshan / China	65%		-2.363	-501
ANDRITZ Technologies H.K. Ltd.	Hong Kong / China	100%			*)
Kufferath Forming Technology China (Zhejiang) Co., Ltd.	Zhejiang / China	100%			
Thermtec Holding B.V.	Rotterdam / Netherlands	100%		3.657	5.118 **)
Thermtec B.V.	Rotterdam / Netherlands		100%		
ANDRITZ Technologies Private Ltd.	Bangalore / India	100%		28	542
ANDRITZ Sprout Limited	Hull / Great Britain	100%		217	1.643
ANDRITZ Sprout B. V.	Geldrop / Netherlands	100%		3.132	14.949
ANDRITZ B. V.	Den Helder / Netherlands		100%	271	1.221
ANDRITZ 3SYS AG	Wohlen / Switzerland	100%		-596	-2.983
ANDRITZ Singapore Pte. Ltd.	Singapore / Singapore	100%		1.602	3.759
ANDRITZ (Thailand) Limited	Bangkok / Thailand	100%		0	117
ANDRITZ Uruguay S. A.	Rio Negro / Uruguay	100%		306	467
ANDRITZ Industrias S. A.	Rio Negro / Uruguay	100%			*)
ANDRITZ Pulp Technologies Punta Pereira S.A.	Montevideo / Uruguay	100%			*)
ANDRITZ KK	Tokyo / Japan	100%		221	6.095
ANDRITZ (Pty) Ltd.	Umhlanga / South Africa	100%		371	664
PT ANDRITZ	Jakarta / Indonesia	100%			*)
ANDRITZ Australia Pty. Ltd.	Melbourne / Victoria (Australia)	100%			*)
LLC ANDRITZ	St. Petersburg / Russia	100%		147	-38
OOO ANDRITZ Metals	Moscow / Russia	100%			*)
Kufferath Slovakia s.r.o.	Levice / Slovakia	100%		245	6.395
ANDRITZ Kft.	Tiszakécske / Hungary	100%		2.307	19.205
Sonstige Unternehmen					
ASH DEC Umwelt AG	Vienna / Austria	2,87%			
CEST Kompetenzzentrum für elektrochemische Oberflächentechnologie GmbH	Wiener Neustadt / Austria	2,38%			
Warkaus Works Oy	Varkaus / Finland		50%		
Enmas ANDRITZ Private Ltd.	Chennai / India		40%		
The Hydro Equipment Association Limited	London / Great Britain		33,3%		
ANDRITZ R&M Service S.R.L.	Bucharest / Romania		25%		
Motter Printing Equipment Ltd.	Kriens / Switzerland		19,6%		
Orissa Power Consortium Ltd.	Hyderabad / India		19%		
Birecik Baraj ve Hidroelektrik	Birecik / Turkey		3,7%		
Venture Capital Zentralschweiz AG	Luzern / Switzerland		1,3%		
DC Hidro Enerji Üretim A.Ş.	Istanbul / Turkey		1%		
Eriç Enerji Üretim ve Ticaret A.Ş.	Istanbul / Turkey		1%		
Kalehan Enerji Üretim ve Ticaret A.Ş.	Ankara / Turkey		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 Geschäftsjahres zu leisten, der Gruppenträger kann jedoch entsprechende Vorauszahlungen vorschreiben. Der Vertrag wurde auf unbestimmte Dauer geschlossen und unterliegt österreichischem Recht.

Beschäftigte

Im Jahresdurchschnitt wurden 1.507 Mitarbeiter (ohne Lehrlinge), davon 440 Arbeiter und 1.067 Angestellte, beschäftigt.

Aufwendungen für Abfertigungen und Pensionen

	TEUR
für Vorstandsmitglieder und leitende Angestellte	2.981
für andere	<u>2.189</u>
	<u>5.170</u>

Aktienbeteiligungsprogramm für Führungskräfte

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

Optionsprogramm 1:

Die 97. ordentliche Hauptversammlung vom 30. März 2004 hat ein Aktienoptionsprogramm für leitende Angestellte und Mitglieder des Vorstandes beschlossen.

Die Anzahl der je berechtigter Führungskraft gewährten Optionen beträgt je nach Verantwortungsbereich 6.000, 10.000 oder 20.000, für Mitglieder des Vorstandes 40.000 und für den Vorsitzenden des Vorstandes 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 1.5.2004 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 Vorstandes.

Der Ausübungspreis für die Aktienoptionen ist der ungewichtete Durchschnitt der Börsenschlusskurse der Andritz-Aktie während der vier auf die 97. ordentliche Hauptversammlung vom 30. März 2004 folgenden Kalenderwochen und beträgt 9,38 EUR.

Die Optionen können in der Zeit vom 1. Mai 2006 bis 30. April 2008 (= Ausübungszeitraum) ausgeübt werden und nur dann, wenn

- der ungewichtete Schlusskurs der Andritz-Aktie im Durchschnitt von zwanzig aufeinanderfolgenden Handelstagen im Zeitraum von 1. Mai 2006 bis 30. April 2007 mindestens 15 % über dem Ausübungspreis liegt und
- der Gewinn je Aktie (bezogen auf die Gesamtzahl der gelisteten Aktien) des Geschäftsjahres 2005 oder der Gewinn je Aktie des Geschäftsjahres 2006 (bezogen auf die Gesamtzahl der gelisteten Aktien) mindestens 15 % über dem Gewinn je Aktie (bezogen auf die Gesamtzahl der gelisteten Aktien) des Geschäftsjahres 2003 liegt

oder wenn

- der ungewichtete Schlusskurs der Andritz-Aktie im Durchschnitt von zwanzig aufeinanderfolgenden Handelstagen im Zeitraum 1. Mai 2007 bis 30. April 2008 mindestens 20 % über dem Ausübungspreis liegt und
- der Gewinn je Aktie (bezogen auf die Gesamtzahl der gelisteten Aktien) des Geschäftsjahres 2006 oder der Gewinn je Aktie (bezogen auf die Gesamtzahl der gelisteten Aktien) des Geschäftsjahres 2007 mindestens 20 % über dem Gewinn je Aktie (bezogen auf die Gesamtzahl der gelisteten Aktien) des Geschäftsjahres 2003 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. Die Ausübungsbedingungen bezüglich Kursanstieg und Gewinn je Aktie wurden in 2006 erfüllt, sodass die Aktienoptionen entsprechend den übrigen Bedingungen des Programms gezogen werden können.

Optionsprogramm 2:

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

Die Anzahl der je berechtigter Führungskraft gewährten Optionen beträgt je nach Verantwortungsbereich 6.000, 10.000 oder 20.000, für Mitglieder des Vorstandes 40.000 und für den Vorsitzenden des Vorstandes 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 Vorstandes.

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 Geschäftsjahres 2007 oder der Gewinn je Aktie des Geschäftsjahres 2008 (bezogen auf die Gesamtzahl der gelisteten Aktien) mindestens 15 % über dem Gewinn je Aktie (bezogen auf die Gesamtzahl der gelisteten Aktien) des Geschäftsjahres 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 Geschäftsjahres 2008 oder der Gewinn je Aktie (bezogen auf die Gesamtzahl der gelisteten Aktien) des Geschäftsjahres 2009 mindestens 20 % über dem Gewinn je Aktie (bezogen auf die Gesamtzahl der gelisteten Aktien) des Geschäftsjahres 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 Behaltefrist.

Optionsprogramm 3:

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

Die Anzahl der je berechtigter Führungskraft gewährten Optionen beträgt je nach Verantwortungsbereich 6.000, 10.000 oder 20.000, für Mitglieder des Vorstandes 40.000 und für den Vorsitzenden des Vorstandes 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 Vorstandes.

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 Geschäftsjahres 2009 oder der Gewinn je Aktie des Geschäftsjahres 2010 (bezogen auf die Gesamtzahl der gelisteten Aktien) mindestens 15 % über dem Gewinn je Aktie (bezogen auf die Gesamtzahl der gelisteten Aktien) des Geschäftsjahres 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 Geschäftsjahres 2010 oder der Gewinn je Aktie (bezogen auf die Gesamtzahl der gelisteten Aktien) des Geschäftsjahres 2011 mindestens 20 % über dem Gewinn je Aktie (bezogen auf die Gesamtzahl der gelisteten Aktien) des Geschäftsjahres 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		Optionsprogramm 3
	in 2008 ausgenützte Optionen	in 2008 ausgenützte Optionen	in 2009 ausnützbare Optionen per 31.12.2008	in 2008 eingräumte Optionen
Vorstand				
Wolfgang Leitner	0	0	50.000	50.000
Franz Hofmann	0	0	40.000	40.000
Karl Hornhofer	0	10.000	10.000	40.000
Humbert Köfler	0	10.000	10.000	40.000
Friedrich Papst	0	0	40.000	40.000
Leitende Angestellte	15.000	284.000	428.000	890.000
GESAMT	15.000	304.000	578.000	1.100.000
Ausübungspreis je Aktie in EUR	9,38	31,67	31,67	35,44
Wert Optionen gesamt in EUR	bei Ausübung 402.490	bei Ausübung 3.531.073	31.12.2008 0	31.12.2008 0

Derivative Finanzinstrumente

Zum Bilanzstichtag bestanden folgende Devisentermingeschäfte (in TEUR):

	Umfang	Zeitwert
US-Dollar:	25.093	-944
Pfund Sterling:	913	-156
Singapore Dollar:	2.396	579
Andere Währungen	1.394	109
Summe	29.796	-412

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

Die beizulegenden Zeitwerte für die Zinssicherung der Anleihen in Form von Zinsswaps betragen zum 31.12.2008 19.023 TEUR (Vorjahr: -7.737 TEUR) und repräsentieren die Marktwerte zum Bilanzstichtag.

Weiters bestehen zum 31.12.2008 drei Zinsswaps zu Beteiligungsfinanzierungen (Umfang: 22.810 TEUR). Die beizulegenden Zeitwerte für die Zinssicherungen betragen zum 31.12.2008 420 TEUR (Vorjahr: -543 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.

Vorstand und Aufsichtsrat

Die Vorstandsvergütungen betragen:

	in TEUR	
	2008	2007
Kurzfristige Leistungen	8.374	9.383
Leistungen nach Beendigung des Arbeitsverhältnisses	1.581	1.903
Aktienbasierte Vergütungen	812	642
	<u>10.767</u>	<u>11.928</u>

Der Gegenwert der aktienbasierten Vergütungen wurde nach IFRS ermittelt.

Von verbundenen Unternehmen wurden keine Bezüge ausbezahlt. An ehemalige Vorstandsmitglieder und deren Hinterbliebene wurden 328.388 EUR ausbezahlt.

Die Mitglieder des Aufsichtsrats erhielten Vergütungen von 125.000 EUR.

Aufsichtsrat:

Gewählte Mitglieder:

Kurt Stiassny

Vorsitzender

Hellwig Torggler

Stellvertreter des Vorsitzenden

Peter Mitterbauer

Christian Nowotny

Fritz Oberlerchner

Klaus Ritter

Delegierte Mitglieder:

Andreas Martiner
Martha Unger
Brigitta Wasserbauer

Vorstand:

Wolfgang Leitner
Vorsitzender
Franz Hofmann
Karl Hornhofer
Humbert Köfler
Friedrich Papst

Graz, am 26. Februar 2009

Der Vorstand

Wolfgang Leitner Franz Hofmann Karl Hornhofer Humbert Köfler Friedrich Papst

Bestätigungsvermerk

Wir haben den Jahresabschluss der **ANDRITZ AG, Graz**, für das Geschäftsjahr vom 1. Jänner 2008 bis 31. Dezember 2008 unter Einbeziehung der Buchführung geprüft. Die Buchführung, die Aufstellung und der Inhalt dieses Jahresabschlusses sowie des Lageberichtes in Übereinstimmung mit den österreichischen unternehmensrechtlichen Vorschriften liegen in der Verantwortung der gesetzlichen Vertreter der Gesellschaft. Unsere Verantwortung besteht in der Abgabe eines Prüfungsurteils zu diesem Jahresabschluss auf der Grundlage unserer Prüfung und einer Aussage, ob der Lagebericht in Einklang mit dem Jahresabschluss steht.

Wir haben unsere Prüfung unter Beachtung der in Österreich geltenden gesetzlichen Vorschriften und Grundsätze ordnungsgemäßer Abschlussprüfung durchgeführt. Diese Grundsätze erfordern die Prüfung so zu planen und durchzuführen, dass ein hinreichend sicheres Urteil darüber abgegeben werden kann, ob der Jahresabschluss frei von wesentlichen Fehldarstellungen ist und eine Aussage getroffen werden kann, ob der Lagebericht mit dem Jahresabschluss in Einklang steht. Bei der Festlegung der Prüfungshandlungen werden die Kenntnisse über die Geschäftstätigkeit und über das wirtschaftliche und rechtliche Umfeld des Unternehmens sowie die Erwartungen über mögliche Fehler berücksichtigt.

Im Rahmen der Prüfung werden die Nachweise für Beträge und sonstige Angaben in der Buchführung und im Jahresabschluss überwiegend auf Basis von Stichproben beurteilt. Die Prüfung umfasst ferner die Beurteilung der angewandten Rechnungslegungsgrundsätze und der von den gesetzlichen Vertretern vorgenommenen wesentlichen Schätzungen sowie eine Würdigung der Gesamtaussage des Jahresabschlusses. Wir sind der Auffassung, dass unsere Prüfung eine hinreichend sichere Grundlage für unser Prüfungsurteil darstellt.

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 2008 sowie der Ertragslage des Unternehmens für das Geschäftsjahr vom 1. Jänner 2008 bis 31. Dezember 2008 in Übereinstimmung mit den österreichischen Grundsätzen ordnungsmäßiger Buchführung. Der Lagebericht steht in Einklang mit dem Jahresabschluss.

Wien, am 26. Februar 2009

AUDITOR TREUHAND GMBH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Manfred Geritzer e.h. Mag. Michael Schober e.h.
Wirtschaftsprüfer