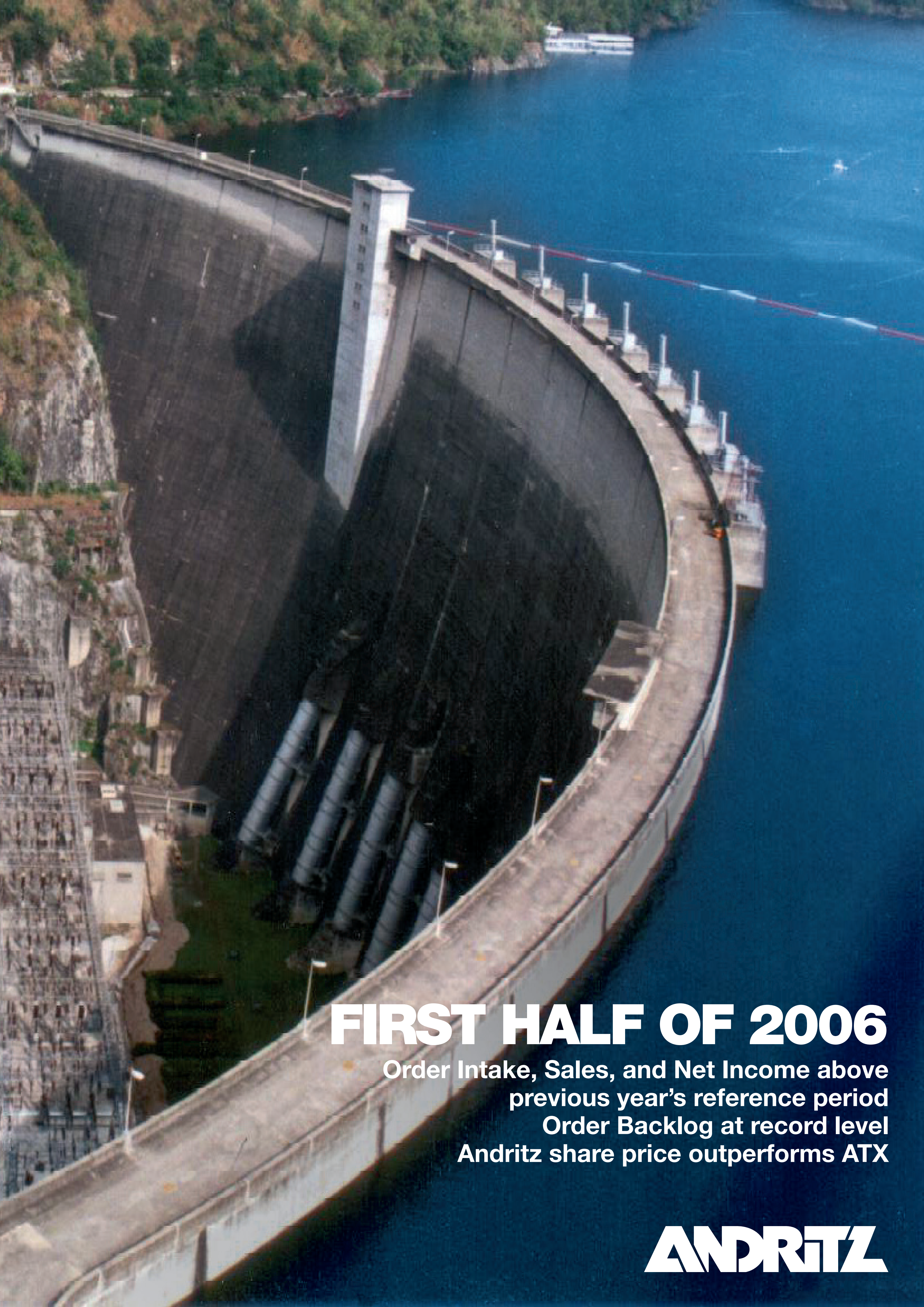


FIRST HALF OF 2006

Order Intake, Sales, and Net Income above previous year's reference period
Order Backlog at record level
Andritz share price outperforms ATX

ANDRITZ

FIRST HALF OF 2006

General Economic Conditions

During the First Half of 2006, the economy in the U.S. showed solid growth with consumer spending and capital investments by major industries continuing to expand. However, economic data released by the Federal Reserve Board (FED) in June 2006 indicated that economic growth may slow down in the coming months and inflation may be on the rise. The latter is mainly driven by high energy prices, putting pressure on core inflation rates. In order to dampen any inflationary development, the FED increased key interest rates to 5.25% in June 2006, the highest level since 2001.

In Europe, economic activities remained at a stable, but, compared to the U.S., at a rather slow level. Restrictive consumer spending as well as unchanged structural problems were the main burdening factors during the reporting period.

Economic growth in Asia, particularly in China, remained very robust during the reporting period.

Sources: OECD, WIFO, RZB, BA-CA

Business Development during the First Half of 2006

Increase in Sales

During the First Half of 2006, Sales of the Andritz Group were 967.5 MEUR, an increase of 24.4% compared to the reference period of last year (H1 2005: 777.5 MEUR). Each Business Area – in particular, the Rolling Mills and Strip Processing Lines and Environment and Process Business Areas – was able to increase its Sales compared to the First Half of last year. Sales in the Second Quarter of 2006 amounted to 515.9 MEUR, increasing by 18.6% compared to Q2 2005 (435.1 MEUR).

First-time consolidated companies added approximately 31.6 MEUR to Group Sales in the First Half of 2006.

Group Order Intake continues upward trend

Group Order Intake for the First Half of 2006 amounted to 1,277.1 MEUR. This was an increase of 43.4% compared to the First Half of 2005 (890.3 MEUR). In particular, the Pulp and Paper (+86.1% vs. H1 2005) and the Feed and Biofuel Business Areas (+38.0% vs. H1 2005) were able to increase Order Intake significantly compared to the reference period of last year. Order Intake of the Rolling Mills and Strip Processing Lines Business Area for the First Half of 2006 was slightly down, by 5.3% compared to the very high level of the First Half of 2005, resulting from a very strong Order Intake in the Second Quarter of 2005.

Group Order Intake in the Second Quarter of 2006 was 529.5 MEUR, an increase of 6.5% compared to the Second Quarter of 2005 (497.1 MEUR). In particular the Pulp and Paper, Environment and Process, and Feed and Biofuel Business Areas achieved significant increases in Order Intake.

The combined Order Intake of the first-time consolidated companies amounted to 39.9 MEUR during the First Half of 2006.

Order Backlog as of 30.6.2006 reached a record level of 2,059.1 MEUR, increasing 2.6% compared to 31.3.2006 (2,007.1 MEUR). This provides a solid visibility for the Group's Sales development in the coming Quarters.

Earnings up

In step with higher Sales, Earnings before Interest and Taxes (EBIT) in the First Half of 2006 increased by 27.7%, to 57.7 MEUR (H1 2005: 45.2 MEUR). The EBIT margin for this period amounted to 6.0%, slightly up compared to the reference period of last year (H1 2005: 5.8%).

The EBIT during the Second Quarter of 2006 amounted to 31.1 MEUR (Q2 2005: 25.7 MEUR). The EBIT margin was 6.0% (Q2 2005: 5.9%).

Net Income, excluding minority interests, amounted to 39.9 MEUR, exceeding last year's reference value by 23.5% (H1 2005: 32.3 MEUR).

Net worth position and capital structure

As a result of the first-time consolidation of VA TECH HYDRO and due to the issue of the 200 million Euro corporate bond, the balance sheet total of the Andritz Group as of 30.6.2006 increased significantly, from 1,391 MEUR as of 31.12.2005 to 2,039 MEUR as of 30.6.2006.

Gross liquidity (marketable securities plus cash and cash equivalents) as of 30.6.2006, i.e. after deduction of the purchase price for VA TECH HYDRO, amounted to 523.4 MEUR (31.12.2005: 494.0 MEUR). Net liquidity as of 30.6.2006 (gross liquidity minus financial liabilities, including the corporate bond issued in June 2006) reached a value of 192.4 MEUR (31.12.2005: 383.9 MEUR), which corresponds to the long-term average.

The equity ratio as of 30.6.2006 was 16.9% (31.12.2005: 23.6%). This decline mainly results from the first-time consolidation of VA TECH HYDRO and the bond issue.

Issue of corporate bond

In June 2006, Andritz successfully placed a 200 million Euro corporate bond with a coupon of 4.5% and a tenor of 7 years. Demand for the bond was very strong, with investors outside Austria also participating substantially in the transaction. Approximately 25% of the volume was placed with retail investors.

Acquisitions

In April 2006, Siemens Austria and Andritz AG signed a purchase agreement for the acquisition of the hydropower section of VA TECH HYDRO. Following the approval by the relevant antitrust authorities, the parties closed the transaction successfully at the end of May 2006.

In June 2006, Andritz purchased the remaining 40% stake in the Paper and Nonwoven Business Areas of Eduard Küsters Maschinenfabrik GmbH & Co. KG from Jagenberg AG. Andritz Küsters is now 100% owned by Andritz.

In May 2006, Andritz acquired Pilão S.A., São Paulo, Brazil, a manufacturer of welded refiner fillings and stock preparation equipment, including conical refiners.

The total costs of these acquisitions amounted to 227.0 MEUR of which in the first-time consolidation 43.4 MEUR have been allocated to intangible assets. The remaining goodwill amounted to 77.5 MEUR. Initial accounting according to IFRS 3 was based on provisional values. Possible adjustments have to be made within twelve months of the acquisition date.

The 2006 acquired businesses have contributed 9.2 MEUR to Sales and -0.9 MEUR to Earnings before Interest, Taxes, and Amortization (EBITA) of the Andritz Group since the date of acquisition. The negative result of these companies is due to their low Sales contributions during the included months. These amounts do not include values of VA TECH HYDRO which was only included as of the end of the First Half of 2006. If the acquisitions had been at the beginning of the reporting period, the Group's EBITA would have been 68.6 MEUR and the revenue from continuing operations would have been 1,277.3 MEUR.

Key Figures for the First Half of 2006 (IFRS)

in MEUR	H1 2005	H1 2006	Change	Q2 2005	Q2 2006	Change
Sales	777.5	**967.5**	+24.4%	435.1	**515.9**	+18.6%
Order Intake	890.3	**1,277.1**	+43.4%	497.1	**529.5**	+6.5%
Order Backlog (as of end of period)	1,566.5	**2,059.1**	+31.4%	1,566.5	**2,059.1**	+31.4%
EBITDA[1]	56.7	**70.2**	+23.8%	31.3	**37.9**	+21.1%
EBITDA Margin	7.3%	**7.3%**	-	7.2%	**7.3%**	-
EBITA[2]	45.2	**57.7**	+27.7%	25.7	**31.1**	+21.0%
EBITA Margin	5.8%	**6.0%**	-	5.9%	**6.0%**	-
Operating Results (EBIT)	45.2	**57.7**	+27.7%	25.7	**31.1**	+21.0%
EBIT Margin	5.8%	**6.0%**	-	5.9%	**6.0%**	-
Earnings before Taxes	46.2	**59.9**	+29.7%	26.1	**32.0**	+22.6%
Net Income excl. Minority Interests	32.3	**39.9**	+23.5%	18.2	**21.0**	+15.4%
Cash flow from Operating Activities	38.5	**-88.0**	-328.6%	14.9	**-63.2**	-524.2%
Capital Expenditure[3]	9.8	**13.1**	+33.7%	4.9	**8.5**	+73.5%
Employees (as of end of period)	5,590	**6,766**	+21.0%	5,590	**6,766**	+21.0%

1) EBITDA: Earnings before Interest, Taxes, Depreciation, and Amortization of Goodwill
2) EBITA: Earnings before Interest, Taxes, and Amortization of Goodwill
3) Additions to tangible and intangible assets

PULP AND PAPER

Market Development

During the Second Quarter of 2006, pulp prices developed favorably. After a slight increase during the First Quarter of 2006, the price for Northern Bleached Softwood Kraft Pulp (NBSK) surged from approximately 650 US dollars per ton as of the beginning of April to approximately 720 US dollars per ton as of the end of June 2006. The main reasons for this upward move were both the continued strong demand of international paper producers and the critical pulp production capacity situation, especially in Canada, and to some extent also in the U.S. As a result, international pulp producers have announced further price increases for the coming months.

The price for short-fiber pulp (birch and eucalyptus) also increased during the Second Quarter of 2006, although much more moderately than for NBSK. This was due to the availability of sufficient production capacities and expectations that further capacities will come on stream, especially in South America, during the next few Quarters.

Project activity during the reporting period remained at a satisfactory level, with the focus again on investments in the Southern hemisphere (South America, South Africa, and Asia), and China.

Business Development

Sales of the Business Area for the First Half of 2006 amounted to 539.5 MEUR, increasing 15.1% compared to the reference period of last year (H1 2005: 468.9 MEUR). EBITA amounted to 31.4 MEUR (H1 2005: 28.0 MEUR).

The Business Area's Order Intake for the First Half of 2006 was 748.4 MEUR, which is a strong increase of 86.1% compared to the reference period of last year (H1 2005: 402.1 MEUR). Order Intake in the Second Quarter of 2006 increased to 315.4 MEUR (Q2 2005: 256.6 MEUR), continuing the positive trend of the First Quarter of 2006. Order Intake developed favorably across all Divisions.

The **Wood Processing Division** successfully started up a complete woodroom for a mechanical pulping line at Shangdong Huatai Paper Company Ltd., China.

The **Recovery Division** successfully completed an upgrade to the evaporation plant at Mondi Packaging Paper's Swiecie mill, Poland. A new five-effect evaporation plant was started up at Yingkou Paper Mill, Liaoning Province, China.

The **Fiberline Division** completed the modernization of a 1,200 t/d cooking plant for Ilim Pulp Enterprise, Ust-Ilimsk, Russia.

The **Pulp and Paper Machines Division** has launched a new tissue machine concept, the PrimeLine™COMPACT. It combines the proven Andritz quality and technologies with the increasing need for a cost-effective tissue machine including stock preparation. In order to meet these customer demands, Andritz created a mill concept based on standardized 1,600 / 1,800 / 2,000 m/min tissue machines, with a width of 2.7 - 2.85 m. Virgin, as well as recycled, fibers can be used. From stock preparation to the parent roll Andritz can deliver a full tissue making system, including automation.

A tissue machine at ICT Iberica, Spain started up and the performance test was passed successfully. The Division started up the rebuild of a folding boxboard machine at Umka-Beograd, Serbia and Montenegro. The guarantee run for a tissue machine at Hunan Hengan, China successfully finished in June 2006. The Andritz high-capacity slab press and baling line started up successfully at Estonian Cell, Estonia and is now in continuous operation. ➔

Key Figures for Pulp and Paper

MEUR	H1 2005	H1 2006	Change	Q2 2005	Q2 2006	Change
Sales	468.9	**539.5**	+15.1%	259.7	**289.7**	+11.6%
Order Intake	402.1	**748.4**	+86.1%	256.6	**315.4**	+22.9%
Order Backlog (as of end of period)	892.9	**1,218.1**	+36.4%	892.9	**1,218.1**	+36.4%
EBITDA	34.3	**37.8**	+10.2%	17.2	**21.8**	+26.7%
EBITDA Margin	7.3%	**7.0%**	-	6.6%	**7.5%**	-
EBITA	28.0	**31.4**	+12.1%	14.3	**18.2**	+27.3%
EBITA Margin	6.0%	**5.8%**	-	5.5%	**6.3%**	-
Employees (as of end of period)	2,977	**3,675**	+23.4%	2,977	**3,675**	+23.4%

Major Orders

The **Fiber Preparation Systems Division** successfully completed the stock preparation system for a new tissue machine at ICT Iberica, Spain and deinking line components, sludge dewatering, and broke system at Hebei Pan Asia Long-Teng Paper, China. In May 2006, Andritz acquired Pilão S.A., São Paulo, Brazil, a manufacturer of welded refiner fillings and stock preparation equipment, including conical refiners. The company name was changed to Andritz Pilão Equipamentos Ltda. With the Pilão conical TriConic refiner, Andritz offers the most comprehensive range of low consistency refiners.

The **Mechanical Pulping Systems Division** successfully completed the contract for the largest P-RC™-APMP refining system in China, Henan Jiaozuo Ruifeng Paper Co, China. Estonian Cell, Estonia is now in continuous operation and preparations are underway to carry out the performance tests. The **Panelboard Systems Department** received the final acceptance certificate for an upgrade of the pressurized refining system at Kunz Faserplattenwerk Baruth GmbH, Germany. The upgrade of the entire system was completed in only six days. This is now the largest single-stage pressurized refining system in the MDF industry with a capacity of over 55 t/h.

The **Wood Processing Division** received several orders for chippers and other key equipment from Indonesia and Russia. Andritz will deliver a complete woodroom to Grupo Empresarial ENCE S.A., Spain. This woodroom features the new RotaBarker™ technology and will be the first installation of the technology for eucalyptus debarking. Stora Enso Oy, Finland ordered equipment for the new two-line woodyard in Varkaus, Finland. The new woodyard – with on-line chip sampling and analyzing technology combined with chip thickness screening which can be adjusted during operations – represents the latest in wood processing efficiency and technology, thus maximizing chip quality and minimizing wood losses. Design debarking capacity is 1.9 million m^3 solid wood annually.

In North America, Weyerhaeuser selected the **Recovery Division** to supply a new recovery boiler for its Campti mill. Abitibi Consolidated, Canada ordered a new TMP heat recovery system for its Kenogami mill. Klabin, Brazil ordered a new evaporator for the CTMP process at its Monte Alegre mill.

The **Chemical Systems Division** was awarded an order from UPM for a StiroX system at the Tervasaari mill and from Metsä-Botnia for a green liquor clarifier as part of a modernization project at the Äänekoski mill.

The **Fiberline Division** received an order from Aracruz Celulose S.A., Brazil for its expansion project 2330, which will substantially increase the capacity of Fiberline C from 700,000 to 950,000 t/a. Fiberline C was delivered by Andritz in 2002. The Division will upgrade the washing, screening, and bleaching equipment, including three new DD washers. In addition, Aracruz Celulose ordered a new bleaching stage for Fiberline B at the same mill. In Finland, Metsä-Botnia ordered modifications to the washing and bleaching systems at the Rauma mill and UPM ordered systems for screening, brownstock washing, oxygen delignification and bleaching for the Tervasaari mill. In Japan, Mitsubishi Paper Mills selected Andritz for brownstock washing equipment and a digester capacity increase at the Hachinohe mill. In the U.S., the Division was selected by International Paper to supply a knotting system for the Courtland mill. This is the first Andritz knotting system sold to this customer. Also in the U.S., Simpson Tacoma Kraft ordered a Lo-Solids® cooking upgrade for its Tacoma mill.

The **Pulp Mill Services Division** received orders from UPM in Finland for white liquor equipment, an annual maintenance contract for the fiberline, and shutdown maintenance work at the Wisaforest mill, as well as an upgrade to a recovery boiler at the Kaukas mill. Mondi Paper ordered a rebuild of the digester at its Piet Retief mill, South Africa. ENCE ordered HQ-Plus® chipper service programs for one of its mills in Spain. In the Asia Pacific region, the Division received seven orders for digester feeder rebuilds, including the first rebuild for Thailand. APRIL, Indonesia ordered a new air system and other equipment for an existing recovery boiler. Suzano, Brazil placed orders for recovery boiler auxiliary equipment and a sand separator for brownstock screening. ➔

The **Pulp and Paper Machines Division** received an order from Aracruz Celulose S.A., Brazil for upgrading the dewatering and drying plant for Fiberline C. Also in Brazil, Klabin S.A. ordered a 2.0 m Wet Lap System. The Division was also selected to rebuild a pulp drying line for ENCE, Pontevedra, Spain. Hyat Natron Maglaj, Bosnia and Herzegovina ordered a rebuild of a sack kraft machine.

The **Fiber Preparation Systems Division** received an order from Anhui Shanying Paper, China for a complete 600 t/d deinking line, including sludge dewatering, for standard newsprint. Labe Papir, Czech Republic ordered stock preparation equipment for its new greenfield paper mill. Hayat Natron Maglaj, Bosnia and Herzegovina ordered an approach system for a rebuild of a board machine.

The **Mechanical Pulping Systems Division** signed a contract with Klabin, Brazil to supply a complete CTMP plant on an EPC basis for the new board production line at Klabin's Monte Alegre mill. Start-up of the plant, which is designed for a capacity of 140,000 t/a of unbleached eucalyptus pulp, is scheduled for the Third Quarter of 2007. In addition, the Division received an order from Södra Cell, Follafoss, Norway for a plug screw discharger with cyclone. Holmen Paper, Hallstavik, Sweden placed an order for three TwinFlo™ refiners and a screen to upgrade the existing system to reduce specific energy consumption.

In the **Panelboard Systems Area**, Projektgesellschaft Fiberboard GmbH, a member of the German CLASSEN Group, ordered a high capacity fiber preparation system for its new fiberboard factory in Baruth. The plant is scheduled to start up in June 2007. Yangdong Luyuan Wood Based Panelboard, Ltd., China selected the Division to supply a complete front-to-end system (woodyard, chip washing, and pressurized refining systems) for their new MDF investment. This is the fifth Andritz panelboard system ordered by Yangdong Luyuan.

The **Paper Mill Services Division** received major orders for engineered wear products from Lee & Man, China; Advance Agro, Thailand; and Seyfart Decartes, France. Dewatering and drying orders were received from Menasha, USA; Estonian Cell, Estonia; Rottneros, Sweden; Malaysian Newsprint, Malaysia; and UPM Stracel, France. An order for automation systems was received from Syktyvkar, Russia. Orders for mechanical pulping services were received from Estonian Cell, Estonia; Bowater, USA; and Abitibi Consolidated, Canada.

ROLLING MILLS AND STRIP PROCESSING LINES

Market Development

During the First Half of 2006, the market for carbon steel and stainless steel equipment continued to develop positively. Projects concentrated mainly on China, India, and Europe; in these regions, several orders for new plants and modernization of existing mills were awarded.

Global crude steel production in 2006 is expected to amount to 1,175 million tons, up 4.2% compared to 2005. According to market researchers, most of the production increase will come from China, which will account for approximately one third of the global crude steel production in 2006. Due to the recovering demand for stainless steel in Europe and China during the Second Quarter of 2006, market researchers expect global production of stainless steel in 2006 to rise to approximately 26.2 million tons, up 7.5% compared to 2005. The output of China will amount to approximately 4 million tons, which is an increase of 500,000 tons compared to 2005.

Business Development

Due to the processing of the very high Order Backlog, Sales for the First Half of 2006 surged to 174.4 MEUR, an increase of 48.3% compared to the reference period of last year (H1 2005: 117.6 MEUR). In step with higher Sales, EBITA also increased to 9.8 MEUR (H1 2005: 5.6 MEUR).

Andritz succeeded in being awarded the final acceptance certificate for a PYROMARS mixed acid recovery plant erected for Lianzhong Stainless Steel Corporation, China, a subsidiary of Yieh United Steel Corporation, Taiwan. The plant reached a capacity of 6,500 l/h waste mixed acid, making it the biggest PYROMARS plant worldwide.

Order Intake of the Business Area during the First Half of 2006 amounted to 199.7 MEUR, slightly down compared to the very high level of last year's reference period (H1 2005: 210.8 MEUR). Order Intake from China, which accounted for approximately 36.3% of the Business Area's total Order Intake, continued to develop favorably.

Major Orders

Andritz will supply a stainless steel cold-strip annealing and pickling line (annual capacity: 250,000 tons) with in-line skin-pass mill and levelling line to Yieh United Steel Corporation, Taiwan. Production is planned to start in the autumn of 2007. The order includes the complete engineering work and start-up of the entire plant, as well as the supply of the major plant parts. The mechanical equipment, pickling line, furnace, and automation are all based on proprietary technologies developed by Andritz.

The Business Area received an order for the fifth acid regeneration plant from Baosteel, China. This plant has a capacity of two times 7,500 l/h. In order to produce high quality iron oxide, a WAPUR (Waste Acid Purification) unit will also be supplied.

To Jindal South West Steel, India the Business Area will deliver a hydrochloric acid recovery plant for processing 6,400 l/h of waste acid. The final acceptance test is planned for May 2007.

Andritz received another order for a new cut-to-length line from IB Andresen, Denmark for its Hungary works, thus confirming the positive order trend for Andritz's shearing lines.

Key Figures for Rolling Mills and Strip Processing Lines

MEUR	H1 2005	H1 2006	Change	Q2 2005	Q2 2006	Change
Sales	117.6	**174.4**	+48.3%	65.5	**91.9**	+40.3%
Order Intake	210.8	**199.7**	-5.3%	122.2	**63.6**	-48.0%
Order Backlog (as of end of period)	385.9	**477.9**	+23.8%	385.9	**477.9**	+23.8%
EBITDA	6.7	**10.9**	+62.7%	4.1	**4.8**	+17.1%
EBITDA Margin	5.7%	**6.3%**	-	6.3%	**5.2%**	-
EBITA	5.6	**9.8**	+75.0%	3.5	**4.1**	+17.1%
EBITA Margin	4.8%	**5.6%**	-	5.3%	**4.5%**	-
Employees (as of end of period)	752	**793**	+5.5%	752	**793**	+5.5%

ENVIRONMENT AND PROCESS

Market Development

During the Second Quarter of 2006, the market for sewage sludge dewatering equipment remained at a satisfactory level in Central Europe, the UK, and the U.S. A significant increase in orders was achieved for dewatering equipment in the UK due to the investment program of the British Water Authority reaching the spending phase. In China, project activity continued to be very high. Due to more stringent environmental regulations, the market for sewage sludge drying systems remained very active, with investments and projects focused on Europe, the U.S. and China.

Project activity for industrial applications for the petrochemical, minerals, mining, and food processing industries was very high in most areas of the world, but especially in China. In parallel, the demand for dewatering equipment to treat industrial sludges remained at a very high level, especially for steel plants.

The trend in the U.S. towards pathogen elimination in bio-solids prior to reuse on land has continued, thus driving the demand for sludge treatment systems.

Business Development

The Business Area's Sales in the First Half of 2006 were 167.3 MEUR, increasing 32.9% compared to the First Half of 2005 (125.9 MEUR). EBITA increased to 9.7 MEUR in the First Half of 2006 (H1 2005: 7.7 MEUR).

Order Intake in the First Half of 2006 developed favorably. At 210.8 MEUR, it increased by 9.2% compared to the high level of the reference period of last year (H1 2005: 193.1 MEUR). In particular, the Separation Technologies Division showed a very strong development of its order book.

Key Figures for Environment and Process

MEUR	H1 2005	H1 2006	Change	Q2 2005	Q2 2006	Change
Sales	125.9	**167.3**	+32.9%	75.7	**86.5**	+14.3%
Order Intake	193.1	**210.8**	+9.2%	69.9	**83.6**	+19.6%
Order Backlog (as of end of period)	212.1	**246.7**	+16.3%	212.1	**246.7**	+16.3%
EBITDA	9.4	**12.3**	+30.9%	7.1	**6.6**	-7.0%
EBITDA Margin	7.5%	**7.4%**	-	9.4%	**7.6%**	-
EBITA	7.7	**9.7**	+26.0%	6.2	**5.2**	-16.1%
EBITA Margin	6.1%	**5.8%**	-	8.2%	**6.0%**	-
Employees (as of end of period)	974	**1,286**	+32.0%	974	**1,286**	+32.0%

Major Orders

In the dewatering segment, major orders for centrifuges and filter presses were received from municipalities as well as from the chemical, mining, and minerals industries in the UK, Russia, Arabic countries, China, and the U.S.

Arab Potash, Jordan awarded orders for six large screen bowl centrifuges.

The Business Area will deliver large filter presses for three drinking water preparation plants in Northern Ireland.

Baosteel Group, China placed another three orders for equipment to dewater various sludges from steel production.

Several centrifuge orders for HDPE (High-Density Polyethylene) dewatering were received from customers in Arabic countries.

Beijing Drainage Group, China ordered a sewage sludge drying plant for its Qinghe wastewater treatment plant. The drying plant is based on the FDS technology and comprises two lines, each with 6.5 t/h evaporation capacity.

The municipality of Bilten, Switzerland ordered a sewage sludge drying plant, based on Andritz's proven belt drying technology.

Manatee County, Florida, USA awarded a contract to design and build a bio-solids drying system for three wastewater plants. The plants will utilize the successful Andritz Drum Drying System (DDS); they will be located on a county landfill site and will process 200 t/d of bio-solids using landfill gas to fulfil energy requirements.

FEED AND BIOFUEL

Market Development

The First Half of 2006 showed good investment activity in the animal feed sector in Eastern Europe, South America, and Asia, driven by expansion projects of large international vertically integrated meat producers as well as medium sized regional companies. The investment activity for new extrusion lines in the pet food industry was favorable, especially in Southern and Eastern Europe.

The aquatic feed industry continued to develop positively with good investment activity in the warm water fish sectors in Asia and South America, the marine species sector of the Mediterranean, and the salmon industry of Chile.

Within renewable energy, investments continued on a high level in the wood pelleting industries of North America, Western as well as Eastern Europe, including Russia. The new regions of Southern Europe and South America became increasingly active. Industrial pelleting plants for recycling and waste combustion also showed good investment activity, mainly in Europe.

Business Development

As a result of the high Order Backlog, Sales for the First Half of 2006 increased to 54.8 MEUR (H1 2005: 43.2 MEUR). EBITA during the reporting period was also significantly up, to 4.4 MEUR (H1 2005: 3.3 MEUR).

Order Intake in the First Half of 2006 showed a very strong development. At 67.9 MEUR, it was significantly up compared to the reference period of last year (H1 2005: 49.2 MEUR). In particular, orders for wood pelleting equipment continued to develop very strongly during the reporting period.

Major Orders

The Business Area was awarded a number of large orders for process lines from vertically integrated meat producers in Asia and Eastern Europe as well as in South and North America. Among these is a large order for two projects from the largest Ukrainian meat producer.

Several orders for aquatic feed extrusion lines were secured in Asia, the Mediterranean region as well as Central and South America.

In the pet food sector, the Business Area received several larger orders in Europe. These included an order from Spain, for the highest capacity pet food extrusion line of Europe.

Orders in the biofuel sector continued to develop favorably with several orders for wood pelleting lines received from customers in North America and Northern and Eastern Europe. A large number of orders for waste pelleting lines were secured in Central Europe.

Key Figures for Feed and Biofuel

MEUR	H1 2005	H1 2006	Change	Q2 2005	Q2 2006	Change
Sales	43.2	**54.8**	+26.9%	22.2	**27.5**	+23.9%
Order Intake	49.2	**67.9**	+38.0%	26.9	**37.6**	+39.8%
Order Backlog (as of end of period)	22.0	**36.9**	+67.7%	22.0	**36.9**	+67.7%
EBITDA	4.6	**5.6**	+21.7%	2.5	**2.8**	+12.0%
EBITDA Margin	10.6%	**10.2%**	-	11.3%	**10.2%**	-
EBITA	3.3	**4.4**	+33.3%	1.8	**2.2**	+22.2%
EBITA Margin	7.6%	**8.0%**	-	8.1%	**8.0%**	-
Employees (as of end of period)	474	**509**	+7.4%	474	**509**	+7.4%

HYDRAULIC MACHINES/ OTHER OPERATIONS

Market Development

Project activity for new hydroelectric power stations remained at a high level in Q2 2006, mainly in Asia (especially in China). The strong investment activity of the power generating industry also continued in Europe. Projects focused on rehabilitation as well as construction of new plants, mainly for small-sized hydro power stations and pump storage power stations.

Demand for centrifugal pumps was particularly high in China, where Andritz is the clear market leader in this product area.

Business Development

Sales of the Hydraulic Machines/Other Operations Business Area increased to 31.5 MEUR in the First Half of 2006 (H1 2005: 21.9 MEUR). EBITA amounted to 2.4 MEUR (H1 2005: 0.6 MEUR).

The machine rehabilitation at the Danube power station at Aschach run by Austrian Hydro Power, Austria is under way. The modification of the first of four machine sets will start at the end of 2006. A large order for two pumping stations in the Sudan is in different phases of manufacture and delivery.

After obtaining the approvals from the relevant anti-trust authorities, the acquisition of VA TECH HYDRO was successfully concluded at the end of May 2006. The highest priority is now given to the organizational and product-related integration of VA TECH HYDRO (now Andritz VA TECH HYDRO) into the Andritz Group. Andritz VA TECH HYDRO will be consolidated into the financial statements of the Andritz Group from Q3 2006.

Order Intake in the First Half of 2006 was 50.3 MEUR, 43.3% up compared to the reference period of last year (H1 2005: 35.1 MEUR). In both segments, pumps and water turbines, orders developed very positively.

Major Orders

The Business Area was awarded a large number of orders for centrifugal pumps in China, thus further strengthening Andritz's market leadership in this region.

In the Sudan, a large order for spare parts for irrigation pumping stations came into force.

An order for eight large-scale pumps for the South Water to North China project took effect.

Two orders for key components for hydro power projects in China were put into force. Another contract will be signed shortly.

Key Figures for Hydraulic Machines/Other Operations

MEUR	H1 2005	H1 2006	Change	Q2 2005	Q2 2006	Change
Sales	21.9	**31.5**	+43.8%	11.9	**20.3**	+70.6%
Order Intake	35.1	**50.3**	+43.3%	21.5	**29.3**	+36.3%
Order Backlog (as of end of period)	53.6	**79.5**	+48.3%	53.6	**79.5**	+48.3%
EBITDA	1.7	**3.6**	+111.8%	0.4	**1.9**	+375.0%
EBITDA Margin	7.8%	**11.4%**	-	3.4%	**9.4%**	-
EBITA	0.6	**2.4**	+300.0%	-0.2	**1.4**	+800.0%
EBITA Margin	2.7%	**7.6%**	-	neg.	**6.9%**	-
Employees (as of end of period)	413	**503**	+21.8%	413	**503**	+21.8%

OUTLOOK

Andritz expects its relevant markets to continue to develop favorably during the Second Half of 2006.

For **Pulp and Paper**, project activity is expected to remain concentrated on South America and Asia, where several major modernization projects and potentially also greenfield pulp mills are currently being evaluated. For Europe and North America, only selective investments are expected.

In the area of **Rolling Mills and Strip Processing Lines**, investment activities will continue to focus on China, India, and Europe. Project activity will concentrate on plants for high-quality steel and stainless steel products.

For **Environment and Process**, high project activity for both sludge dewatering and drying equipment should continue. Increased stringent environmental regulations, especially in Europe, will remain the key growth drivers in the future. In the area of mining, the current global shortage of raw materials such as coal, iron ore, and other minerals will lead to increased investments in solid/liquid separation equipment.

For the **hydro power market**, project activity is expected to develop positively, mainly driven by the continuous growth of the global power generation market with hydro power as the most important source of renewable energy for electricity generation. In Asia and South America, investments should focus on the construction of new hydro power stations. Due to the ageing installed capacities in North America and Europe, several modernization and capacity expansion projects are under way in these regions. In all markets a strong trend towards compact hydro power projects with capacities up to 15 MW can be seen. In addition, the demand for pump storage power stations in Europe to secure grid stability has increased.

Based on strong organic growth as a result of the high Order Backlog and the first-time consolidation of Andritz VA TECH HYDRO as from Q3 2006, Andritz expects **Group Sales** in 2006 to increase significantly, to approximately 2.5 billion Euros. Correspondingly, the Group's EBIT in 2006 will also be up compared to last year; however, the percentage increase will not fully meet the sales growth, mostly due to the first-time consolidation of Andritz VA TECH HYDRO.

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 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.

INTERIM CONSOLIDATED INCOME STATEMENT

for the First Half of 2006 (unaudited) and the First Half of 2005 (unaudited)

	H1 2006 (in TEUR)	H1 2005 (in TEUR)	Q2 2006 (in TEUR)	Q2 2005 (in TEUR)
Sales	**967,469**	**777,549**	**515,944**	**435,087**
Changes in inventories of finished goods and work in progress	45,003	45,034	19,430	26,675
Capitalized cost of self-constructed assets	479	16	443	1
	1,012,951	822,599	535,817	461,763
Other operating income	11,658	9,065	6,927	3,956
Cost of materials	(621,667)	(496,090)	(334,037)	(287,428)
Personnel expenses	(200,648)	(173,703)	(102,150)	(89,291)
Other operating expenses	(132,115)	(105,197)	(68,715)	(57,750)
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	**70,179**	**56,674**	**37,842**	**31,250**
Depreciation and amortization (without amortization of goodwill)	(12,504)	(11,428)	(6,721)	(5,559)
Earnings before interest, taxes, and amortization of goodwill (EBITA)	**57,675**	**45,246**	**31,121**	**25,691**
Earnings before interest and taxes (EBIT)	**57,675**	**45,246**	**31,121**	**25,691**
Income/Expenses from associated companies	585	119	169	136
Interest result	1,863	821	965	271
Other income from financing activities	(235)	0	(235)	0
Financial results	**2,213**	**940**	**899**	**407**
Earnings before taxes (EBT)	**59,888**	**46,186**	**32,020**	**26,098**
Income taxes	(18,529)	(13,304)	(10,182)	(7,474)
Net income	**41,359**	**32,882**	**21,838**	**18,624**
Thereof attributable to:				
Shareholders of the parent company	39,935	32,256	21,007	18,243
Minority interests	1,424	626	831	381
Weighted average number of non par value shares	12,788,426	12,868,348	12,791,431	12,827,975
Earnings per non par value share (in EUR)	3.12	2.51	1.64	1.42
Effect of potential dilution of share options	230,094	74,945	115,174	78,014
Weighted average number of non par value shares and share options	13,018,520	12,943,293	12,906,605	12,905,989
Diluted Earnings per non par value share (in EUR)	3.07	2.49	1.63	1.41

CONSOLIDATED BALANCE SHEET

as of June 30, 2006 (unaudited) and as of December 31, 2005

	30.6.2006 (in TEUR)	31.12.2005 (in TEUR)
Assets		
Intangible assets	51,715	8,745
Goodwill	195,964	120,683
Property, plant, and equipment	229,881	140,538
Shares in associated companies	2,841	2,319
Investments	30,610	13,828
Fixed and financial assets	**511,011**	**286,113**
Deferred tax assets	**41,066**	**21,845**
Inventories	229,365	198,788
Advance payments made	48,842	21,265
Trade accounts receivable	282,154	237,180
Cost and earnings of projects under construction in excess of billings	300,732	80,532
Other receivables	93,453	46,148
Prepayments and deferred charges	8,976	5,378
Marketable securities	39,241	75,257
Cash and cash equivalents	484,187	418,785
Current assets	**1,486,950**	**1,083,333**
Total assets	**2,039,027**	**1,391,291**
Shareholders' equity and liabilities		
Share capital	94,510	94,510
Capital reserves	45,966	45,966
Retained earnings	194,657	179,941
Equity attributable to shareholders of the parent company	**335,133**	**320,417**
Minority interests	**9,807**	**8,335**
Total shareholders' equity	**344,940**	**328,752**
Bonds	300,000	100,000
Bank loans - non current	24,021	6,200
Provisions - non current	162,239	92,105
Obligation under finance leases - non current	990	198
Other liabilities - non current	9,490	284
Non-current liabilities	**496,740**	**198,787**
Liabilities for deferred taxes	**63,392**	**45,036**
Bank loans - current	5,549	3,361
Obligations under finance leases - current	451	384
Trade accounts payable	226,504	151,398
Billings in excess of cost and earnings of projects under construction	344,664	250,609
Advance payments received	65,849	103,827
Provisions - current	164,445	97,773
Liabilities for current taxes	21,988	20,643
Other liabilities - current	304,505	190,721
Current liabilities	**1,133,955**	**818,716**
Total shareholders' equity and liabilities	**2,039,027**	**1,391,291**

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

for the First Half of 2006 (unaudited) and the First Half of 2005 (unaudited)

(in TEUR)	Share capital	Capital reserves	Other retained earnings	Currency translation adjustments	Total	Minority interests	Total shareholders' equity
	Attributable to shareholders of the parent						
Status as at 1 January 2005	**94,510**	**45,966**	**164,307**	**(34,871)**	**269,912**	**7,169**	**277,081**
Net income			32,256		32,256	626	32,882
Dividends			(18,013)		(18,013)	(742)	(18,755)
Currency translation adjustments				13,987	13,987	140	14,127
Changes from acquisitions						189	189
Changes concerning own shares			(10,536)		(10,536)		(10,536)
Changes to IAS 39 reserve			(20,082)		(20,082)		(20,082)
Status as at 30 June 2005	**94,510**	**45,966**	**147,932**	**(20,884)**	**267,524**	**7,382**	**274,906**
Status as at 1 January 2006	**94,510**	**45,966**	**188,257**	**(8,316)**	**320,417**	**8,335**	**328,752**
Net income			39,935		39,935	1,424	41,359
Dividends			(25,550)		(25,550)	(584)	(26,134)
Currency translation adjustments				(10,832)	(10,832)	22	(10,810)
Changes from acquisitions						668	668
Changes concerning own shares			4,263		4,263		4,263
Changes to IAS 39 reserve			6,900		6,900	(58)	6,842
Status as at 30 June 2006	**94,510**	**45,966**	**213,805**	**(19,148)**	**335,133**	**9,807**	**344,940**

CASH FLOW STATEMENT

for the First Half of 2006 (unaudited) and the First Half of 2005 (unaudited)

Interim Consolidated Cash Flow Statement

	H1 2006 (in TEUR)	H1 2005 (in TEUR)
Cash flow from operating activities	(87,970)	38,505
Cash flow from investing activities	(23,888)	(19,750)
Cash flow from financing activities	177,260	(31,163)
Change in cash and cash equivalents	65,402	(12,408)
Cash and cash equivalents at the beginning of the period	**418,785**	**273,939**
Cash and cash equivalents at the end of the period	**484,187**	**261,531**

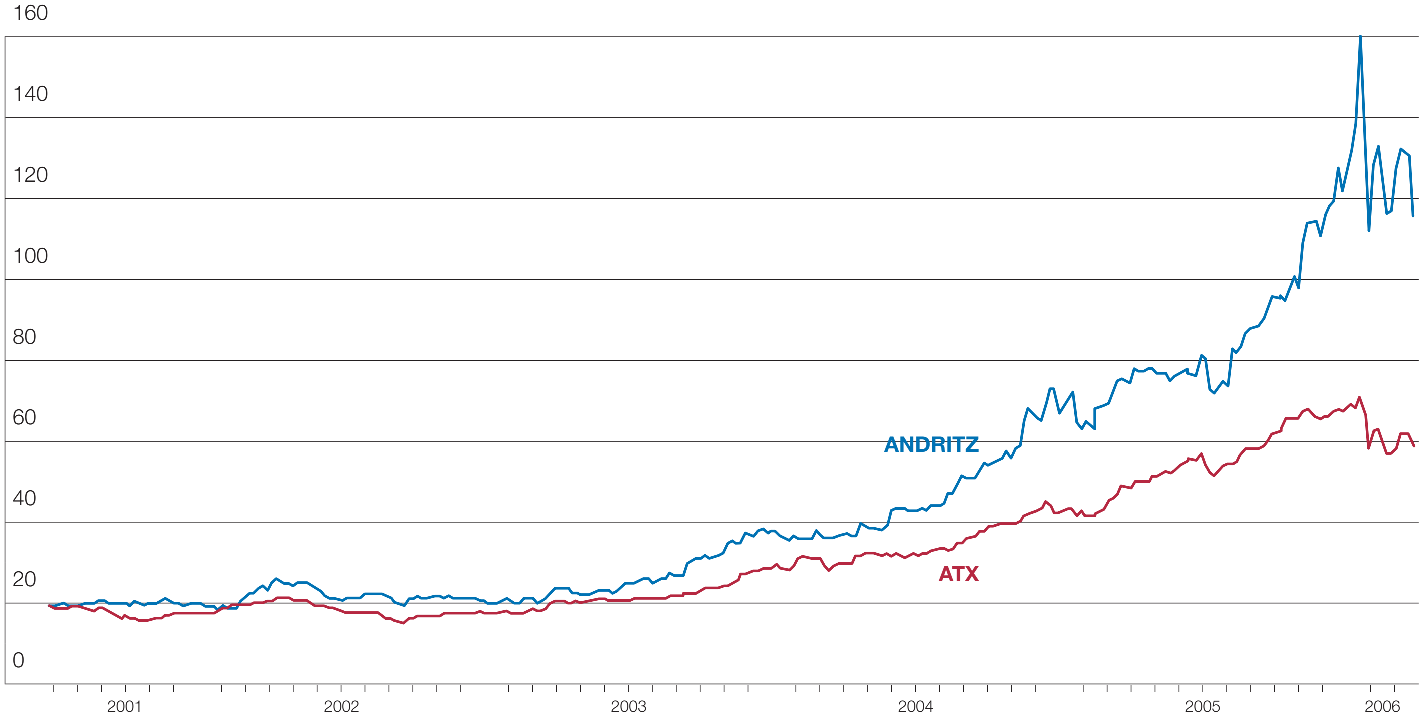
Cash Flows From Acquisition Of Subsidiaries*

(in TEUR)	Business area		Total	Total
	Pulp and Paper	Hydraulic Machines	H1 2006	H1 2005
Cash and cash equivalent	(1,032)	(162,860)	(163,892)	(1,495)
Marketable securities	(673)	0	(673)	0
Receivables	(11,063)	(280,495)	(291,558)	(3,609)
Inventories	(10,630)	(76,222)	(86,852)	(106)
Intangible assets	(7,105)	(36,321)	(43,426)	(1,992)
Property, plant and equipment	(18,014)	(71,308)	(89,322)	(388)
Financial assets	(1,057)	(15,774)	(16,831)	(26)
Financial debt	26,925	509,399	536,324	3,541
Accounts payable and accrued expenses	5,147	15,297	20,444	407
Net assets / liabilities acquired	(17,502)	(118,284)	(135,786)	(3,668)
Cash and cash equivalent	1,032	162,860	163,892	1,495
Goodwill	(5,533)	(71,927)	(77,460)	(7,832)
Changes in minority interests	0	668	668	183
Net cash flow	**(22,003)**	**(26,683)**	**(48,686)**	**(9,822)**

* Converted by exchange rates as per dates of transaction

ANDRITZ SHARE

Share price performance of the Andritz share vs. ATX since the IPO



Share price development

During the First Half of 2006, the Andritz share price increased by 37.6%. With this performance, it outperformed the ATX, which increased by 1.7% during the same period. The highest closing price during the reporting period was 160.50 Euros (May 8, 2006), the lowest 92.50 Euros (January 18, 2006).

Trading volume

The average daily trading volume during the First Half of 2006 was 95,872 shares (H1 2005: 98,347 shares). The highest trading volume was 415,736 shares (June 13, 2006), the lowest 9,500 shares (February 15, 2006).

Financial calendar for 2006

Roadshows in London and Edinburgh	September 20-21, 2006
Investor conference of Erste Bank, Stegersbach, Austria	September 28, 2006
Results for Q1-Q3 2006	November 7, 2006
Roadshow in New York	November 27, 2006

Further information on planned roadshows, participation in investor conferences, etc. can be found on www.andritz.com.

Key figures for Andritz shares

	H1 2005	H1 2006	Q2 2005	Q2 2006
Highest closing price (EUR)	78.85	**160.50**	78.85	**160.50**
Lowest closing price (EUR)	56.59	**92.50**	61.50	**105.00**
Closing price as of end of period (EUR)	78.85	**129.24**	78.85	**129.24**
Market capitalization as of end of period (MEUR)	1,025.1	**1,680.1**	1,025.1	**1,680.1**
Performance	+38.2%	**+37.6%**	+13.8%	**+7.7%**
ATX weighting as of end of period	1.7569	**2.2799**	1.7569	**2.2799**
Average daily number of shares traded	98,347	**95,872**	100,377	**120,541**

Source: Vienna Stock Exchange

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