H1

INTERIM FINANCIAL REPORT FIRST HALF OF 2012

In the second quarter of 2012, ANDRITZ successfully started up the six pumps supplied to two pumping stations in Andhra Pradesh, India, for irrigation of agricultural land (see page 10; the photograph shows the impellers of these vertical volute pumps). The Indian state of Andhra Pradesh has been hit frequently by widespread drought. As some 70% of the population makes a living directly or indirectly from agriculture, the Indian government launched the Jalayagnam project for irrigation of all agricultural land.

ANDRITZ

KEY FINANCIAL FIGURES OF THE ANDRITZ GROUP

(According to IFRS)	*Unit*	**H1 2012**	**H1 2011**	**+/-**	**Q2 2012**	**Q2 2011**	**+/-**	**2011**
Order intake	*MEUR*	2,554.4	3,644.5	-29.9%	1,193.2	1,978.5	-39.7%	5,706.9
Order backlog (as of end of period)	*MEUR*	6,935.9	7,249.0	-4.3%	6,935.9	7,249.0	-4.3%	6,683.1
Sales	*MEUR*	2,437.8	2,011.1	+21.2%	1,252.1	1,087.4	+15.1%	4,596.0
Return on sales[1]	*%*	5.9	6.1	-	6.1	6.5	-	6.8
EBITDA[2]	*MEUR*	184.7	157.0	+17.6%	98.2	88.3	+11.2%	386.2
EBITA[3]	*MEUR*	155.6	131.6	+18.2%	83.1	75.5	+10.1%	331.5
Earnings Before Interest and Taxes (EBIT)	*MEUR*	143.1	123.1	+16.2%	76.4	71.1	+7.5%	312.7
Earnings Before Taxes (EBT)	*MEUR*	149.8	127.1	+17.9%	79.7	72.1	+10.5%	321.7
Net income (including non-controlling interests)	*MEUR*	107.5	89.7	+19.8%	57.1	50.9	+12.2%	231.5
Net income (without non-controlling interests)	*MEUR*	108.7	88.5	+22.8%	58.2	51.5	+13.0%	230.7
Cash flow from operating activities	*MEUR*	119.4	206.8	-42.3%	88.2	55.7	+58.3%	433.8
Capital expenditure[4]	*MEUR*	34.5	23.5	+46.8%	15.0	13.2	+13.6%	77.0
Employees (as of end of period; without apprentices)	-	17,420	16,119	+8.1%	17,420	16,119	+8.1%	16,750
Fixed assets	*MEUR*	1,289.6	1,002.6	+28.6%	1,289.6	1,002.6	+28.6%	1,151.8
Current assets	*MEUR*	3,367.8	3,307.5	+1.8%	3,367.8	3,307.5	+1.8%	3,414.8
Shareholders' equity[5]	*MEUR*	944.1	800.8	+17.9%	944.1	800.8	+17.9%	938.9
Provisions	*MEUR*	681.2	652.7	+4.4%	681.2	652.7	+4.4%	667.3
Liabilities	*MEUR*	3,032.1	2,856.6	+6.1%	3,032.1	2,856.6	+6.1%	2,960.4
Total assets	*MEUR*	4,657.4	4,310.1	+8.1%	4,657.4	4,310.1	+8.1%	4,566.6
Equity ratio[6]	*%*	20.3	18.6	-	20.3	18.6	-	20.6
Return on equity[7]	*%*	15.9	15.9	-	8.4	9.0 -		34.3
Return on investment[8]	*%*	3.1	2.9	-	1.6	1.6 -		6.8
Liquid funds[9]	*MEUR*	1,631.2	1,681.0	-3.0%	1,631.2	1,681.0	-3.0%	1,814.5
Net liquidity[10]	*MEUR*	1,205.0	1,264.2	-4.7%	1,205.0	1,264.2	-4.7%	1,400.6
Net debt[11]	*MEUR*	-1,005.0	-1,086.7	+7.5%	-1,005.0	-1,086.7	+7.5%	-1,198.4
Net working capital[12]	*MEUR*	-608.5	-597.1	+1.9%	-608.5	-597.1	+1.9%	-639.2
Capital employed[13]	*MEUR*	-55.8	-125.1	-55.4%	-55.8	-125.1	-55.4%	-128.6
Gearing[14]	*%*	-106.5	-135.7	-	-106.5	-135.7	-	-127.6
EBITDA margin	*%*	7.6	7.8	-	7.8	8.1	-	8.4
EBITA margin	*%*	6.4	6.5	-	6.6	6.9	-	7.2
EBIT margin	*%*	5.9	6.1	-	6.1	6.5	-	6.8
Net income[15]/sales	*%*	4.4	4.5	-	4.6	4.7	-	5.0
EV[16]/EBITDA	-	16.3	15.5	-	30.6	27.5	-	5.0
Depreciation and amortization/sales	*%*	1.7	1.7	-	1.6	1.7	-	1.6

1) EBIT (Earnings Before Interest and Taxes)/sales 2) Earnings Before Interest, Taxes, Depreciation, and Amortization 3) Earnings Before Interest, Taxes, Amortization of identifiable assets acquired in a business combination and recognized separately from goodwill at the amount of 12,495 TEUR (8,501 TEUR for H1 2011, 17,839 TEUR for 2011) and impairment of goodwill at the amount of 0 TEUR (0 TEUR for H1 2011, 1,000 TEUR for 2011) 4) Additions to intangible assets and property, plant, and equipment 5) Total shareholders' equity including non-controlling interests 6) Shareholders' equity/total assets 7) EBT (Earnings Before Taxes)/shareholders' equity 8) EBIT (Earnings Before Interest and Taxes)/total assets 9) Cash and cash equivalents plus marketable securities plus loans against borrowers' notes 10) Liquid funds plus fair value of interest rate swaps minus financial liabilities 11) Interest bearing liabilities including provisions for severance payments, pensions, and jubilee payments minus cash and cash equivalents, marketable securities and loans against borrowers' notes 12) Non-current receivables plus current assets (excluding cash and cash equivalents as well as marketable securities and loans against borrowers' notes) minus other non-current liabilities and current liabilities (excluding financial liabilities and provisions) 13) Net working capital plus intangible assets and property, plant, and equipment 14) Net debt/total shareholders' equity 15) Net income (including non-controlling interests) 16) EV (Enterprise Value): market capitalization based on closing price as of end of period minus net liquidity

KEY FINANCIAL FIGURES OF THE BUSINESS AREAS

HYDRO	Unit	H1 2012	H1 2011	+/-	Q2 2012	Q2 2011	+/-	2011
Order intake	MEUR	1,113.2	1,097.1	+1.5%	515.7	513.2	+0.5%	2,096.2
Order backlog (as of end of period)	MEUR	3,990.1	3,685.3	+8.3%	3,990.1	3,685.3	+8.3%	3,671.4
Sales	MEUR	807.0	805.1	+0.2%	403.6	440.6	-8.4%	1,772.9
EBITDA	MEUR	74.7	72.2	+3.5%	37.5	39.5	-5.1%	174.3
EBITDA margin	%	9.3	9.0	-	9.3	9.0	-	9.8
EBITA	MEUR	60.3	60.0	+0.5%	30.1	32.9	-8.5%	147.7
EBITA margin	%	7.5	7.5	-	7.5	7.5	-	8.3
Employees (as of end of period; without apprentices)	-	7,386	7,283	+1.4%	7,386	7,283	+1.4%	7,285

PULP & PAPER	Unit	H1 2012	H1 2011*	+/-	Q2 2012	Q2 2011*	+/-	2011*
Order intake	MEUR	981.2	2,053.7	-52.2%	451.8	1,236.2	-63.5%	2,694.1
Order backlog (as of end of period)	MEUR	2,108.9	2,679.4	-21.3%	2,108.9	2,679.4	-21.3%	2,230.0
Sales	MEUR	1,163.7	794.2	+46.5%	600.2	420.9	+42.6%	1,884.9
EBITDA	MEUR	78.5	57.2	+37.2%	43.2	32.5	+32.9%	138.1
EBITDA margin	%	6.7	7.2	-	7.2	7.7	-	7.3
EBITA	MEUR	68.1	48.8	+39.5%	37.7	28.6	+31.8%	120.4
EBITA margin	%	5.9	6.1	-	6.3	6.8	-	6.4
Employees (as of end of period; without apprentices)	-	6,599	5,683	+16.1%	6,599	5,683	+16.1%	6,208

SEPARATION	Unit	H1 2012	H1 2011*	+/-	Q2 2012	Q2 2011*	+/-	2011*
Order intake	MEUR	259.4	237.0	+9.5%	135.3	112.5	+20.3%	438.8
Order backlog (as of end of period)	MEUR	316.5	290.0	+9.1%	316.5	290.0	+9.1%	250.8
Sales	MEUR	200.5	179.1	+11.9%	110.5	97.8	+13.0%	419.9
EBITDA	MEUR	13.5	15.5	-12.9%	7.4	9.5	-22.1%	42.7
EBITDA margin	%	6.7	8.7	-	6.7	9.7	-	10.2
EBITA	MEUR	11.3	12.6	-10.3%	6.3	8.1	-22.2%	36.7
EBITA margin	%	5.6	7.0	-	5.7	8.3	-	8.7
Employees (as of end of period; without apprentices)	-	1,769	1,674	+5.7%	1,769	1,674	+5.7%	1,752

METALS	Unit	H1 2012	H1 2011	+/-	Q2 2012	Q2 2011	+/-	2011
Order intake	MEUR	111.3	183.1	-39.2%	47.0	78.4	-40.1%	318.6
Order backlog (as of end of period)	MEUR	453.6	540.7	-16.1%	453.6	540.7	-16.1%	465.1
Sales	MEUR	176.7	162.1	+9.0%	87.3	91.0	-4.1%	372.7
EBITDA	MEUR	10.6	7.0	+51.4%	5.9	3.3	+78.8%	21.5
EBITDA margin	%	6.0	4.3	-	6.8	3.6	-	5.8
EBITA	MEUR	9.6	6.0	+60.0%	5.4	2.8	+92.9%	19.4
EBITA margin	%	5.4	3.7	-	6.2	3.1	-	5.2
Employees (as of end of period; without apprentices)	-	1,076	927	+16.1%	1,076	927	+16.1%	945

FEED & BIOFUEL	Unit	H1 2012	H1 2011	+/-	Q2 2012	Q2 2011	+/-	2011
Order intake	MEUR	89.3	73.6	+21.3%	43.4	38.2	+13.6%	159.2
Order backlog (as of end of period)	MEUR	66.8	53.6	+24.6%	66.8	53.6	+24.6%	65.8
Sales	MEUR	89.9	70.6	+27.3%	50.5	37.1	+36.1%	145.6
EBITDA	MEUR	7.4	5.1	+45.1%	4.2	3.5	+20.0%	9.6
EBITDA margin	%	8.2	7.2	-	8.3	9.4	-	6.6
EBITA	MEUR	6.3	4.2	+50.0%	3.6	3.1	+16.1%	7.3
EBITA margin	%	7.0	5.9	-	7.1	8.4	-	5.0
Employees (as of end of period; without apprentices)	-	590	551	+7.1%	590	551	+7.1%	560

* At the beginning of 2012, there was a minor shift of some products from the SEPARATION business area to the PULP & PAPER business area. Comparison figures for 2011 have been adjusted accordingly in both business areas.

MANAGEMENT REPORT

GENERAL ECONOMIC CONDITIONS

In the second quarter of 2012, the general economic conditions in the world's major economies did not change substantially compared to the preceding quarter. The published economic data as well as leading economic indicators confirm the latent economic slowdown worldwide and give no reason to expect a significant improvement in the coming months.

In the USA, economic activity stagnated at a low level. Investments in the manufacturing industry continued to decline in the reporting period. The labor market also saw correspondingly moderate development, with the number of new jobs well below expectations and unemployment rising to 8.2%. The US Federal Reserve decided therefore to leave the key interest rate at just above 0% until at least the end of 2014 and announced programs to stimulate the economy if there is no sustainable recovery in the next few months.

Economic development was similar in Europe, although there were widely varying regional differences. While the Euro countries in Southern Europe are still confronted with a shrinking economy, slight growth was noted in some of Europe's core countries. However, the leading economic indicators give reason to expect an economic decline here as well in the coming months. At the beginning of June, the European Central Bank (ECB) lowered the key interest rate by 25 basis points to the record low of 0.75% in order to counteract the latent economic decline.

The emerging markets in Asia and South America were also marked by an economic slowdown in the second quarter of this year. The sovereign debt crisis in Europe and the moderate economic development in the USA had a negative effect on China's exports. Combined with the weakening in domestic consumption as a result of the restrictive monetary policy, this led to a significant economic downturn in the reporting period. Clear signs of an economic slowdown were also evident in Brazil.

Source: OECD

BUSINESS DEVELOPMENT

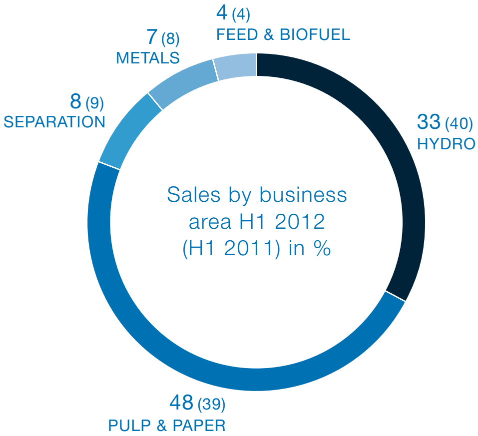
Note

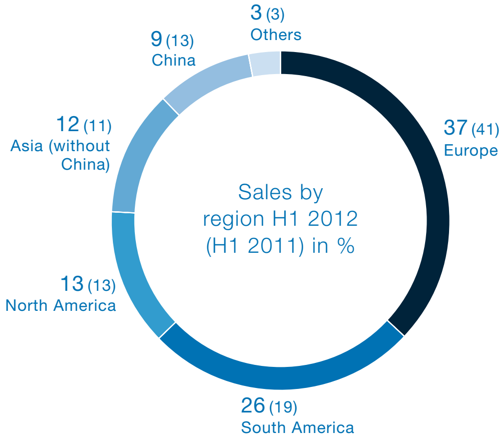
At the beginning of 2012, there was a minor product shift from the SEPARATION to the PULP & PAPER business area. Comparison figures for 2011 have been adjusted accordingly in both business areas.

Sales

In the second quarter of 2012, sales of the ANDRITZ GROUP amounted to 1,252.1 MEUR, which is an increase of 15.1% compared to last year's reference period (Q2 2011: 1,087.4 MEUR). This increase is mainly due to the positive development of the PULP & PAPER business area, which raised its sales significantly, from 420.9 MEUR in Q2 2011 to 600.2 MEUR in Q2 2012. While sales also increased considerably in the SEPARATION and FEED & BIOFUEL business areas, the HYDRO and METALS business areas saw a project-related decline.

In the first half of 2012, sales of the Group amounted to 2,437.8 MEUR, thus rising by 21.2% compared to the previous year's reference period (H1 2011: 2,011.1 MEUR). Particularly the PULP & PAPER business area noted a sharp increase in sales.





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

	H1 2012	H1 2011	Q2 2012	Q2 2011
ANDRITZ GROUP	25	28	26	28
HYDRO	23	24	25	24
PULP & PAPER	27	32	28	33
SEPARATION	32	36	31	35
METALS	6	9	5	9
FEED & BIOFUEL	46	52	41	49

Order intake

The order intake of the ANDRITZ GROUP in the second quarter of 2012, at 1,193.2 MEUR, reached a satisfactory level, even though it was 39.7% lower than the extraordinarily high order intake in the reference period for the previous year, which included a large order in the PULP & PAPER business area (Q2 2011: 1,978.5 MEUR).

The order intake in the HYDRO business area amounted to 515.7 MEUR in the second quarter of 2012 and was thus practically at the same level as last year's reference period (Q2 2011: 513.2 MEUR).

At 451.8 MEUR, the order intake in the PULP & PAPER business area was substantially lower than the reference figure for the previous year (Q2 2011: 1,236.2 MEUR), which included the major order for Montes del Plata with an order value of approximately 750 MEUR (supply of production technologies and equipment for the new pulp mill in Punta Pereira, Uruguay).

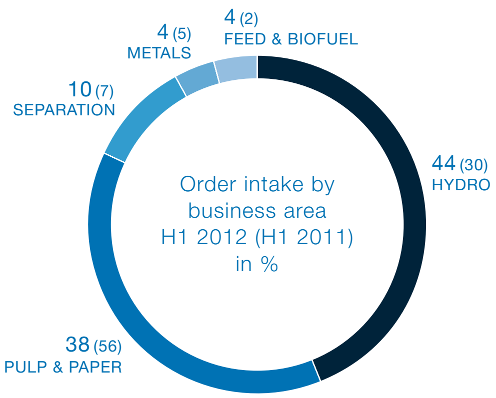
The SEPARATION business area increased its order intake by 20.3% to 135.3 MEUR (Q2 2011: 112.5 MEUR).

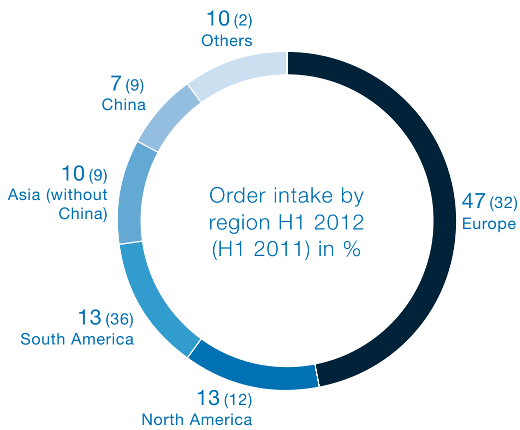
Due to the continuing difficult environment in the international steel/stainless steel market, order intake in the METALS business area, at 47.0 MEUR, was at a very low level (Q2 2011: 78.4 MEUR).

The FEED & BIOFUEL business area recorded a sharp rise in order intake: Compared to the previous year's reference period, the order intake increased by 13.6% to 43.4 MEUR (Q2 2011: 38.2 MEUR).

In the first half of 2012, the Group achieved an order intake of 2,554.4 MEUR. Although this figure is significantly below the record level of the first half of 2011 (3,644.5 MEUR: -29.9%), which included two large orders in the PULP & PAPER business area with an order value of approximately 1,100 MEUR, the order intake level was satisfactory overall. Compared to the first half of 2011, order intake declined significantly in the PULP & PAPER business area due to the very high reference value of the previous year. This was also the case in the METALS business area, which is still affected by over-capacities at international steel/stainless steel producers and the resulting low investment activity. The HYDRO business area recorded a slight increase in order intake, while the SEPARATION and FEED & BIOFUEL business areas achieved a significant rise:

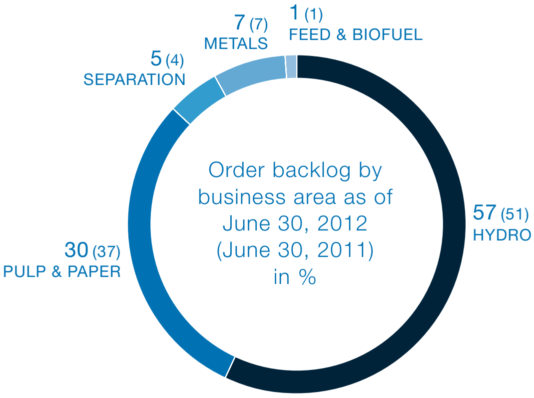
	H1 2012 (MEUR)	H1 2011 (MEUR)	+/- (in %)
HYDRO	1,113.2	1,097.1	+1.5
PULP & PAPER	981.2	2,053.7	-52.2
SEPARATION	259.4	237.0	+9.5
METALS	111.3	183.1	-39.2
FEED & BIOFUEL	89.3	73.6	+21.3

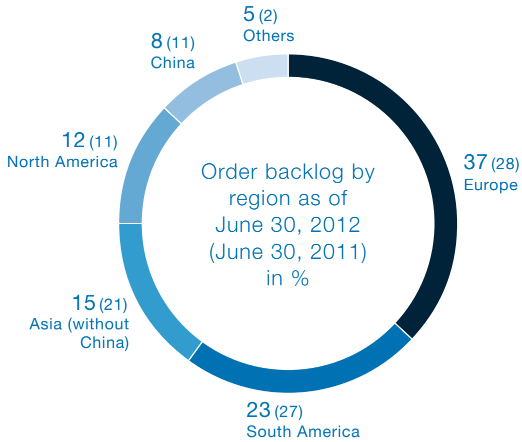




Order backlog

The Group's order backlog as of June 30, 2012 amounted to 6,935.9 MEUR, thus slightly increasing compared to the reference value as of December 31, 2011 (6,683.1 MEUR: +3.8%).





Earnings

Earnings developed satisfactorily during the reporting period. In a still challenging economic and competitive environment, the EBITA of the ANDRITZ GROUP rose to 83.1 MEUR in the second quarter of 2012 and was thus 10.1% above the figure for the reference period of the previous year (Q2 2011: 75.5 MEUR). Profitability (EBITA margin) amounted to 6.6% and was thus lower than in the second quarter of 2011 (6.9%). This is mainly attributable to PULP & PAPER (execution of large orders) and SEPARATION (expenses for expansion of the service business).

In the first half of 2012, the EBITA reached 155.6 MEUR, up by 18.2% compared to the first half of 2011 (131.6 MEUR). The EBITA margin, at 6.4%, nearly reached the figure of the previous year's reference period (H1 2011: 6.5%).

The financial result rose sharply to 6.7 MEUR in the first half of 2012 (+67.5% vs. H1 2011: 4.0 MEUR).

Net income (excluding non-controlling interests) increased by 22.8% compared to the previous year's reference period to 108.7 MEUR (H1 2011: 88.5 MEUR).

Net worth position and capital structure

The net worth position and capital structure of the ANDRITZ GROUP as of June 30, 2012 remained solid. Total assets amounted to 4,657.4 MEUR (December 31, 2011: 4,566.6 MEUR); the equity ratio was 20.3% (December 31, 2011: 20.6%).

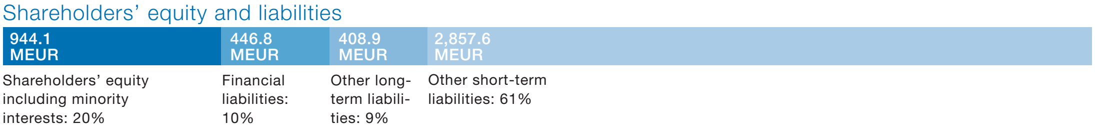
Liquid funds (cash and cash equivalents plus marketable securities plus loans against borrowers' notes) amounted to 1,631.2 MEUR as of June 30, 2012 (December 31, 2011: 1,814.5 MEUR). The net liquidity (liquid funds plus fair value of interest rate swaps minus financial liabilities) amounted to 1,205.0 MEUR (December 31, 2011: 1,400.6 MEUR). This decline is mainly due to the purchase of approximately 25% of the shares in Schuler AG (about 150 MEUR).

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

- Credit lines: 176 MEUR, thereof 75 MEUR utilized
- Surety lines: 4,987 MEUR, thereof 2,658 MEUR utilized

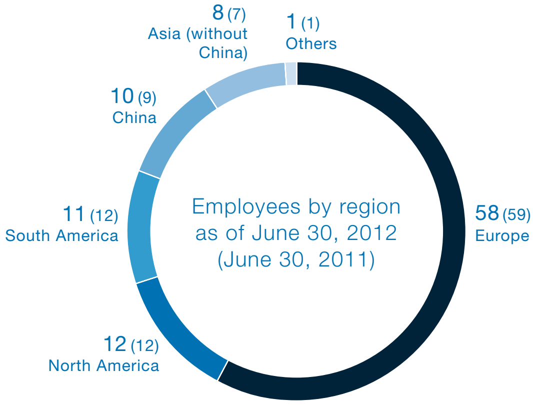
Assets

Shareholders' equity and liabilities



Employees

As of June 30, 2012, the number of ANDRITZ GROUP employees amounted to 17,420 and was thus slightly higher than as of December 31, 2011 (16,750 employees: +4.0%). This increase is particularly due to the first-time consolidation of newly acquired companies.



Acquisitions

In June 2012, ANDRITZ acquired Soutec AG with headquarters in Neftenbach, Switzerland, including its affiliates in China and the USA. The company has around 90 employees and generates annual sales of approximately 30 MEUR. ANDRITZ Soutec is a leading global supplier of laser and rolled seam resistance welding systems for the metalworking industry. These welding systems are used in particular to manufacture light components – for example, car body parts (tailor welded blanks), fuel tanks, or exhaust components for various industries.

In May 2012, ANDRITZ signed an agreement with Schuler-Beteiligungen GmbH to acquire its entire 38.5% stake in Schuler AG, a company listed on the German Stock Exchange and based in Göppingen; the purchase price per share is 20.00 EUR in cash. In June, ANDRITZ acquired a further stake of Schuler AG shares amounting to just under 25%. On July 2, 2012, ANDRITZ published a voluntary public takeover offer for the remaining shareholders in accordance with Section 10, para. 1, in conjunction with Sections 29 and 34, of the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz, WpÜG), to acquire the remaining shares. Via one of its German affiliates, ANDRITZ is offering the remaining Schuler AG shareholders also 20.00 EUR per share in cash. Closing of the acquisition of Schuler Beteiligungen GmbH's block of shares, as well as the takeover offer, are contingent upon approval of both transactions by the anti-trust authorities.

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

The ANDRITZ GROUP has a long-established Group-wide risk management system whose goal is to identify nascent risks early and to take countermeasures if necessary. This is an important element of active risk management within the Group. However, there is no guarantee that the monitoring and risk control systems are sufficiently effective.

The essential risks for the business development of the ANDRITZ GROUP relate above all to the Group's dependence on the general economic environment and the development of the industries it serves, to whether major orders are received and to the risks they entail; and to whether adequate sales proceeds are realized from the high order backlog. In addition, unexpected increases in costs, delays, and difficulties in achieving the guaranteed performance parameters in the plants that ANDRITZ supplies present substantial risks during the project execution. A possible malfunction in the components and systems supplied by ANDRITZ can have serious consequences for individuals and on material assets. The financial difficulties and the continuing challenging overall economic development (particularly in Europe and the USA) also constitute a serious risk for the ANDRITZ GROUP's financial development. In addition, a possible stronger slowdown in economic activities in the emerging markets also presents a risk to the Group. The weak economy may lead to delays in the execution of existing orders and to the postponement or cancellation of existing projects. Cancellations of existing contracts could adversely affect the ANDRITZ GROUP's order backlog, which would in turn have a negative impact on the utilization of the Group's manufacturing capacities.

Complete or partial goodwill impairments resulting from acquisitions may also influence the earnings development of the ANDRITZ GROUP if the targeted financial goals for these companies cannot be reached. In addition, there is always some risk that partial or full provisions will have to be made for some trade accounts receivable.

For the majority of orders, the risk of payment failure by customers is mitigated by means of bank guarantees and export insurance, but individual payment failures can have a substantial negative impact on earnings development of the Group. Risks related to deliveries to countries with medium to high political risks typically are also insured to a large extent. Exchange rate risks in connection with the execution of the order backlog are minimized and controlled by derivative financial instruments, in particular by forward exchange contracts and swaps. Net currency exposure of orders in foreign currencies (mainly US dollars and Swiss francs) is hedged by forward contracts. Cash flow risks are monitored via monthly cash flow reports.

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

The ANDRITZ GROUP's position in terms of liquidity is very good; the Group has high liquidity reserves and secured access to liquidity. The Group avoids dependence on one single or only a few banks. To ensure independence, no bank will receive more than a certain defined amount of the business in any important product (cash and cash equivalents, financial liabilities, financial assets, guarantees, and derivatives). With this diversification, ANDRITZ is seeking to minimize the counterparty risk as best possible. Nevertheless, if one or more banks were to become insolvent, this would have a considerable negative influence on earnings development and shareholders' equity of the ANDRITZ GROUP. In addition, the lowering of ANDRITZ's credit rating by several banks can limit the financial leeway available to ANDRITZ, particularly regarding sureties to be issued.

ANDRITZ pursues a risk-averse investment strategy. Cash is largely invested in low-risk financial assets, such as government bonds, government-guaranteed bonds, investment funds to cover pension obligations, loans against borrowers' notes insured by a certificate of deposit, or term deposits. However, turbulences on the international financial markets may lead to unfavorable price developments for various securities in which the Group has invested (for example, money market funds, bonds), or make them non-tradable. This could have an adverse effect on the ANDRITZ GROUP's financial result or shareholders' equity due to necessary depreciation or value adjustments. The crisis has also heightened the risk of default by some issuers of securities, as well as by customers. The Executive Board is informed at regular intervals of the extent and volume of current risk exposure in the ANDRITZ GROUP.

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

For further information on the risks for the ANDRITZ GROUP, see the ANDRITZ annual financial report 2011.

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

Information pursuant to Article 87 (4) of the (Austrian) Stock Exchange Act
In the second quarter of 2012, no major business transactions were conducted with related persons and companies.

Important events after June 30, 2012
At the beginning of July, ANDRITZ issued a corporate bond successfully:
- Volume issued: 350 MEUR
- Denomination: 500.- EUR
- Coupon: 3.875% p.a. of nominal value
- Maturity: 7 years (due on maturity)
- Listing on the stock exchange: Vienna Stock Exchange, Second Regulated Market
- ISIN: AT0000A0VLS5

Two-thirds of the volume were subscribed by Austrian private investors and one-third by banks, funds, and insurance companies. Just under 75% of the total volume was placed in Austria, with the remainder divided evenly between Germany and Switzerland.

The status of the global economy and the financial markets did not change substantially in the period between the date of the balance sheet and publication of the present report. The determining factors continue to be the economic weakness as well as the sovereign debt crises in Europe and the USA.

OUTLOOK

Leading economic experts do not expect any substantial change in economic development in the most important regions of the world during the coming months. In Europe in particular, economic activity is expected to remain persistently low as a result of the latent Euro crisis and the related impact on the real economy. A considerable decline in demand is expected for individual industries, for example the automotive industry and its suppliers. A sustainable economic recovery is not expected in the USA either. In the emerging markets of South America and Asia, economic experts expect the economic slowdown to continue.

In spite of this difficult overall economic environment, the ANDRITZ GROUP currently still sees sufficient project activity in the majority of the markets that it serves. Only the METALS business area continues to show no signs of recovery in the current moderate project and investment activity.

On the basis of these expectations and given the very high order backlog of slightly less than 7 billion EUR as of June 30, 2012, the ANDRITZ GROUP expects an increase in sales in 2012 in comparison with the previous year's figure. The net income is also expected to rise compared to the last year. If, however, the global economy continues to suffer more severe setbacks in 2012, this could have a negative impact on the sales and earnings developments of the ANDRITZ GROUP, making it impossible to achieve the sales and earnings targets set.

DECLARATION PURSUANT TO ARTICLE 87 (1) OF THE (AUSTRIAN) STOCK EXCHANGE ACT

We hereby confirm that, to the best of our knowledge, the condensed interim financial statements of the ANDRITZ GROUP drawn up in compliance with the applicable accounting standards provide a true and fair view of the asset, financial, and earnings positions of the ANDRITZ GROUP, and that the management report provides a true and fair view of the asset, financial, and earnings positions of the ANDRITZ GROUP with regard to the important events of the first six months of the financial year and their impact on the condensed interim financial statements of the ANDRITZ GROUP, and with regard to the major risks and uncertainties during the remaining six months of the financial year, and also with regard to the major business transactions subject to disclosure and concluded with related persons and companies.

Graz, August 7, 2012

The Executive Board of ANDRITZ AG

Wolfgang Leitner	Karl Hornhofer	Humbert Köfler	Friedrich Papst	Wolfgang Semper
President and CEO	PULP & PAPER (Capital Systems)	PULP & PAPER (Service & Units), SEPARATION	METALS, FEED & BIOFUEL, HYDRO (pumps)	HYDRO

HYDRO

MARKET DEVELOPMENT

The good project activity for electromechanical equipment in hydropower plants continued during the reporting period. The majority of the projects focused on modernization and rehabilitation of existing hydropower plants, particularly in Europe and North America. These two regions also showed solid project activity for small-scale hydropower equipment.

In the emerging markets, mainly in South America, there are many new hydropower projects currently being implemented. The long-term drivers are the strong economic growth in these countries, as well as efforts to become less dependent on fossil fuels.

Project activity in the pumps sector for irrigation, transport of drinking water, and the power plant segment continued to be strong. Especially in Asia, above all in India, investment activity was high.

IMPORTANT EVENTS

Following their rehabilitation by ANDRITZ HYDRO, three Kaplan turbines and the electrical equipment at the Tavagnasco hydropower plant, Italy, were commissioned under an order from Utilizzazioni Elettro Industriali S.p.A.

Two pumping stations were also started up for the Bheema sub-project in Andhra Pradesh, India. The order covered supply and installation of six pumps for irrigation of agricultural land. The Indian state of Andhra Pradesh has been hit frequently by widespread drought. As some 70% of the population makes a living directly or indirectly from agriculture, the Indian government launched the Jalayagnam project for irrigation of all agricultural land. The ANDRITZ deliveries cover a total of eleven sub-projects.

IMPORTANT ORDERS

ANDRITZ HYDRO received an order from the utility company TIWAG, Austria, to supply the penstock for the Kaunertal power station.

As member of a consortium, the business area received an order from JKPDC (Jammu Kashmir State Power Development Corporation Ltd.), India, to supply three Francis turbines each with an output of 151 MW, the governors, and three butterfly valves for the Baglihar II hydropower station. The turbines, which are particularly subject to abrasive wear because of a high solids content of water in India, are very robust, thanks to a special coating technology.

ANDRITZ HYDRO is to supply the electromechanical equipment, including two Francis turbines (71 MW each), for the Ayvali hydropower plant to Özdogan Enerji A.S, Turkey.

The electromechanical equipment for Vrutok and Raven hydropower stations is to be refurbished for AD Elektrani Na Makedonia (ELEM), Republic of Macedonia. The main focus of the order is to increase the output of four existing generators in the Vrutok power plant.

From Schweizer Kraftwerke Sarganserland AG, ANDRITZ has received an order for the revision of the hydraulic equipment – three Francis turbines (93.3 MW each) and three pump turbines (53 MW each) – and the refurbishment of the turbine runners at the Mapragg hydropower plant, Switzerland.

For Kemijoki Oy, Finland, the business area will increase output and efficiency of the 53 MW Kaplan turbine at the Seitakorva hydropower plant.

In the small-scale hydropower sector, ANDRITZ HYDRO was awarded numerous important orders during the reporting period, including orders from: Gas Natural Fenosa (Belesar 2 and Peares 2 small-scale hydropower plants), Spain; Compagnie nationale du Rhone (Rochemaure), France; Kodiak Electric (Terror Lake small-scale hydropower plant), USA; Tangnu Romai Power Gen. P.L (Tangnu Romai), India; Innergex Energy (North West Stave), Canada; HMV (El Popal), Colombia; Consorcio Larreynaga (Larreynaga), Nicaragua; and Statkraft Energi As (Haukeli), Norway.

Ontario Power Generation, Canada, ordered the control system for the Stewartville hydropower plant.

The business area received an order from Pea Ridge Mine, USA, to supply three submersible motor pumps. The pumps will be used for drainage purposes in an iron ore mine.

FURTHER IMPORTANT ORDERS AT A GLANCE

Country	Customer	Scope of supply/project description
Philippines	SN Aboitiz Power – Magat Inc	Mechanical rehabilitation of two units at the Magat hydropower plant
Sweden	Vattenfall Ångermanälven AB	Rehabilitation of the G2 unit at the Långbjörn power plant
Switzerland	Elektrizitätswerke der Stadt Zürich (EWZ)	Rehabilitation of turbine #3 at the Löbbia hydropower station

PULP & PAPER

MARKET DEVELOPMENT

In the second quarter of 2012, the international pulp market was impacted by the global economic slowdown. Although there were single price increases for both short-fiber and long-fiber pulp at the beginning of April, these increases were withdrawn in most of the regions worldwide as the reporting period progressed, especially for NBSK (Northern Bleached Softwood Kraft Pulp) long-fiber pulp. The price increases announced for May were largely dropped due to a sharp decline in the demand for printing and writing paper grades as well as the weak economic situation in Europe. As a result, the price for NBSK remained practically unchanged compared to the first quarter of 2012 at around 850 USD per ton.

The prices for short-fiber pulp developed somewhat more favorably, with individual price increases being introduced successfully. The price for eucalyptus pulp, for example, rose from approximately 750 USD per ton at the beginning of April to around 780 USD per ton at the end of June 2012.

The market for pulp mill equipment saw a satisfactory development in spite of the unfavorable general economic conditions. Project activity was solid both for upgrades and for planned new investments.

IMPORTANT EVENTS

The world's most efficient recovery boiler in terms of power-to-heat ratio was started up for Iggesund Paperboard AB, Sweden. The new boiler has a capacity of 2,400 tds/d and will increase Iggesund's electricity production from 210 to 520 GWh/a. For CMPC Celulosa, Chile, a new 2,200 tds/d recovery boiler was put into operation.

ANDRITZ started up the world's widest (7.4 m) PrimeDry Steel Yankee dryer cylinder for a customer in Indonesia.

For Saigon Paper Corporation, Vietnam, a complete PrimeLineCOMPACT tissue machine, including stock preparation plant and automation systems, was put into operation.

DohEi Paper, Japan, started up a tissue machine with a PrimeDry Steel Yankee, marking the first delivery of this ANDRITZ technology to Japan.

The Hengan Group, China, put into operation another PrimeLine tissue machine, including complete stock preparation and automation systems.

VERBUND Thermal Power GmbH & Co KG (VTP), Austria, started up an SCR (Selective Catalytic Reduction) air pollution control unit at its combined-cycle power plant. Complexul Energetic Turceni, Romania, started up FGD (Flue Gas Desulphurization) units for two lines.

Huatai Anhui, China, started up fiberline equipment, including new DD (Drum Displacer) washers, screens, and MC (Medium Consistency) components.

Two pressurized refining systems for MDF production were put into operation in China: Wenan Tianhua MDF Board Co., Ltd., Hebei, and Shanghai Wood-Based Panel Machinery Co., Ltd., Shandong.

APP's Ningbo mill, China, which is home to the world's largest board machine (8.8 m width), set a speed record (1,100 m/min) using ANDRITZ forming fabrics.

For Celulose Riograndense, Brazil, ANDRITZ will initiate its Optimization of Process Performance (OPP) service to reduce chemical and energy consumption.

IMPORTANT ORDERS

Zellstoff Pöls AG, Austria, ordered a production line based on ANDRITZ PrimeLine paper technology to produce high-strength paper for shopping bags, high-grade medical packaging, and food packaging. The scope of supply also includes the stock preparation plant, approach flow system, a calender, and the automation systems.

A new biomass-fueled boiler for a combined heat and power plant will be delivered for Karlstads Energi AB, Sweden. The scope of supply includes the complete bubbling fluidized bed boiler island. Also, an order was received from Tembec, Canada, for a SulfitePower recovery boiler plant.

JSC Arkhangelsk Pulp and Paper, Russia, ordered equipment for a new semi-chemical pulp line. Scope includes a chip washing system, a cooking plant, refiners, washers, screw presses, and electrical and control systems. The new plant will use birch and aspen as raw material and produce 1,000 t/d of fluting and testliner pulp grade.

Ilim Group, Russia, selected ANDRITZ to modernize its white liquor plant (including lime mud drying and kiln operations).

In the nonwovens sector, Eruslu Tekstil A.S., Turkey, ordered a second ANDRITZ Perfojet spunlace line to more than double production capacity of baby wipes products.

FURTHER IMPORTANT ORDERS AT A GLANCE

Country	Customer	Scope/Description
China	Nan Liu Enterprise Co. Ltd.	JetLace Essentiel spunlace line (nonwovens)
China	Lee & Man Paper	PrimePress X press
China	Zhongshan Yongfa Paper	Complete OCC (Old Corrugated Container) recycled fiberline
China	Guangxi Fenglin Shanghai Wood-Based Panel Machinery II	MDF pressurized refining system
China	Jiangsu Huifeng Huaihe Wood Industry Co., Ltd.	MDF pressurized refining system
Finland	Metsä-Fibre	MOXY (white liquor oxidation) plant
India	ITC Paperboards & Specialty Papers Division	LimeGreen green liquor filter
Russia	Avangard	JetLace Essentiel spunlace line (nonwovens)
South Africa	Mondi Richards Bay Mill	Boiler shutdown services
Sweden	Lunds Energi AB	Biomass crushing line for power plant
Turkey	Akinal Sentetik Tekstil	Spunlace web forming and needlepunch line (nonwovens)
USA	Sappi, Cloquet	Ozone bleaching modernization

SEPARATION

MARKET DEVELOPMENT

Project activity for solid/liquid separation plants and machinery continued its positive development during the reporting period.

Investment activity in the environmental sector (treatment of drinking water and sewage) was high in the emerging markets, particularly China, because of the growing population and increasing urbanization. In Europe and North America, project activity was satisfactory.

In the mining and minerals processing segment, project activity remained at a high level, especially in Asia, Australia, Russia, Africa, South America, and the USA. Investments concentrated on the iron ore market and, due to increasing environmental protection requirements, on the treatment of mining residues.

The food industry continued to show solid project activity, mainly driven by the growth in population and rising standard of living in Asia and South America.

The satisfactory investment activity in the chemical industry focused on increasing production capacities and improving production processes, particularly in Asia, in order to comply with rising environmental protection standards and reduce energy consumption.

IMPORTANT ORDERS

Municipal customers in China, the Middle East (for example, Qatar and Saudi Arabia), Eastern Europe, South America, and Asia (Taiwan, India, and Thailand) ordered numerous filter presses and centrifuges for the treatment of drinking water and sewage.

Linear screens for processing platinum were delivered to Lonmin, South Africa. This order is also an important reference for other fields of application, such as gold processing.

Siemens VAI, Russland, ordered the supply of four vacuum rotary filters (each measuring 168 m^2) for the production of iron ore. These are the first filters of this kind to be used in Europe.

ANDRITZ will supply four overhead bar filter presses to Abengoa's bio-ethanol plant, USA.

Due to the strong presence of ANDRITZ in South America, an order was secured to supply separators for a dairy plant in South America.

Petrokimia, Indonesia, ordered two large tilting pan filters, each with a diameter of 30 m, for the production of phosphoric acid.

A filter press for the production of calcium chloride will be supplied to JSC Soda, Russia.

The business area was awarded an order to deliver two centrifuges and two drum filters for petrochemical plants operated by Reliance, India.

In the service sector, ANDRITZ SEPARATION received numerous orders from customers in Europe, North America, and Asia, particularly as a result of the business area's large installed base.

METALS

MARKET DEVELOPMENT

Investment activities for plants and equipment for the production and processing of strip made of stainless steel, carbon steel, and non-ferrous metals remained subdued during the reporting period. Due to ongoing overcapacities in the steel/stainless steel production and uncertainties over the future development of the general economy, only selective investments were noted worldwide. However, solid project activity was noted for industrial furnaces.

IMPORTANT EVENTS

A mixed acid regeneration plant was started up successfully at the Calvert mill, Alabama, USA, operated by ThyssenKrupp Stainless. Based on ANDRITZ Pyromars technology, up to 5,500 l of acid will be recovered from waste pickling liquor from the pickling and annealing lines also supplied by ANDRITZ for the production of hot and cold rolled strip.

The start-up of the 20-high precision rolling mills at TISCO Tianjin Iron & Steel Corp., Taiyuan, China, was completed successfully with rolling of strip to a final thickness of 20 µm. Both the thickness and flatness tolerances were below the guaranteed values of ±2 µm and 6 I-units. TISCO Tianjin Iron & Steel is a member of TISCO Group, China's largest stainless steel producer.

In the industrial furnace sector there were several important start-ups: a rotary hearth furnace, four double chamber furnaces, and a car bottom furnace for EVRAZ VITKOVICE STEEL a.s. Ostrava, Czech Republic; two car bottom furnaces for Metal Ravne d.o.o., Slovenia; two car bottom furnaces for BORSIG Process Heat Exchanger GmbH, Germany, following the rebuild of the heating system; and a hood-type furnace for H. Butting GmbH & Co. KG, Germany.

IMPORTANT ORDERS

Weihai Haixin New Material Co. Ltd, China, selected ANDRITZ METALS to supply a recoiling line in order to trim aluminum strip to dimensions of 0.15-1.5 mm thickness and up to 2,150 mm width (at speeds of up to 1,500 m/min) and split the strip in the middle.

Alcoa Inc., USA, ordered the rebuild of a slitting line. The supply covers the threading device, precision trimming shears, scrap cutter for trimmings, and the complete braking and upcoiling unit. Thus, the business area is supplying the entire mechanical equipment for the expansion project at the Alcoa works in Davenport, Iowa, serving the automotive and aerospace industries.

ElringKlinger AG, Germany, commissioned the business area to supply a servo-press (1,500 t) for its facility in Toluca, Mexico. The decisive factor in the award of this order was the successful start-up of a servo-press at ElringKlinger's work at Runkel, Germany, in the first quarter of 2012.

A number of orders to supply industrial furnaces were booked from the following customers: Von Schaewen (car bottom annealing furnace), Dirostahl (refurbishment of two car bottom annealing furnaces), and Dillinger Hüttenwerke (modernization of a pusher-type furnace for slabs), Germany; Böhler Schmiedetechnik (chamber forging furnace) and Böhler Edelstahl (double-chamber furnace), Austria; Oil and Gas Systems Company (new car bottom annealing furnace and two car bottom forging furnaces for the production of high-quality fittings used in mineral oil and natural gas conveying technology), Russia.

FEED & BIOFUEL

MARKET DEVELOPMENT

Investment activity in the animal feed industry was at a solid level during the reporting period, especially in Asia, South America, and Europe. The special feed area (aquatic feed and pet food) showed good project activity.

The market for pelleting equipment based on wood and other biomass resources continued to show favorable project activity, particularly in the USA, Eastern Europe, and the emerging markets of South America and Asia.

IMPORTANT ORDERS

In the animal feed sector, ANDRITZ received a number of important orders during the reporting period: several orders for poultry feed pelleting lines with capacities of 30-40 t/h from customers in Central and South America; an order for a high-capacity full fat soya extrusion line for animal feed ingredient preparation in South America; and a number of orders for pelleting lines from feed producers as well as integrated meat companies in Asia.

In the aqua feed sector, the business area secured several orders for the supply of fish feed extrusion lines in Asia.

Among the orders in the pet food segment, ANDRITZ will deliver a pet food extrusion plant with a capacity of 15 t/h to a customer in South America.

The business area received from customers in Eastern Europe and Asia the order to supply biomass pelleting lines for both wood and straw.

Consolidated financial statements of the ANDRITZ GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2012 (condensed, unaudited)

(in TEUR)	June 30, 2012	December 31, 2011
ASSETS		
Intangible assets	88,194	77,238
Goodwill	300,171	284,713
Property, plant, and equipment	464,535	433,369
Shares in associated companies	1,053	13,428
Other investments	331,527	235,890
Non-current receivables and other non-current assets	56,374	55,480
Deferred tax assets	104,087	107,180
Non-current assets	**1,345,941**	**1,207,298**
Inventories	468,913	411,743
Advance payments made	187,116	141,291
Trade accounts receivable	525,918	581,367
Cost and earnings of projects under construction in excess of billings	327,589	290,490
Other current receivables	410,235	319,366
Marketable securities	297,179	445,159
Cash and cash equivalents	1,094,490	1,169,888
Current assets	**3,311,440**	**3,359,304**
TOTAL ASSETS	**4,657,381**	**4,566,602**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Share capital	104,000	104,000
Capital reserves	36,476	36,476
Retained earnings	760,673	756,193
Equity attributable to shareholders of the parent	**901,149**	**896,669**
Non-controlling interests	**42,987**	**42,204**
Total shareholders' equity	**944,136**	**938,873**
Bonds – non-current	163,735	357,706
Bank loans and other financial liabilities – non-current	20,715	11,422
Obligations under finance leases – non-current	16,953	7,696
Provisions – non-current	298,094	301,496
Other liabilities – non-current	18,695	14,135
Deferred tax liabilities	92,069	85,155
Non-current liabilities	**610,261**	**777,610**
Bonds – current	189,816	0
Bank loans and other financial liabilities – current	54,970	58,713
Obligations under finance leases – current	632	757
Trade accounts payable	434,339	438,596
Billings in excess of cost and earnings of projects under construction	1,112,745	1,068,292
Advance payments received	77,835	85,410
Provisions – current	383,126	365,809
Liabilities for current taxes	32,864	46,006
Other liabilities – current	816,657	786,536
Current liabilities	**3,102,984**	**2,850,119**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**4,657,381**	**4,566,602**

CONSOLIDATED INCOME STATEMENT

For the first half of 2012 (condensed, unaudited)

(in TEUR)	H1 2012	H1 2011	Q2 2012	Q2 2011
Sales	**2,437,836**	**2,011,131**	**1,252,179**	**1,087,410**
Changes in inventories of finished goods and work in progress	39,021	30,849	10,904	11,262
Capitalized cost of self-constructed assets	233	216	165	139
	2,477,090	**2,042,196**	**1,263,248**	**1,098,811**
Other operating income	35,755	41,132	18,334	18,146
Cost of materials	-1,466,873	-1,176,453	-737,476	-643,951
Personnel expenses	-553,624	-485,034	-284,027	-249,914
Other operating expenses	-307,644	-264,797	-161,883	-134,733
Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA)	**184,704**	**157,044**	**98,196**	**88,359**
Depreciation, amortization and impairment of intangible assets and property, plant, and equipment	-41,566	-33,923	-21,710	-17,188
Earnings Before Interest and Taxes (EBIT)	**143,138**	**123,121**	**76,486**	**71,171**
Income/(expense) from associated companies	-775	820	76	162
Interest result	6,443	3,143	2,147	819
Other financial result	1,040	50	994	13
Financial result	**6,708**	**4,013**	**3,217**	**994**
Earnings Before Taxes (EBT)	**149,846**	**127,134**	**79,703**	**72,165**
Income taxes	-42,337	-37,433	-22,629	-21,272
NET INCOME	**107,509**	**89,701**	**57,074**	**50,893**
Thereof attributable to:				
Shareholders of the parent	108,725	88,545	58,262	51,534
Non-controlling interests	-1,216	1,156	-1,188	-641
Weighted average number of no-par value shares	103,226,480	102,331,800	103,251,836	102,663,544
Earnings per no-par value share (in EUR)	1.05	0.87	0.56	0.50
Effect of potential dilution of share options	719,181	1,268,044	769,520	1,206,378
Weighted average number of no par value shares and share options	103,945,661	103,599,844	104,021,356	103,869,922
Diluted earnings per no-par value share (in EUR)	1.05	0.85	0.56	0.50

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the first half of 2012 (condensed, unaudited)

(in TEUR)	H1 2012	H1 2011	Q2 2012	Q2 2011
Net income	**107,509**	**89,701**	**57,074**	**50,893**
Currency translation adjustments	1,446	-16,964	6,371	-117
Changes to IAS 39 reserve, net of tax	1,530	-1,715	539	-372
Other comprehensive income for the year	**2,976**	**-18,679**	**6,910**	**-489**
Total comprehensive income for the year	**110,485**	**71,022**	**63,984**	**50,404**
Thereof attributable to:				
Shareholders of the parent	113,269	70,260	66,618	50,504
Non-controlling interests	-2,784	762	-2,634	-100

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the first half of 2012 (condensed, unaudited)

(in TEUR)	Share capital	Capital reserves	Other retained earnings	IAS 39 reserve	Actuarial gains (losses)	Currency translation adjustments	Total	Non-controlling interests	Total shareholders' equity
	Attributable to shareholders of the parent								
Status as of January 1, 2011	**104,000**	**36,476**	**613,575**	**1,648**	**-1,693**	**2,611**	**756,617**	**37,763**	**794,380**
Total comprehensive income for the year			88,545	-1,719		-16,566	70,260	762	71,022
Dividends			-86,857				-86,857	-3,063	-89,920
Changes in consolidation method			979				979		979
Capital increase							0	4,654	4,654
Changes concerning own shares			18,451				18,451		18,451
Other changes			1,270				1,270		1,270
STATUS AS OF JUNE 30, 2011	**104,000**	**36,476**	**635,963**	**-71**	**-1,693**	**-13,955**	**760,720**	**40,116**	**800,836**
Status as of January 1, 2012	**104,000**	**36,476**	**774,104**	**189**	**-18,751**	**651**	**896,669**	**42,204**	**938,873**
Total comprehensive income for the year			108,725	1,526		3,018	113,269	-2,784	110,485
Dividends			-113,551				-113,551	-3,936	-117,487
Changes from acquisitions							0	6,586	6,586
Changes concerning own shares			1,808				1,808		1,808
Other changes			2,954				2,954	917	3,871
STATUS AS OF JUNE 30, 2012	**104,000**	**36,476**	**774,040**	**1,715**	**-18,751**	**3,669**	**901,149**	**42,987**	**944,136**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the first half of 2012 (condensed, unaudited)

(in TEUR)	H1 2012	H1 2011
Cash flow from operating activities	119,426	206,841
Cash flow from investing activities	-89,450	-147,435
Cash flow from financing activities	-105,374	-72,399
Change in cash and cash equivalents	-75,398	-12,993
Cash and cash equivalents at the beginning of the period	**1,169,888**	**1,187,946**
Cash and cash equivalents at the end of the period	**1,094,490**	**1,174,953**

CASH FLOWS FROM ACQUISITIONS OF SUBSIDIARIES*

For the first half of 2012 (condensed, unaudited)

	Business area			Total	Total
(in TEUR)	HY[1)]	PP[2)]	ME[3)]	H1 2012	H1 2011
Intangible assets	12,639	18	10,896	23,553	13,182
Property, plant, and equipment	111	529	3,398	4,038	617
Inventories	0	1,829	2,036	3,865	792
Trade and other receivables excluding financial assets	5,230	1,008	5,674	11,912	5,346
Liabilities excluding financial liabilities	-7,466	-1,702	-14,002	-23,170	-8,558
Non-interest bearing net assets	**10,514**	**1,682**	**8,002**	**20,198**	**11,379**
Cash and cash equivalents acquired	4,262	1,396	4,365	10,023	247
Non-current financial assets	0	0	0	0	1,728
Financial liabilities	-9	0	0	-9	-4
Goodwill	5,651	0	8,383	14,034	14,646
Changes in non-controlling interests	-6,586	0	0	-6,586	0
Total purchase price	**13,832**	**3,078**	**20,750**	**37,660**	**27,996**
Purchase price paid	-4,025	-3,078	-19,103	-26,206	-23,306
Cash and cash equivalents acquired	4,262	1,396	4,365	10,023	247
Net cash flow	**237**	**-1,682**	**-14,738**	**-16,183**	**-23,059**
Liabilities from purchase price not paid	0	0	-1,647	-1,647	-4,690
Fair value of investments held prior to acquisition	-9,807	0	0	-9,807	0
Purchase price not paid in cash	**-9,807**	**0**	**-1,647**	**-11,454**	**-4,690**

* converted by using exchange rates as per dates of transaction
1) HY = HYDRO
2) PP = PULP & PAPER
3) ME = METALS

NOTES

Explanatory notes to the interim consolidated financial statements as of June 30, 2012

General
The interim consolidated financial statements as of June 30, 2012 were prepared in accordance with the principles set forth in the International Financial Reporting Standards (IFRS) – guidelines for interim reporting (IAS 34) – which are to be applied in the European Union. The accounting and valuation methods as of December 31, 2011 have been maintained without any change. For additional information on the accounting and valuation principles, see the consolidated financial statements as of December 31, 2011, which form the basis for this interim consolidated financial report.

At the beginning of 2012, there was a minor shift of some products from the SEPARATION business area to the PULP & PAPER business area. Comparison figures for 2011 have been adjusted accordingly in both business areas.

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

The interim consolidated financial statements as of June 30, 2012 were neither subject to a complete audit nor to an audit review by an auditor.

Application of new standards
ANDRITZ applies the following new standards:
- Amendments to IAS 12: Deferred Tax – Recovery of Underlying Assets
- Amendments to IFRS 7: Financial Instruments, Disclosures – Transfer of Financial Assets

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

Acquisitions
The following companies were not, or only partially, included in the ANDRITZ GROUP's consolidated financial statements of the reference period January 1-June 30, 2011:
- Hemicycle Controls: automation systems for hydropower stations
- ANDRITZ Iggesund Group: chipping and debarking equipment for pulp and saw mills
- Assets of Tristar Industries: service and manufacturing center for the PULP & PAPER service area
- ANDRITZ Asselin-Thibeau France: systems for the production of dry nonwovens (especially for applications in the textile and hygiene sectors)
- Bricmont Inc.: furnace systems to the aluminum and steel industries
- ANDRITZ HYDRO Hammerfest: technologies for energy generation from tidal currents occurring in coastal waters
- ANDRITZ Asselin-Thibeau China: systems for the production of dry nonwovens (especially for applications in the textile and hygiene sectors)

The initial accounting for the companies/businesses acquired in 2011/2012 was based on preliminary figures.

In May 2012, ANDRITZ signed an agreement with Schuler-Beteiligungen GmbH to acquire its entire 38.5% stake in Schuler AG, a company listed on the German Stock Exchange and based in Göppingen; the purchase price per share is 20.00 EUR in cash. In June, ANDRITZ acquired a further stake in Schuler AG shares amounting to just under 25%. On July 2, 2012, ANDRITZ published a voluntary public takeover offer for the remaining shareholders in accordance with Section 10, para. 1, in conjunction with Sections 29 and 34, of the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz, WpÜG), to acquire the remaining shares. Via one of its German affiliates, ANDRITZ is offering the remaining Schuler AG shareholders also 20.00 EUR per share in cash. Closing of the acquisition of Schuler Beteiligungen GmbH's block of shares as well as the takeover offer are contingent upon approval of both transactions by the anti-trust authorities.

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

Notes to the interim consolidated income statement

In the second quarter of 2012, sales of the ANDRITZ GROUP amounted to 1,252.1 MEUR, which is an increase of 15.1% compared to last year's reference period (Q2 2011: 1,087.4 MEUR). The EBIT reached 76.4 MEUR (Q2 2011: 71.1 MEUR).

In the first half of 2012, sales of the Group amounted to 2,437.8 MEUR, thus significantly exceeding the level of the previous year's reference period (H1 2011: 2,011.1 MEUR). The EBIT amounted to 143.1 MEUR (H1 2011: 123.1 MEUR).

Notes to the consolidated statement of financial position

Total assets of the ANDRITZ GROUP as of June 30, 2012 increased to 4,657.4 MEUR and were thus 90.8 MEUR higher than as of December 31, 2011 (4,566.6 MEUR). The net working capital as of June 30, 2012 amounted to -608.5 MEUR (December 31, 2011: -639.2 MEUR).

During the current business year, ANDRITZ AG paid dividends in the amount of 113.6 MEUR for the 2011 business year. No shares were bought back during the first half of 2012.

Notes to the consolidated statement of cash flows

Cash flow from operating activities of the ANDRITZ GROUP amounted to 119.4 MEUR in the first half of 2012 (H1 2011: 206.8 MEUR). This decrease was mainly due to project related changes in the working capital.

Cash flow from investing activities during the first half of 2012 amounted to -89.5 MEUR (H1 2011: -147.4 MEUR) and resulted mainly from payments received for divesting current and non-current financial assets of 110.3 MEUR, payments made for the purchase of slightly less than 25% of shares of Schuler AG of -149.1 MEUR, acquisitions of -16.2 MEUR (H1 2011: -23.3 MEUR), and investments in intangible assets and property, plant, and equipment of -34.5 MEUR (H1 2011: -23.5 MEUR).

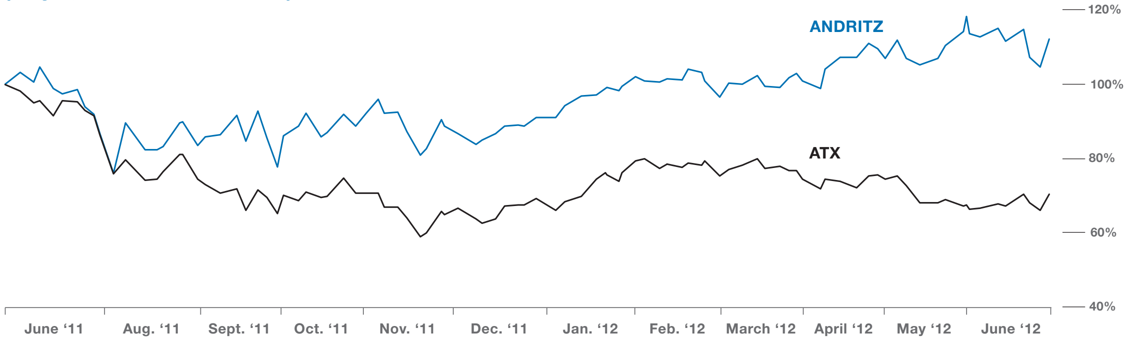
Important events after June 30, 2012

At the beginning of July, ANDRITZ issued a corporate bond successfully:

- Volume issued: 350 MEUR
- Denomination: 500.- EUR
- Coupon: 3.875% p.a. of nominal value
- Maturity: 7 years (due on maturity)
- Listing on the stock exchange: Vienna Stock Exchange, Second Regulated Market
- ISIN: AT0000A0VLS5

SHARE

Relative share price performance of the ANDRITZ share compared to the ATX (July 1, 2011-June 30, 2012)



Source: Vienna Stock Exchange

Note

On April 23, 2012, the ANDRITZ share was split in a ratio of 1:2. All historical share price data and key figures were adjusted accordingly.

Share price development

In the first half of 2012, the ANDRITZ share price developed very favorably despite a generally weak stock exchange environment. It increased by 23.4%, thus again outperforming the ATX, the leading share index on the Vienna Stock Exchange, which declined by 2.0% during the same period.

The highest closing price of the ANDRITZ share in the first half of 2012 was 42.76 EUR (May 31, 2012); the lowest closing price was 32.83 EUR (January 2, 2012).

Trading volume

The average daily trading volume of the ANDRITZ share (double count, as published by the Vienna Stock Exchange) in the first half of 2012 was 443,182 shares (H1 2011: 520,706 shares). The highest daily trading volume was noted on May 31, 2012 (8,004,302 shares), the lowest trading volume on March 12, 2012 (119,968 shares).

Investor Relations

At the Vienna Stock Exchange Awards 2012, ANDRITZ once again received a prize for its extensive Investor Relations activities. ANDRITZ took first place in the main category, the ATX prize, for the fourth time. The ATX prize is awarded to companies in the leading index of the Vienna Stock Exchange for the quality of their work in sustainability, corporate governance, strategy and company management, Investor Relations activities, and financial reporting. In addition, ANDRITZ took third place in the new private investor category, which assesses a company's communication policy towards retail shareholders.

In the second quarter of 2012, ANDRITZ gave presentations at investor conferences and held meetings with international institutional investors and financial analysts in Amsterdam, Boston, Brussels, Chicago, Frankfurt, Copenhagen, London, Milan, Singapore, Stockholm, and Zurich.

In mid-May, ANDRITZ was included in the MSCI Global Standard Index family, comprising the companies with the highest capitalization worldwide.

Key figures of the ANDRITZ share	*Unit*	**H1 2012**	H1 2011	**Q2 2012**	Q2 2011	2011
Highest closing price	*EUR*	42.76	37.00	42.76	37.00	37.75
Lowest closing price	*EUR*	32.83	29.81	35.66	32.40	27.41
Closing price as of end of period	*EUR*	40.52	35.50	40.52	35.50	32.05
Market capitalization (as of end of period)	*MEUR*	4,214.1	3,692.0	4,214.1	3,692.0	3,333.2
Performance	*%*	+23.4	+2.3	+9.1	+4.6	-7.6
ATX weighting (as of end of period)	*%*	11.2075	7.2739	11.2075	7.2739	9.2705
Average daily number of shares traded	*Share unit*	443,182	520,706	579,148	447,674	568,138

Source: Vienna Stock Exchange

Basic data of the ANDRITZ share

ISIN code	AT0000730007
First listing day	June 25, 2001
Types of shares	No-par value shares, bearer shares
Total number of shares	104 million
Authorized capital	None
Free float	About 70%
Stock exchange	Vienna (Prime Market)
Ticker symbols	Reuters: ANDR.VI; Bloomberg: ANDR, AV
Stock exchange indices	ATX, ATX five, ATXPrime, WBI

Financial calendar 2012 and 2013 (preliminary)

Results first three quarters of 2012	November 6, 2012
Results 2012 business year	March 1, 2013
Annual General Meeting	March 22, 2013
Ex-dividend	March 26, 2013
Dividend payment	March 28, 2013
Results first quarter of 2013	May 6, 2013
Results first half of 2013	August 7, 2013
Results first three quarters of 2013	November 6, 2013

The financial calendar with updates, as well as information on the ANDRITZ share, can be found on the Investor Relations page at the ANDRITZ website: www.andritz.com/share

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

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