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EANS-Adhoc: ANDRITZ: results for the first quarter of 2010

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3-month report

07.05.2010

Graz, May 7, 2010. International technology Group ANDRITZ showed a satisfactory business development in the first quarter of 2010. Sales amounted to 732 MEUR (-7% vs. Q1 2009). Order intake amounted to 908 MEUR and thus declined by 7% compared to the very high reference value for the previous year, but was still significantly higher than the figures for the preceding quarters. Order backlog as of March 31, 2010 amounted to 4.7 billion EUR, which is an increase of 6% compared to the reference date for last year. In spite of the decline in sales, EBITA, at 43.7 MEUR, was at the same level as during last year's reference period (Q1 2009: 43.7 MEUR). Thus, profitability (EBITA margin) increased to 6.0% (2009: 5.5%). Net income (excluding non-controlling interests) amounted to 29 MEUR (Q1 2009: 26 MEUR).

Sales declining, HYDRO business area remains strong Sales of the ANDRITZ GROUP amounted to 732.3 MEUR during the first quarter of 2010, thus 7.3% below the reference figure for the previous year (Q1 2009: 790.1 EUR). While the HYDRO business area achieved a significant increase in sales compared to last year's reference quarter, sales in the other business areas declined - especially in METALS and ENVIRONMENT & PROCESS.

Solid development of order intake and order backlog Order intake of the ANDRITZ GROUP saw a solid development in the first quarter of 2010, amounting to 908.4 MEUR and thus declining by 7.4% compared to the very high reference value for the previous year, but still significantly higher than the figures for the preceding quarters. Order intake of the HYDRO business area was significantly below the very high reference value for last year, which had included some major orders; also the METALS business area saw a significant decline in order intake. In contrast, order intake of the PULP & PAPER business area developed very favorably, more than doubling the figure for last year's reference period.

Order backlog of the ANDRITZ GROUP as of March 31, 2010 amounted to 4,724.3 MEUR, an increase of 5.8% compared to the reference date for last year (March 31, 2009: 4,464.0 MEUR).

Satisfactory earnings, increased profitability Despite the decline in sales, EBITA of the ANDRITZ GROUP, at 43.7 MEUR in the first quarter of 2010, remained stable compared to the reference value of last year (Q1 2009: 43.7 MEUR). While earnings in the HYDRO and the PULP & PAPER business areas rose significantly, the METALS and the ENVIRONMENT & PROCESS business areas in particular showed a decline in earnings.

EBITA margin of the Group increased to 6.0% and was thus higher than during the reference period for the last year (Q1 2009: 5.5%). In particular, the HYDRO and the PULP & PAPER business areas' profitability developed very favorably.

Net income (excluding non-controlling interests) amounted to 28.9 MEUR, which is an increase of 12.5% compared to the reference figure of the previous year (Q1 2009: 25.7 MEUR).

Solid balance sheet structure, substantially higher liquidity Total assets increased to 3,538.0 MEUR as of March 31, 2010 (December 31, 2009: 3,309.3 MEUR); the equity ratio amounted to 19.0% (December 31, 2009: 20.0%).

Liquid funds (cash and cash equivalents plus marketable securities) amounted to 1,296.5 MEUR as of March 31, 2010 (December 31, 2009: 1,082.1 MEUR). Net liquidity (liquid funds plus fair value of interest rate swaps minus financial liabilities) increased to 897.7 MEUR, thus also substantially higher than at the end of last year (December 31, 2009: 677.9 MEUR).

Outlook for 2010 confirmed The ANDRITZ GROUP confirms its financial guidance made on the occasion of the release of the 2009 financial results in March 2010 concerning the expected development of the markets it serves and the business development for the 2010 financial year. President and CEO Wolfgang Leitner comments: "While we expect a favorable market environment for the HYDRO business area in the next few months, and the ENVIRONMENT & PROCESS and the FEED & BIOFUEL business areas should also develop satisfactorily, we assume that the very moderate investment activity in the METALS business area will continue in the coming quarters. In the PULP & PAPER business area, we do not expect any sustained improvement for the time being despite the good order intake in the first quarter."

Based on these expectations and the order backlog of more than 4.7 bn. EUR at the end of March 2010, the ANDRITZ GROUP expects sales in 2010 to remain unchanged or slightly up compared to 2009. The cost reductions resulting from the restructuring measures implemented in 2009 should positively impact the net income.

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(Acc. to IFRS)	Unit	Q1 2010	Q1 2009	+/-	2009
Sales	MEUR	732.3	790.1	-7.3%	3,197.5
HYDRO	MEUR	349.0	316.6	+10.2%	1,378.0
PULP & PAPER	MEUR	217.0	233.7	-7.1%	903.3
METALS	MEUR	78.0	135.0	-42.2%	473.4
ENVIRONMENT & PROCESS	MEUR	55.7	70.8	-21.3%	322.6
FEED & BIOFUEL	MEUR	32.6	34.0	-4.1%	120.2
Order intake	MEUR	908.4	981.4	-7.4%	3,349.3
HYDRO	MEUR	391.4	574.2	-31.8%	1,693.9
PULP & PAPER	MEUR	340.1	164.7	+106.5%	923.0
METALS	MEUR	42.7	123.6	-65.5%	296.2
ENVIRONMENT & PROCESS	MEUR	89.2	84.3	+5.8%	305.4
FEED & BIOFUEL	MEUR	45.0	34.6	+30.1%	103.8
Order backlog (as of end of period)	MEUR	4,724.3	4,464.0	+5.8%	4,434.5
EBITDA	MEUR	55.6	56.2	-1.1%	218.2
EBITDA margin	%	7.6	7.1	-	6.8
EBITA	MEUR	43.7	43.7	0.0%	164.1
EBITA margin	%	6.0	5.5	-	5.1
Earnings Before Interest and Taxes (EBIT)	MEUR	41.4	41.6	-0.5%	147.1
Financial result	MEUR	1.9	-4.2	+145.2%	2.6
Earnings Before Taxes (EBT)	MEUR	43.3	37.4	+15.8%	149.6
Net income (excl. non- controlling interests)	MEUR	28.9	25.7	+12.5%	96.8
Cash flow from operating activities	MEUR	238.4	55.0	+333.5%	345.7
Investments in fixed tangible and intangible assets	MEUR	13.9	22.9	-39.3%	70.5
Employees (as of end of period)	-	13,370	13,600	-1.7%	13,049

The ANDRITZ GROUP The ANDRITZ GROUP is a globally leading supplier of plants and services for the hydropower, pulp and paper, metals, and other specialized industries (solid/liquid separation, feed and biofuel). The Group is headquartered in Graz, Austria, and has a staff of approximately 13,400 employees worldwide. ANDRITZ operates over 120 production sites, service, and sales companies all around the world.

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