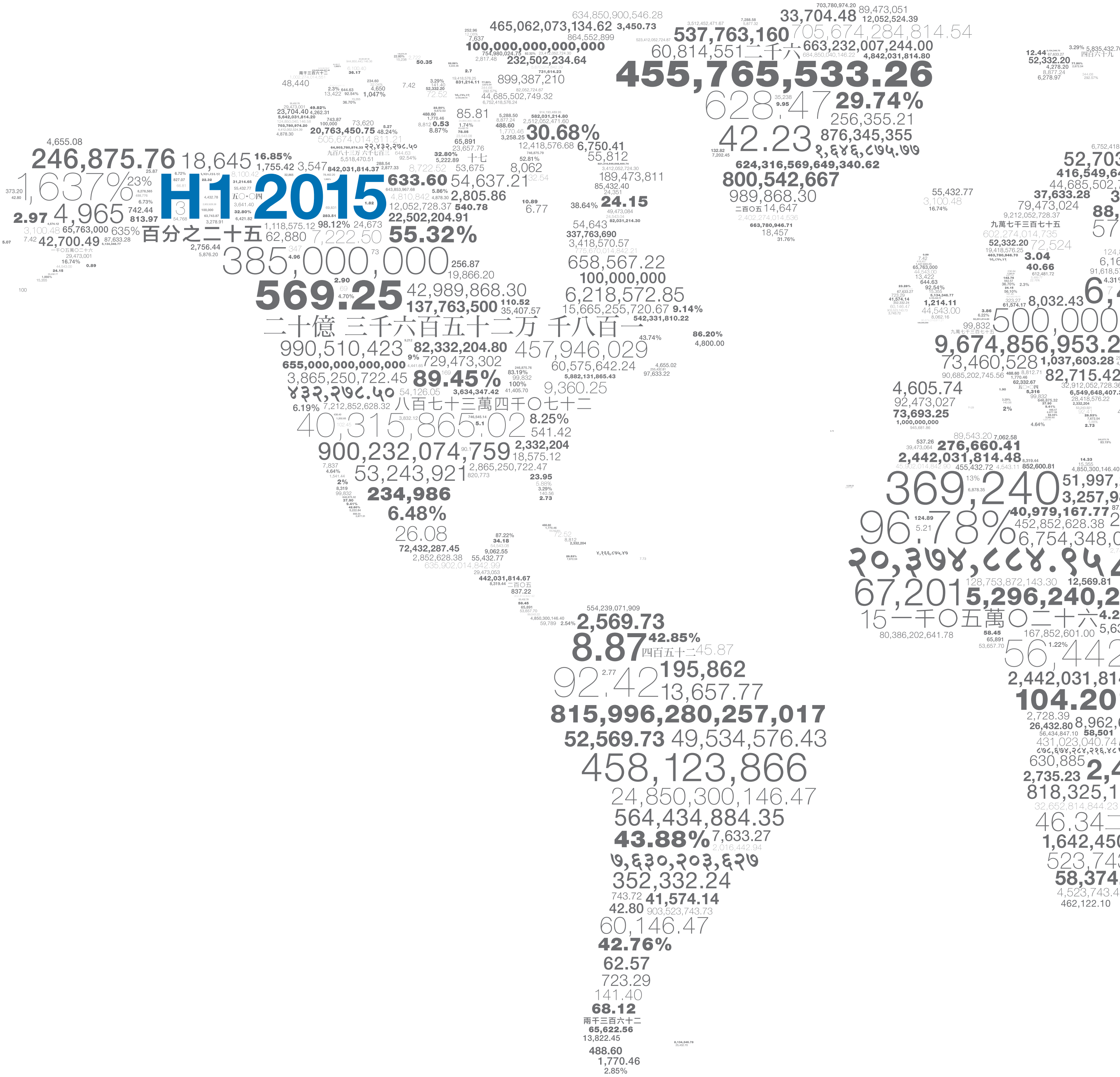
H1 2015



ANDRITZ

Interim financial report first half of 2015

Annual and financial reports

The annual reports and financial reports are available for download at www,andritz,com, Printed copies can be requested free of charge by e-mail to investors@andritz,com,

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Produced in-house using FIRE,sys

KEY FINANCIAL FIGURES OF THE ANDRITZ GROUP

	Unit	H1 2015	H1 2014	+/-	Q2 2015	Q2 2014	+/-	2014
Order intake	MEUR	2,580.0	2,980.2	-13.4%	1,149.4	1,238.0	-7.2%	6,101.0
Order backlog (as of end of period)	MEUR	7,349.0	7,555.7	-2.7%	7,349.0	7,555.7	-2.7%	7,510.6
Sales	MEUR	3,005.6	2,659.4	+13.0%	1,601.3	1,439.9	+11.2%	5,859.3
Return on sales[1)]	%	5.3	3.5	-	6.1	4.5	-	5.0
EBITDA[2)]	MEUR	230.9	175.7	+31.4%	134.8	106.2	+26.9%	472.0
EBITA[3)]	MEUR	184.9	133.4	+38.6%	111.5	84.8	+31.5%	379.5
Earnings Before Interest and Taxes (EBIT)	MEUR	159.6	94.4	+69.1%	98.1	65.4	+50.0%	295.7
Earnings Before Taxes (EBT)	MEUR	166.4	92.7	+79.5%	103.8	65.2	+59.2%	299.4
Net income (including non-controlling interests)	MEUR	115.9	64.9	+78.6%	72.1	45.6	+58.1%	210.0
Net income (without non-controlling interests)	MEUR	113.9	66.7	+70.8%	69.9	46.0	+52.0%	210.9
Cash flow from operating activities	MEUR	-7.8	49.0	-115.9%	-45.0	-12.0	-275.0%	342.1
Capital expenditure[4)]	MEUR	36.3	34.4	+5.5%	15.5	17.2	-9.9%	106.5
Employees (as of end of period; without apprentices)	-	24,992	24,126	+3.6%	24,992	24,126	+3.6%	24,853
Fixed assets	MEUR	1,841.0	1,710.5	+7.6%	1,841.0	1,710.5	+7.6%	1,780.0
Current assets	MEUR	3,900.3	3,877.0	+0.6%	3,900.3	3,877.0	+0.6%	4,187.6
Shareholders' equity[5)]	MEUR	1,060.3	945.2	+12.2%	1,060.3	945.2	+12.2%	1,014.8
Provisions	MEUR	1,015.4	943.2	+7.7%	1,015.4	943.2	+7.7%	1,056.2
Liabilities	MEUR	3,665.6	3,699.1	-0.9%	3,665.6	3,699.1	-0.9%	3,896.6
Total assets	MEUR	5,741.3	5,587.5	+2.8%	5,741.3	5,587.5	+2.8%	5,967.6
Equity ratio[6)]	%	18.5	16.9	-	18.5	16.9	-	17.0
Return on equity[7)]	%	15.7	9.8	-	9.8	6.9	-	29.5
Return on investment[8)]	%	2.8	1.7	-	1.7	1.2	-	5.0
Liquid funds[9)]	MEUR	1,363.5	1,497.7	-9.0%	1,363.5	1,497.7	-9.0%	1,701.6
Net liquidity[10)]	MEUR	901.3	868.8	+3.7%	901.3	868.8	+3.7%	1,065.1
Net debt[11)]	MEUR	-493.7	-549.0	+10.1%	-493.7	-549.0	+10.1%	-659.4
Net working capital[12)]	MEUR	-436.4	-511.9	+14.7%	-436.4	-511.9	+14.7%	-570.9
Capital employed[13)]	MEUR	522.5	431.8	+21.0%	522.5	431.8	+21.0%	387.0
Gearing[14)]	%	-46.6	-58.1	-	-46.6	-58.1	-	-65.0
EBITDA margin	%	7.7	6.6	-	8.4	7.4	-	8.1
EBITA margin	%	6.2	5.0	-	7.0	5.9	-	6.5
EBIT margin	%	5.3	3.5	-	6.1	4.5	-	5.0
Net income[15)]/sales	%	3.9	2.4	-	4.5	3.2	-	3.6
Depreciation and amortization/sales	%	2.3	3.1	-	2.2	2.8	-	2.9

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 23,356 TEUR (38,993 TEUR for H1 2014, 78,038 TEUR for 2014) and impairment of goodwill at the amount of 1,953 TEUR (0 TEUR for H1 2014, 5,747 TEUR for 2014) 4) Additions to intangible assets and property, plant, and equipment 5) Total shareholders' equity incl. 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)

All figures according to IFRS. Due to the utilization of automatic calculation programs, differences can arise in the addition of rounded totals and percentages. MEUR = million euros. TEUR = thousand euros.

KEY FINANCIAL FIGURES OF THE BUSINESS AREAS

HYDRO

	Unit	H1 2015	H1 2014	+/-	Q2 2015	Q2 2014	+/-	2014
Order intake	MEUR	794.7	814.7	-2.5%	347.7	291.4	+19.3%	1,816.7
Order backlog (as of end of period)	MEUR	3,750.1	3,628.6	+3.3%	3,750.1	3,628.6	+3.3%	3,708.6
Sales	MEUR	866.3	805.5	+7.5%	458.4	442.7	+3.5%	1,752.3
EBITDA	MEUR	73.8	71.8	+2.8%	45.8	40.2	+13.9%	177.2
EBITDA margin	%	8.5	8.9	-	10.0	9.1	-	10.1
EBITA	MEUR	58.0	56.8	+2.1%	38.1	32.4	+17.6%	144.8
EBITA margin	%	6.7	7.1	-	8.3	7.3	-	8.3
Employees (as of end of period; without apprentices)	-	8,588	7,673	+11.9%	8,588	7,673	+11.9%	8,339

PULP & PAPER

	Unit	H1 2015	H1 2014	+/-	Q2 2015	Q2 2014	+/-	2014
Order intake	MEUR	908.9	1,057.2	-14.0%	446.5	402.4	+11.0%	1,995.7
Order backlog (as of end of period)	MEUR	1,809.0	2,027.9	-10.8%	1,809.0	2,027.9	-10.8%	1,875.4
Sales	MEUR	1,043.9	869.3	+20.1%	563.4	469.7	+19.9%	1,969.3
EBITDA	MEUR	81.7	49.8	+64.1%	48.1	33.5	+43.6%	127.6
EBITDA margin	%	7.8	5.7	-	8.5	7.1	-	6.5
EBITA	MEUR	69.9	37.8	+84.9%	42.1	27.4	+53.6%	102.9
EBITA margin	%	6.7	4.3	-	7.5	5.8	-	5.2
Employees (as of end of period; without apprentices)	-	7,277	7,392	-1.6%	7,277	7,392	-1.6%	7,236

METALS

	Unit	H1 2015	H1 2014	+/-	Q2 2015	Q2 2014	+/-	2014
Order intake	MEUR	595.4	797.9	-25.4%	210.5	377.8	-44.3%	1,692.8
Order backlog (as of end of period)	MEUR	1,417.4	1,497.4	-5.3%	1,417.4	1,497.4	-5.3%	1,566.1
Sales	MEUR	796.1	722.3	+10.2%	419.0	389.5	+7.6%	1,550.4
EBITDA	MEUR	60.4	50.2	+20.3%	32.2	31.1	+3.5%	134.0
EBITDA margin	%	7.6	7.0	-	7.7	8.0	-	8.6
EBITA	MEUR	47.2	38.7	+22.0%	25.4	25.4	0.0%	110.2
EBITA margin	%	5.9	5.4	-	6.1	6.5	-	7.1
Employees (as of end of period; without apprentices)	-	6,317	6,239	+1.3%	6,317	6,239	+1.3%	6,432

SEPARATION

	Unit	H1 2015	H1 2014	+/-	Q2 2015	Q2 2014	+/-	2014
Order intake	MEUR	281.0	310.4	-9.5%	144.7	166.4	-13.0%	595.8
Order backlog (as of end of period)	MEUR	372.5	401.8	-7.3%	372.5	401.8	-7.3%	360.5
Sales	MEUR	299.3	262.4	+14.1%	160.5	138.1	+16.2%	587.3
EBITDA	MEUR	15.0	4.0	+275.0%	8.7	1.5	+480.0%	33.2
EBITDA margin	%	5.0	1.5	-	5.4	1.1	-	5.7
EBITA	MEUR	9.8	0.1	+9,700.0%	5.9	-0.4	+1,575.0%	21.6
EBITA margin	%	3.3	0.0	-	3.7	-0.3	-	3.7
Employees (as of end of period; without apprentices)	-	2,810	2,821	-0.4%	2,810	2,821	-0.4%	2,846

MANAGEMENT REPORT

GENERAL ECONOMIC CONDITIONS

There were no major changes in the development of the main economic regions in the second quarter of 2015 compared to the preceding quarter.

In the USA, the economic upswing continued, driven primarily by government investments in infrastructure and housing. This led to a further rise in employment and the creation of new jobs. Thus, the unemployment rate declined to 5.3% – a very low level for the USA. Private consumption also increased further compared to the previous quarter. The inflation rate remained close to 0% during the reporting period. The US Federal Reserve announced that it would not increase interest rates until there are clear signs of sustained economic growth and inflation is approaching 2% again.

In Europe, the moderate economic recovery also continued. The weakness of the euro against the US dollar made the exporting industries more competitive. The continuing low oil price also provided support for economic development. On the other hand, a negative impact was felt due to the mutual trade embargo between Russia and the European Union as well as the crisis in Greece. As in the USA, the rate of inflation in the euro zone was close to zero, and economic experts expect it to rise not until the second half of 2015. The European Central Bank announced that it would continue to buy up 60 billion euros worth of government bonds every month until further notice.

Solid development also continued in the Chinese economy, but the economic indicators published confirm expectations of economic experts that long-term economic development in China will be slower than in the past. Capital expenditure by industry and exports continued to develop weakly, and were only compensated partly by governmental programs to stimulate the economy. In the other important emerging countries (Russia, Brazil, and India), economic development continued to be very weak and economic performance is expected to shrink in 2015, particularly in Russia and Brazil.

Sources: research reports by various banks, OECD

BUSINESS DEVELOPMENT

Notes

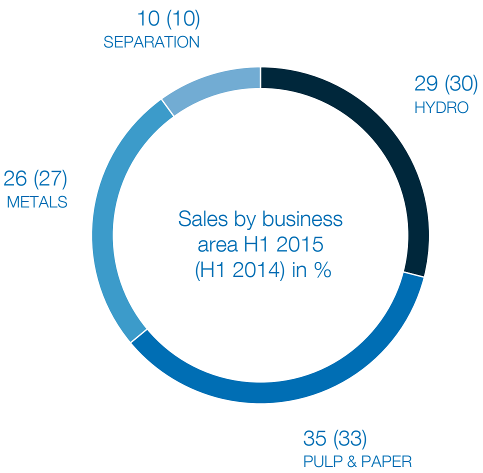
- All figures according to IFRS
- Due to the utilization of automatic calculation programs, differences can arise in the addition of rounded totals and percentages.
- MEUR = million euro; TEUR = thousand euro

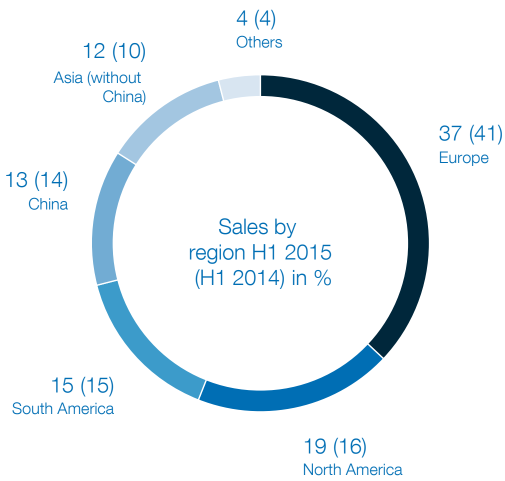
Sales

In the second quarter of 2015, sales of the ANDRITZ GROUP amounted to 1,601.3 MEUR and were thus 11.2% higher than the reference figure for the previous year (Q2 2014: 1,439.9 MEUR). All business areas, particularly PULP & PAPER (+19.9%), SEPARATION (+16.2%) and METALS (+7.6%), recorded an increase in sales in the reporting period.

In the first half of 2015, sales of the Group amounted to 3,005.6 MEUR, which is an increase of 13.0% compared to the previous year's reference period (H1 2014: 2,659.4 MEUR). The business areas' sales development at a glance:

	Unit	H1 2015	H1 2014	+/-
HYDRO	*MEUR*	866.3	805.5	+7.5%
PULP & PAPER	*MEUR*	1,043.9	869.3	+20.1%
METALS	*MEUR*	796.1	722.3	+10.2%
SEPARATION	*MEUR*	299.3	262.4	+14.1%





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

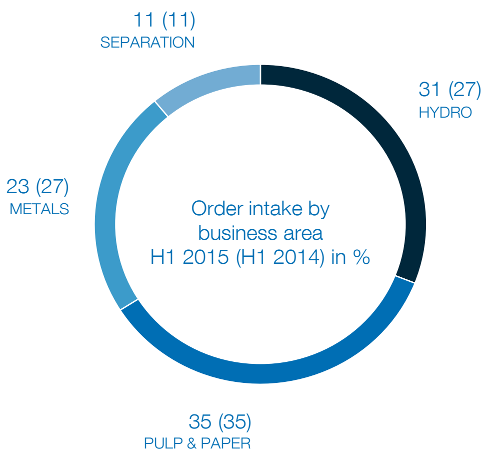
	H1 2015	H1 2014	Q2 2015	Q2 2014
ANDRITZ GROUP	29	29	29	27
HYDRO	24	24	24	22
PULP & PAPER	36	38	36	37
METALS	19	19	18	16
SEPARATION	44	43	44	43

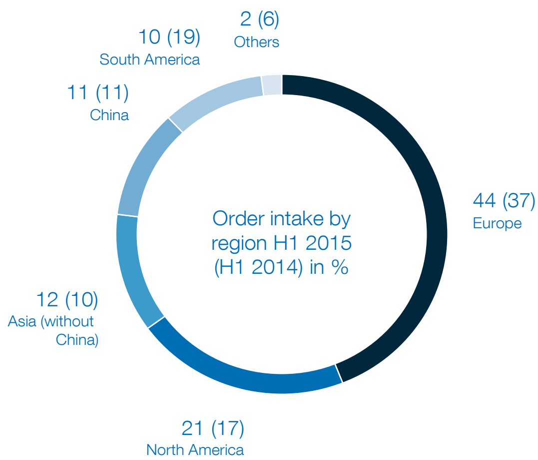
Order intake

The order intake of the Group amounted to 1,149.4 MEUR in the second quarter of 2015 and was thus 7.2% below the reference figure for the previous year (Q2 2014: 1,238.0 MEUR). The business areas' development in detail:

- HYDRO: At 347.7 MEUR, the order intake reached an acceptable level in view of the difficult market environment (+19.3% compared to the very low level of 291.4 MEUR in Q2 2014).
- PULP & PAPER: The order intake, at 446.5 MEUR, increased by 11.0% compared to the second quarter of 2014 (402.4 MEUR); it included a large order from Metsä Fibre totaling more than 100 MEUR.
- METALS: The order intake amounted to 210.5 MEUR (-44.3% versus Q2 2014: 377.8 MEUR). This significant decline is due to the fact that the award of some projects in the metal forming sector was postponed to the second half of 2015. As a result, Schuler's order intake decreased by 31.5% compared to the second quarter of 2014. The other divisions of the business area also saw a very significant decline compared to the previous year's reference period, which contained some larger orders.
- SEPARATION: The order intake, at 144.7 MEUR, decreased by 13.0% compared to the second quarter of 2014 (166.4 MEUR).

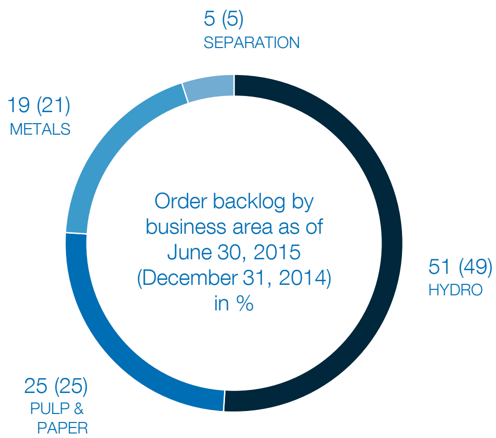
In the first half of 2015, the Group's order intake reached 2,580.0 MEUR (-13.4% versus H1 2014: 2,980.2 MEUR). While the order intake in the HYDRO business area only dropped slightly compared to last year's reference period (-2.5% versus H1 2014), it dropped – to some extent substantially – in the other business areas (PULP & PAPER: -14.0%), METALS (-25.4%), and SEPARATION (-9.5%).

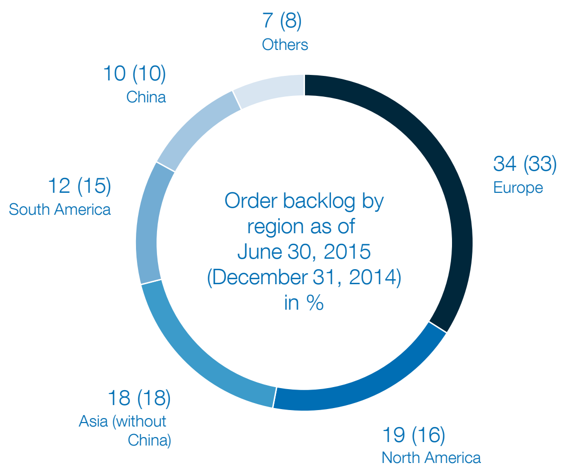




Order backlog

As of June 30, 2015, the order backlog of the ANDRITZ GROUP amounted to 7,349.0 MEUR and thus slightly decreased by 2.2% compared to the end of last year (December 31, 2014: 7,510.6 MEUR).





Earnings

The EBITA of the Group in the second quarter of 2015 amounted to 111.5 MEUR and thus increased by 31.5% compared to the reference figure of last year (Q2 2014: 84.8 MEUR). The EBITA margin, at 7.0%, reached a good level (Q2 2014: 5.9%). This positive development is mainly due to the HYDRO and PULP & PAPER business areas, which achieved a significant increase in profitability compared to last year´s reference period. The EBITA margin of the HYDRO business area increased to 8.3% in the second quarter of 2015 (Q2 2014: 7.3%) and the profitability of the PULP & PAPER business area rose to 7.5% (Q2 2014: 5.8%). While the EBITA margin of the METALS business area, at 6.1%, was slightly below last year´s reference figure (Q2 2014: 6.5%), the EBITA margin of the SEPARATION business area increased to 3.7% (Q2 2014: -0.3%), which, however, was still not a satisfactory level.

In the first half of 2015, the Group's EBITA amounted to 184.9 MEUR (+38.6% versus H1 2014: 133.4 MEUR) and the EBITA margin to 6.2% (H1 2014: 5.0%). Earnings were thus significantly above the low reference figure of the previous year, which is mainly due to the positive development in the PULP & PAPER and METALS business areas. The earnings impact from temporary exchange rate differences from negative market values from project-related currency hedges amounted to approximately 11 MEUR in the first half of 2015.

The financial result improved to 6.7 MEUR (H1 2014: -1.7 MEUR). This positive development is mainly due to the higher average net liquidity compared to the previous year and a one-time effect on interest in connection with the settlement payment received from Montes del Plata.

Net income (without non-controlling interests) reached 113.9 MEUR (H1 2014: 66.7 MEUR).

Net worth position and capital structure

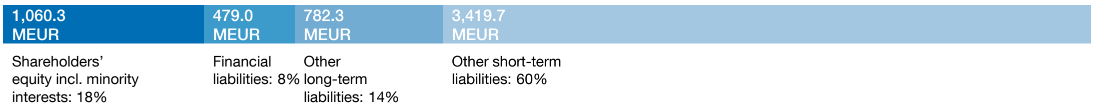
The net worth position and capital structure as of June 30, 2015 remained solid. Total assets amounted to 5,741.3 MEUR (December 31, 2014: 5,967.6 MEUR). The equity ratio reached 18.5% (December 31, 2014: 17.0%).

Liquid funds (cash and cash equivalents plus marketable securities plus loans against borrowers' notes) amounted to 1,363.5 MEUR (December 31, 2014: 1,701.6 MEUR), net liquidity (liquid funds plus fair value of interest rate swaps minus financial liabilities) amounted to 901.3 MEUR (December 31, 2014: 1,065.1 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: 411 MEUR, thereof 99 MEUR utilized
- Surety and guarantee lines: 5,803 MEUR, thereof 3,106 MEUR utilized

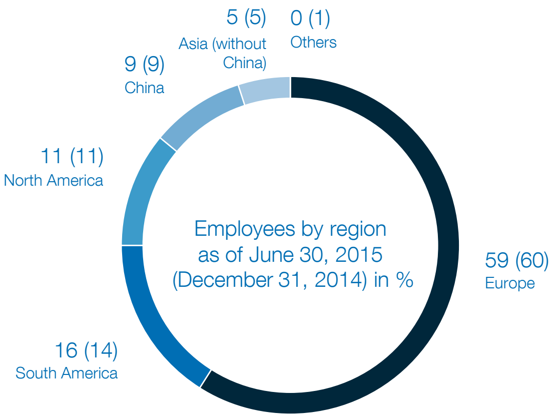
Assets

Shareholders' equity and liabilities



Employees

As of June 30, 2015, the number of ANDRITZ GROUP employees amounted to 24,992 employees (December 31, 2014: 24,853 employees).



Important acquisitions

The Schuler Group, part of ANDRITZ, signed a contract for the acquisition of a 51% stake in the Chinese press and machine tool manufacturer Yangzhou Metal Forming Machine Tool Co., Ltd. (Yadon). Yadon is one of the leading manufacturers of mechanical presses in China and has annual sales of approximately 120 million euros. The acquisition is subject to approval by anti-trust authorities; closing of the transaction is expected for Q4 2015/Q1 2016.

Yadon is based in Yangzhou, Jiangsu Province, around 300 kilometers north of Shanghai, and has a staff of approximately 1,100 employees at three locations in China. The main customer segments served by Yadon include the household appliances, metal working, and automotive supplying industries in Eastern China.

In addition, ANDRITZ has acquired the remaining shares of ANDRITZ HYDRO S.A., Brazil.

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 at its disposal whose goal is to identify nascent risks at an early stage and take countermeasures if necessary. This is an important element of active risk management within the Group. However, there is no guarantee that these monitoring and risk control systems are effective enough.

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. Furthermore, unexpected cost increases during the execution of orders constitute a considerable risk, particularly in so-called turnkey or EPC orders, where the Group may assume responsibility for engineering, civil work, and erection of a factory in addition to delivery of ANDRITZ equipment and systems. Projects of this kind involve high risks concerning cooperation with third parties contracted to carry out engineering, as well as civil and construction work (for example the risk of strikes, failure to meet deadlines, or quality problems with components/services purchased from sub-suppliers). Delays and difficulties in achieving the guaranteed performance parameters in the plants that ANDRITZ supplies as well as a possible malfunction in the components and systems supplied by ANDRITZ, that can have serious consequences for individuals and on material assets, also pose substantial risks.

The financial difficulties and the continuing, challenging overall economic development (particularly in Europe and individual emerging markets, mainly in Brazil and China) also constitute a serious risk for the ANDRITZ GROUP's financial development. In addition, the two-way trade embargo between the European Union and Russia constitutes a risk for the economic development of both of these economic regions. A significant weakness of the global economy or a considerable slowdown of the economy in one of the fundamental economic regions may lead to delays in the execution of existing orders and to the postponement or cancellation of ongoing projects. Cancellations of existing contracts could adversely affect the ANDRITZ GROUP's order backlog, which in turn would have a negative impact on the utilization of the Group's manufacturing capacities.

The Schuler Group, which is part of the ANDRITZ GROUP, derives approximately 80% of its sales from the automotive industry, which is generally exposed to severe cyclical swings. Cyclical swings of this kind, e.g. as in H1 2015, can lead to a significant decline in order intake, creating a potential need for prompt capacity adjustments and organizational measures. The related financial provisions could most likely have a negative impact on earnings of the Schuler Group and thus on the ANDRITZ GROUP's earnings.

Complete or partial goodwill impairments resulting from acquisitions may also negatively 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 impairment 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. However, there is no guarantee that there will not be any individual payment failures that will have a substantial negative impact on earnings development of the Group if they occur. Risks related to deliveries to countries with medium to high political risks are typically also insured to a large extent. However, the requirements for full hedging of these risks are not always available. Quarterly credit risk reporting to the Executive Board has been implemented in order to ensure transparency with respect to financial risks on projects and to implement immediate countermeasures if necessary. The reporting shows the maximum expected unsecured credit risk for external orders with a value of over one million euros, which are billed according to percentage of completion (POC), as well as customer ratings.

ANDRITZ processes orders for the HYDRO business area in Brazil through ANDRITZ HYDRO S.A. (formerly ANDRITZ HYDRO INEPAR DO BRASIL S.A.), which after acquisition of the remaining shares is now wholly-owned by ANDRITZ. The former minority shareholder Inepar S/A Industria e Construcoes ("Inepar") has entered into a judicial reorganization process. There is no guarantee that the reorganization process will be successful and that Inepar will not become bankrupt and liquidated. An Inepar bankruptcy could have a considerable negative financial impact on ANDRITZ, especially due to claims of joint and several liabilities. ANDRITZ has substantial tax credits in Brazil from various transfer taxes. Some of these tax credits were seized as security by the tax authorities for tax liabilities of Inepar and its affiliates on the premise that ANDRITZ HYDRO S.A. was part of the Inepar economic group. ANDRITZ has also received certain labor claims from employees of Inepar entities claiming that ANDRITZ HYDRO S.A. is jointly and severally liable for such claims. ANDRITZ is vigorously contesting these labor and tax claims in several labor and tax collection lawsuits in Brazil. As a result of Inepar's participation in a governmental tax refinancing program (REFIS), the tax lawsuits have been suspended. If Inepar does not comply with its obligations under the REFIS program, then its original tax obligations will become due and the tax proceedings against ANDRITZ HYDRO S.A. could resume.

In the course of its business, the ANDRITZ GROUP is party to numerous legal proceedings before both administrative and judicial courts and bodies, as well as before arbitration tribunals. The substantial majority of such proceedings is of a nature considered typical of the Group's business, including contract and project disputes, product liability claims, and intellectual property litigation. Where appropriate, provisions are made to cover the expected outcome of proceedings to the extent that negative outcomes are likely and reliable estimates can be made. There is no guarantee, however, that these provisions will be sufficient. Given the amounts at stake in some of these disputes, a negative decision for ANDRITZ in one or several of these legal disputes may have a material adverse effect on the earnings and liquidity position of the Group.

The product liability cases include a number of cases alleging injuries and/or death resulting from exposure to asbestos.

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 is hedged by forward contracts.

In order to minimize the financial risks as best 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, and the Group has high liquidity reserves. 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 the 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, money market funds, 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 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.

The risk of a complete or partial breakdown of the euro zone and of a resulting possible collapse of the euro currency system increased during the reporting period in connection with the Greek crisis. The effects of a still possible Greek exit from the euro cannot be forecasted at the moment. A complete or partial breakdown of the euro zone or a decline in the exchange rate of the euro against the main international currencies would very likely have a negative effect on the financial, liquidity, and earnings development of the Group. For further information on risks, please refer to the ANDRITZ annual financial report 2014.

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. Exchange rate risks resulting from the recognition of equity are not hedged.

Depreciation of the euro against many other currencies could also have a positive impact on the shareholders' equity as well on the sales and earnings development of the ANDRITZ GROUP (translation effect).

Information pursuant to Article 87 (4) of the (Austrian) Stock Exchange Act

During the reporting period, no major business transactions were conducted with related persons and companies.

Important events after reporting period

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 economic data published after reporting period indicate a sustainable economic slowdown in China, which according to economic researchers might also have a negative impact on the global economy.

At the end of July, ANDRITZ and Fibria, the world's leading eucalyptus pulp producer, signed a letter of intent for supply of all production technologies and equipment for Fibria's Horizonte 2 pulp mill at its Três Lagoas unit in the state of Mato Grosso do Sul. It was agreed not to disclose the order value; however typical order values of comparable reference projects are in the magnitude of approximately 600 million euros. The contract is expected to be put into force during the third quarter of 2015.

OUTLOOK

Economic experts do not expect any significant changes in the general economic conditions during the coming months. While the economy in the USA should continue to recover slightly, the subdued development in Europe is expected to continue. Furthermore, the countries in the emerging markets that play a major role in the global economy are not expected to generate any sustained impulses on the demand side. In China, economic growth has slowed down noticeably, and there are increasing signs that this economic weakening in China is having a negative impact on the world economy. In Russia and Brazil, economic performance is actually expected to contract this year.

In the PULP & PAPER sector, good project activity is expected for the remaining months of the 2015 business year, both for larger investments in modernization projects as well as for new pulp mills. Unchanged project activity compared to the previous year is expected in the metalforming sector. However, the economic weakening looming in many emerging markets may result in individual projects being postponed or canceled, particularly in the automotive sector. A continuing difficult environment is anticipated in the HYDRO sector as a result of the unchanged low electricity and energy prices.

Based on the latest forecasts on the development of the global economy, current project activity in the ANDRITZ business areas, and the order backlog as of the end of June 2015, ANDRITZ currently expects an increase in sales and net income for 2015 compared to the previous year.

However, if the economic weakness looming in the emerging economies (particularly China) continues in the coming months and the global economy suffers any severe setbacks or there is substantial turmoil on the international currency and financial markets, this could have a negative impact on ANDRITZ's business development. This may lead to organizational and capacity adjustments in individual business areas, and as a result, to financial provisions that could have a negative effect on earnings of the ANDRITZ GROUP.

HYDRO

MARKET DEVELOPMENT

The market for electromechanical equipment used in hydropower stations continued to be impacted by subdued investment and project activity in the second quarter of 2015. Due to unchanged low electricity and energy prices, many modernization and refurbishment projects were postponed until further notice, particularly in Europe. In the emerging markets, particularly in South America and Africa, some new hydropower projects are in the planning phase; however, these projects are only expected to be awarded in the medium term. In contrast, project activity for small-scale hydropower plants and pumps continued at a satisfactory level.

IMPORTANT EVENTS

The three Francis units and one small-scale hydropower unit delivered for Beyhan-1 hydropower plant, Turkey, were handed over to the customer for commercial use. With an output of 186 megawatts each, the Francis turbines are among the largest of their kind in Turkey. Beyhan-1 will supply 1,250 gigawatts of renewable energy per year to the Turkish power grid.

The acceptance tests for the two Francis units (each with an output of 48 megawatts) supplied to Huaneng Batang Hydropower Company for Lalashan hydropower station, China, were completed successfully. ANDRITZ HYDRO has also supplied the shut-off valves and the entire control equipment.

IMPORTANT ORDERS

Himachal Pradesh Power Corporation ordered the complete electromechanical equipment for the new Shongtong Karchham hydropower plant in Himachal Pradesh, India. The scope of supply includes three Francis turbine units, the balance of plant, as well as control and protection equipment. The project is funded by KfW, Germany's largest development bank, and will thus comply with KfW's comprehensive environmental and social standards. The plant will have a total output of 450 megawatts and provide clean and renewable energy for approximately 800,000 Indian households.

The business area will supply the hydraulic steel structures with a total weight of 5,300 tons, including a penstock weighing 3,200 tons and measuring 8.4 meters in diameter, to Salini NTF Joint Venture for the Cetin Main hydropower station, Turkey.

Statkraft Energi awarded the business area with two important orders in Norway. ANDRITZ HYDRO will upgrade the control systems for the Eidsfoss and Vrangfoss hydropower plants, installed in the 1960s. The scope of supply includes replacement of the local control system, as well as control systems for the turbine, generator, and intake structure. In addition, the business area will deliver the electromechanical equipment for the Hakavik hydropower plant. This order comprises a Pelton unit (5.5 megawatts), the electrical equipment including the control systems, the shut-off valve, and a 100-meter long penstock. As from 2018, Hakavik will supply 26 gigawatt-hours of electricity a year for the Norwegian railway.

Two vertical Kaplan units with a total output of 14 megawatts will be supplied to Prime Que Phong for the Chau Thang hydropower station, Vietnam. Especially the efficiency of the ANDRITZ HYDRO technology for the low head of this hydropower plant at only 21 meters was decisive in award of this order.

In the small-scale hydropower sector, the business area received a series of important orders during the reporting period, including the supply of electromechanical equipment for the small-scale hydropower stations at Convento Viejo, Chile (complete electromechanical equipment for 14 megawatts), Sigchos, Ecuador (three units each for 6.2 megawatts), and Okkayasi, Turkey (two 11.8-megawatt units).

Under an order from PWT Wasser- und Abwassertechnik, Germany, the business area will deliver 79 double-flow split-case pumps, 18 high-pressure pumps, 37 submersible motor pumps, and eight process pumps for eight pumping stations at a drinking water treatment plant in Iraq.

ANDRITZ HYDRO is supplying 59 double-flow split-case pumps to irrigate 12,000 hectares of uncultivated desert in Egypt so that this land can be used for agriculture in future. The project comprises the equipment for 11 pumping stations, the largest of which pumps two cubic meters of water per second.

The business area was commissioned to supply 11 double-flow split-case pumps for the water supply to the Northern Chinese city of Hohhot. As the river water contains large amounts of sand, the pumps have a special coating that is particularly hard-wearing. The two pumping stations in Hohhot equipped by ANDRITZ pump a total of 56 cubic meters of water per second.

PULP & PAPER

MARKET DEVELOPMENT

In the second quarter of 2015, the international pulp market continued its positive development shown in the preceding quarter. The prices of both long- and short-fiber pulp remained stable at a satisfactory level, and the demand/supply situation for both types of pulp largely remained well balanced. In view of these general conditions, the market for pulping equipment saw very solid development with good project activity for both modernization projects and greenfield pulp mills.

IMPORTANT EVENTS

The pulp line delivered to JSC Arkhangelsk Pulp and Paper Mill (APPM) at the Novodvinsk mill, Russia, started up successfully. The new line features ANDRITZ green liquor technology for efficient pulp cooking, refining, and washing and produces semi-chemical pulp for the production of corrugated board out of birch and aspen. With this new line, the production capacity of APPM has doubled, while productions costs and waste water volume have been substantially reduced.

Suzano, Brazil, successfully ramped up its new ANDRITZ continuous digester for the production of bleached eucalyptus pulp.

The business area completed a fiberline modernization project for International Paper's Saillat mill, France.

Celbi, Portugal, started up its fiberline at the Figueira da Foz mill after ANDRITZ converted a digester and upgraded the pulp drying plant.

The business area noted several important start-ups of tissue machines, e.g. for LLC Pulp Invest, Russia, and Zhejiang Jingxing Paper and Gold Hongye Paper (Hubei), China.

ANDRITZ Pulp Technologies Punta Pereira S.A., a subsidiary of international technology Group ANDRITZ and Celulosa y Energía Punta Pereira S.A. ("CEPP"), a joint venture by Stora Enso and Arauco, have amicably settled the arbitration proceedings between them in connection with several contracts for delivery of equipment and systems for CEPP's Montes del Plata pulp mill.

IMPORTANT ORDERS

ITC, India, ordered a new fiberline system (capacity: 300 tons per day) consisting of two-stage refining and two-stage bleaching in combination with several counter-current washing stages for the Bhadrachalam mill. This will be the first mechanical pulping line in India for high-brightness board grades. Also in India, Krishna Tissue ordered a complete approach system for a multi-ply board machine.

Suzano, Brazil, chose ANDRITZ for a paper machine rebuild to enable fluff pulp production.

Corrigan OSB, USA, ordered wood processing systems for a new oriented strand board manufacturing facility. The ANDRITZ scope includes two portal cranes with automatic log yard inventory management system, and two debarking lines.

POSCO E&C selected the business area to deliver key equipment for a 50-megawatt bubbling fluidized bed boiler for a greenfield waste-to-energy plant in Pohang, South Korea. The plant will utilize 100,000 tons of pre-treated waste per year and generate power for 20,000 homes in South Korea, eliminating 85,000 tons of CO_2 emissions every year.

Riikinvoima Oy, Finland, ordered a flue gas condenser with auxiliary equipment for a new power boiler.

E.ON Kraftwerke, Germany, ordered new, full-scale trial equipment for improving mercury separation in a lignite-fired power plant. New regulations in Europe in order to reduce mercury in fossil-fired power plants by 2020 are driving the implementation of these new technologies.

ANDRITZ MeWa received several orders for recycling equipment, e.g. from Flamy International for Kovozber, Slovakia, for aluminum recycling, and from Remondis Elektrorecycling, Germany, for refrigerator recycling.

In the panelboard sector, ANDRITZ received orders for pressurized refining systems from three Chinese producers: Jiangsu Xinyi Huqian Panel Board, Bazhou City Guangyang Wood-based Panel, and Sufoma for Shanxian Huakang New Hope Wood-based Panel.

METALS

MARKET DEVELOPMENT

During the reporting period solid project activity was noted in the metal forming sector for the automotive and automotive supplier industries, especially in China. However, no large orders were awarded. There was satisfactory investment activity in forming technologies for forging and minting.

Project activity for equipment for the production and processing of stainless steel and carbon steel strips remained unchanged at a low level. Selective projects focus on modernizations and energy efficiency improvements of existing plants. Solid investment activity was noted in the aluminum sector.

IMPORTANT ORDERS

A car manufacturer from the USA who is establishing new production plants for hot-stamped parts ordered four Schuler press lines. In the coming three years, Schuler will supply two lines, each including hydraulic presses, automation equipment, roller hearth furnaces, and tools, for plants in Germany and the USA. Hot-stamping systems will also be supplied to other German, Chinese, and US customers. In hot-stamping, a process used in lightweight automotive construction, steel is heated to 930 degrees Celsius and then cooled and hardened simultaneously in the subsequent metal forming process. The parts achieve extremely high strength as a result.

Schuler received an order from Hisaka, Japan, to supply a press with multi-cylinder technology (pressing force 15,000 tons) for a plant in Malaysia. Hisake is one of the leading suppliers of heat exchangers in Asia.

A car manufacturer from the premium sector in China ordered a blanking line with an 800-ton monoblock press. The plant produces blanks made of steel and aluminum and processes high-strength materials. This is the fourth blanking line to be supplied to this customer by Schuler.

A German automotive supplier ordered the delivery of a servo forging press for the production of aluminum transverse links. The nominal pressing force of the plant amounts to 3,150 tons. This will be the largest servo forging press Schuler has ever built.

Schuler sold a 1,600-ton press with TwinServo technology to Fischer & Kaufmann, Germany, for the production of gearbox parts. The plant will be fitted with the newly developed transfer system “Intrafeed” and a forward feed system to make better use of the material.

Three coin minting presses each with a pressing force of 150 tons and a production rate of 750 coins per minute will be supplied to the Royal Dutch Mint. On behalf of other countries, the state-owned mint with headquarters in Utrecht will mint coins intended for circulation under contract from other countries.

Schuler will supply a 2,000-ton servo press to make seating components for the automotive industry to Johnson Controls, Mexico.

Great Wall Motors, the largest manufacturer of off-road vehicles, SUVs, and pickups in China, ordered the fifth fully automatic tailored blank laser welding plant from ANDRITZ Soutec. Tailored blanks are used for the production of car body parts that are particularly light and safe.

ArcelorMittal Indiana Harbor, USA, selected the business area to rebuild and modernize two walking beam furnaces. The scope of supply includes also a specially developed skid pipe insulation system that is already being used successfully by ArcelorMittal in several locations worldwide.

A conventionally fired rotary hearth furnace is being converted into a new regenerative heating system for Vallourec, Germany, to reduce energy consumption and increase plant safety. The rebuild will be conducted in only three weeks during a production break in Christmas holidays.

As part of the modernization of a continuous annealing line for the production of carbon steel currently being performed by ANDRITZ, Thyssen Krupp Rasselstein, Germany, awarded the business area also an order to develop and install a new model-based control unit for a vertical annealing furnace. Thyssen Krupp Rasselstein operates the world’s largest production location for packaging steel.

SEPARATION

MARKET DEVELOPMENT

Development of the various markets for solid/liquid separation equipment served by ANDRITZ differed substantially in the second quarter of 2015. While investment and project activity in the environment and food sectors was solid, the demand from the mining and chemical industries continued to be very low. In the animal feed industry, project activity was satisfactory, both for mill expansions and greenfield plants. The special feed area (aquatic feed and pet food) also showed solid demand. There was good project and investment activity in the biomass pelleting sector.

IMPORTANT EVENTS

The first ANDRITZ SEPARATION craft beer clarifier in China was started up successfully. Craft beer brewing is a fast-growing market in China.

The business area launched three new products for the food sector: CremaViva, a new separator for processing cold milk; Lattomatic, an automatic milk/cream standardization unit; and Brillante, a newly designed olive oil separator. In addition, CentriTune was introduced globally. This automation solution controls speed, torque, and other parameters of decanter centrifuges to enable constant product quality and optimized production rates.

IMPORTANT ORDERS

Numerous starch producers around the world ordered ANDRITZ SEPARATION siphon peelers. A total of 10 units will be delivered to a starch tapioca plant in Thailand and additional units to plants in Indonesia, South Korea, and Egypt.

In order to increase its production capacity, one of the largest dairies in Brazil ordered a debacterizer, a milk/cream separator, and automation equipment. Also in Brazil, ANDRITZ SEPARATION received an order to supply two overhead membrane filters for the production of sugar.

A municipal wastewater company in the USA selected the business area to supply a paddle dryer for converting biosolids from a wastewater treatment plant, which would normally have gone to landfill, into biodiesel and biochar fuels. The dryer will reduce the biosolids volume while preserving its energy content.

Two decanter systems will be delivered to a large chemicals company in the USA. The decanters will support a capacity increase in the production of hydroxypropyl cellulose polymers.

A customer in Spain ordered 10 separators to be installed in complete olive oil production lines.

Two fluid bed drying systems will be delivered to a greenfield biotechnologies plant in Russia.

The business area will supply an energy-efficient thermal oil system for a customer in Denmark. The system includes a burner and a thermal oil boiler and will significantly decrease natural gas consumption. Also in Denmark, a processor of animal proteins ordered a second ANDRITZ SEPARATION single-drum drying unit to increase capacity.

Two double-drum drying units have been sold to a chemical producer in Norway for the production of soap.

A large chemical and petrochemical company in Belgium ordered two super-absorber paddle coolers for the production of petrochemicals and polymers. Also in Belgium, the business area sold a sixth single-drum drying unit to a producer of sugar and yeast products.

In order to lower operating costs, a German cement producer ordered two paddle dryer units. Communal sludge will be dried in the customer's cement kiln tower, using waste heat from the chimney.

A customer in Saudi Arabia ordered two clarifiers and a flocculant make-up and dosing plant for the production of phosphoric acid. ANDRITZ SEPARATION will also deliver two thickeners for water recovery.

Several orders for animal feed process lines and pelleting equipment were received from customers in North America, Europe, Latin America, and Asia. In the biomass pelleting sector, orders were received from numerous customers in Asia and North America.

CONSOLIDATED INCOME STATEMENT

For the first half of 2015 (unaudited)

(in TEUR)	H1 2015	H1 2014	Q2 2015	Q2 2014
Sales	**3,005,579**	**2,659,430**	**1,601,312**	**1,439,888**
Changes in inventories of finished goods and work in progress	54,430	60,816	19,855	21,075
Capitalized cost of self-constructed assets	4,997	1,401	2,008	496
	3,065,006	**2,721,647**	**1,623,175**	**1,461,459**
Other operating income	80,252	44,180	28,603	13,331
Cost of materials	-1,631,940	-1,423,490	-885,505	-781,238
Personnel expenses	-848,208	-789,508	-426,833	-399,730
Other operating expenses	-434,167	-377,170	-204,555	-187,681
Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA)	**230,943**	**175,659**	**134,885**	**106,141**
Depreciation, amortization, and impairment of intangible assets and property, plant, and equipment	-69,359	-81,243	-34,778	-40,694
Impairment of goodwill	-1,953	0	-1,953	0
Earnings Before Interest and Taxes (EBIT)	**159,631**	**94,416**	**98,154**	**65,447**
Expense from associated companies	-20	-34	-6	-10
Interest income	26,677	14,574	17,002	7,632
Interest expenses	-14,808	-16,295	-8,141	-7,837
Other financial result	-5,102	37	-3,210	-52
Financial result	**6,747**	**-1,718**	**5,645**	**-267**
Earnings Before Taxes (EBT)	**166,378**	**92,698**	**103,799**	**65,180**
Income taxes	-50,499	-27,810	-31,719	-19,563
NET INCOME	**115,879**	**64,888**	**72,080**	**45,617**
Thereof attributable to:				
Shareholders of the parent	113,866	66,749	69,829	46,092
Non-controlling interests	2,013	-1,861	2,251	-475
Weighted average number of no-par value shares	103,237,623	103,817,497	103,263,670	103,831,864
Basic earnings per no-par value share (in EUR)	1.10	0.64	0.68	0.44
Effect of potential dilution of share options	690,314	320,473	758,328	362,432
Weighted average number of no-par value shares and share options	103,927,937	104,137,970	104,021,998	104,194,296
Diluted earnings per no-par value share (in EUR)	1.10	0.64	0.67	0.44

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the first half of 2015 (condensed, unaudited)

(in TEUR)	H1 2015	H1 2014	Q2 2015	Q2 2014
NET INCOME	**115,879**	**64,888**	**72,080**	**45,617**
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS:				
Currency translation adjustments	33,404	3,000	-19,089	6,096
Available for sale financial assets, net of tax	-28	-135	-146	-33
Cash flow hedges, net of tax	-1,990	1,034	5,260	203
ITEMS THAT WILL NOT BE RECLASSIFIIED TO PROFIT OR LOSS:				
Actuarial gains/losses, net of tax	0	0	0	0
OTHER COMPREHENSIVE INCOME FOR THE YEAR	**31,386**	**3,899**	**-13,975**	**6,266**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**147,265**	**68,787**	**58,105**	**51,883**
Thereof attributable to:				
Shareholders of the parent	145,405	70,321	56,498	52,376
Non-controlling interests	1,860	-1,534	1,607	-492

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2015 (unaudited)

(in TEUR)	June 30, 2015	December 31, 2014
ASSETS		
Intangible assets	223,908	242,593
Goodwill	542,616	538,475
Property, plant, and equipment	735,000	715,255
Other investments	108,566	71,225
Trade accounts receivable	18,621	62,522
Cost and earnings of projects under construction in excess of billings	0	25,634
Other receivables and assets	80,808	111,738
Deferred tax assets	230,892	212,406
Non-current assets	**1,940,411**	**1,979,848**
Inventories	768,415	693,234
Advance payments made	161,265	150,207
Trade accounts receivable	666,701	705,819
Cost and earnings of projects under construction in excess of billings	575,709	476,549
Other receivables and assets	335,274	350,339
Marketable securities	102,086	154,294
Cash and cash equivalents	1,191,447	1,457,335
Current assets	**3,800,897**	**3,987,777**
TOTAL ASSETS	**5,741,308**	**5,967,625**
SHAREHOLDERS' EQUITY AND LIABILITIES		
Share capital	104,000	104,000
Capital reserves	36,476	36,476
Retained earnings	902,444	857,601
Equity attributable to shareholders of the parent	**1,042,920**	**998,077**
Non-controlling interests	**17,380**	**16,721**
Total shareholders' equity	**1,060,300**	**1,014,798**
Bonds	365,262	370,130
Bank loans and other financial liabilities	52,237	44,803
Obligations under finance leases	15,438	14,564
Provisions	560,398	548,840
Other liabilities	68,404	59,910
Deferred tax liabilities	153,464	137,672
Non-current liabilities	**1,215,203**	**1,175,919**
Bonds	0	150,839
Bank loans and other financial liabilities	45,036	75,907
Obligations under finance leases	996	802
Trade accounts payable	486,421	493,436
Billings in excess of cost and earnings of projects under construction	1,138,995	1,203,593
Advance payments received	269,824	251,288
Provisions	455,026	507,356
Liabilities for current taxes	34,167	46,470
Other liabilities	1,035,340	1,047,217
Current liabilities	**3,465,805**	**3,776,908**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**5,741,308**	**5,967,625**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the first half of 2015 (condensed, unaudited)

	Attributable to shareholders of the parent								Non-controlling interests	Total shareholders' equity
(in TEUR)	Share capital	Capital reserves	Other retained earnings	IAS 39 reserve	Actuarial gains/losses	Currency translation adjustments	Treasury shares	Total		
STATUS AS OF JANUARY 1, 2014	**104,000**	**36,476**	**838,057**	**-381**	**-24,240**	**-45,718**	**-8,457**	**899,737**	**29,743**	**929,480**
Total comprehensive income for the year			66,749	864		2,708		70,321	-1,534	68,787
Dividends			-51,907					-51,907	-1,224	-53,131
Changes in treasury shares			-772				2,498	1,726		1,726
Other changes			-807	-1	-4	-40		-852	-825	-1,677
STATUS AS OF JUNE 30, 2014	**104,000**	**36,476**	**851,320**	**482**	**-24,244**	**-43,050**	**-5,959**	**919,025**	**26,160**	**945,185**
STATUS AS OF JANUARY 1, 2015	**104,000**	**36,476**	**992,482**	**-3,684**	**-83,001**	**-15,249**	**-32,947**	**998,077**	**16,721**	**1,014,798**
Total comprehensive income for the year			113,866	-1,951		33,490		145,405	1,860	147,265
Dividends			-103,240					-103,240	-734	-103,974
Changes in treasury shares			-1,042				3,064	2,022		2,022
Other changes			1,636			-980		656	-467	189
STATUS AS OF JUNE 30, 2015	**104,000**	**36,476**	**1,003,702**	**-5,635**	**-83,001**	**17,261**	**-29,883**	**1,042,920**	**17,380**	**1,060,300**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the first half of 2015 (condensed, unaudited)

(in TEUR)	H1 2015	H1 2014
Cash flow from operating activities	-7,821	49,025
Cash flow from investing activities	6,616	46,557
Cash flow from financing activities	-278,735	-38,688
Changes in cash and cash equivalents	**-279,940**	**56,894**
Changes in cash and cash equivalents resulting from exchange rate fluctuation	14,052	8,403
Cash and cash equivalents at the beginning of the period	**1,457,335**	**1,227,860**
Cash and cash equivalents at the end of the period	**1,191,447**	**1,293,157**

CASH FLOWS FROM ACQUISITIONS OF SUBSIDIARIES*

For the first half of 2015 (condensed, unaudited)

	Business area	Total	Total
(in TEUR)	PP[1]	H1 2015	H1 2014
Intangible assets	2,820	2,820	527
Property, plant, and equipment	2,899	2,899	1,783
Inventories	1,531	1,531	1,106
Trade and other receivables	9,989	9,989	36
Liabilities	-7,511	-7,511	0
Non-interest bearing net assets	**9,728**	**9,728**	**3,452**
Marketable securities	0	0	0
Cash and cash equivalents acquired	765	765	0
Fixed financial assets	1,135	1,135	0
Debt assumed	-2,155	-2,155	0
Goodwill	1,237	1,237	570
Non-controlling interests	0	0	0
Total purchase price	**10,710**	**10,710**	**4,022**
Purchase price paid	-10,710	-10,710	-4,022
Cash and cash equivalents acquired	765	765	0
NET CASH FLOW	**-9,945**	**-9,945**	**-4,022**
Liabilities from purchase price not paid	0	0	0
Fair value of investments previously held at-equity	0	0	0
PURCHASE PRICE NOT PAID IN CASH	**0**	**0**	**0**

* Converted by using exchange rates as per dates of transaction

1) PP = PULP & PAPER

The initial accounting for the businesses acquired in 2015 is based on preliminary figures. The final evaluation of the balance sheet items disclosed in the cash flows from acquisition will be carried out according the regulations of IFRS 3 (revised) “Business Combinations”.

NOTES

Explanatory notes to the interim consolidated financial statements as of June 30, 2015

General
The interim consolidated financial statements as of June 30, 2015 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, 2014 have been maintained without any change. For additional information on the accounting and valuation principles, see the consolidated financial statements as of December 31, 2014, which form the basis for this interim consolidated financial report.

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, 2015 were neither subject to a complete audit nor to an audit review by an auditor.

Application of new standards
Since January 1, 2015 ANDRITZ applies the annual improvements to IFRS (cycle 2011-2013). The application of these updated standards did not have any material impact on the interim consolidated financial statements.

Consolidated companies
The scope of consolidated financial statements changed as follows:

	Full consolidation	Equity method
Balance as of January 1, 2015	**139**	**3**
Acquisition of companies	2	0
Disposal of companies	0	0
Changes in consolidation type		
Additions	2	0
Disposals	-1	0
Reorganization	-2	0
Balance as of June 30, 2015	**140**	**3**
Thereof attributable to:		
Domestic companies	8	0
Foreign compagnies	132	3

Acquisitions
The following companies were not, or only partially, included in the ANDRITZ GROUP's consolidated financial statements for the reference period January 1 to June 30, 2014:
<u>Acquired in 2014:</u>
- Herr-Voss Stamco Inc., USA: Supplier of coil and sheet metal processing solutions for both ferrous and non-ferrous applications as well as service business
- Certain assets and employees of the hydrogenerator service business sector of ABB Schweiz AG, Switzerland: Strengthening of the service basis for hydrogenerators in Switzerland.
- Andritz Hydro AFI Inc., Canada: Engineering, manufacturing, and maintenance of gates for hydropower plants

<u>Acquired in 2015:</u>
- Yangzhou Metal Forming Machine Tool Co., Ltd., China: Manufacturer of mechanical presses including the automotive supplying, household appliances, and metal working industries; the acquisition is subject to approval by anti-trust authorities. The closing of the transaction is expected for Q4 2015/Q1 2016
- Euroslot KDSS, France: Design and manufacturing of filtration and separation equipment for the pulp and paper industry, the water and waste water treatment segment, and other industrial applications

Acquisition of non-controlling interests

The following changes occurred relating to non-controlling interests in the first half of 2015:

- ANDRITZ HYDRO S.A. (remaining 25.67%): In June 2015, ANDRITZ has acquired the remaining 25.67% shares of ANDRITZ HYDRO S.A. Araraquara, Brazil.
- ANDRITZ-Wolfensberger Special Alloy Foundry Co. Ltd. (remaining 5%): In May 2015, ANDRITZ has acquired the remaining 5% shares of ANDRITZ-Wolfensberger Special Alloy Foundry Co. Ltd., Foshan, China.
- Shanghai Shende Machinery Co. Ltd. (remaining 20%): In April 2015, ANDRITZ has acquired the remaining 20% shares of Shanghai Shende Machinery Co. Ltd., Shanghai, China.
- Precision Machine and Supply, Inc. (remaining 49%): In January 2015, ANDRITZ has acquired the remaining 49% shares of Precision Machine and Supply, Inc., Spokane/Washington, USA.

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 first half of 2015, sales of the ANDRITZ GROUP amounted to 3,005.6 MEUR and were thus 13.0% higher than the reference figure for the previous year (H1 2014: 2,659.4 MEUR). The EBIT reached 159.6 MEUR (H1 2014: 94.4 MEUR).

Notes to the consolidated statement of financial position

Total assets of the ANDRITZ GROUP as of June 30, 2015 amounted to 5,741.3 MEUR and were thus 226.3 MEUR lower than the figure as of December 31, 2014 (5,967.6 MEUR). The net working capital as of June 30, 2015 amounted to -436.4 MEUR (December 31, 2014: -570.9 MEUR).

During the current business year, ANDRITZ AG paid dividends in the amount of 103.2 MEUR for the 2014 business year. No shares were bought back and 31,703 shares were transferred to ANDRITZ employees (mainly in connection with the exercise of share option programs) during the first half of 2015.

Notes to the consolidated statement of cash flows

Cash flow from operating activities of the ANDRITZ GROUP amounted to -7.8 MEUR in the first half of 2015 (H1 2014: 49.0 MEUR). This decrease was mainly due to project-related changes in the working capital.

Cash flow from investing activities during the first half of 2015 amounted to 6.6 MEUR (H1 2014: 46.6 MEUR). The change resulted mainly from higher investments in financial assets.

Cash flow from financing activities amounted to -278.7 MEUR in the first half of 2015 (H1 2014: -38.7 MEUR). The strong change resulted mainly from the redemption of a corporate bond in February 2015 (nominal value: 150 MEUR) and from higher dividend payments (-103,2 MEUR in H1 2015 vs. -51,9 MEUR in H1 2014).

Segment information

Segment information is prepared on the following basis:

Business areas

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

- HYDRO (HY)
- PULP & PAPER (PP)
- METALS (ME)
- SEPARATION (SE)

Business area data as of June 30, 2015:

(in TEUR)	HY	PP	ME	SE	Total
Sales	866,262	1,043,937	796,078	299,302	3,005,579
Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA)	73,906	81,655	60,399	14,983	230,943
Earnings Before Interest, Taxes, and Amortization (EBITA)	57,987	69,927	47,212	9,814	184,940
Capital expenditure	10,655	7,085	12,508	6,006	36,254
Depreciation, amortization, and impairment of intangible assets and property, plant, and equipment	18,202	16,364	26,875	7,918	69,359
Share of net profit/loss of associates	0	-20	0	0	-20
Shares in associated companies	0	0	0	0	0

Business area data as of June 30, 2014:

(in TEUR)	HY	PP	ME	SE	Total
Sales	805,467	869,256	722,324	262,383	2,659,430
Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA)	71,754	49,755	50,191	3,959	175,659
Earnings Before Interest, Taxes, and Amortization (EBITA)	56,831	37,823	38,701	55	133,410
Capital expenditure	15,278	8,326	8,277	2,596	34,477
Depreciation, amortization, and impairment of intangible assets and property, plant, and equipment	17,153	16,906	39,127	8,058	81,244
Share of net profit/loss of associates	0	-34	0	0	-34
Shares in associated companies	0	0	0	0	0

Fair value hierarchy

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

- Level 1: Prices quoted in active markets for identical assets or liabilities
- Level 2: Information other than prices quoted on the market and which can be observed, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: Information on assets and liabilities is not based on observable market data

The following table allocates financial assets and liabilities measured at fair value to the three levels of the fair value hierarchy. It distinguishes fair value measurements by the significance of the input parameters used and reflects the availability of observable market data when estimating fair values.

(in TEUR)	**Total as of June 30, 2015**	**thereof level 1**	**thereof level 2**	**thereof level 3**
FINANCIAL ASSETS				
At fair value through profit and loss - trading				
Derivatives	29,759		29,759	
Embedded derivatives	47,115		47,115	
Available for sale financial assets				
Investment securities	7,206	7,206		
Marketable securities	102,086	102,086		
Other receivables				
Derivatives (hedge accounting)	17,752		17,752	
	203,918	**109,292**	**94,626**	
FINANCIAL LIABILITIES				
At fair value through profit and loss - trading				
Derivatives	73,764		73,764	
Embedded derivatives	17,647		17,647	
Other liabilities				
Derivatives (hedge accounting)	9,155		9,155	
	100,566		**100,566**	

Important events after June 30, 2015

At the end of July, ANDRITZ and Fibria, the world's leading eucalyptus pulp producer, signed a letter of intent for supply of all production technologies and equipment for Fibria's Horizonte 2 pulp mill at its Três Lagoas unit in the state of Mato Grosso do Sul. It was agreed not to disclose the order value; however typical order values of comparable reference projects are in the magnitude of approximately 600 million euros. The contract is expected to be put into force during the third quarter of 2015.

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.

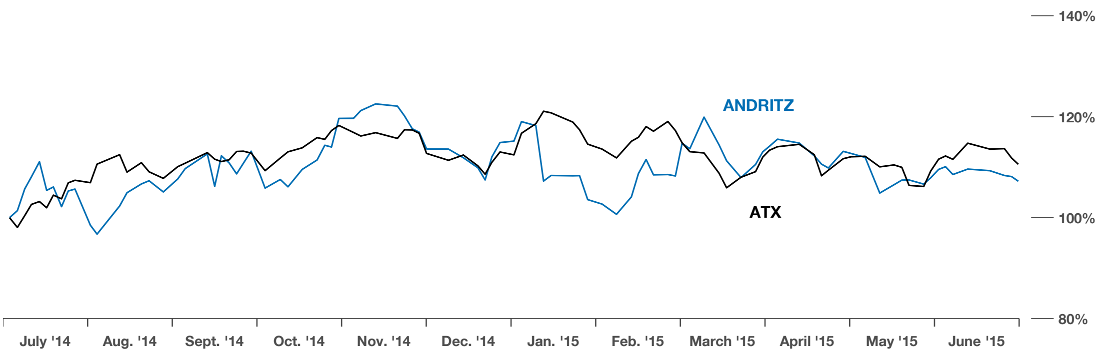
Graz, August 2015

The Executive Board of ANDRITZ AG

Wolfgang Leitner	Humbert Köfler	Joachim Schönbeck	Wolfgang Semper
President and CEO	PULP & PAPER (Service & Units), SEPARATION	PULP & PAPER (Capital Systems), METALS	HYDRO

SHARE

Relative price performance of the ANDRITZ share compared to the ATX (July 1, 2014-June 30, 2015)



Source: Vienna Stock Exchange

Share price development

The development of the international stock exchanges in the first half of 2015 was influenced by the continuously uncertain general economic conditions and the resulting high volatility on the financial markets. In this environment, the ANDRITZ share price rose by 7.9% during the reporting period. The ATX, the leading share index on the Vienna Stock Exchange, rose by 10.1% during the same period. The highest closing price of the ANDRITZ share was 57.49 EUR (April 13, 2015) and the lowest was 44.63 EUR (January 8, 2015).

Trading volume

The average daily trading volume of the ANDRITZ share (double count, as published by the Vienna Stock Exchange) during the first half of 2015 was 346,907 shares (H1 2014: 304,174 shares). The highest daily trading volume was noted on June 19, 2015 (1,841,024 shares), the lowest trading volume on May 21, 2015 (143,662 shares).

Investor Relations

During the second quarter of 2015, meetings with national and international institutional investors and financial analysts were held in Amsterdam, Berlin, Chicago, Frankfurt, Innsbruck, London, New York, Tokyo, Warsaw, Zurich, and Zürs.

Key figures of the ANDRITZ share

	Unit	**H1 2015**	H1 2014	**Q2 2015**	Q2 2014	2014
Highest closing price	*EUR*	57.49	47.58	57.49	45.85	47.58
Lowest closing price	*EUR*	44.63	39.95	49.65	41.62	37.00
Closing price (as of end of period)	*EUR*	49.65	42.21	49.65	42.21	45.69
Market capitalization (as of end of period)	*MEUR*	5,163.6	4,389.3	5,163.6	4,389.3	4,751.8
Performance	*%*	+7.9	-7.6	-11.3	-6.8	0.0
ATX weighting (as of end of period)	*%*	10.2528	8.1410	10.2528	8.1410	11.6479
Average daily number of shares traded	*Share unit*	346,907	304,174	339,566	214,229	305,027

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	< 70%
Stock exchange	Vienna (Prime Market)
Ticker symbols	Reuters: ANDR.VI; Bloomberg: ANDR, AV
Stock exchange indices	ATX, ATX five, ATX Global Players, ATX Prime, WBI

Financial calendar 2015 and 2016 (preliminary)

August 7, 2015	Results for the first half of 2015
November 6, 2015	Results for the first three quarters of 2015
March 4, 2016	Results for the 2015 business year
March 30, 2016	Annual General Meeting
April 1, 2016	Ex-dividend
April 4, 2016	Record Date
April 5, 2016	Dividend payment
May 4, 2016	Results for the first quarter of 2016
August 5, 2016	Results for the first half of 2016
November 4, 2016	Results for the first three quarters of 2016

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

Contact and publisher's note

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Produced in-house using FIRE.sys