

Andritz Shares

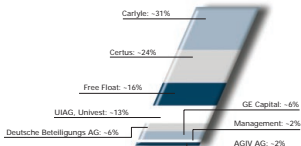
Initial Public Offering

Andritz Shares were first listed and officially traded on the Stock Exchange in Vienna on June 25, 2001. A total two million new shares were placed as a stock capital increase and publicly offered to national and international investors. The issue price was 21 Euros per share.

On July 25, 2001 half of the Greenshoe option of the company was exercised (150,000 non-par value shares). They were shares exclusively held by existing shareholders. The entire placing volume, including Greenshoe, was thus 45.15 MEUR.

Since January 1, 2002, Andritz shares have been quoted in the top segment of the Vienna Stock Exchange, the Prime Market, and have been part of the ATX since January 21, 2002.

Andritz Ownership Structure

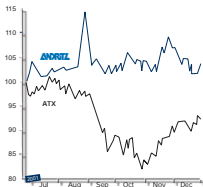


Major Key Figures for Andritz Shares

Security Identification Number	AT 000 0730007
ISIN-Code	073000
First Listing Day	June 25, 2001
Types of Shares	no-par value shares, bearer shares
Number of Shares	13 million
Free Float	approx. 16%
Stock Exchange	Vienna (<i>Prime Market</i>), Frankfurt (<i>Unofficial Market</i>)
Ticker Symbols	Reuters: ANDR.VI Bloomberg: ANDR.AV
Stock Exchange Indices	ATX; WBI
ATX Weighting	approx. 0.65%
Free Float Factor	0.25

Development of the Share Price

Since the first listing day, Andritz shares developed solidly. In a generally quite difficult and volatile stock exchange environment, the Andritz share price increased 3.8% from the first listing day to the end of 2001, outperforming the ATX share index of the Vienna Stock Exchange, which dropped 7.6% over the same time. The lowest closing price of the Andritz share was 20.52 EUR and was noted on June 25, 2001, the highest closing price came on August 29, 2001, when the price reached 23.50 Euros.



Trading Volume

The average daily trading volume of Andritz shares between their first listing on June 25, 2001 and December 31, 2001 amounted to about 19,802 shares or 417,101 EUR. Andritz shares rank 34th place in the turnover statistics of the most frequently traded stocks on the Vienna Stock Exchange. The market capitalization of Andritz on the basis of the final price on December 31, 2001 was 276.9 MEUR.

Investor Relations

In the course of the Initial Public Offering, a large number of national and international institutional investors was visited. In Vienna, a roadshow was held, presenting the company to smaller investors and representatives of financial institutions. Company presentations on a regular basis were held before analysts. Various one-on-one meetings with large investors in Austria (Vienna) and abroad (Helsinki, Frankfurt) complete the investor Relations activities of the past year with their strong orientation to transparency. The new Internet pages of the Andritz Group also contain a comprehensive section on Investor Relations (www.andritz.com/investors).

The following investment banks published regular research reports on Andritz during 2001: Deutsche Bank, ERSTE Bank, Raiffeisen Zentralbank.

Active Investor Relations

Information on Andritz Shares

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Creating value added through eBusiness

eBusiness Connectivity Model

Intensive utilization of new media, with the increased application of Internet-based customer and system solutions, are important strategic targets of the Andritz Group. Consistent use of eBusiness-methods will provide essential support for business processes with customers, suppliers and employees, making the processes much easier and less costly. Creating a joint benefit and value-added for Andritz Stakeholders is a priority goal.

For quicker and more efficient achievement of this goal the eBusiness project team, which was first established in November 2000 and which is composed of representatives from all Business Areas in the Andritz Group, created what it termed "Andritz-eBusiness Connectivity Model". Its aim is implementation of the opportunities that Internet technologies offer for the benefit of all users. To secure this goal each of the single eBusiness projects was evaluated critically against the background motto "eBusiness is Business" before being realized.



A total of nine eBusiness solutions finalized in 2001

All these projects had their main starting points in making the business processes along the value-added chain more effective and efficient and also to offer customers new services. The focal point of activities in 2001 were: eService-Business, eProcurement and eMarketing. A total of nine eBusiness solutions were finalized in 2001.

Andritz Web Services for Customers

Under the heading "One face to the Customer", new and individualized Web Services, with which the Andritz Group meets its customers as a global partner, were developed. The main starting point is creation of eBusiness solutions with a customer-related content (customized and personalized).

Andritz Service Club

The Andritz Service Club is a Web Portal for customers from the Pulp and Paper Industry. Registered visitors to the site are offered the following customized contents: Status of an order, dispatch papers retrievable online, special information on products and services, operating and maintenance instructions for Andritz machines, problem solution platform and design/sizing programs for Andritz systems.

Online Ordering for Wear Parts

Wear Parts – refiner plates, for instance – can be ordered online. In addition to the ordering functionality this solution has a statistics and evaluation package that offers the user precise information on the transactions handled over the previous two years.

MyMill.com

MyMill.com is a complete, customized and personalized Extranet solution. Customers can order all spare parts online, and the complete plant documentation plus general service information can be recalled at any time online.

OPE Remote

OPE Remote is a Web solution to increase productivity of processes (OPE = Overall Production Efficiency). With online access to production critical data of the customer process control system, Andritz experts can come to the rescue of customers if there are difficulties in production or the wish to improve processes. Web technology places Andritz in a position to provide know-how immediately and without expensive time consuming travelling.

Advantages for Andritz

eBusiness solutions hold essential advantages for Andritz in that customer relations can be intensified further, for instance by being able to react more quickly to customer requirements or by greater transparency in processing orders. To be successful, this is of the essence, especially in the services business.

Secondly, with joint Web solutions the integration of the Andritz locations is intensified. Getting in touch with Andritz more quickly and efficiently is made easier for Andritz' partners.

Andritz Automation

Andritz
Automation: 200
engineers all over
the world

In addition to lower purchase costs, users of technological production systems are especially interested in such factors as sustained value of the plant over its useful life ("Life Cycle Value") and the quality of the products made with these systems. These customer requirements can be met by integrated automation solutions.

The Andritz Group recognized this trend early on, and Andritz Automation activities were extended further during year 2001. Currently approx. 200 engineers are employed in automating Andritz plants and Andritz technologies. A Group-wide organization makes sure that the global automation and process know-how is utilized and advanced jointly.

Research and Development in Automation

New automation solutions that increase customer value from operating Andritz plants are elaborated in research and development projects together with customers. During the past year a number of projects such as online quality control, optimization of rolling processes, condition monitoring for plants and simulations for processes were started and successfully concluded.

Process Simulation

Short start-up times and trouble-free plant operation are achieved by process simulation before the actual start-up. Simulation of dynamic processes supports testing and optimization of the DCS system software and user training.

The first pilot application was carried out for Aracruz, Brazil, in the field of bale handling logistics.

Remote Condition Monitoring System (CMS)

Higher plant availability and lower downtime, combined with low operating and maintenance costs are important factors for the paper industry, the steel industry and environmental protection.

To provide quick, competent aid to our customers' service teams, Andritz CMS permits viewing the current plant status from anywhere in the world, using the latest information technology. The advantage of the Andritz CMS compared to commercial systems for Data Logging and vibration analysis is the specific adaptation of sensor systems and software to the plants supplied by the Andritz Group.

Realized Automation Solutions and consistent Product Advancements

On the basis of the technological know-how in different Business Areas, automation systems are designed according to the latest state-of-the-art and tested before being supplied to the site with simulation equipment.

A special challenge is the continued development of the sensors for control of the product quality produced with Andritz systems.

The system solutions that Andritz has developed for wood processing, BarkScan™, WoodScan™, LogScan™, offer online quality control of the wood raw material input for the pulp industry. With the DrumMatic™, production sequences are optimized in woodyards. These products are successfully used, for instance at the following mills: Metsä-Botnia Joutseno, Finland, Cartiere Burgo, Italy, and Lenzing, Austria.

Modernizations of the refiner lines at Plum Creek, USA, with automation and visualization components have brought about ease of operation and have good examples for systematic extension of automation activities.

At LPC and ICT, tissue paper mills in England and Poland, automation and electrical engineering equipment from the high-voltage and low-voltage systems to the field units and the Andritz Tissue-Matic process control system were planned, made and started up.

In rolling mill technology, the POS (Process Optimizing System) was developed further and placed in operation at First Copper in Taiwan. This system measures plant parameters online and optimizes the pass plans for cold rolling processes. The rolling mills at First Copper and Chien Shing, both in Taiwan, run with the latest AC and DC technology in the megawatt range. This integration of the power electronics was planned and started by Andritz Group automation engineers.

The entire automation technology including efficient connection to the production control level was supplied to EKO-Stahl and ThyssenKrupp Stahl in Bochum, Germany, and thus, Andritz equipment integrated into the Customer's production chains logistically.

BarkScan™, WoodScan™, LogScan™: Technologically challenging system solutions for wood processing



Quality

Apart from well-trained employees who are prepared to take responsibility, the complexity of Andritz' systems also requires manufacturing standards of the highest level and systematic organization of the sequences that are required for planning, manufacture and installation. Thorough knowledge of the technologies that are essential for the customers are the prerequisite for developing machines, plants and processes with which warranty values can be met and surpassed.

Key components whose design and manufacture needs special knowledge and equipment are produced at one of 16 production sites run by the Andritz Group. Other components are made by sub-suppliers that Andritz selects and whose quality it monitors. These suppliers have long-term experience in co-operating with Andritz and are a key factor in the cost leadership of the Andritz Group.

During the year under review the organizational aspects of quality assurance for outsourcing were newly defined, streamlining the planning and realization flows of quality audits.

Transition to a paperless system of quality documentation was started, and this makes it possible to prepare the documentation for plant quality in an electronic format for each order.

With the acquisition of a pressurized container permit for China and of the ASME-N certificate and the ensuing improvement and demonstration of the quality capabilities of our engineering and order processing departments, marketability of certain products in China was improved.

Work on process-oriented presentation of management systems in the meaning of ISO9001: 2000 continued successfully.



Respect for the environment and conservation of natural resources have historically been central themes of the Andritz Group. Therefore, environmental protection has had a prominent place in the corporate philosophy, and all employees actively live by these standards. Andritz "environmental protection assignees" ensure that the environmental protection rules defined by the Company are implemented with consistency. Active and even proactive environmental protection, plus an increasingly heightened awareness among employees of the very notion of environmental protection, are clearly defined goals for the future.

During the year, the main focus of the environmental protection program continued to be measures to save materials and resources in production processes and to reduce the quantities of residual waste by optimizing the existing waste management system. The result has been a considerable reduction of energy and disposal cost. The measures introduced and the results achieved have been confirmed by the receipt of an award from the local Environment Authority as a "Graz Ökoprofit" company, now for the seventh time in a row.

The goal for 2002 is optimization of the existing waste management system, by examining possible further uses of the waste material and conservation of resources as a main aspect of material purchase.

Environmental protection is an important subject not only within our operations but also with the products we develop. One design goal is to create systems that contribute to protecting nature and to recycling raw materials. To reduce environmental pollution and operating costs are prioritized goals for the benefit of customers.

In the area of Pulp and Paper, the Andritz Group offers sophisticated systems and processes for efficient recovery of chemicals used in the production of kraft pulp. The range of products offered runs from recovery boilers to black liquor evaporation and recausticizing systems, to effluent evaporation. The long-term experience in chemical recovery places the Andritz Group first and foremost among global suppliers in this area, as a large installed base at renowned customers confirms.

The drying systems for sewage sludge developed and constructed by Environment and Process Technologies also help save raw materials and reuse waste. With these plants, the sewage sludge that is a by-product of cleaning municipal and industrial effluents is dried and converted into granulate which can be used as fuel, fertilizer or soil improver, or as aggregate material in the brick and cement industry.

Andritz pressure filters make reuse of coal from the coal slurry in mining operations possible. The recovered coal can be treated to obtain a commercial product, and the sludge lagoons where the coal wastes used to be collected can be recultivated.

Environmental protection as an integral element of the corporate Andritz philosophy

Ökoprofit award for the seventh time in a row

Andritz products are environmentally friendly

Leading supplier of chemical recovery processes

Acid regeneration process to reduce operating costs

Finally, the Rolling Mills and Strip Processing Lines Business Area also offers a number of environmentally protective devices, whose good economy also lowers operating expenses. The PYROMARS system for stainless steel, as well as other regeneration systems that Andritz developed, recover the spent pickling acid from pickling plants. The acids are returned to the process and can be used once again. The results are a reduction of pickling costs and largely waste-water free pickling operations. There is no environmental pollution because with this process, all loops for liquids are closed.

The Chemcoater is used in strip coating systems (e.g. electrolytic or hot-dip galvanizing and painting lines) for application with the so-called no-rinse process. This is a closed system, hence no chromate goes into the waste water.

Regenerative burners in continuous annealing furnaces for stainless steel strip provide energy savings of 10% to 20% over the central recuperator system. At the same time, the lowest NOx values are achieved.

A regeneration plant for treating used pickling acids

