
The logo for ANDRITZ, featuring the word "ANDRITZ" in a bold, blue, sans-serif font. The letters are three-dimensional with a slight shadow effect, giving them a metallic or embossed appearance. The letters are closely spaced and have a consistent blue color.

Investor Days 2006

**11-12 October 2006
Lucerne, Switzerland**

Disclaimer

Certain statements contained in this presentation constitute “forward-looking statements.” These statements, which contain the words “believe”, “intend”, “expect” and words of similar meaning, reflect Management’s beliefs and expectations and are subject to risks and uncertainties that may cause actual results to differ materially. As a result, readers are cautioned not to place undue reliance on such forward-looking statements. The Company disclaims any obligation to publicly announce the result of any revisions to the forward-looking statements made herein, except where it would be required to do so under applicable law.



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- **Update on recent developments**
 - **Review on targets of past Andritz Investor Days**
 - **Financial highlights of H1 2006**
 - **Important achievements during the last 12 months**
 - **Acquisitions**
 - **Andritz's presence and strategy in the emerging markets**
 - **Outlook 2006 and goals**



Review on targets of past Investor Days

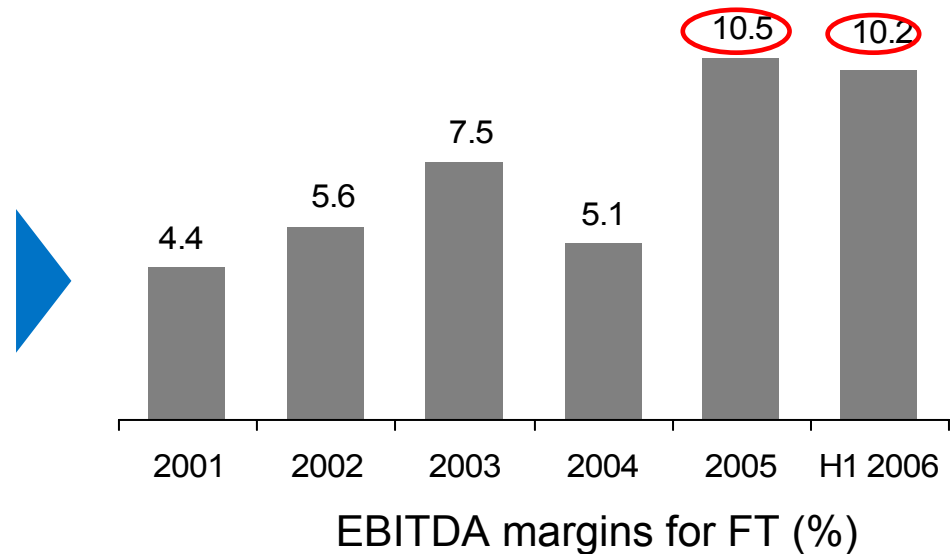
Targets

Investor Days 2003:

Target:

Increase profitability (EBITDA) of Feed Technology Business Area (FT) from 4.4% in 2001 to 10% in 2004

Achievements



Target reached!

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Review on targets of past Investor Days (cont'd)

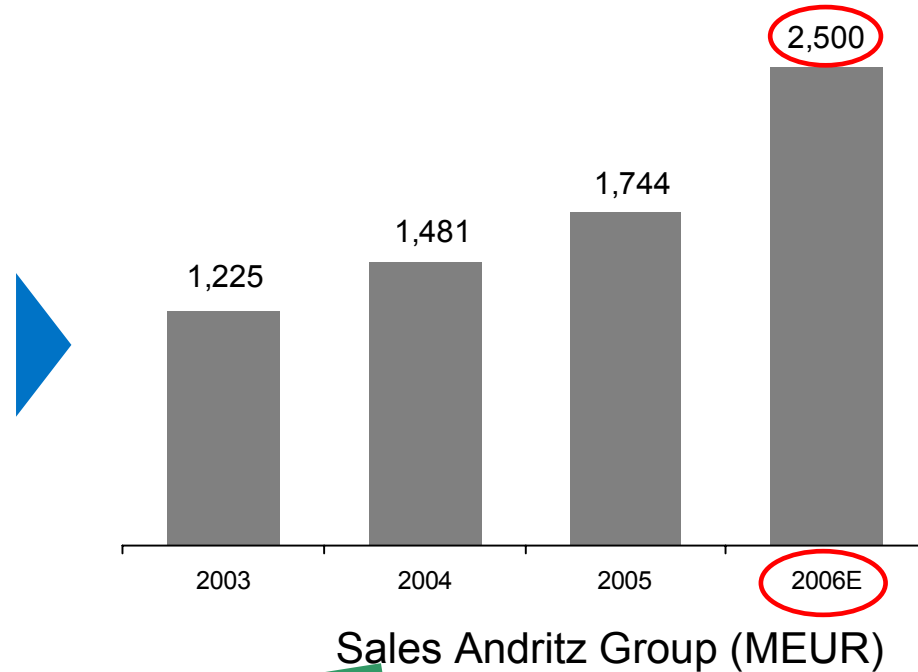
Targets

Investor Days 2004:

Target:

Become a 2 billion Euro company by 2007

Achievements



Target reached!

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Review on targets of past Investor Days (cont'd)

Targets

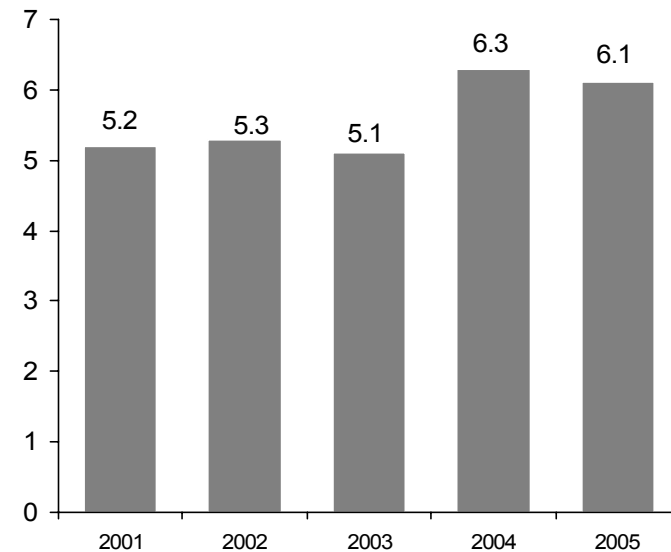
Investor Days 2005:

Targets:

- Reach Group EBIT(A) margin of 7% by 2008
- Increase dividend payout ratio to 40% over the next few years

Targets not yet reached!

Achievements



EBIT(A) margins Andritz Group (%)

Dividend per share and payout ratio:

2003: 1.0 EUR (44.2%)
2004: 1.4 EUR (34.3%)
2005: 2.0 EUR (32.6%)

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Highlights of H1 2006

Order Intake & Order Backlog

- Group Order Intake in H1 2006, at over 1.2 bn EUR, significantly over reference period of last year (+43%)
- High level of Order Backlog of more than 2 bn EUR as solid basis for Sales growth in 2006

Sales

- Strong, mostly organic Sales growth to 967 MEUR (+24% vs. H1 2005)
- Solid development in all Business Areas

Earnings

- Increase of EBIT to 57.7 MEUR (H1 2005: 45.2 MEUR) in line with Sales growth
- Slight increase of EBIT margin to 6.0% (H1 2005: 5.8%)
- Net income after minorities: 39.9 MEUR (+23.5% vs. H1 2005)

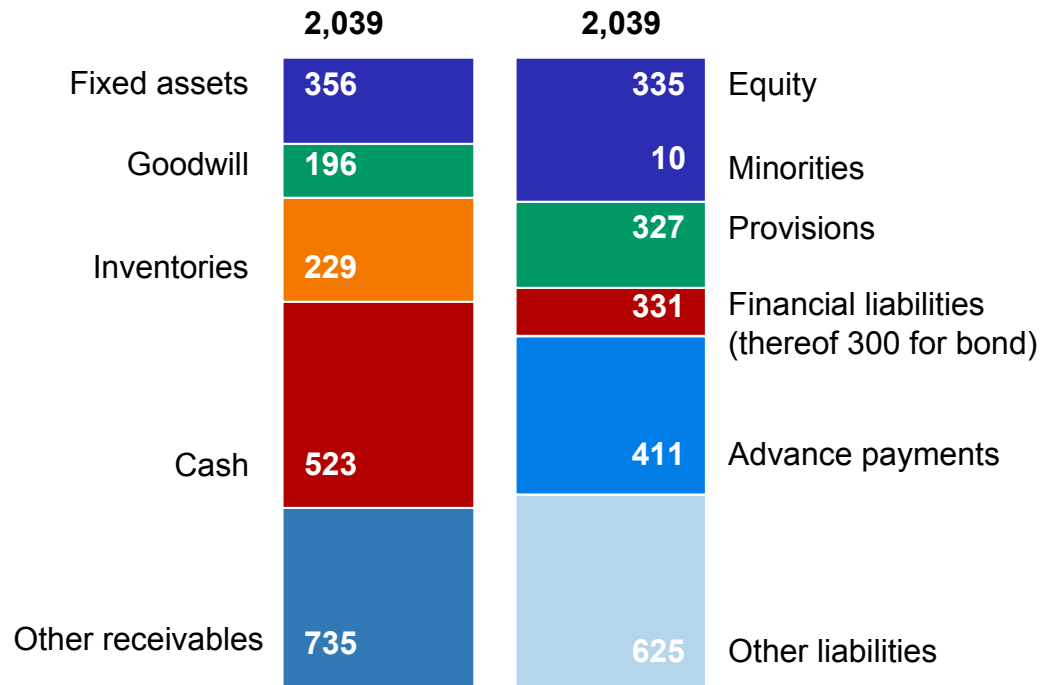
Balance sheet

- Significant increase in Total Assets due to first-time consolidation of VA TECH HYDRO and bond issue
- As a result, decrease of equity ratio to 16.9% as of 30.6.2006 (31.12.2005: 23.6%)
- Net liquidity, at 192.4 MEUR, down to long-term average level



Balance sheet structure

Andritz Group in MEUR



Balance sheet as of 30.6.2006

- Significant increase of total assets (from 1,391 MEUR as of 31.12.2005 to 2,039 MEUR as of 30.6.2006) due to bond issue (200 MEUR) and first-time consolidation of VA TECH HYDRO (+500 MEUR)
- As a consequence, equity ratio as of 30.6.2006 decreased to 16.9% (31.12.2005: 23.6%)
- Net liquidity as of 30.6.2006, at 192.4 MEUR, at long-term average level
- Increase of equity ratio approaching approximately 20% expected by the end of 2006



Important achievements during the last 12 months

- **Continuation of Group growth** based on organic expansion and complementary acquisitions (2006E Sales growth of ~40% evenly split between organic and external growth)
- **Further extension of product range** and strengthening of market position due to acquisition of Küsters, VA TECH HYDRO and Pilão
- **Very good order flow in all Business Areas** confirms good underlying project activity and Andritz's strong market position:
 - PP: Orders from Aracruz, Klabin, Tiger Group, Sappi Saiccor
 - Rolling Mills: Orders from Taigang Group, TISCO, YIEH, ThyssenKrupp
 - Environment and Process: Several orders from the mining and steel industries; sludge drying plants for Athens and Beijing
 - Feed and Biofuel: strong organic growth; many orders for wood pelleting equipment
- **Issue of 200 MEUR corporate bond** to secure long-term Group growth



Acquisition of Küsters

Andritz Küsters



Business Profile:

- Family-owned since foundation in 1949
- Machinery for nonwovens
- Machinery for paper

Locations:

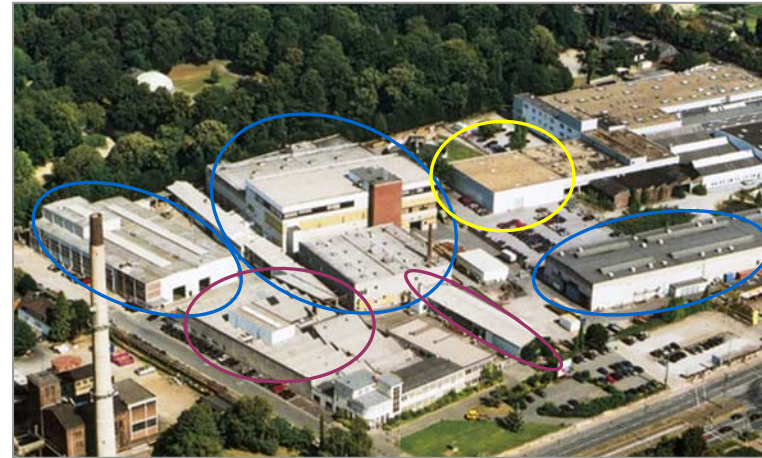
- Krefeld, Germany (Headquarters)
- Spartanburg, USA

Employees:

- Approx. 460 employees worldwide

Annual Sales:

- ~75 MEUR



Andritz Küsters in Krefeld, Germany

- Workshops
- R&D facilities
- Storage

Reference customers:



Andritz Küsters Paper Products

Andritz Küsters Paper develops machinery and concepts for pulp, paper, and board production on the highest quality level

This includes:

- **Roll Systems**
- **Presses (X-NIP shoe press)**
- **Paper Finishing Machinery (calenders)**



Andritz Küsters ProSoft Calender

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Andritz Küsters Nonwoven products

Andritz Küsters Nonwoven develops high-tech machinery and innovative process concepts for finishing of nonwovens and calendering of textiles

This includes machinery for

- Bonding of nonwovens (calenders)
- Finishing of nonwovens
- Calendering of textiles



Küsters Twin Calender



Main reasons for Küsters acquisition

- Extend product range by machinery for pulp, paper, board, and nonwoven production and processing
- Increase business volume in pulp and paper service
- Enter fast growing market for nonwoven and special textiles
- Increase presence in China

Acquisition of Pilão



Andritz Pilão

Locations:

- Office location in São Paulo, Brazil
- Workshop in Vinhedo, Brazil

Products:

- Low-consistency refiners
- Single stock preparation equipment
- Refiner fillings and rebuilds

Employees:

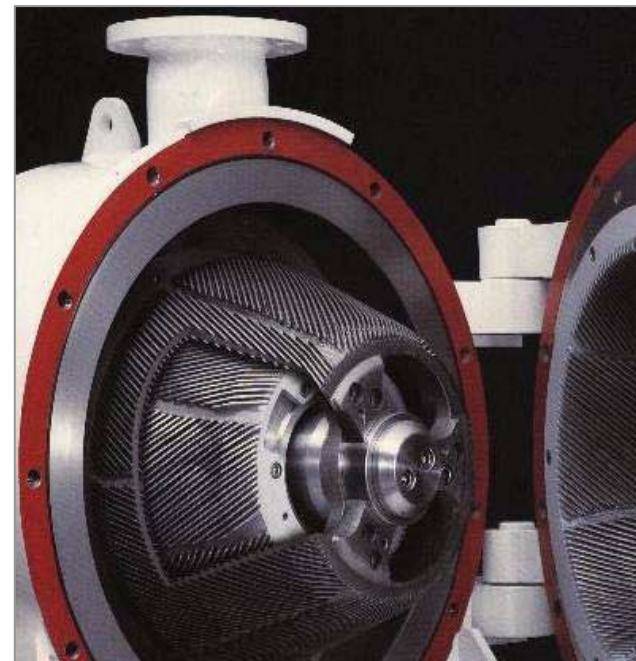
- Approx. 100 worldwide (80 in the workshop)

Annual Sales:

- ~ 10 MEUR



Andritz Pilão workshop in Vinhedo



TriConic® Low-consistency Refiner

Reference Customers:



Main reasons for Pilão acquisition

- Increase business volume of Paper Mill Services products with welded refiner plates and welded conical refiner fillings
- Increase business volume of stock preparation equipment, particularly in South America
- Extend product portfolio by conical refiner technology (TriConic®)
- Operate a local workshop in Latin America to serve customers much faster at competitive prices



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- **Update on recent developments**
 - **Andritz's presence and strategy in the emerging markets**
 - **Outlook 2006 and goals**



Andritz in China

Locations:

- Successful JV in Foshan since 1997
- Andritz Technologies China (ATC) since 2001
- Opening of new foundry in 2007

Financials:

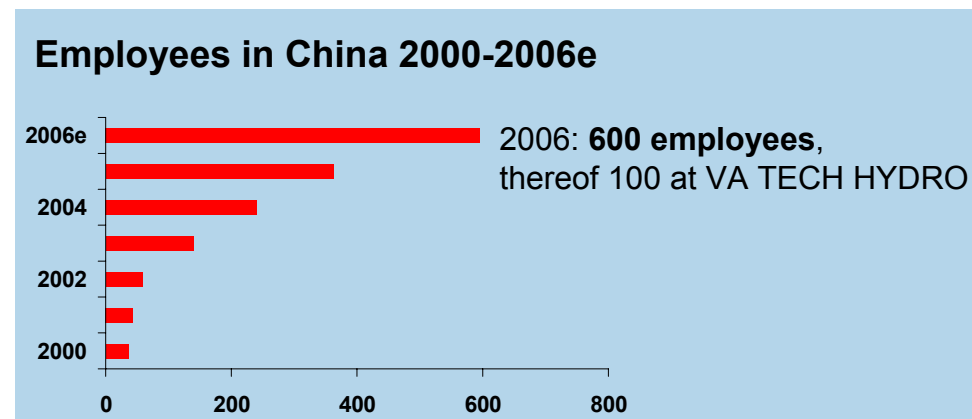
- Sales 2005: 296 MEUR (17% of Group Sales)
- Sourced volume 2005: ~35 MEUR
- 600 employees by the end of 2006, expected to increase to 700 by the end of 2007

Products :

- Pumps for the pulp and paper industries, for water supply and industrial applications
- Components for environmental and feed technologies
- Equipment for the pulp and paper industries (fiber preparation)



Andritz Technologies China





Projects and market situation in China

Pulp and Paper

- Significant demand for all types of fibers due to fast growing demand for paper and board products (esp. sanitary and packaging papers)
- Increasing project activity for chemical pulp mills expected as plantations will become ready for harvest
- Solid project situation for MDF plants, tissue machines and recycled fiber equipment
- Andritz has a strong market position in all segments of pulp and paper production, esp. for tissue machines, recycled fiber and stock preparation systems

Hydro Power

- Focus on large projects with international financing and delivery of core components, e.g. runner blades for local turbine manufacturers
- Successful development of pump business

Rolling Mills and Strip Processing Lines

- China has seen tremendous increase in capacities along all steel grades; overall growth now slower, but key expansion projects in steel and stainless steel are still forecasted
- Market leader for stainless steel cold rolling systems, market share for regeneration plants maintained on a high level

Environment and Process

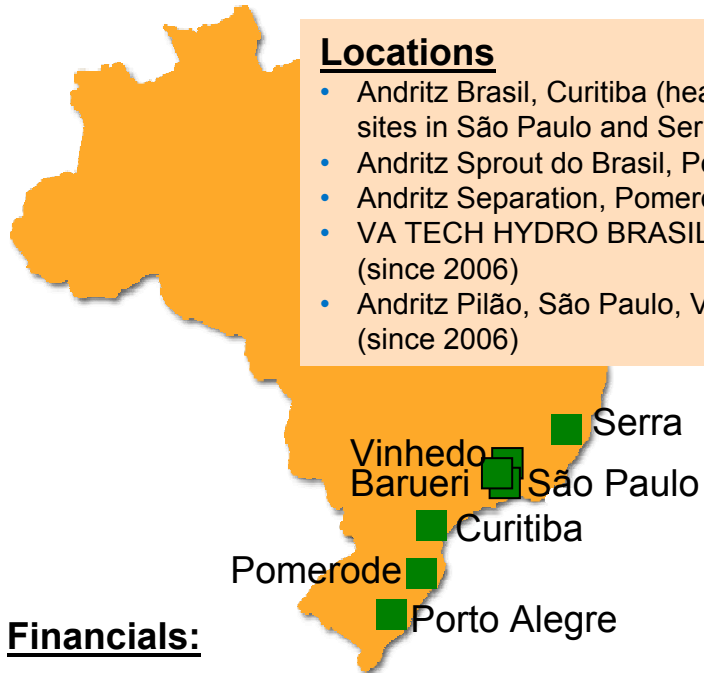
- Overall solid outlook for solid/liquid separation equipment for all base materials (mining, petrochemicals, etc.); steadily increasing demand for industrial and municipal sludge treatment (overall volume already high)
- Market leader for imported filter presses and municipal centrifuges, market share for belt presses significantly increased

Feed and Biofuel

- Solid market in aquatic feed sector; demand for animal feed pelleting lines affected by avian flu outbreaks in H1 2006; release of projects on hold announced
- Andritz extruder and pellet mill manufacturing site in China (established in mid-2005) yields positive response and additional orders



Andritz in Brazil



- Locations**
- Andritz Brasil, Curitiba (headquarters with sites in São Paulo and Serra)
 - Andritz Sprout do Brasil, Porto Alegre
 - Andritz Separation, Pomerode
 - VA TECH HYDRO BRASIL, Barueri (since 2006)
 - Andritz Pilão, São Paulo, Vinhedo (since 2006)



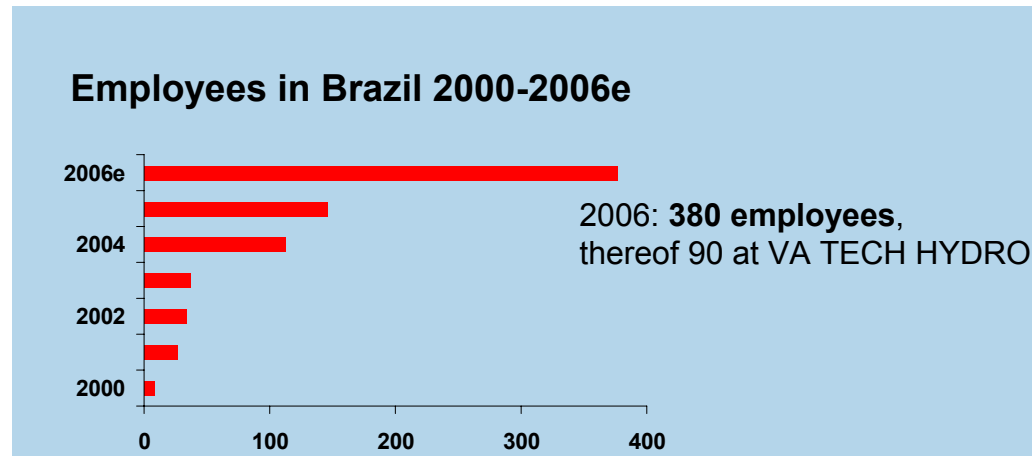
Andritz Pilão Vinhedo

Financials:

- Sales 2005: 118 MEUR (7% of Group Sales)
- Sourced volume 2005: 50 MEUR
- 380 employees by the end of 2006

Products:

- Screens for wastewater treatment, centrifuges, filter presses
- Refiners, refiner fillings



Projects and market situation in Brazil



Pulp and Paper

- Brazil has been the world's most active market for chemical pulp mills (new lines and modernizations) for the last four years
- High project activity expected to continue due to several plantations coming on stream
- Solid project activity for TMP systems for paper and newsprint production
- Over the last few years, Andritz has increased market share in Brazil in all pulping segments, esp. for chemical pulp
- Further strengthening of market share due to acquisition of Pilão, which is Brazil's largest manufacturer of stock preparation refiners

Hydro Power

- High but volatile project activity for hydro power plants, esp. for compact hydro power plants due to incentive program by the Brazilian government to push renewable energies
- Currently only few investments for large hydro power plants; slight increase in project activity expected for the next few years

Rolling Mills and Strip Processing Lines

- Key developments in Brazil are new steel work capacities for slab production for export
- Almost no activities are seen in cold rolling mills, therefore current market for Andritz rather low

Environment and Process

- Overall solid outlook for solid/liquid separation equipment for the mining industries; steadily increasing demand for industrial and municipal sludge treatment systems
- Market leader for filter presses and hyperbaric filters in South America

Feed and Biofuel

- Animal feed: strong capacity build-up since 2005; slowdown in H1 2006 due to strong Brazilian currency and avian flu
- Andritz has a high market share (approx. 30%); recent supply of key process machines to Sadia's feed mills
- Aquatic feed: small sector compared to animal feed, but strong growth expected for the near future



Andritz in India



Locations:

- Andritz Separation, Chennai
- Andritz VA TECH HYDRO, Bhopal and Faridabad
- Andritz Oy, New Delhi
- Andritz Technologies, Bangalore

Financials:

- Sales 2005: 49 MEUR (3% of Group Sales)
- Sourced volume 2005: 2 MEUR
- 590 employees by the end of 2006

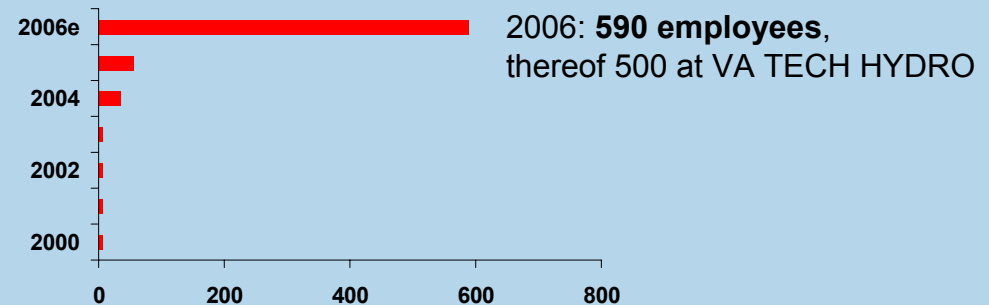
Products:

- Filter presses
- Components for hydro power plants



Andritz VA TECH HYDRO, Bhopal, India

Employees in India 2000-2006e





Projects and market situation in India

Pulp and Paper

- Fast increase in pulp and paper demand has led to growing investments in new pulp mills and modernizations
- Strong demand for recycled fiber, bagasse pulp and modern chemical pulp systems used for paper production, mostly printing and writing grades as well as packaging
- Andritz has strong local presence and market position through joint venture company Enmas-Andritz

Hydro Power

- Overall steady and satisfactory project activity
- Focus on large hydro power projects tendered by the government
- Steady project activity for compact hydro power plants and rehabilitation
- Strong competitive position of Andritz due to local presence and numerous reference plants

Rolling Mills and Strip Processing Lines

- Overall solid outlook for stainless steel cold rolling facilities with several huge single expansion projects
- Steady demand for steel strip processing equipment on a low level
- Market leader for stainless cold rolling facilities

Environment and Process

- Overall solid outlook for solid/liquid separation equipment but starting from a very low level
- Demand for industrial sludge treatment starting, hardly any activity in municipal sludge treatment
- Market leader for filter presses (=only product locally manufactured and marketed)

Feed and Biofuel

- Industrial feed production is characterized by very many small local feed mills; since 2005 growing market for larger animal feed process lines relevant for Andritz equipment
- Pelleting lines ordered by the two largest poultry and pork manufacturers, good basis for future orders



Andritz's strategy in emerging markets

- Strengthen local presence in fast growing markets to achieve market leadership
- Develop China into corporate center for Southeast Asia
- Take advantage of cost-efficient sourcing to increase global Group competitiveness

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- **Update on recent developments**
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Outlook for 2006

- Overall solid economic environment

- Good project activity expected to continue in all Business Areas:
 - **Pulp and Paper:** modernizations and potentially some green field pulp mills in South America and Asia
 - **Steel:** focus on plants for production of high-quality steel and stainless steel products, especially in China, India, and Europe
 - **Environment and Process:** solid project activity due to increasingly stringent environmental regulations and continued high demand for industrial sludge dewatering, particularly in mining industry
 - **Hydro Power:** good project activity worldwide, with focus on Asia and South America (esp. new plants) as well as North America and Europe (esp. modernizations)

- Increase in **Group Sales to approx. 2.5 billion Euros** in 2006 (~+40% vs. 2005) expected; percentage increase in Group EBIT expected to be slightly below Sales growth due to first-time consolidation of VA TECH HYDRO

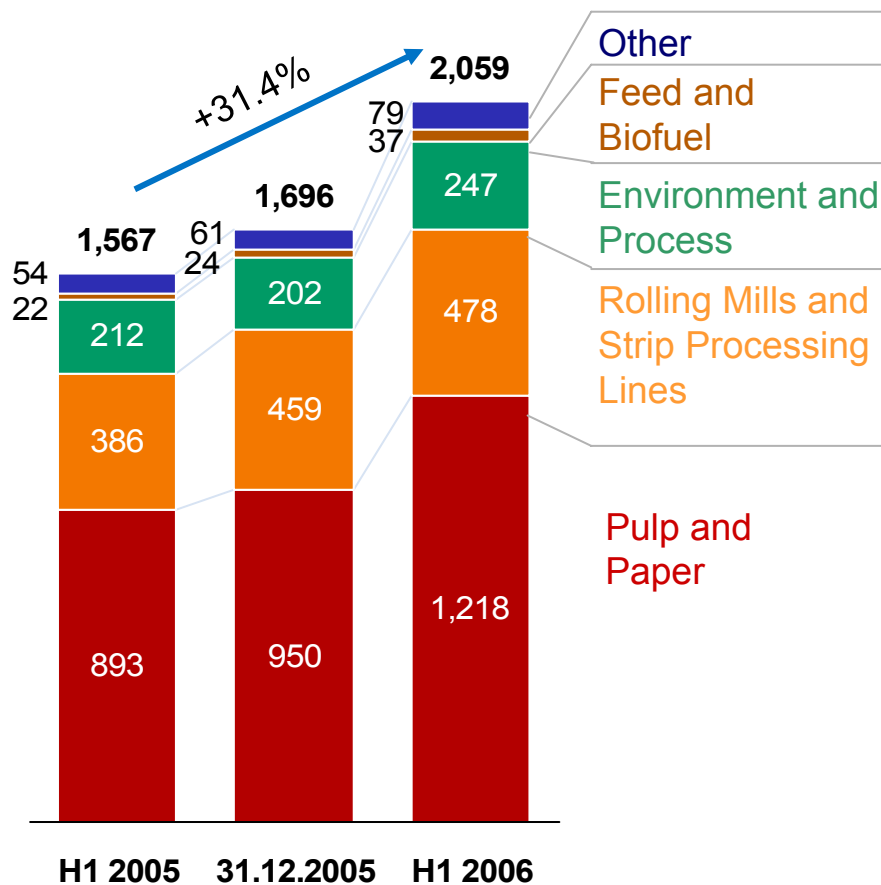


Goals: EUR 3 bn Sales and 7% EBIT margin

Order Backlog

Group goals

Andritz Group in MEUR



Group Sales:

Based on the very high Order Backlog and full consolidation of VA TECH HYDRO, **Andritz Group Sales** are expected to rise towards **EUR 3 billion already in 2007**

Group EBIT margin:

Steadily increase EBIT margin over the next two years and reach the **7% EBIT goal in 2008**



The logo for ANDRITZ, featuring the word "ANDRITZ" in a bold, blue, sans-serif font with a 3D effect and a slight shadow.

**A Global Market Leader
in High-Tech Production Systems
for Pulp & Paper, Steel and
other Specialized Industries**
