



The ANDRITZ GROUP

Company presentation July 2010











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- **ANDRITZ GROUP: overview**
- Results Q1 2010 ANDRITZ GROUP
- Results Q1 2010 business areas
- Outlook



Company profile

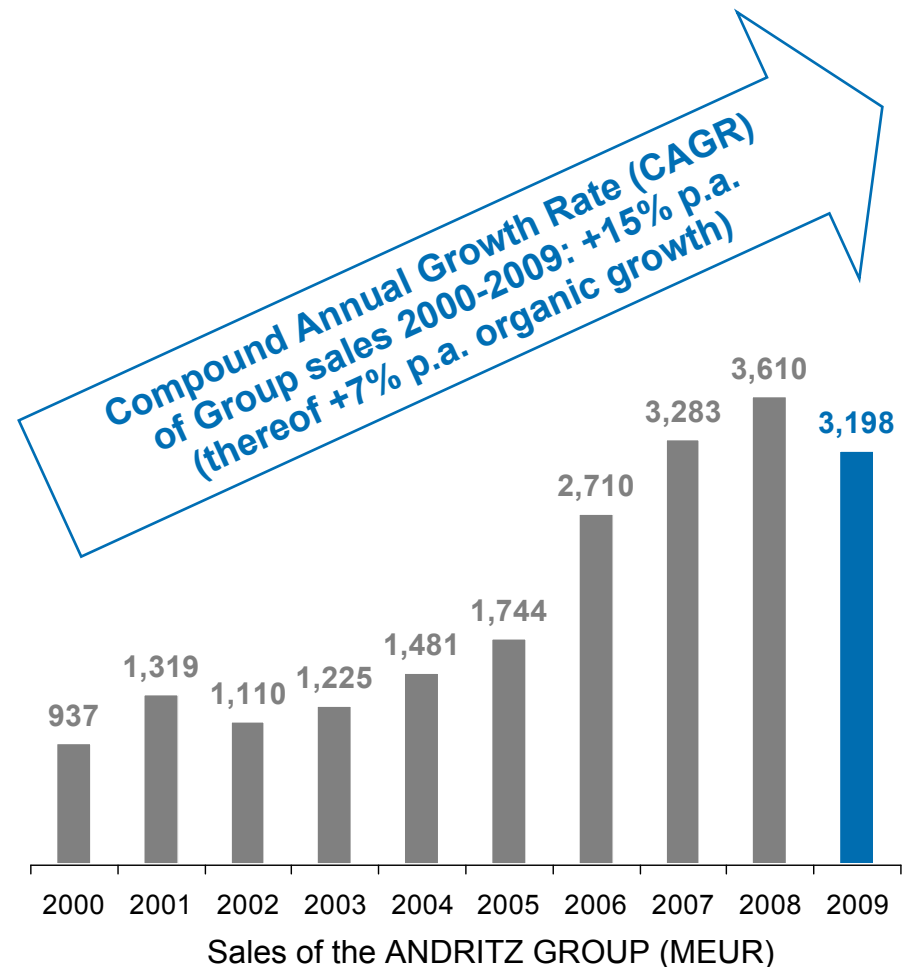
A world market leader in most business areas

				
<ul style="list-style-type: none"> ▪ ~50% of Group's order intake. ▪ Electro-mechanical equipment for hydro-power plants; pumps. 	<ul style="list-style-type: none"> ▪ ~25% of Group's order intake. ▪ Systems for production of all types of pulp and certain paper grades. 	<ul style="list-style-type: none"> ▪ ~10% of Group's order intake. ▪ Systems for production and processing of stainless steel and carbon steel strips. 	<ul style="list-style-type: none"> ▪ ~10% of Group's order intake. ▪ Systems for mechanical and thermal solid/liquid separation. 	<ul style="list-style-type: none"> ▪ ~5% of Group's order intake. ▪ Systems for production of animal feed and wood/biofuel pellets.
				

Strengthening of the market position

Growth through organic expansion and acquisitions

HYDRO	METALS
2006 VA TECH HYDRO	1997 Sundwig
2007 Tigép	1998 Thermtec
2008 GE Hydro business	2000 Kohler
2008 GEHI (JV)	2002 SELAS SAS Furnace Div.
	2004 Kaiser
	2005 Lynson
	2008 Maerz
PULP & PAPER	ENVIRONMENT & PROCESS
1990 Sprout-Bauer	1992 TCW Engineering
1992 Durametal	1996 Guinard
1994 Kone Wood	2002 3SYS
1998 Kvaerner Hymac	2004 Bird Machine
1999 Winberg	2004 NETZSCH Filtration
2000 Ahlstrom Machinery	2004 Fluid Bed Systems of VA TECH WABAG
2000 Lamb Baling Line	2005 Lenser Filtration
2000 Voith Andritz Tissue LLC (JV)	2006 CONTEC Decanter
2002 ABB Drying	2009 Delkor Capital Equip.
2003 IDEAS Simulation	2009 Frautech
2003 Acutest Oy	2010 KMPT
2003 Fiedler	
2004 EMS (JV)	
2005 Cybermetrics	
2005 Universal Dynamics Group	
2006 Küsters	
2006 Pilão	
2007 Bachofen + Meier	
2007 Sindus	
2008 Kufferath	
2009 Rollteck	
2009 Rieter Perfojet	
FEED & BIOFUEL	
	1995 Jesma-Matador
	2000 UMT
	2005 Chemes Strojarne

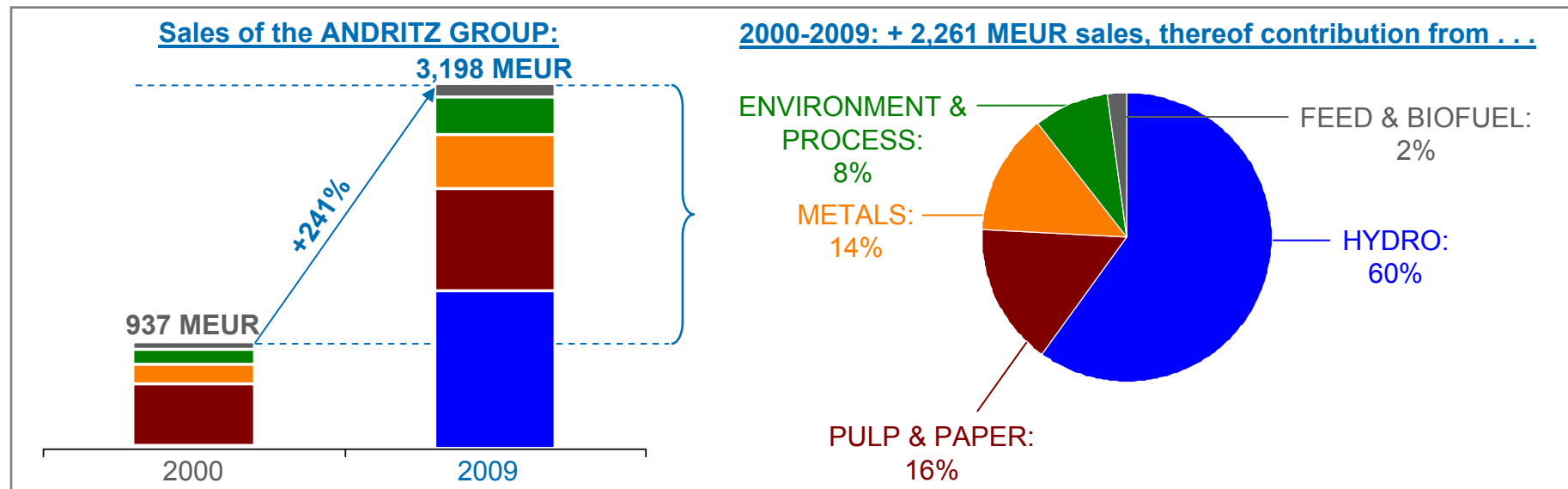


Long-term sales development

HYDRO as main growth driver

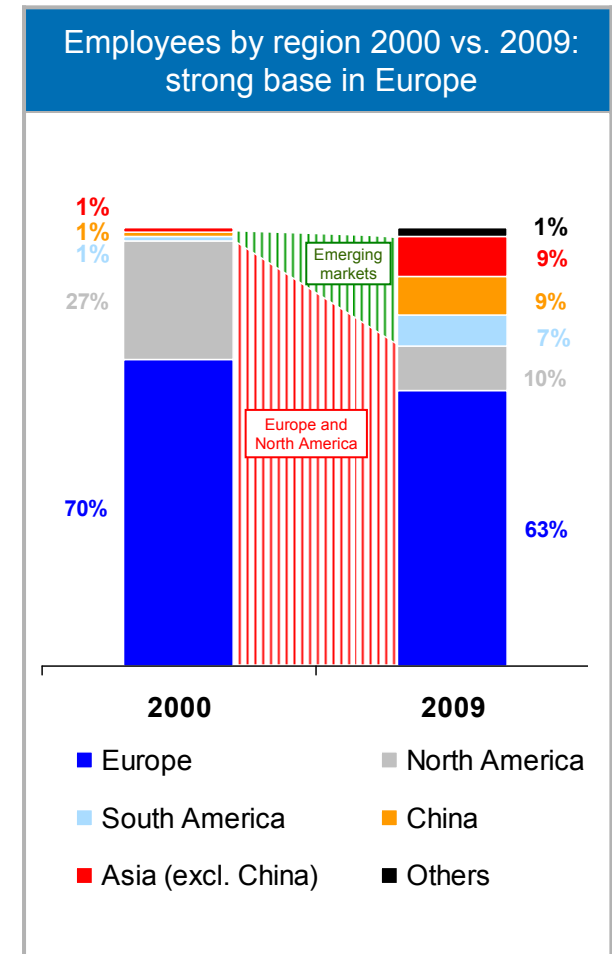
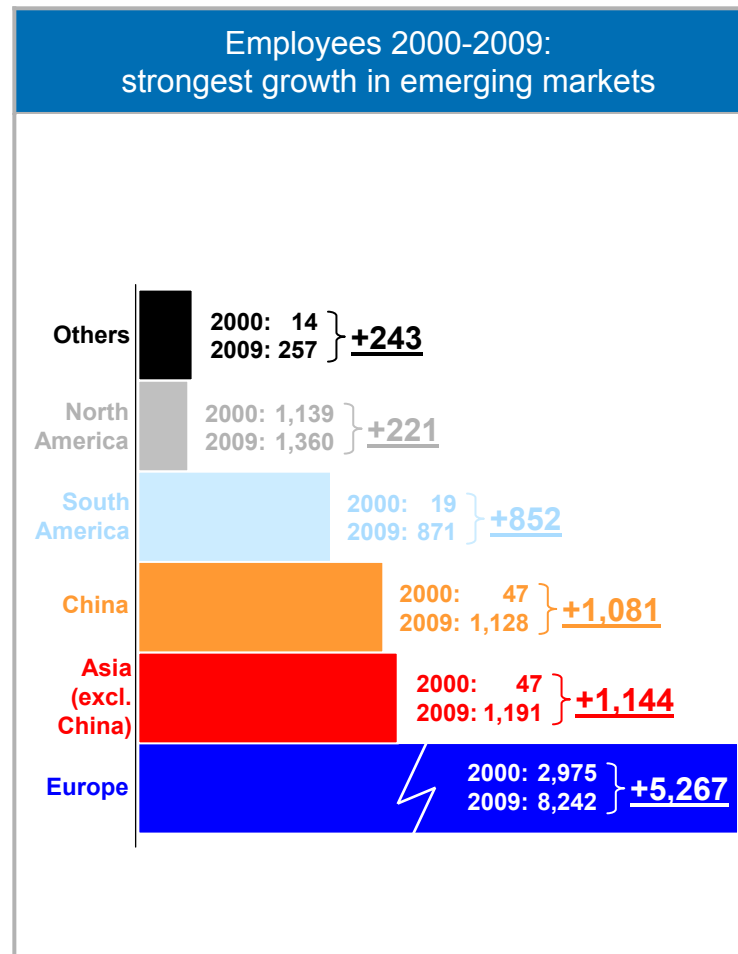
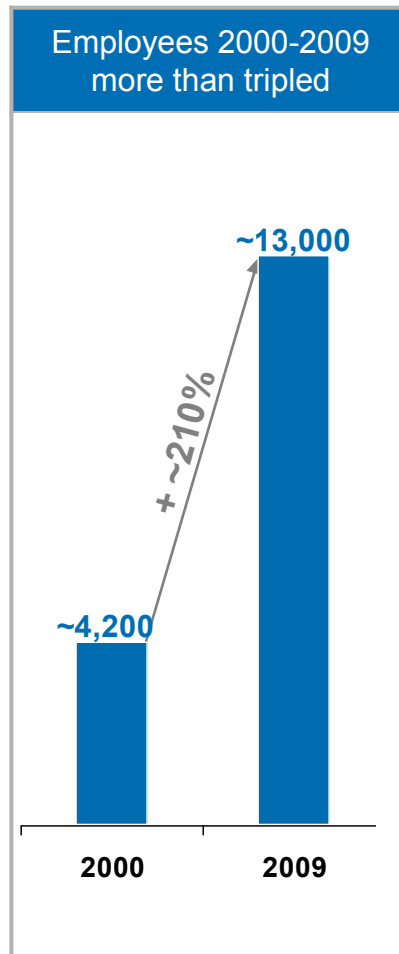
- HYDRO, METALS, and ENVIRONMENT & PROCESS with CAGR ≥10% during the last ten years.
- Strongest growth came from the HYDRO business area.

	Share of sales by business area		
	2000	2009	CAGR
HYDRO	3%	43%	+58%
PULP & PAPER	58%	28%	+6%
METALS	18%	15%	+12%
ENVIRONMENT & ROCESS	14%	10%	+10%
FEED & BIOFUEL	7%	4%	+7%



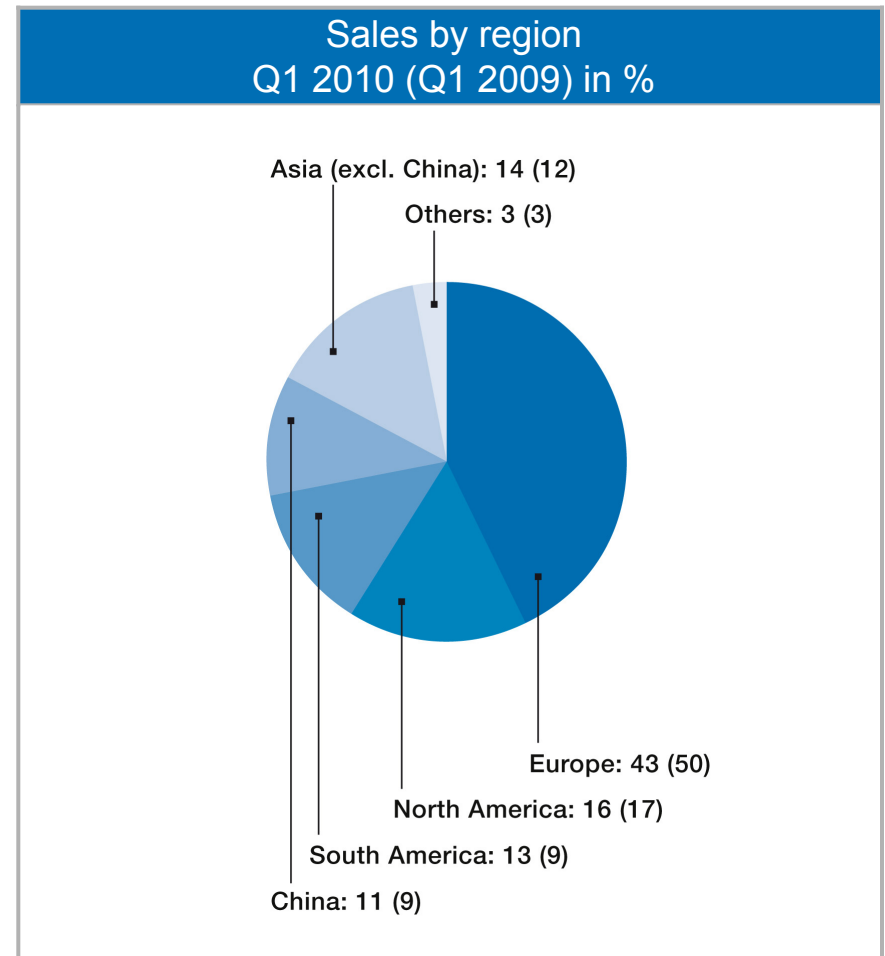
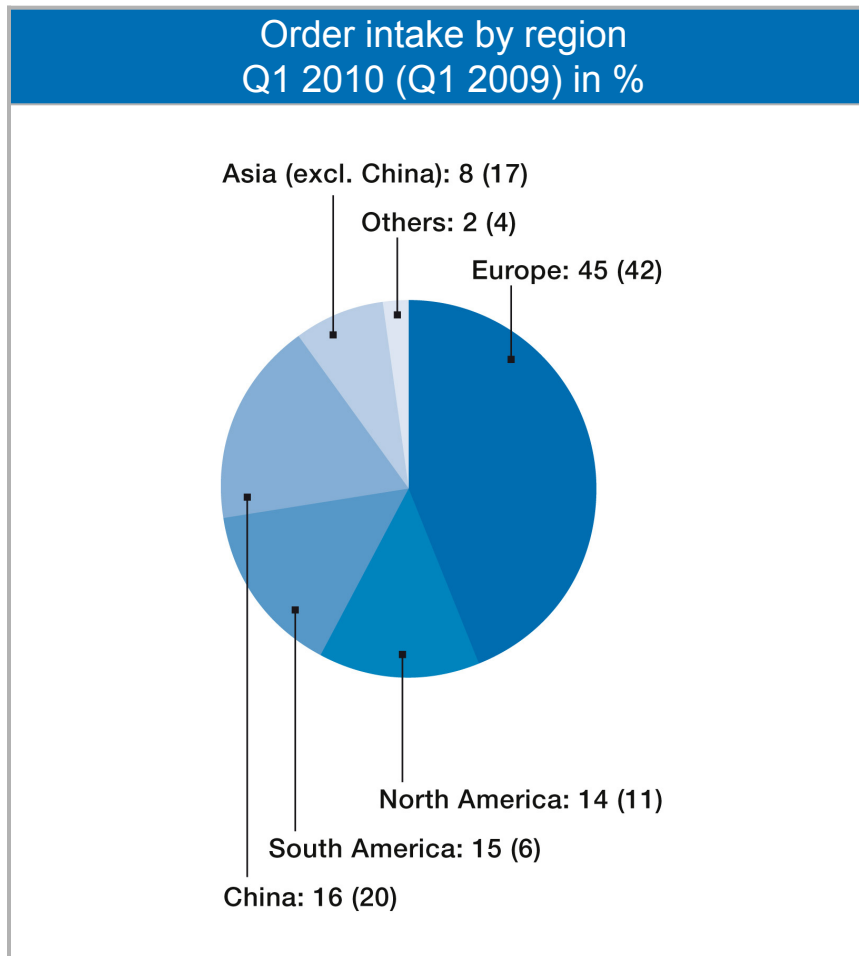
Global presence

Strong base in Europe, strong growth in emerging markets



Order intake and sales by region

Well balanced geographical exposure



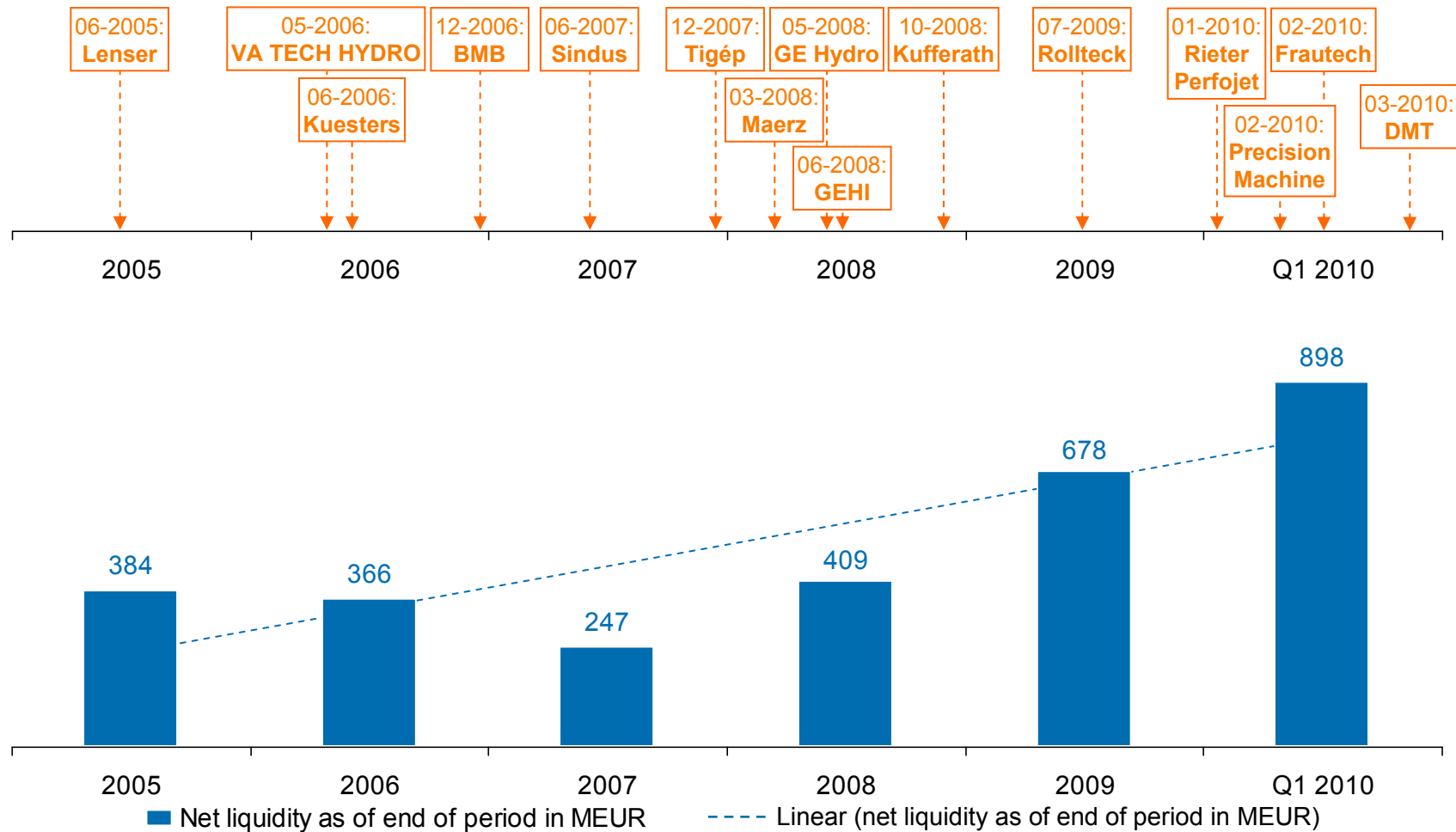
Solid balance sheet structure as of March 31, 2010

Substantial increase of cash position

- Total assets increased to 3,538.0 MEUR (December 31, 2009: 3,309.3 MEUR).
- Liquid funds amounted to 1,296.5 MEUR (December 31, 2009: 1,082.1 MEUR). Net liquidity increased to 897.7 MEUR (December 31, 2009: 677.9 MEUR).
- Low net working capital, at -316.0 MEUR (-104.3 MEUR as of December 31, 2009).
- Equity ratio amounted to 19.0% (December 31, 2009: 20.0%).

Net cash position

Stable development despite acquisitions



ANDRITZ share

Solid performance and broad research coverage

Relative share price performance of the ANDRITZ share versus the ATX since the IPO



ANDRITZ:
+797%

ATX:
+84%

S = Share split of 1:4 on 3 May, 2007

Performance of the ANDRITZ share

2004	+53%
2005	+63%
2006	+75%
2007	+3%
2008	-54%
2009	+111%
H1 2010	+12%

Broad research coverage



Shareholder structure

Certus (CEO)	~30%
Free float	~70%

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Results for Q1 2010

Profitability up despite sales decline

Group's sales declined by 7% – sales in HYDRO up

- Sales of the ANDRITZ GROUP decreased to 732.3 MEUR in Q1 2010: -7% vs. Q1 2009.
- Sales increase in HYDRO (+10% vs. Q1 2009) could not compensate sales declines in all other business areas, esp. in METALS and in ENVIRONMENT & PROCESS.

Favorable development of earnings and profitability despite decline in sales

- Despite the decline in sales, EBITA, at 43.7 MEUR in Q1 2010, remained stable (Q1 2009: 43.7 MEUR).
- EBITA margin increased to 6.0% (5.5% in Q1 2009), mainly due to good earnings development in PULP & PAPER and HYDRO.
- Earnings and profitability in METALS and in ENVIRONMENT & PROCESS down with lower sales.
- Financial result, at 1.9 MEUR in Q1 2010, up compared to last year's reference value (Q1 2009: -4.2 MEUR), which was impacted by depreciation of money market funds.
- Net income (excl. non-controlling interests) increased to 28.9 MEUR (Q1 2009: 25.7 MEUR).

Results for Q1 2010

Solid order intake and continuing high order backlog

Solid order intake in difficult market environment –
however, down by 7% compared to the very high level of last year

- Group's order intake amounted to 908.4 MEUR in Q1 2010: -7% compared to the very high level of Q1 2009 (981.4 MEUR).
- Order intake in HYDRO reaches 391 MEUR, down by 32% compared to the very high level of last year's reference value, which included several large orders.
- Order intake of PULP & PAPER, at 340 MEUR, more than doubled compared to Q1 2009; good development in both capital and service.
- As expected, order intake in METALS, at 43 MEUR in Q1 2010, at a very low level (Q1 2009: 124 MEUR).
- Good development in ENVIRONMENT & PROCESS (+6% vs. Q1 2009) and in FEED & BIOFUEL (+30% vs. Q1 2009).

Group's order backlog up by 6%

Continuing high order backlog: at 4,724.3 MEUR as of March 31, 2010, it increased by 6% compared to March 31, 2009.

Q1 2010 results at a glance

Solid business development with strong cash flow generation

	Unit	Q1 2010	Q1 2009	+/-	2009
Order intake	MEUR	908.4	981.4	-7.4%	3,349.3
Order backlog (as of end of period)	MEUR	4,724.3	4,464.0	+5.8%	4,434.5
Sales	MEUR	732.3	790.1	-7.3%	3,197.5
EBITDA	MEUR	55.6	56.2	-1.1%	218.2
EBITA	MEUR	43.7	43.7	0.0%	164.1
EBIT	MEUR	41.4	41.6	-0.5%	147.1
Financial result	MEUR	1.9	-4.2	+145.2%	2.6
EBT	MEUR	43.3	37.4	+15.8%	149.6
Net income (incl. non-controlling interests)	MEUR	30.2	26.3	+14.8%	102.9
Cash flow from operating activities	MEUR	238.4	55.0	+333.5%	345.7
Capital expenditure	MEUR	13.9	22.9	-39.3%	70.5
EBITDA margin	%	7.6	7.1	-	6.8
EBITA margin	%	6.0	5.5	-	5.1
EBIT margin	%	5.7	5.3	-	4.6
Employees (as of end of period)	-	13,370	13,600	-1.7%	13,049

Unchanged strong cash flow generation

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HYDRO

Continued positive development

- Market: good project activity in the main hydro markets served by ANDRITZ; good demand for modernizations and upgrades in Europe and North America; solid project activity for new hydropower capacities in emerging markets (esp. South America and Asia) – except China, where project activity was low.
- Good development of sales and earnings.
- Strong development in all divisions, including pumps.

	Unit	Q1 2010	Q1 2009	+/-
Order intake	MEUR	391.4	574.2	-31.8%
Order backlog (as of end of period)	MEUR	3,024.8	2,823.6	+7.1%
Sales	MEUR	349.0	316.6	+10.2%
EBITDA	MEUR	28.4	25.8	+10.1%
EBITDA margin	%	8.1	8.1	-
EBITA	MEUR	23.0	20.5	+12.2%
EBITA margin	%	6.6	6.5	-
Employees (as of end of period)	-	6,065	5,798	+4.6%

PULP & PAPER

Order intake, earnings, and profitability significantly up

- Market: increasing pulp prices due to high pulp demand, esp. from Asia, and mill shutdowns following Chile earthquake; however, project activity for pulp mill equipment remained at a rather low level, both for new pulp mills and for rebuilds of existing plants; only a few projects will proceed around year-end → strong price competition.
- Good development of order intake in capital as well as in service.
- Despite the decline in sales, earnings and margins rose significantly; positive impact from restructuring measures.

	Unit	Q1 2010	Q1 2009	+/-
Order intake	MEUR	340.1	164.7	+106.5%
Order backlog (as of end of period)	MEUR	917.6	683.4	+34.3%
Sales	MEUR	217.0	233.7	-7.1%
EBITDA	MEUR	15.7	13.3	+18.0%
EBITDA margin	%	7.2	5.7	-
EBITA	MEUR	11.4	8.5	+34.1%
EBITA margin	%	5.3	3.6	-
Employees (as of end of period)	-	4,387	4,766	-8.0%

METALS

Low project activity

- Market: unchanged very low project activity due to substantial capex reductions at most steel producers, esp. in Europe and North America; reasonable investment activity from special industries (mainly the car and household appliances industries) in Asia and South America.
- Order intake sharply down compared to good reference value of last year.
- Sales and earnings down.

	Unit	Q1 2010	Q1 2009	+/-
Order intake	MEUR	42.7	123.6	-65.5%
Order backlog (as of end of period)	MEUR	535.2	740.1	-27.7%
Sales	MEUR	78.0	135.0	-42.2%
EBITDA	MEUR	4.5	8.6	-47.7%
EBITDA margin	%	5.8	6.4	-
EBITA	MEUR	3.8	7.9	-51.9%
EBITA margin	%	4.9	5.9	-
Employees (as of end of period)	-	983	1,025	-4.1%

ENVIRONMENT & PROCESS

Order intake up, continuing solid profitability

- Market: overall solid project activity for sludge dewatering with strong demand from China; good development of industrial process applications in China, Russia, and Canada – low in other regions; stable project activity for biomass drying systems.
- Order intake slightly up with good development in both Separation Technologies and in Thermal Processes.
- Low sales and earnings.

	Unit	Q1 2010	Q1 2009	+/-
Order intake	MEUR	89.2	84.3	+5.8%
Order backlog (as of end of period)	MEUR	176.3	169.4	+4.1%
Sales	MEUR	55.7	70.8	-21.3%
EBITDA	MEUR	4.1	5.4	-24.1%
EBITDA margin	%	7.4	7.6	-
EBITA	MEUR	3.0	4.2	-28.6%
EBITA margin	%	5.4	5.9	-
Employees (as of end of period)	-	1,431	1,423	+0.6%

FEED & BIOFUEL

Order intake strongly up, favorable profitability

- Market: project activity in the animal feed sector showed initial signs of improvement, mainly in Asia and South America; in Europe, project activity developed favorably esp. in the pet food industry. Good project activity for biomass/wood pelleting equipment, esp. in Europe, North America, and the emerging markets.
- Significant increase of order intake, mainly due to good development in wood pelleting.
- Slight decline in sales; earnings and profitability at unchanged solid levels.

	Unit	Q1 2010	Q1 2009	+/-
Order intake	MEUR	45.0	34.6	+30.1%
Order backlog (as of end of period)	MEUR	70.4	47.5	+48.2%
Sales	MEUR	32.6	34.0	-4.1%
EBITDA	MEUR	2.9	3.1	-6.5%
EBITDA margin	%	8.9	9.1	-
EBITA	MEUR	2.5	2.6	-3.8%
EBITA margin	%	7.7	7.6	-
Employees (as of end of period)	-	504	588	-14.3%

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Outlook (1)

Expectations for the business areas:

- HYDRO: good project activity expected in all relevant ANDRITZ HYDRO regions; good demand for modernizations and upgrades in Europe and North America; solid project activity for new hydropower capacities in the emerging markets (esp. South America and Asia, excluding China).
- PULP & PAPER: investment activity for new pulp mills and major modernizations to remain low until end of 2010, with strong price competition for few projects; however, medium-/long-term prospects for greenfield pulp mills look attractive; mid-term several announced pulp mill projects: Arauco/Stora Enso (Uruguay); CMPC (Brazil); Eldorado Papel e Celulose (Brazil); Fibria/Stora Enso (Brazil); Fibria (Brazil); good demand for environmental technologies, esp. recovery and biomass boilers.
- METALS: project activity for 2010 expected to remain low; most stainless steel and carbon steel producers have cut their capex programs due to disappointing business development as a result of weak market conditions; however, selective project activity for special end-market products in emerging markets (automotive, household applications).



Outlook (2)

- ENVIRONMENT & PROCESS: continuation of good project activity for solid/liquid separation expected for 2010; good demand for biomass drying equipment to continue; slight increase in project activity for mining equipment expected.
- FEED & BIOFUEL: unchanged slow project activity for feed production equipment; high investment activity in biomass/wood pelleting expected to continue.

Expectations for the ANDRITZ GROUP:

- Based on these market assumptions and the order backlog of more than 4.7 bn. EUR at the end of Q1 2010, the ANDRITZ GROUP expects sales in 2010 to remain unchanged or slightly up compared to 2009.
- Positive earnings impact from restructuring measures expected.





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.

According to IFRS.