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

Company presentation

June 2006

- **Company profile**
- **Update on recent developments**
- **Growth drivers for Andritz's Business Areas**
- **Long-term goals**

A world market leader in most business areas

Production systems and services for:



Andritz Group 2005:
Sales: ~1.7 bn EUR
Order Intake: ~2.0 bn EUR

Global company with global customers

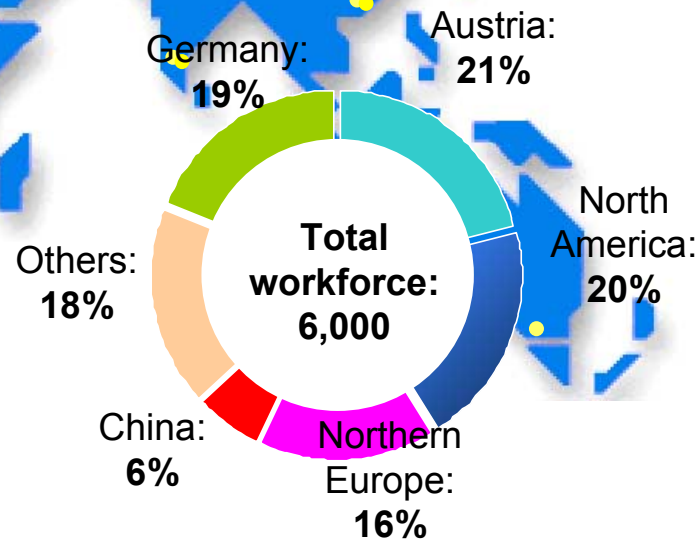
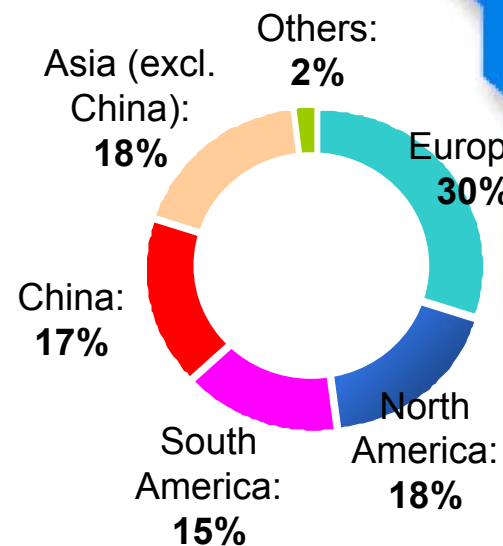
ANDRITZ Inc.
USA

ANDRITZ Oy
Finland

ANDRITZ GROUP
Headquarters
Graz/Austria

Order Intake by region (2005)

Employees by region (2005)



Strategy

Continued average sales growth of at least 10% p.a.

Organic growth through intensive R&D

Complementary acquisitions

Global organization

Expansion of service business

Cost leadership

Complementary acquisitions

Pulp & Paper

1990 Sprout-Bauer
1992 Durametal
1994 Kone Wood
1998 Kvaerner Hymac
1999 Winberg
2000 Ahlstrom Machinery
2000 Lamb Baling Line
2000 Voith Andritz Tissue LLC (JV)
2002 ABB Drying
2003 IDEAS Simulation
2003 Acutest Oy
2003 Fiedler
2004 EMS (JV)
2005 Cybermetrics
2005 Universal Dynamics Group
2006 Küsters (JV)

Rolling Mills and Strip Processing Lines

1997 Sundwig
1998 Thermtec
2000 Kohler
2002 SELAS SAS
Furnace Div.
2004 Kaiser
2005 Lynson

Environment and Process

1992 TCW
Engineering
1996 Guinard
2002 3SYS
2004 Bird Machine
2004 Netzsch Filtration
2004 Fluid Bed Systems of VA TECH
WABAG
2005 Lenser Filtration

Feed and Biofuel

1995 Jesma-Matador
2000 UMT
2005 Chemes Strojarne

Hydraulic Machines

2006 VA TECH Hydro

Highlights of Q1 2006

Order Intake & Order Backlog

- Group Order Intake, at 747.6 MEUR in Q1 2006, almost doubled compared to the reference Quarter of last year
 - Favorable development of the Pulp and Paper, Rolling Mills and Strip Process Lines, and Feed and Biofuel Business Areas
- Further build-up of Order Backlog (EUR 2,007 mn) as solid base for 2006

Sales

- Strong increase in Group Sales (+31.8%) due to the processing of the high Order Backlog
- Solid development in Rolling Mills and Strip Processing Lines, Environment and Process, and Feed and Biofuel

Earnings

- EBIT increased to 26.6 MEUR (+35.7% compared to Q1 2005), mainly due to higher Sales
- EBIT margin up to 5.9% (Q1 2005: 5.7%)
- Net income after minorities increased to 18.9 MEUR (Q1 2005: 14.0 MEUR)

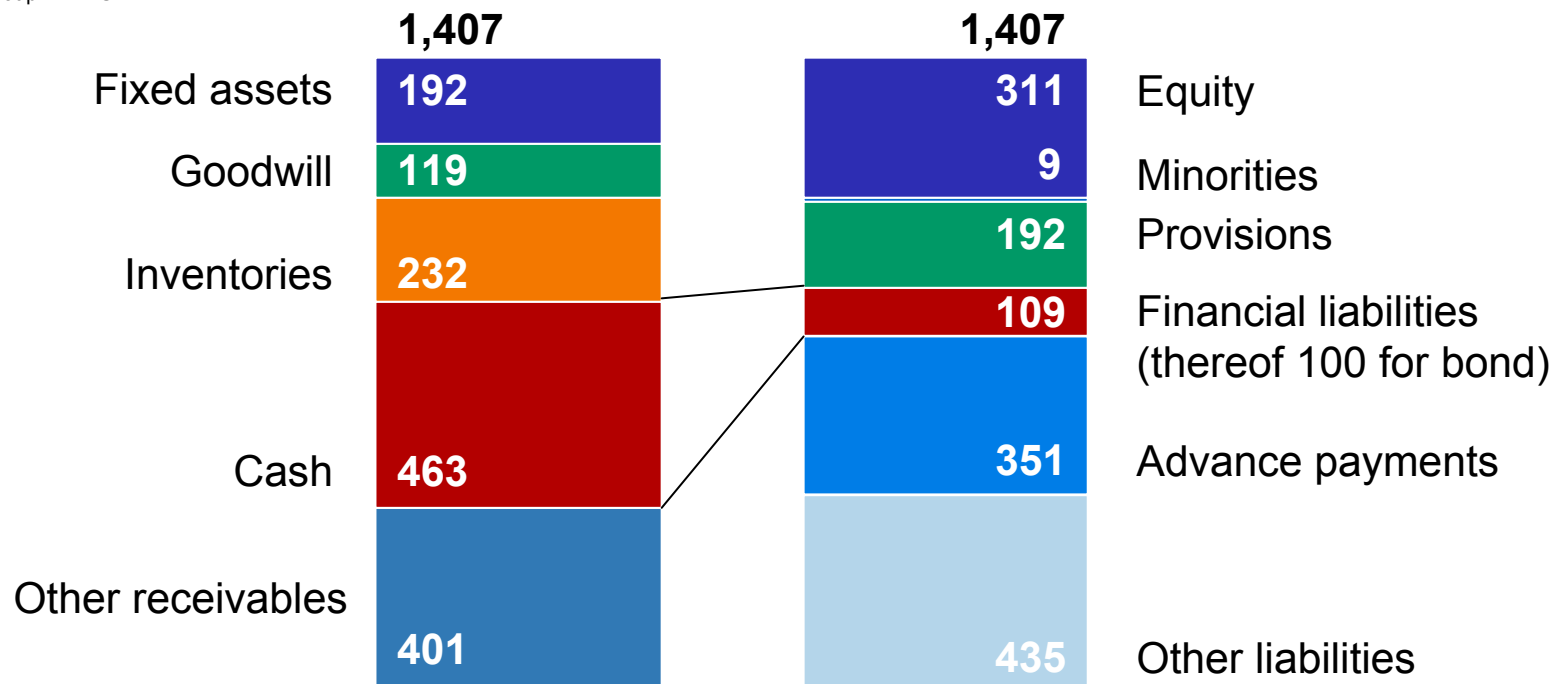
Balance Sheet

- Net liquidity (EUR 354.3 mn) remains at an extraordinarily high level; for the coming months, a reduction of net liquidity is expected, also because of the payment of the purchase price of VA TECH Hydro
- Stable equity ratio of 22.7% as of 31.3.2006 (31.12.2005: 23.6%)

Solid balance sheet structure

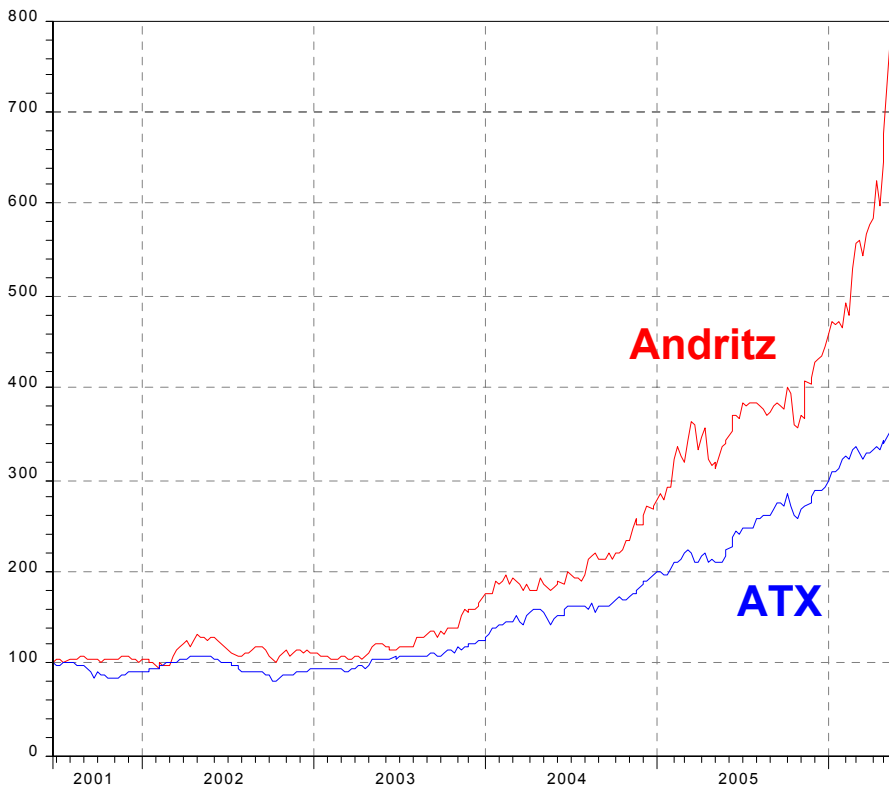
Balance sheet as of 31.3.2006

Andritz Group in MEUR

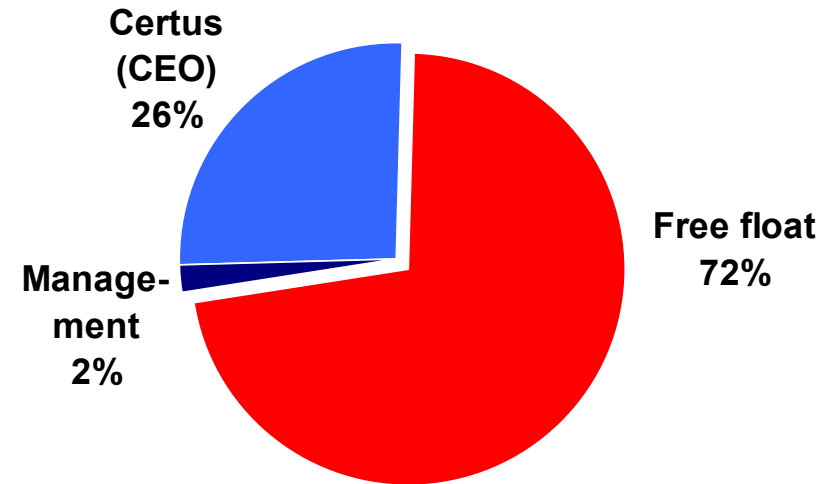


- Net liquidity as of 31.3.2006: 354.3 MEUR (31.12.2005: 383.9 MEUR)
- Equity ratio as of 31.3.2006: 22.7% (31.12.2005: 23.6%)

Solid performance of the Andritz share



Shareholder structure



Market capitalization: ~ EUR 1.5 bn.

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Acquisition of VA TECH Hydro by Andritz

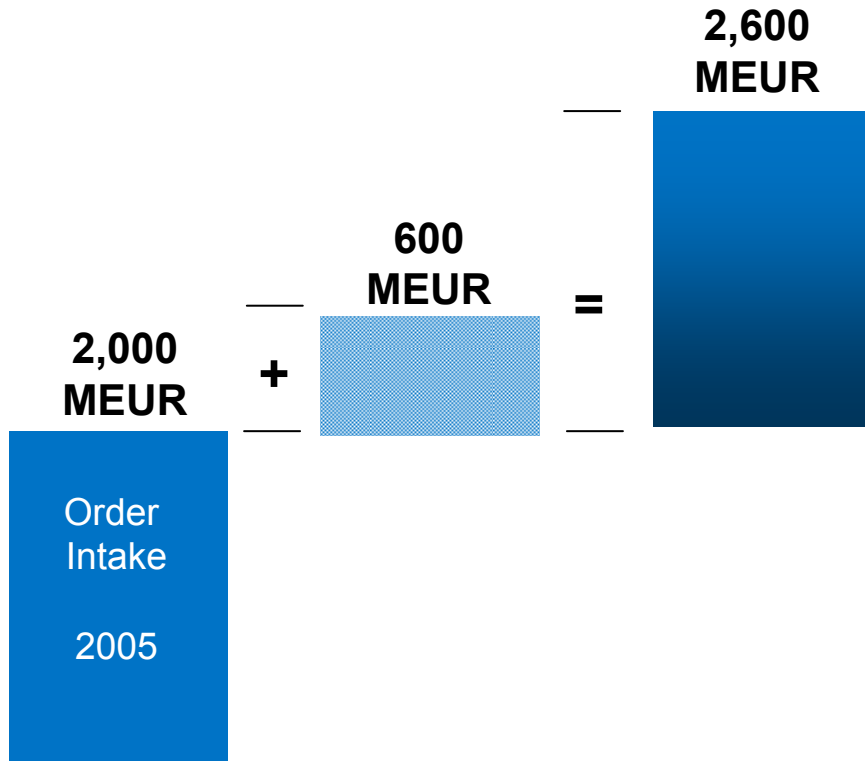
Key facts about Andritz Hydraulic Machines:

- Product range:
 - Stock pumps for the pulp and paper industries (#2 globally)
 - Water pumps
 - Water turbines
- Total sales of 60 MEUR, thereof 25 MEUR in water turbines
- Markets: Austria, Germany, China
- More than 130 years of experience in water turbine construction; licensee of Sulzer from 1949 to 1999
- After acquisition of Sulzer by VA TECH in 1999: Andritz as successful independent specialist on a very low level

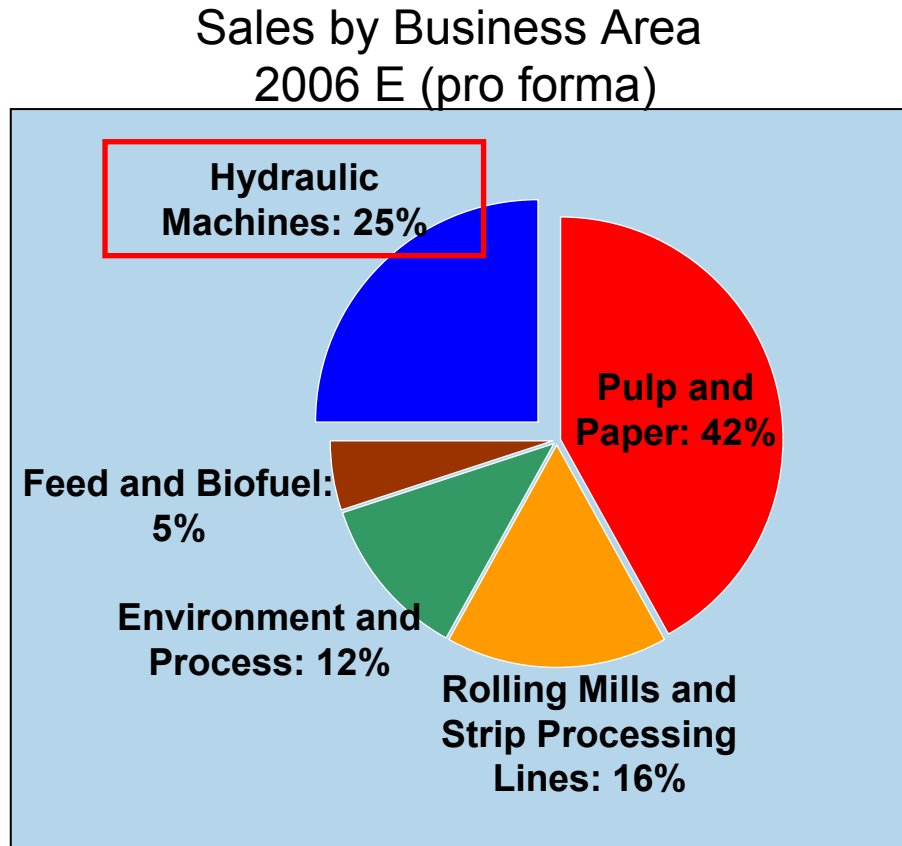


Bulb turbine

Andritz and VA TECH Hydro

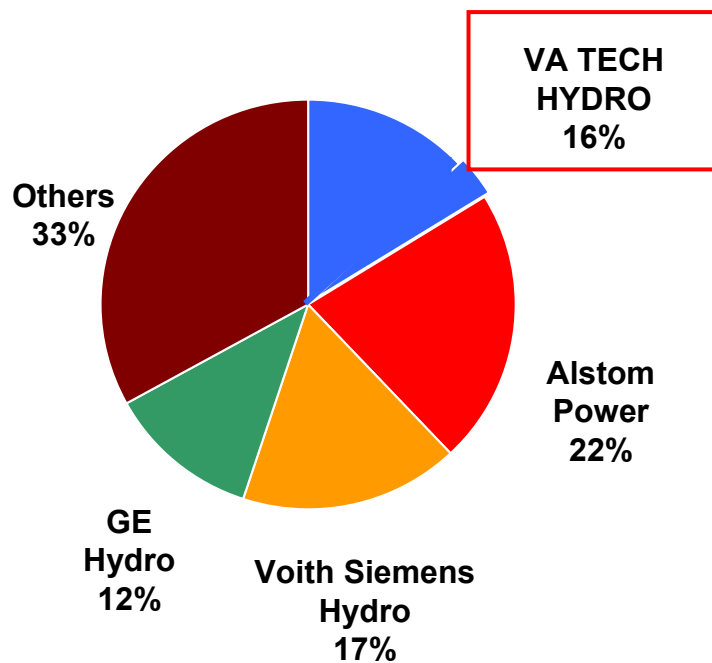


Andritz Group + VA TECH Hydro = Andritz Group 2006E (pro forma)



Among the world's top 3 players

World market shares³



Global market growth

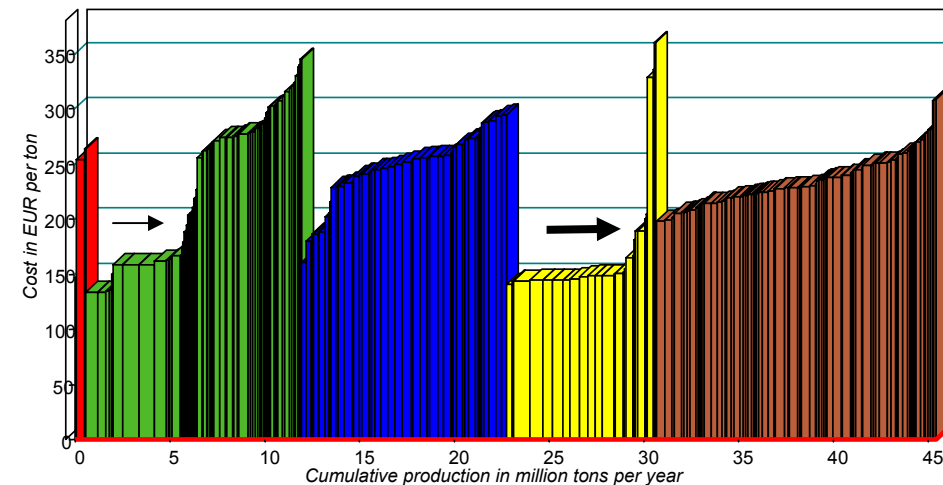
Region	Market volume ¹ (MEUR)	Growth rate ²
Europe	600	2.5%
North America	400	1.0%
South America	400	1.0%
Asia excl. China	440	3.1%
China	1,300	5.6%
World	3,800	3.0%

- 1) ∅ 2001-2003
- 2) (∅ 2001-2003)-2007
- 3) Source: VA TECH Hydro

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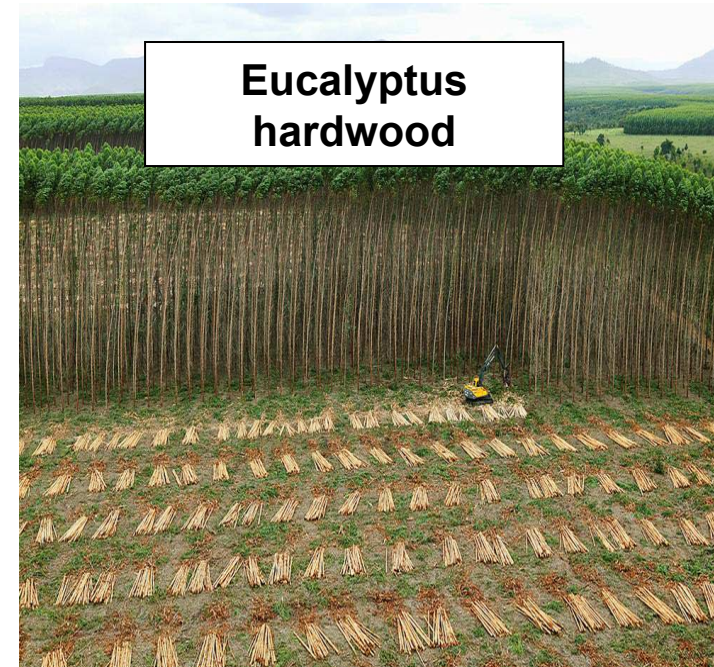
Shift in production: hardwood is the winner in South America

Fast growing plantations lead to significant cost advantages



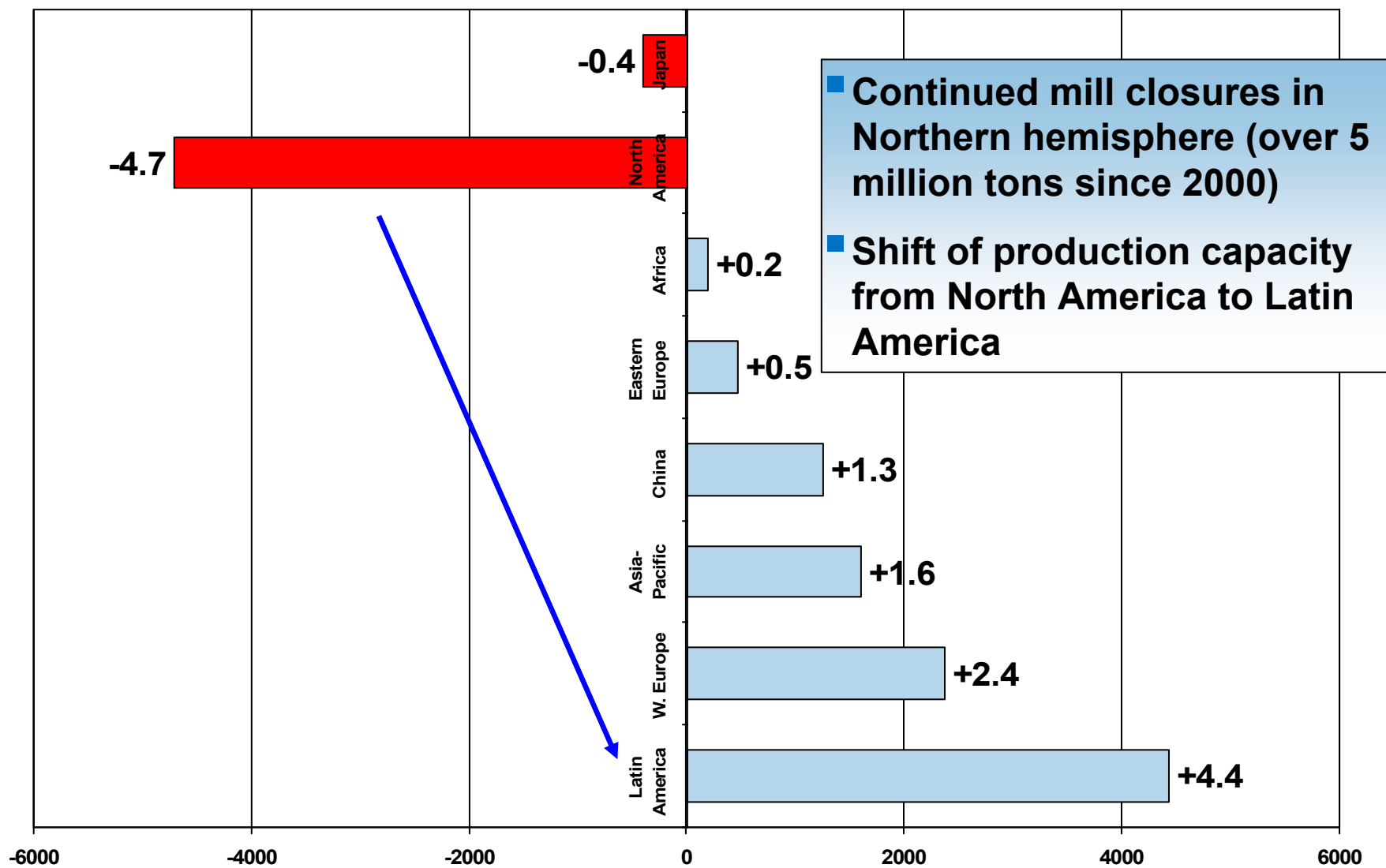
Cumulative cost curves of hardwood kraft pulp mills by region:

- Africa
- Asia Pacific
- Europe
- Latin America
- North America



20-50 m³/ha, first harvest 6-8 years

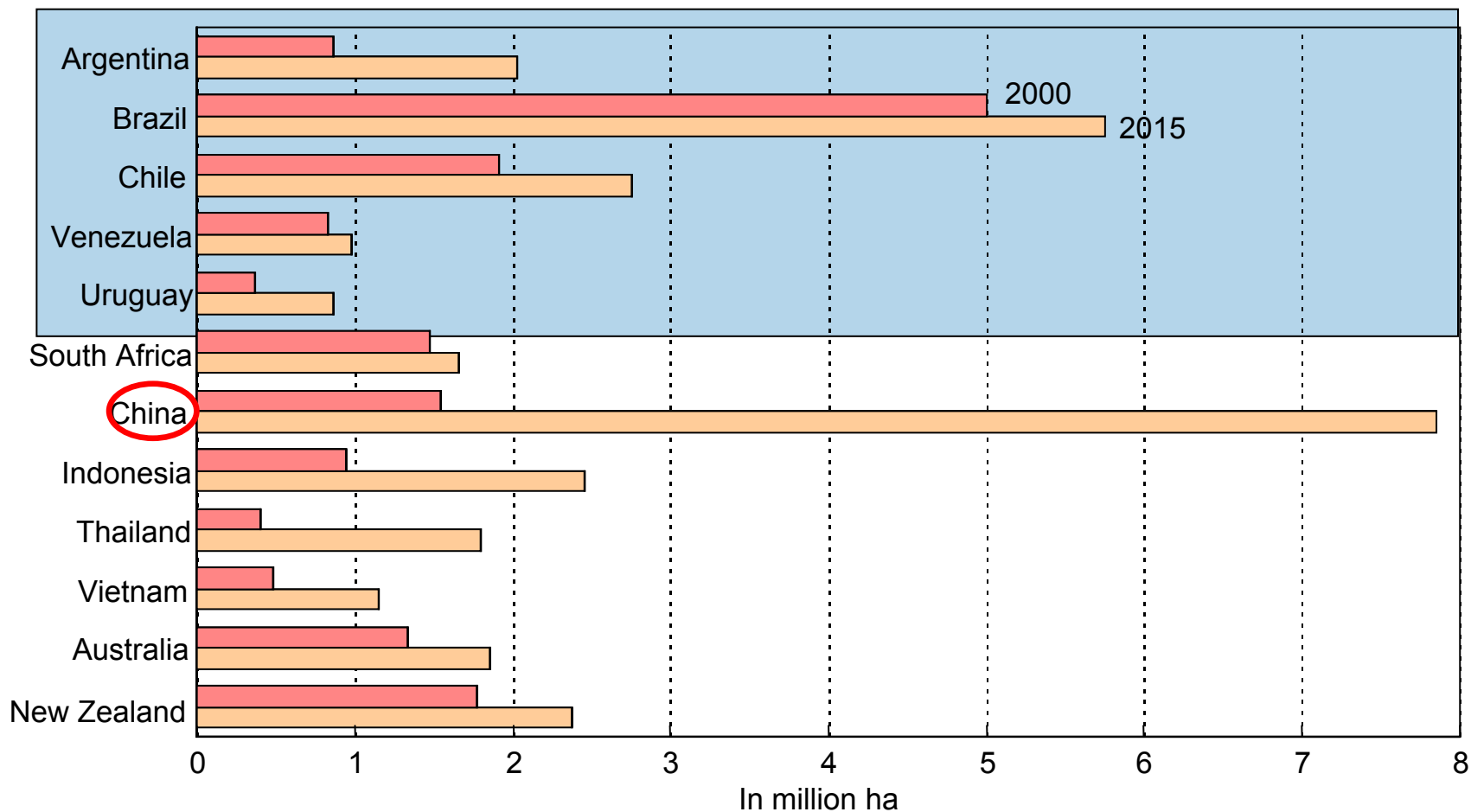
Development of chemical pulp net capacity by region 2000-2006



Source: Jakko Pöyry, all data in million tons

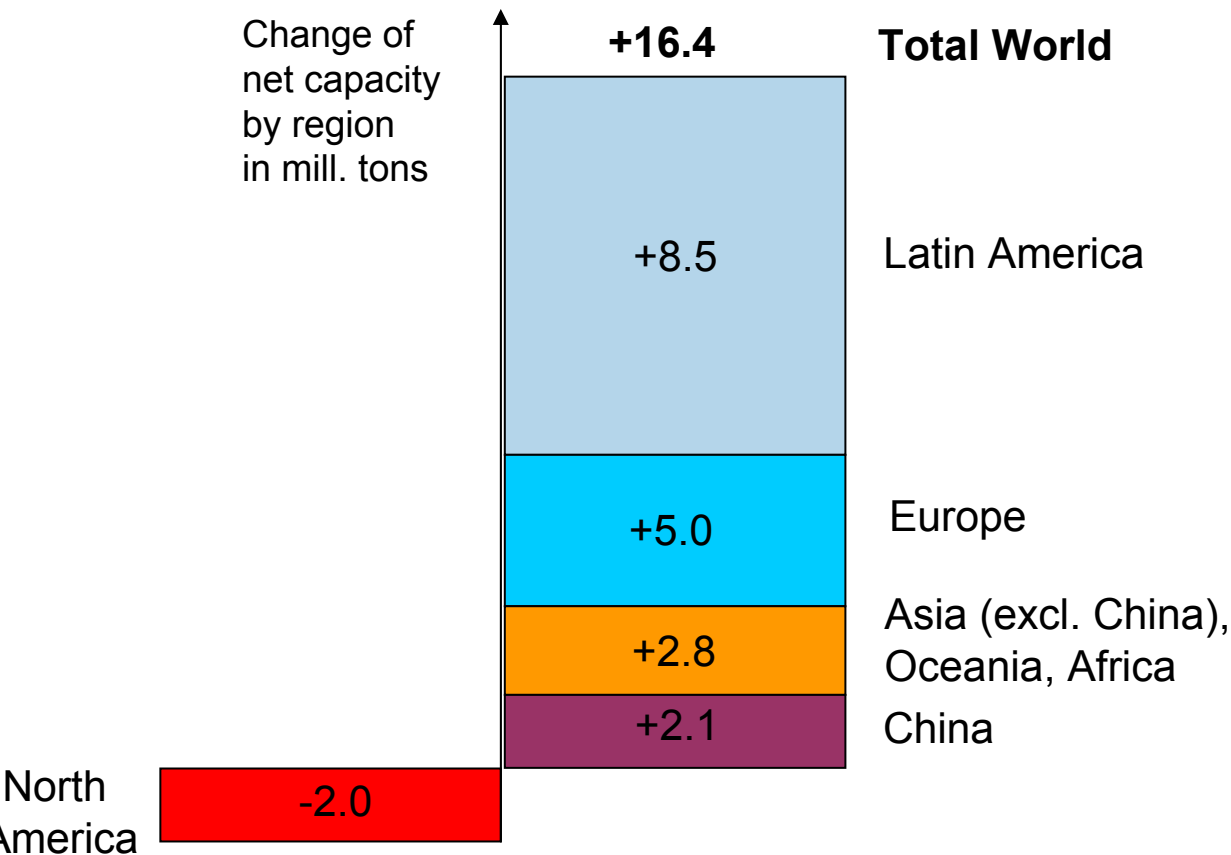
Ambitious plantation goals in South America and China

Area of industrial fast-growing plantations will almost double between 2000 and 2015



World chemical pulp net capacity growth 2006-2010E

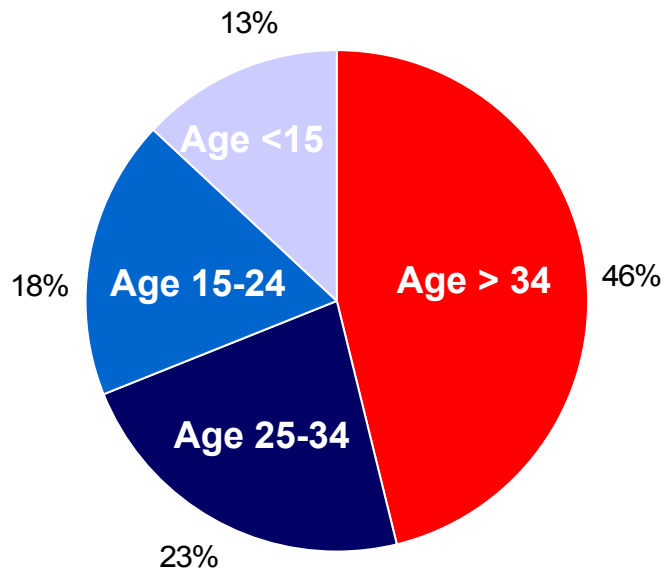
Total chemical pulp net capacity growth 2006-2010E: **+16.4 million tons**



- **Approx. 50% of the net capacity will be added in Latin America, and 30% in Europe**
- **For North America, a net decrease of at least 2 million tons is expected**

Production lines 25 years or older represent 69% of capacity

Age* structure of world chemical pulp lines (Q1 2006):



- Approximately two thirds of the world's chemical pulp mills are 25 years and older
- Most of the mills are located in the Northern hemisphere

* counted from original start-up year, possible modernizations have not been considered

Major trends and growth drivers for Rolling Mills and Strip Processing Lines

- High project activity in **China** to continue:
 - Net exporter of steel in 2005
 - Continued need for China to import high-quality steel
 - China targets to modernize and consolidate its steel industry by 2010
 - Per capita steel consumption of China still significantly below Western world; need to build infrastructure
- Increased project activity in **India**
- Modernizations and capacity enlargements in **Europe**



Annealing and pickling line for SKS, China

Environment and Process: Excellent growth prospects

- Andritz has complete process capabilities for dewatering and drying
- Directives and stringent environmental regulations as major growth drivers (EU directive, etc.)
- Increased demand from mining and steel industries
- Balanced customer structure (municipalities and industrial customers)
- Recent acquisitions are profitable and develop above expectations



Drum drying plant Bran Sands, UK

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Further improvement of profitability targeted

Goal to reach Group EBIT margin of 7% by 2008 by implementing the following measures:

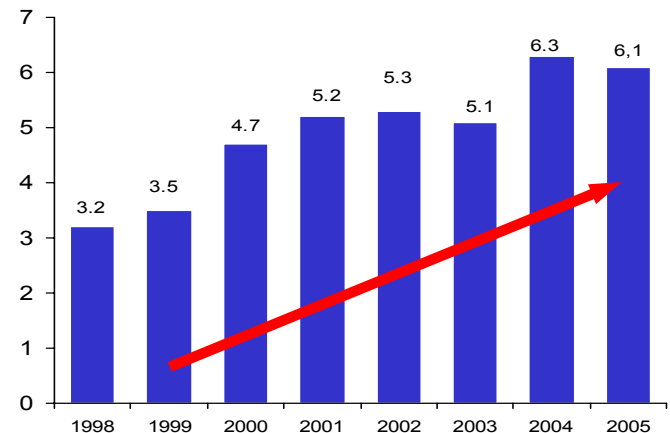
Improve competitive position:

- Leverage leading technology position into (somewhat) better prices
- Increase share of service business
- Continue with complementary and accretive acquisitions

Cost reduction:

- Increase manufacturing and sourcing in China, India, and Eastern Europe
- Improve quality management for projects
- Increase product standardization in all Business Areas
- Further integration of Group companies

Group EBITA margin (%)



Key financial objectives



Continued average sales growth of 10% p.a.



EBIT margin of 7%



ROCE substantially above 20%



Increase dividend payout ratio up to 40%

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