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The logo for ANDRITZ is rendered in a bold, blue, three-dimensional sans-serif font. Each letter has a slight shadow beneath it, giving it a sense of depth. The letters are closely spaced and centered horizontally.

**Company presentation**

**September 2006**

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# Disclaimer

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***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.***

- **Company profile**
- **Acquisition of VA TECH HYDRO**
- **Growth drivers for Andritz's Business Areas**
- **Outlook and long-term goals**

# A world market leader in most business areas

Production systems and services for:

**Pulp & Paper**



45% of  
Group Sales\*

Systems for  
production of  
all types of  
pulp and  
certain paper  
grades

**Hydro Power**



24% of  
Group Sales\*

Turnkey  
electro-  
mechanical  
equipment for  
hydro power  
plants;  
Pumps

**Rolling Mills &  
Strip Processing**



15% of  
Group Sales\*

Systems for  
production  
and  
processing of  
cold-rolled  
stainless and  
carbon steel

**Environment &  
Process**



12% of  
Group Sales\*

Systems for  
mechanical  
and thermal  
solid/liquid  
separation for  
municipalities  
and industries

**Feed  
& Biofuel**



4% of  
Group Sales\*

Systems for  
production of  
animal feed  
and wood /  
biofuel pellets

\* Share of Sales based on pro-forma 2006 numbers including VA TECH HYDRO

# Global company with global customers

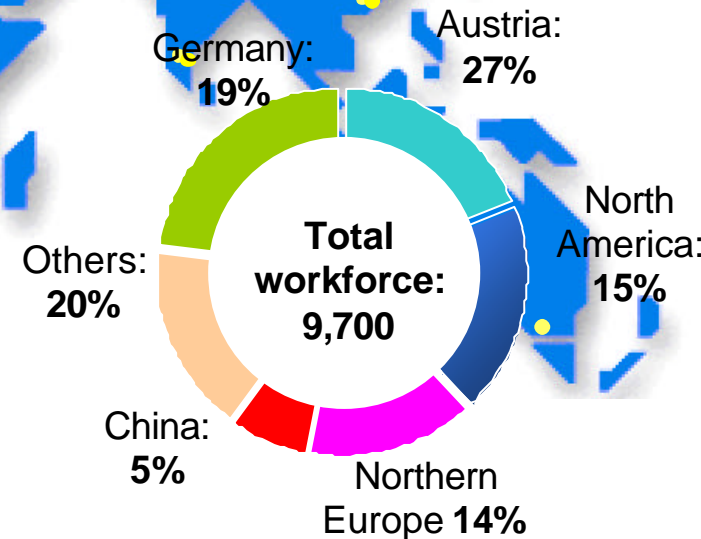
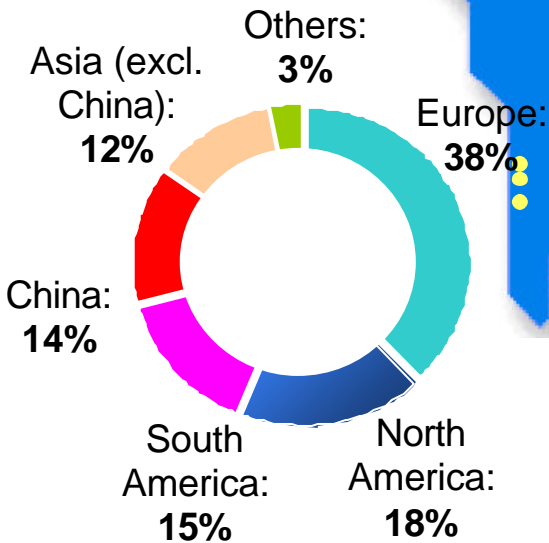
ANDRITZ Inc.  
USA

ANDRITZ Oy  
Finland

ANDRITZ GROUP  
Headquarters  
Graz/Austria

## Order Intake by region (H1 2006)

## Employees by region (including VA TECH HYDRO)



# 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  
2006 Pilão

## 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 Strojarné

## Hydro Power

2006 VA TECH HYDRO

# 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



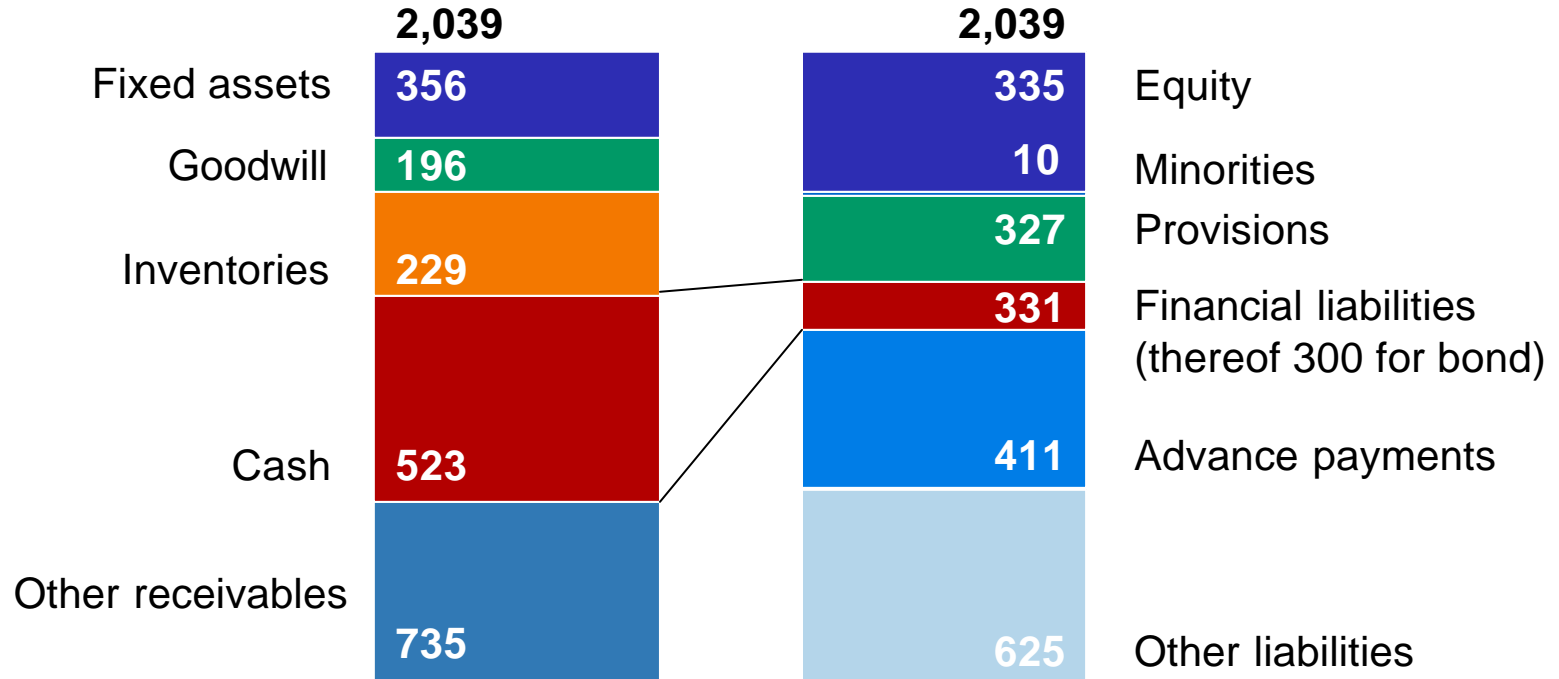
# Results for Q2 and H1 2006 at a glance

Andritz Group in MEUR (IFRS)	H1 2005	H1 2006	+/-	Q2 2005	Q2 2006	+/-
<b>Order Intake</b>	<b>890.3</b>	<b>1,277.1</b>	<b>+43.4%</b>	<b>497.1</b>	<b>529.5</b>	<b>+6.5%</b>
Order Backlog (as of end of period)	1,566.5	2,059.1	+31.4%	1,566.5	2,059.1	+31.4%
<b>Sales</b>	<b>777.5</b>	<b>967.5</b>	<b>+24.4%</b>	<b>435.1</b>	<b>515.9</b>	<b>+18.6%</b>
EBITDA	56.7	70.2	+23.8%	31.3	37.9	+21.1%
EBITDA margin	7.3%	7.3%	-	7.2%	7.3%	-
<b>EBIT(A)</b>	<b>45.2</b>	<b>57.7</b>	<b>+27.7%</b>	<b>25.7</b>	<b>31.1</b>	<b>+21.0%</b>
EBIT(A) margin	5.8%	6.0%	-	5.9%	6.0%	-
Earnings before taxes	46.2	59.9	+29.7%	26.1	32.0	+22.6%
<b>Net Income before minorities</b>	<b>32.9</b>	<b>41.4</b>	<b>+25.8%</b>	<b>18.6</b>	<b>21.8</b>	<b>+17.2%</b>
Net Income after minorities	32.3	39.9	+23.5%	18.2	21.0	+15.4%
Employees (as of end of period)	5,590	6,766	+21.0%	5,590	6,766	+21.0%

# Balance sheet structure

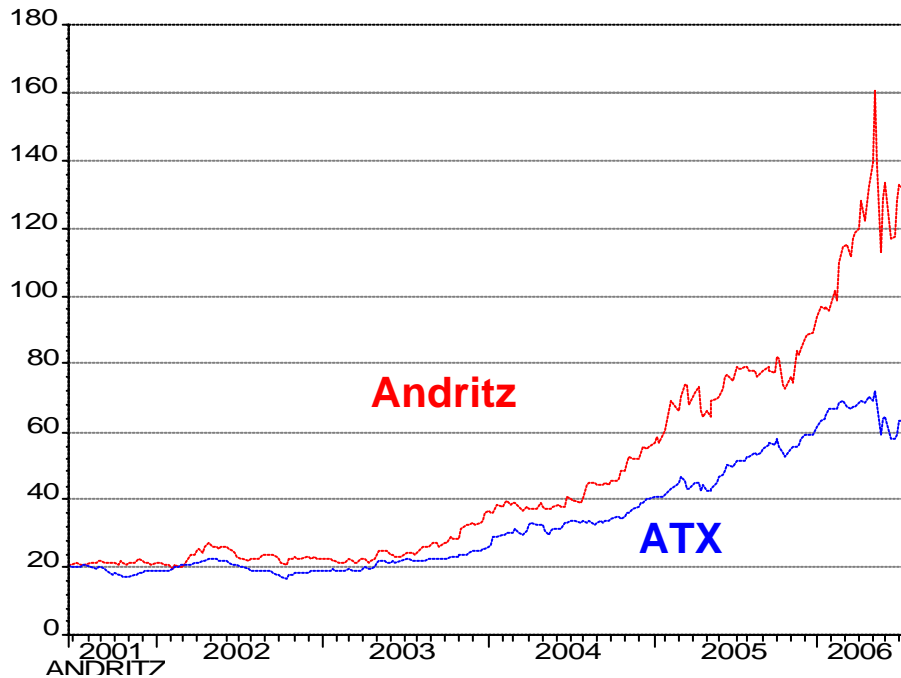
Balance sheet as of 30.6.2006

Andritz Group in MEUR

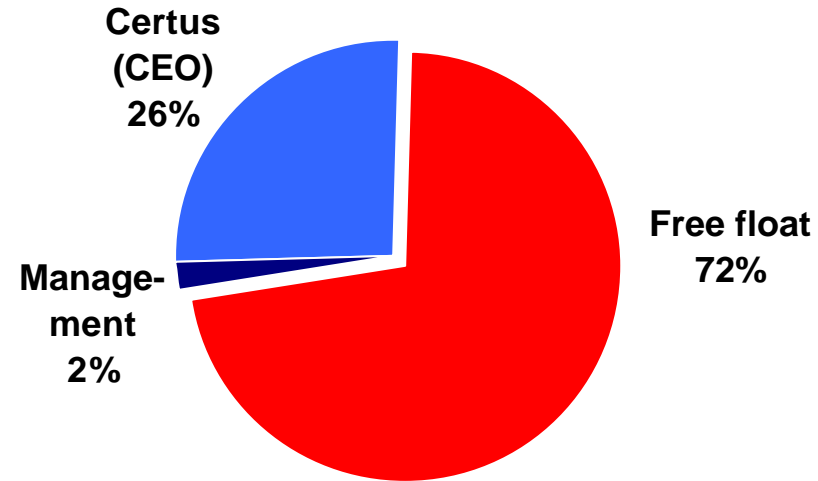


- Significant increase of Total Assets (from 1,391 MEUR as of 31.12.2005 to 2,039 MEUR as of 30.6.2006) due to bond issue (200 MEUR) and first-time consolidation of VA TECH HYDRO (+500 MEUR)
- As a consequence, equity ratio as of 30.6.2006 decreased to 16.9% (31.12.2005: 23.6%)
- Net liquidity as of 30.6.2006, at 192.4 MEUR, down compared to high level as of the end of last year (31.12.2005: 383.9 MEUR)

# Solid performance of the Andritz share



## Shareholder structure



### Comparison of share price performance (1-8/2006):

<b>Andritz:</b>	<b>+32.6%</b>
<b>ATX:</b>	<b>+1.8%</b>
<b>Metso:</b>	<b>+25.1%</b>

Market capitalization: ~ EUR 1.6 bn.

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# Acquisition of VA TECH HYDRO

- **Andritz VA TECH HYDRO** is a **global supplier of turnkey electro-mechanical equipment** and services ("Water to Wire") for hydro power plants with a leading position in the growing market of plant refurbishment
- Among the world's top 3 suppliers with more than 160 years of experience
- Perfect fit for Andritz's product range of water turbines
- Annual Sales of approx. 600 MEUR; included in Andritz Group P&L from Q3 2006
- Integrated into new "Hydro Power Business Area" (~25% of pro forma Group Sales)

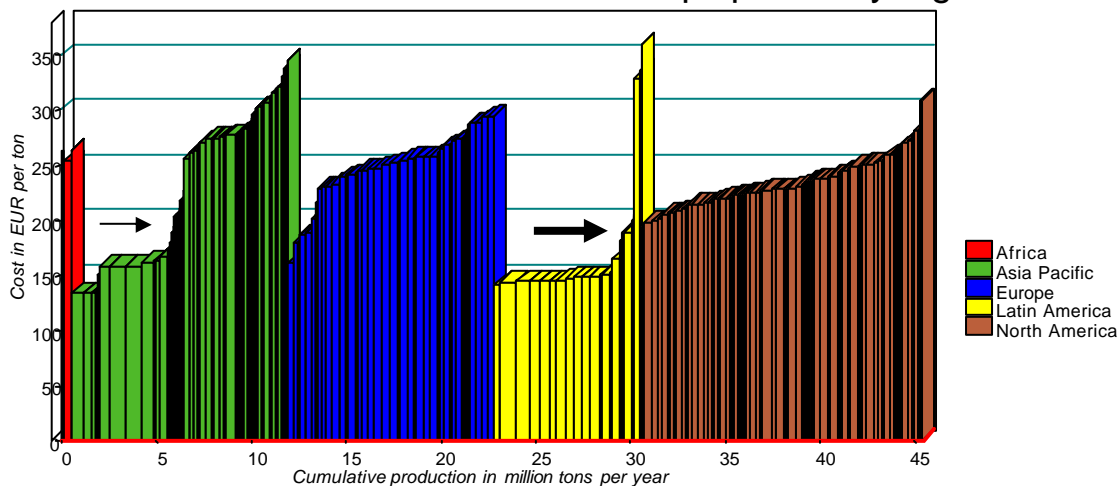


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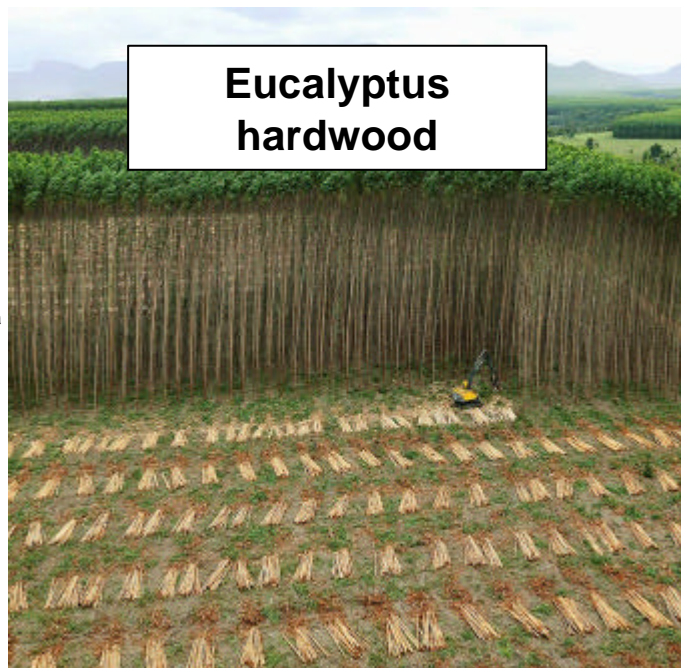
# Shift of pulp production to Southern hemisphere

Fast growing plantations lead to significant cost advantages

Cumulative cost curves of hardwood kraft pulp mills by region:



Cost = variable costs: wood, energy, chemicals, labor, other materials;  
Source: Fisher database

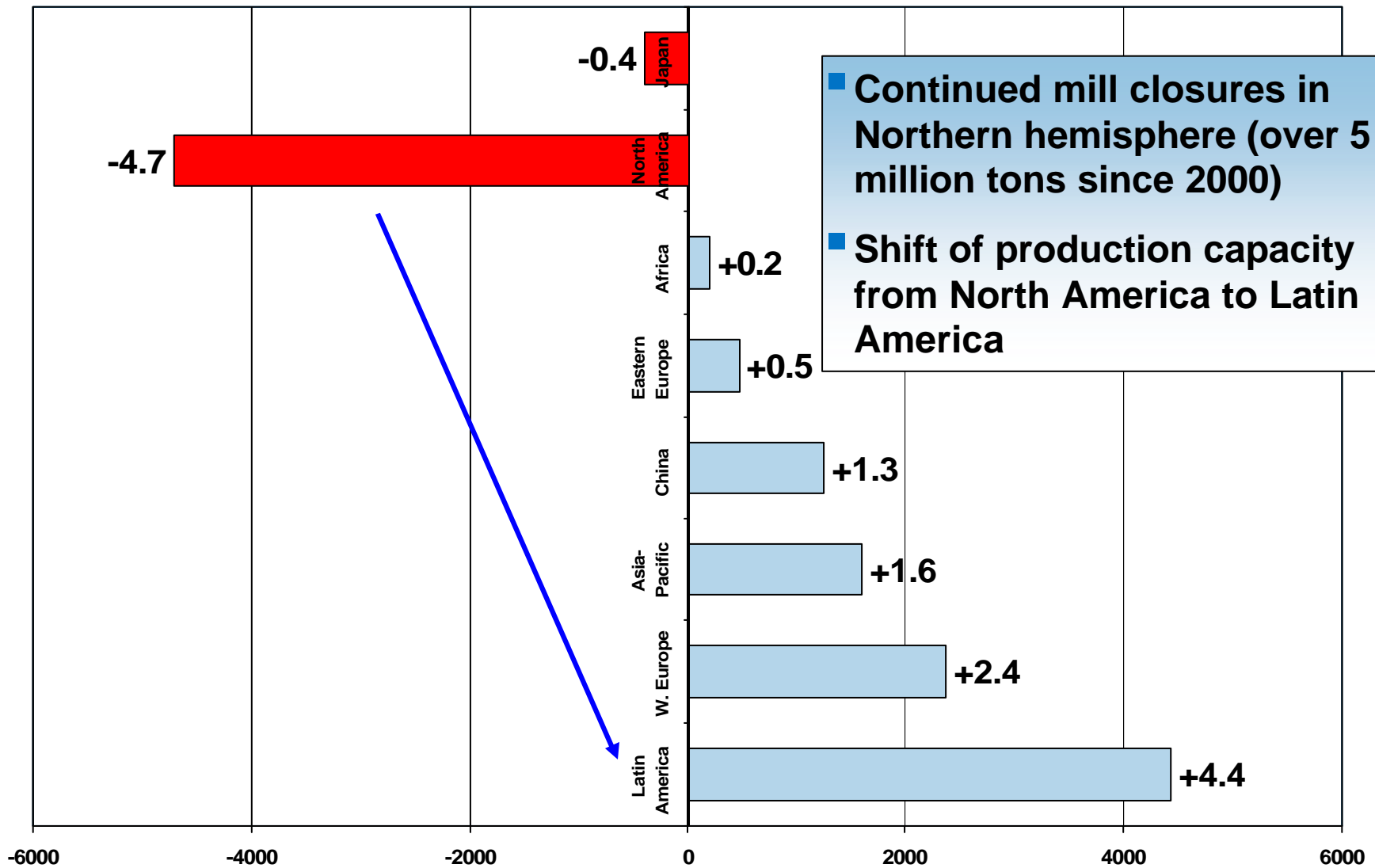


20-50 m<sup>3</sup>/ha, first harvest 6-8  
years

Several orders received during the last months:

- Sappi Saiccor, South Africa: 100 MEUR
- Aracruz Celulose, Brazil: 65 MEUR
- Klabin, Brazil: 50 MEUR
- Tiger Group, China: 100 MEUR

# Development of chemical pulp net capacity by region 2000-2006



Source: Jakko Pöyry, all data in million tons



# Good project activity for Rolling Mills and Strip Processing Lines

- Overall **continued good project activity** with focus on plants for production of high-quality steel and stainless steel products, mainly in:
  - **China:** modernization of domestic steel industry and continued expansion of stainless steel capacities due to fast growing demand
  - **India:** increased project activity in carbon and stainless steel
  - **Europe:** modernizations and capacity enlargements



Annealing and pickling line for SKS, China

# Environment and Process: Excellent growth prospects

- Andritz offers **complete systems for solid/liquid separation** (centrifuges, thermal driers) for various types of sludges from municipalities and industries
- **Directives and stringent environmental regulations** as long-term major growth drivers, especially in Europe and the U.S.
- **Increased demand from mining and steel industries** due to global shortage of raw materials (iron ore, coal, etc.)



Drum drying plant Bran Sands, UK

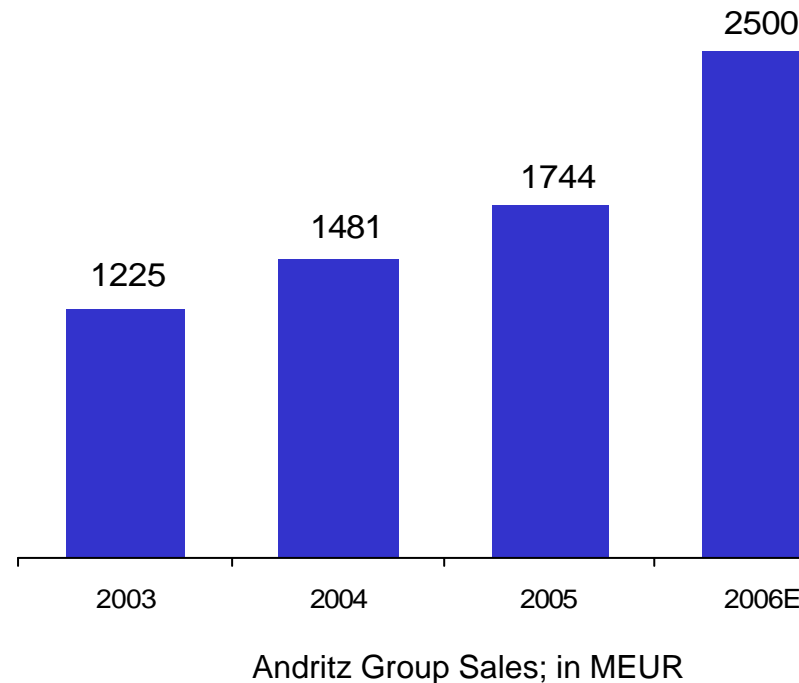
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# Continued strong growth and enhanced market position

## Successful development of all Business Areas:

- Pulp and Paper: strong Order Intake for greenfield pulp mills in Southern hemisphere; China increasingly active
- Steel: Excellent market position in Stainless Steel (China, Europe)
- Environment and Process: strong market position in liquid/solid separation; favorable development of recently acquired companies, also benefiting from investments in mining industry
- Feed: strong organic growth, esp. in wood pelleting equipment
- Hydro power: One of the world's leading suppliers of hydro power equipment through acquisition of VA TECH HYDRO

**Doubling of Group Sales** since 2003 based on complementary acquisitions and organic growth



# Outlook for 2006

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- 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

# 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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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 drop shadow.

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

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