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

**Company presentation**

**December 2008**

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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.



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## BUSINESS PROFILE AND RECENT DEVELOPMENTS

Outlook 2008/2009

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Appendix: Q3 2008 in detail



**ANDRITZ**

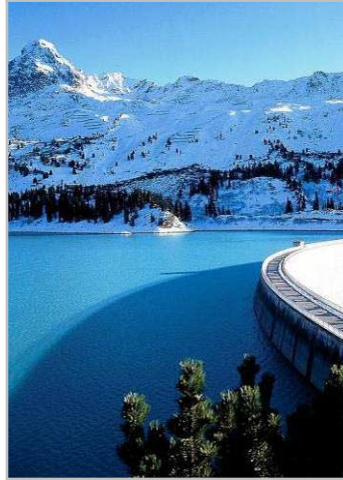
# A world market leader in most business areas

## Production systems and services for:



### PULP & PAPER

- 39% of Group sales.
- Systems for production of all types of pulp and certain paper grades.



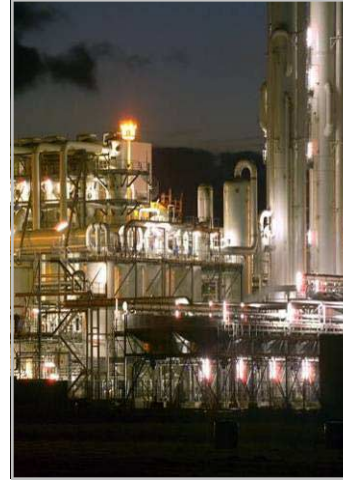
### HYDRO POWER

- 32% of Group sales.
- Turnkey electro-mechanical equipment for hydropower plants; pumps.



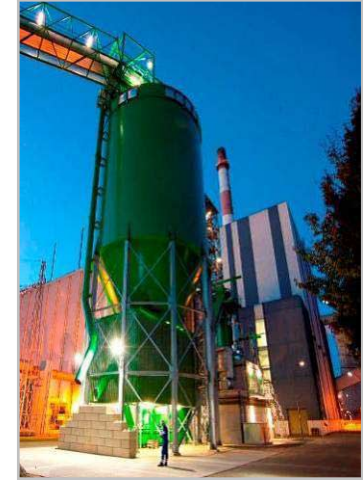
### ROLLING MILLS & STRIP PROC. LINES

- 16% of Group sales.
- Systems for production and processing of stainless steel and carbon steel strips.



### ENVIRONMENT & PROCESS

- 9% of Group sales.
- Systems for mechanical and thermal solid/liquid separation.



### FEED & BIOFUEL

- 4% of Group sales.
- Systems for production of animal feed and wood/biofuel pellets.



# Strong growth through organic expansion and 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  
 2007 Bachofen + Meier  
 2007 Sindus  
 2008 Kufferath

## ROLLING MILLS & STRIP PROC. LINES

1997 Sundwig  
 1998 Thermtec  
 2000 Kohler  
 2002 SELAS SAS Furnace Div.  
 2004 Kaiser  
 2005 Lynson  
 2008 Maerz

## ENVIRONMENT & PROCESS

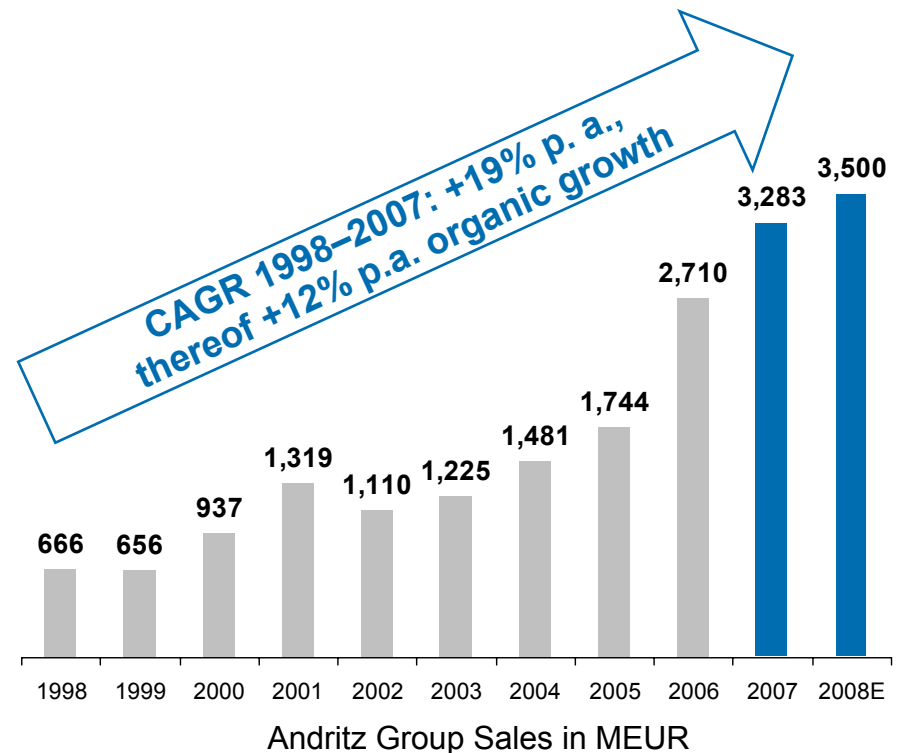
1992 TCW Engineering  
 1996 Guinard  
 2002 3SYS  
 2004 Bird Machine  
 2004 NETZSCH Filtration  
 2004 Fluid Bed Systems of VA TECH WABAG  
 2005 Lenser Filtration  
 2006 CONTEC Decanter

## FEED & BIOFUEL

1995 Jesma-Matador  
 2000 UMT  
 2005 Chemes Strojarné

## HYDRO POWER

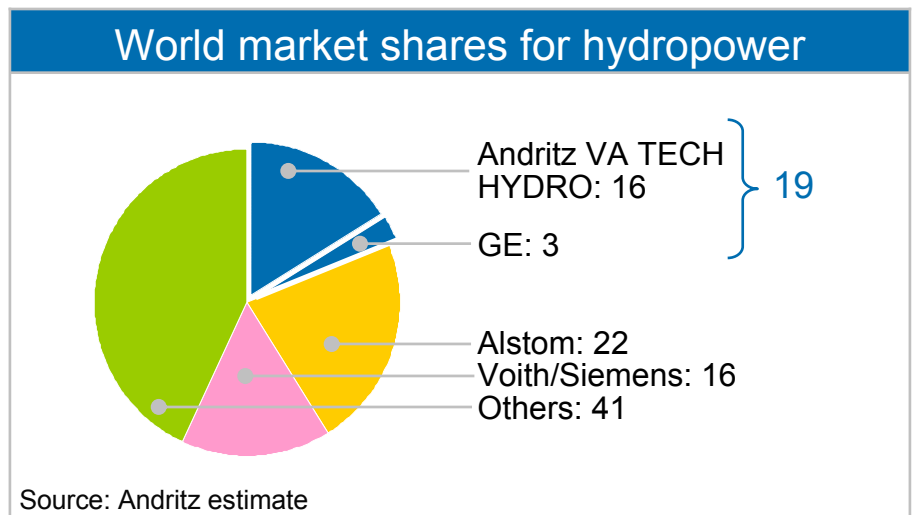
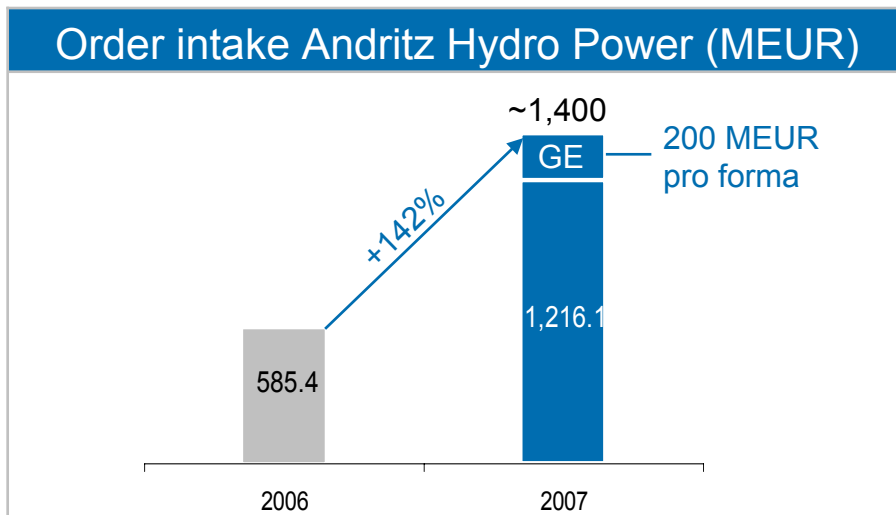
2006 VA TECH HYDRO  
 2007 Tigép  
 2008 GE Hydro business  
 2008 GEHI (JV)



# Acquisition of assets of GE's Hydro business

- Acquisition of **GE Energy's hydropower technology** (turbines and generators) and specialized generator component production facilities in Canada as well as **GE Energy's majority interest in the GEHI (General Electric Hydro Inepar) joint venture** in Brazil.
- In total, ~400 employees added.
- Locations in Araraquara, Campinas, both Brazil; Tampere, Finland; and Kristinehamn, Sweden.
- GE's Hydro business further complements the existing product portfolio of Andritz Hydro Power in the field of large Francis-type turbines and generators with an output capacity of 400 MW and more.
- Increased presence of Andritz Hydro Power in North America, South America, and Northern Europe.

## Andritz Hydro Power – strong increase in business volume and market position strengthened:





# Order intake and sales

Order intake by region (%)		
	Q1-Q3 2008	Q1-Q3 2007
Europe	55	46
China	10	12
Asia (excl. China)	12	6
North America	13	23
South America	8	11
Others	2	2
Order intake Q1-Q3 2008: 2,900.4 MEUR		

Sales by business area (%)		
	Q1-Q3 2008	Q1-Q3 2007
Pulp & Paper	39	45
Hydro Power	32	27
Rolling Mills & Strip Proc.	16	13
Environment & Process	9	11
Feed & Biofuel	4	4
Sales Q1-Q3 2008: 2,538.9 MEUR		

Sales by region (%)		
	Q1-Q3 2008	Q1-Q3 2007
Europe	49	43
China	11	14
Asia (excl. China)	9	12
North America	13	16
South America	12	10
Others	6	5
Sales Q1-Q3 2008: 2,538.9 MEUR		

Service sales as % of business area's sales		
	Q1-Q3 2008	Q1-Q3 2007
Pulp & Paper	31	27
Hydro Power	24	24
Rolling Mills & Strip Proc.	3	4
Environment & Process	26	24
Feed & Biofuel	51	47
Service sales as % of Group sales: Q1-Q3 2008: 24%; Q1-Q3 2007: 24%		



# Highlights in Q1-Q3 2008 and in Q3 2008

## Sales

- Group sales in Q1-Q3 2008 amounted to 2,538.9 MEUR (+10.4% vs. Q1-Q3 2007: 2,299.6 MEUR); sales in Q3 2008 amounted to 888.9 MEUR (+16.6% vs. Q3 2007).
- Organic growth Q1-Q3 2008: 4.3%.

## Earnings

- EBITA in Q1-Q3 2008, at 158.0 MEUR, rose more strongly than sales (+13.7% vs. Q1-Q3 2007: 139.0 MEUR).
- Thus, profitability (EBITA margin) improved to 6.2% in Q1-Q3 2008 (Q1-Q3 2007: 6.0%).
- Net income (excl. minority interests), up to 105.5 MEUR, in Q1-Q3 2008 (+9.3% vs. Q1-Q3 2007: 96.5 MEUR).

## Order intake and order backlog

- Order intake in Q1-Q3 2008, at 2,900.4 MEUR, up 9.4% compared to Q1-Q3 2007 (2,651.9 MEUR).
- Order intake in Q3 2008 reached 771.7 MEUR, thus increasing compared to the reference period of last year (+25.6% vs. Q3 2007: 614.4 MEUR).
- High order backlog of 4,558.1 MEUR as of September 30, 2008 gives solid visibility for coming months (+22.5% vs. September 30, 2007: 3,722.4 MEUR).

## Balance sheet

- Total assets increased to 3,074.2 MEUR as of September 30, 2008 (December 31, 2007: 2,507.5 MEUR).
- Equity ratio amounted to 18.2% as of September 30, 2008 (December 31, 2007: 19.2%).
- Liquid funds as of September 30, 2008 at 930.9 MEUR; net liquidity as of September 30, 2008 increased to 528.5 MEUR (December 31, 2007: 246.5 MEUR).





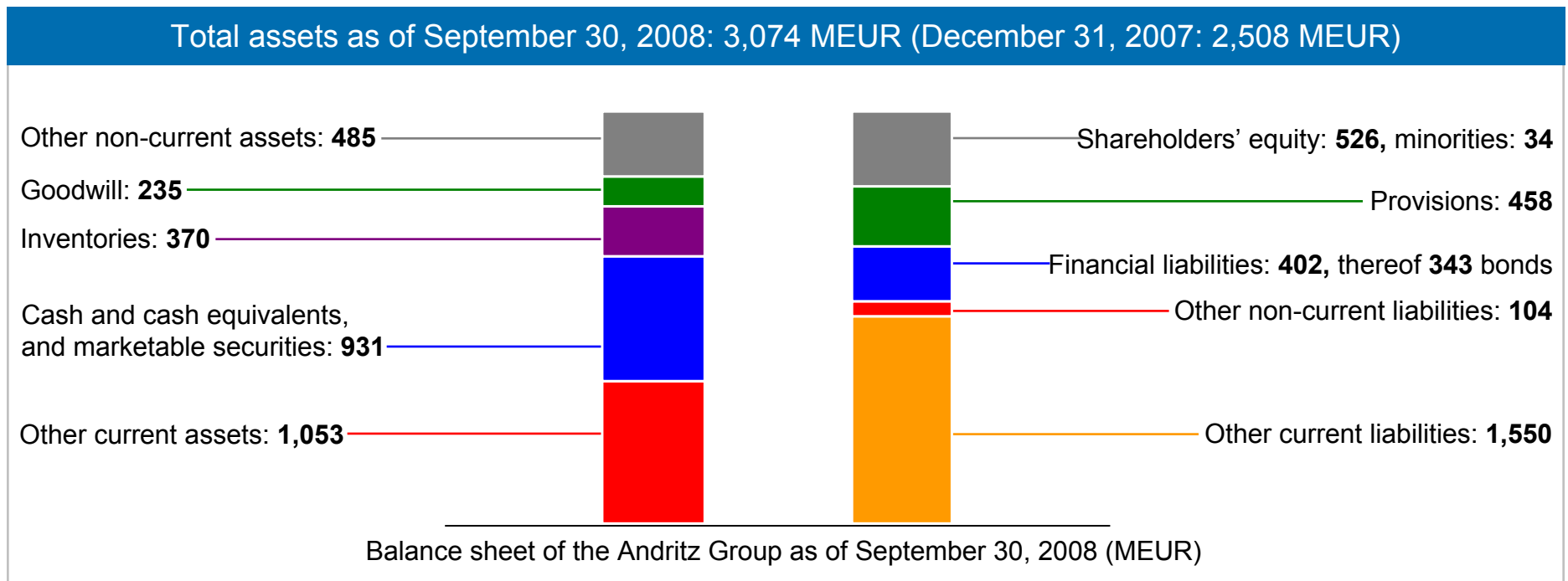
## Q1-Q3 and Q3 2008 results at a glance

Key figures of the Andritz Group						
MEUR (according to IFRS)	Q1-Q3 2008	Q1-Q3 2007	+/-	Q3 2008	Q3 2007	+/-
Order intake	<b>2,900.4</b>	2,651.9	+9.4%	<b>771.7</b>	614.4	+25.6%
Order backlog (as of end of period)	<b>4,558.1</b>	3,722.4	+22.5%	<b>4,558.1</b>	3,722.4	+22.5%
Sales	<b>2,538.9</b>	2,299.6	+10.4%	<b>888.9</b>	762.6	+16.6%
EBITDA	<b>192.4</b>	169.1	+13.8%	<b>68.4</b>	61.2	+11.8%
EBITA	<b>158.0</b>	139.0	+13.7%	<b>56.1</b>	51.6	+8.7%
Earnings before interest and taxes (EBIT)	<b>151.5</b>	134.6	+12.6%	<b>52.7</b>	50.2	+5.0%
Earnings before taxes (EBT)	<b>156.2</b>	137.9	+13.3%	<b>55.7</b>	50.3	+10.7%
Net income (incl. minority interests)	<b>110.0</b>	98.8	+11.3%	<b>38.0</b>	35.8	+6.1%
Cash flow from operating activities	<b>309.2</b>	16.3	+1,796.9%	<b>183.0</b>	-18.3	+1,100.0%
Capital expenditure	<b>42.2</b>	32.1	+31.5%	<b>14.5</b>	9.0	+61.1%
Employees (as of end of period)	<b>13,225</b>	11,200	+18.1%	<b>13,225</b>	11,200	+18.1%
EBITDA margin (%)	<b>7.6</b>	7.4	-	<b>7.7</b>	8.0	-
EBITA margin (%)	<b>6.2</b>	6.0	-	<b>6.3</b>	6.8	-
EBIT margin (%)	<b>6.0</b>	5.9	-	<b>5.9</b>	6.6	-



## Solid balance sheet structure

- **Increase of total assets** mainly due to first-time inclusion of companies acquired in 2008 and successful issue of a public 150 MEUR corporate bond, in February 2008 (replaces the matured 2002-2008 bond).
- **Liquid funds** at 930.9 MEUR as of September 30, 2008:
  - > Net liquidity increased to 528.5 MEUR as of September 30, 2008 (December 31, 2007: 246.5 MEUR).
- **Equity ratio** as of September 30, 2008 amounted to 18.2% (December 31, 2007: 19.2%).



# Andritz share

Performance comparison Andritz share vs. ATX since IPO



Shareholder structure	
Free float	71%
Certus (CEO)	29%

Broad research coverage



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Business profile and recent developments

## **OUTLOOK 2008/2009**

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Goals 2010/2011

Appendix: Q3 2008 in detail



# Business areas: market situation 2008 + expectations 2009

- Consequences of current financial turmoil on global economy not yet clear.
- Most Andritz business areas are expected to be relatively resistant against an economic downturn.

	Market in 2008	Expectations for 2009
Pulp & Paper	Neutral	Neutral
Hydro Power	Very good	Very good
Metals*	(Very) good	Neutral
Environment & Process	Good	Good
Feed & Biofuel	Good	Good

\* Andritz's Rolling Mills and Strip Processing Lines will be renamed Andritz Metals from January 1, 2009

# Outlook 2008 + 2009

## Market

- The exact extent of the global financial and economic crisis and its impact on Andritz's businesses cannot be predicted at a profound detailed level.
- High share of sales from areas that are likely to be less affected by the general economic situation (Hydro Power, Service, Feed & Biofuel) should help to cushion potential negative impact Andritz may feel from a possible severe economic slowdown.

## Confirmation of financial guidance for 2008

- Andritz confirms financial guidance for full year 2008:
  - > Group sales are expected to increase to ~3.5 bn. Euros.
  - > Profitability (EBITA margin) is expected to improve compared to 2007.
- The actual extent of the increase depends on the further development of the global financial and economic crisis and its impact on Andritz's customers.

## No financial guidance for 2009

- Given the persistent uncertainties about the future development of the global economy and the short-term impact of the financial crisis on the real economy – and on the industries served by Andritz in particular – a profound financial guidance for the sales and earnings development of the Andritz Group in 2009 cannot be given at this stage.





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Outlook 2008/2009

**GOALS 2010/2011**

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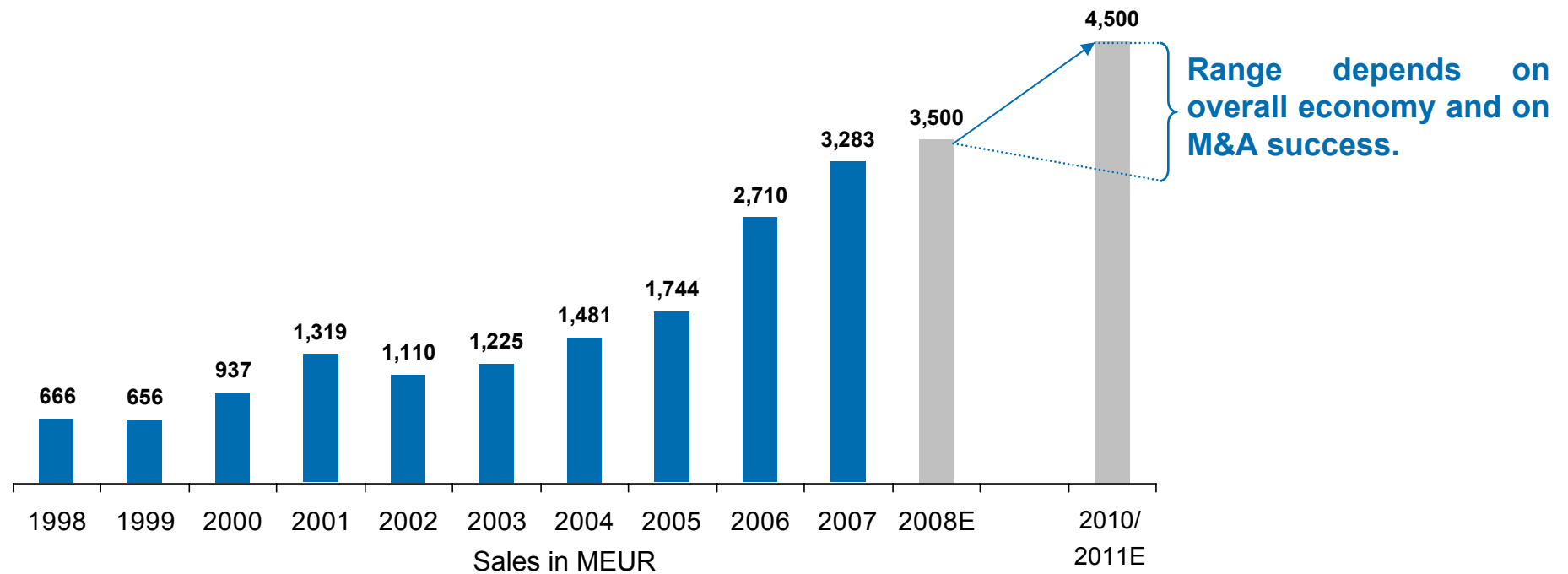
Appendix: Q3 2008 in detail



**ANDRITZ**

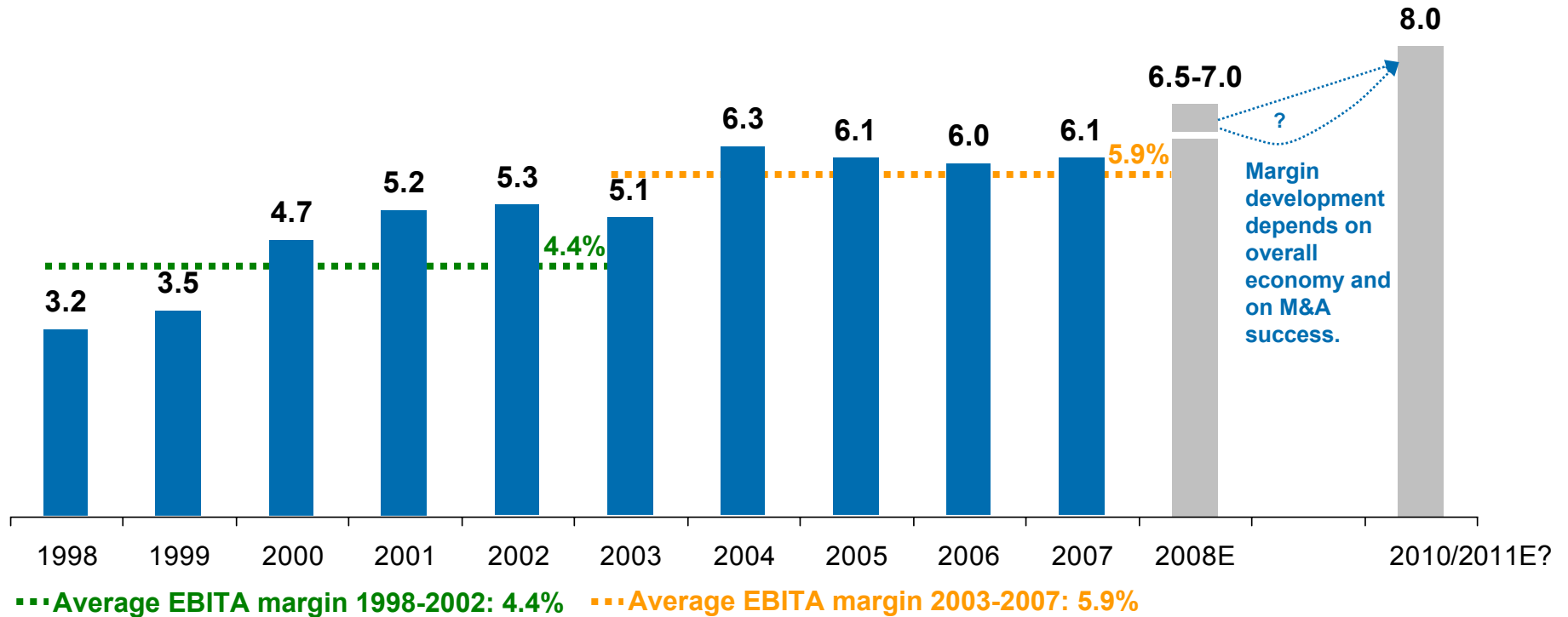
# Sales target: 4.5 bn. EUR by 2010/2011

- Moderate downside risk.
- Weak overall economy means more M&A opportunities.



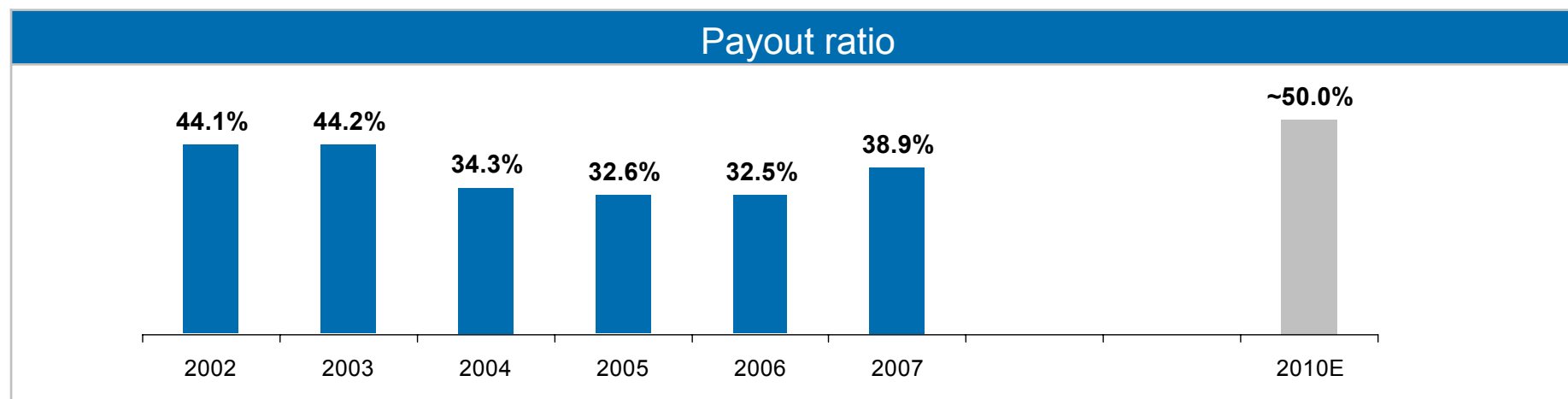
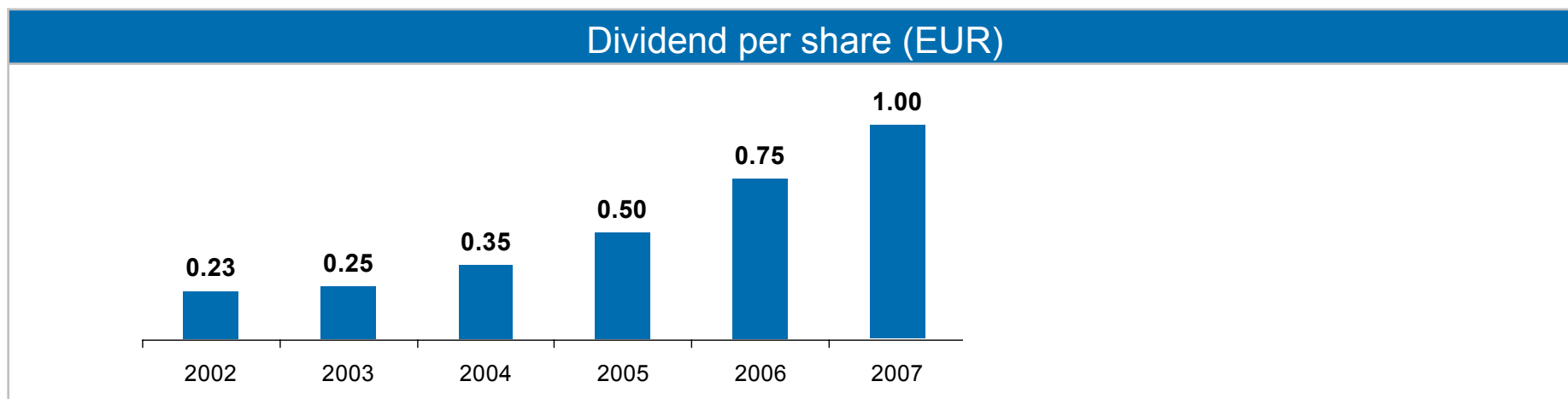
# EBITA margin target: 7% on a sustainable basis

- Average EBITA margin 1998-2002: 4.4%.
- Average EBITA margin 2003-2007: 5.9%.
- Target to have long-term sustainable EBITA margin of 7% over the cycle.



# Increase dividend payout ratio to ~50% by 2010

Goal to increase payout ratio steadily to ~50% by 2010.



Dividends 2002-2006 adjusted for share split of 1:4

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## **APPENDIX: Q3 2008 IN DETAIL**

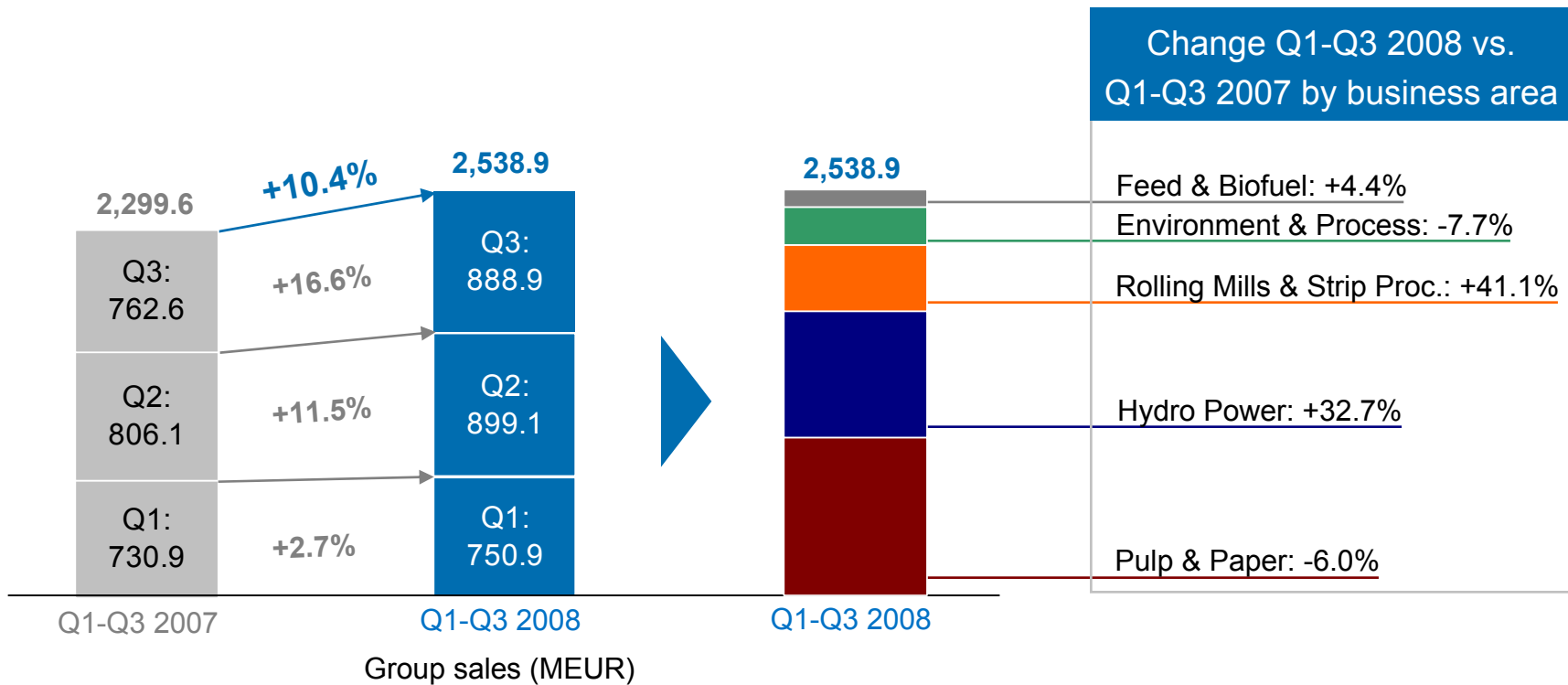
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**ANDRITZ**

# Sales

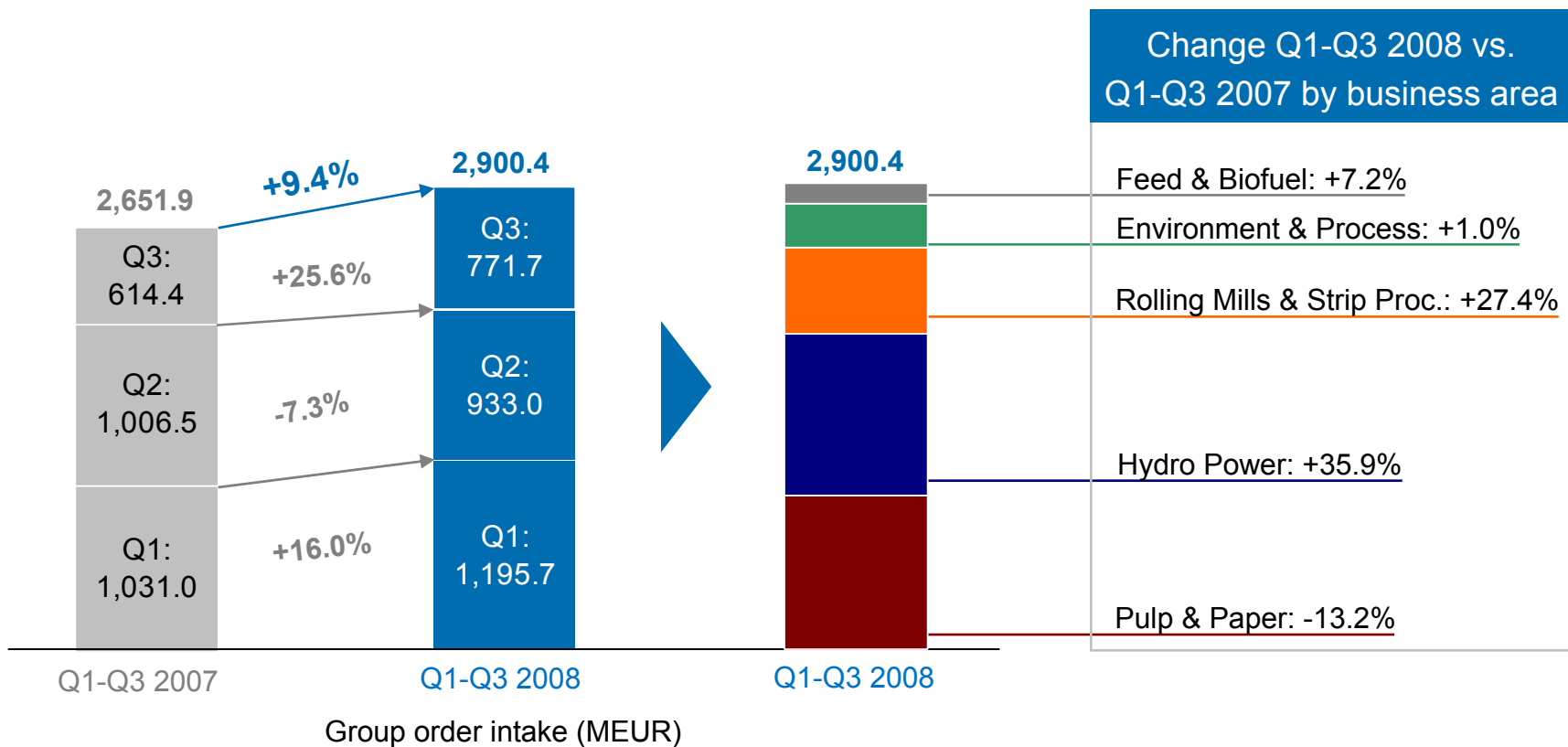
- Organic growth in Q1-Q3 2008: 4.3%.
- Significant increases in Rolling Mills & Strip Processing Lines and in Hydro Power.





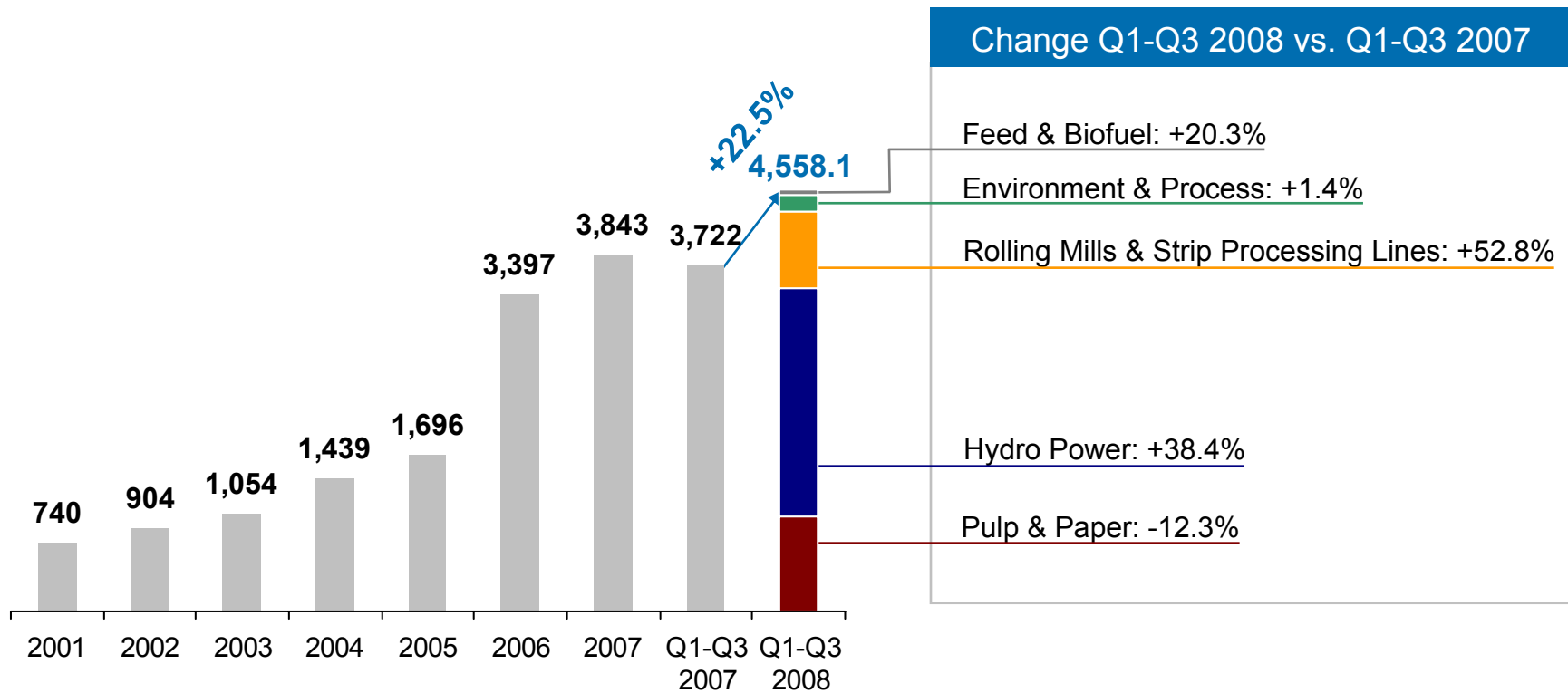
# Order intake

- Strong development in Q3 2008 with significant increases in Hydro Power and Rolling Mills & Strip Processing Lines.



# Order backlog

- Order backlog of more than 4.5 bn. Euros provides solid visibility for business development for the coming months.

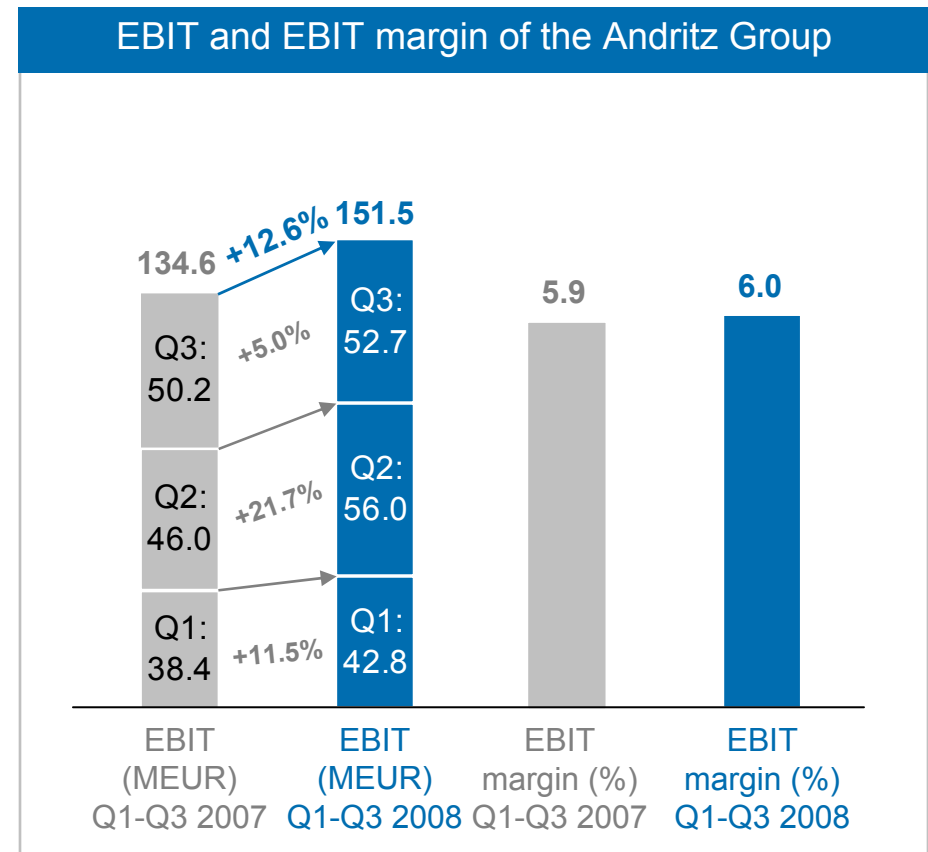
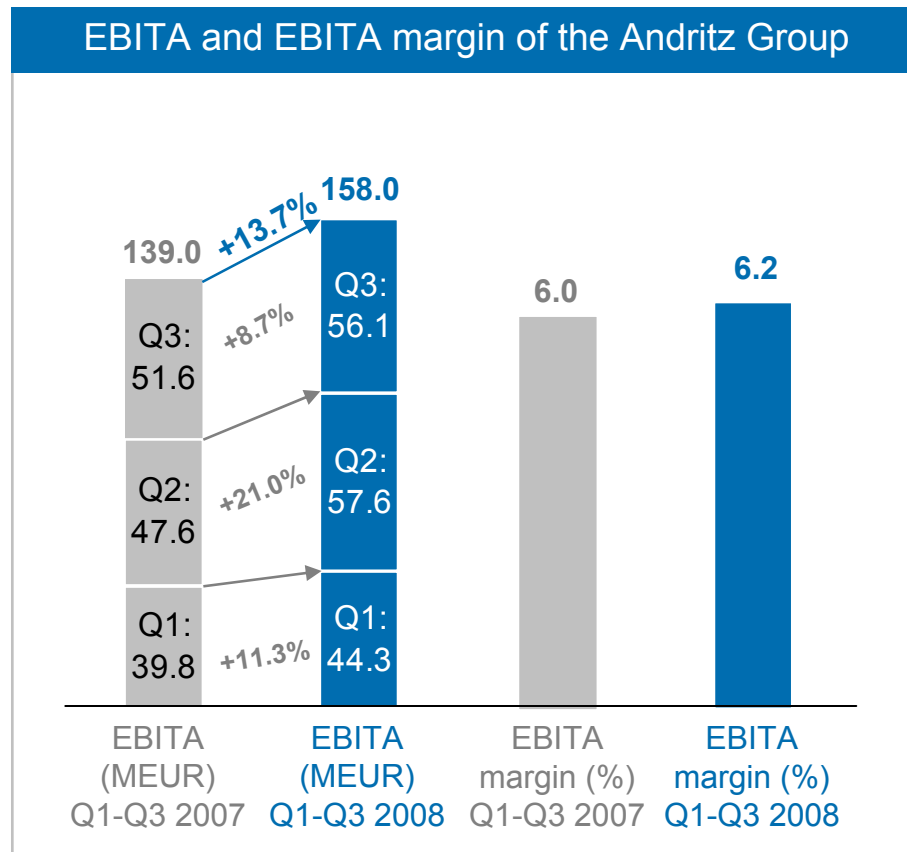


Group order backlog (MEUR) as of end of period



# Earnings

- EBIT(A) increased more strongly than sales; thus, profitability – EBIT(A) margin – improved.
- Very favorable development in Hydro Power overcompensates unsatisfactory development in Environment & Process.



# Pulp & Paper

- Market: overall solid project activity during Q3 2008, but weakening towards the end of the quarter, mainly due to decreasing pulp prices and the global financial crisis; the pipeline of announced projects for new pulp mills and modernizations of existing facilities is solid, but delays are likely.
- Order intake in Q3 2008 up compared to last year's reference period, thus partially making good shortfall of H1 2008.
- Despite decline in sales, slight increase in profitability in Q1-Q3 2008.

Key figures						
MEUR	Q1-Q3 2008	Q1-Q3 2007	+/-	Q3 2008	Q3 2007	+/-
Order intake	<b>955.5</b>	1,100.2	-13.2%	<b>244.0</b>	185.6	+31.5%
Order backlog (as of end of period)	<b>1,025.2</b>	1,168.9	-12.3%	<b>1,025.2</b>	1,168.9	-12.3%
Sales	<b>981.4</b>	1,043.5	-6.0%	<b>311.3</b>	338.8	-8.1%
EBITDA	<b>72.0</b>	73.6	-2.2%	<b>23.8</b>	25.7	-7.4%
EBITDA margin	<b>7.3%</b>	7.1%	-	<b>7.6%</b>	7.6%	-
EBITA	<b>57.9</b>	60.5	-4.3%	<b>18.5</b>	21.5	-14.0%
EBITA margin	<b>5.9%</b>	5.8%	-	<b>5.9%</b>	6.3%	-
Employees (as of end of period)	<b>4,737</b>	4,546	+4.2%	<b>4,737</b>	4,546	+4.2%



# Hydro Power

- Market: high project activity; new hydropower plant projects mainly focused on India, China, and South America; modernization of existing plants concentrated on Europe and North America; possibly some delays of privately funded projects in emerging markets.
- Continued positive development of order intake in Q1-Q3 2008.
- Significant increases in sales and earnings; profitability further improved.

Key figures						
MEUR	Q1-Q3 2008	Q1-Q3 2007	+/-	Q3 2008	Q3 2007	+/-
Order intake	<b>1,012.1</b>	744.9	+35.9%	<b>242.9</b>	193.6	+25.5%
Order backlog (as of end of period)	<b>2,482.6</b>	1,793.9	+38.4%	<b>2,482.6</b>	1,793.9	+38.4%
Sales	<b>798.8</b>	602.0	+32.7%	<b>308.2</b>	227.5	+35.5%
EBITDA	<b>63.5</b>	40.6	+56.4%	<b>27.0</b>	18.3	+47.5%
EBITDA margin	<b>7.9%</b>	6.7%	-	<b>8.8%</b>	8.0%	-
EBITA	<b>50.2</b>	30.6	+64.1%	<b>22.3</b>	15.1	+47.7%
EBITA margin	<b>6.3%</b>	5.1%	-	<b>7.2%</b>	6.6%	-
Employees (as of end of period)	<b>5,505</b>	3,916	+40.6%	<b>5,505</b>	3,916	+40.6%



## Rolling Mills & Strip Processing Lines

- Market: overall good project activity during Q3 2008, especially in China, Europe, Russia, and India; for the coming months, overall project activity is expected to slow down.
- Favorable development of order intake and sales.
- Successful development of Andritz Maerz (acquired in March 2008).

Key figures						
MEUR	Q1-Q3 2008	Q1-Q3 2007	+/-	Q3 2008	Q3 2007	+/-
Order intake	<b>534.6</b>	419.5	+27.4%	<b>172.0</b>	116.3	+47.9%
Order backlog (as of end of period)	<b>808.5</b>	529.2	+52.8%	<b>808.5</b>	529.2	+52.8%
Sales	<b>412.2</b>	292.2	+41.1%	<b>144.4</b>	78.7	+83.5%
EBITDA	<b>30.8</b>	22.8	+35.1%	<b>9.2</b>	7.0	+31.4%
EBITDA margin	<b>7.5%</b>	7.8%	-	<b>6.4%</b>	8.9%	-
EBITA	<b>28.7</b>	20.8	+38.0%	<b>8.6</b>	6.4	+34.4%
EBITA margin	<b>7.0%</b>	7.1%	-	<b>6.0%</b>	8.1%	-
Employees (as of end of period)	<b>990</b>	863	+14.7%	<b>990</b>	863	+14.7%





## Environment & Process

- Market: good project activity for centrifuges (focus on Europe, Asia, and USA); continued weak market for sludge drying plants; rising demand for biomass drying plants.
- Good development of order intake for centrifuges, but slow development of order intake for sludge drying plants as expected.
- Moderate and unsatisfactory development of sales and earnings due to continued under-utilization of the Thermal Process Technologies division.

Key figures						
MEUR	Q1-Q3 2008	Q1-Q3 2007	+/-	Q3 2008	Q3 2007	+/-
Order intake	<b>274.3</b>	271.7	+1.0%	<b>75.4</b>	82.8	-8.9%
Order backlog (as of end of period)	<b>190.2</b>	187.5	+1.4%	<b>190.2</b>	187.5	+1.4%
Sales	<b>239.8</b>	259.7	-7.7%	<b>89.3</b>	81.8	+9.2%
EBITDA	<b>16.1</b>	20.1	-19.9%	<b>5.3</b>	5.7	-7.0%
EBITDA margin	<b>6.7%</b>	7.7%	-	<b>5.9%</b>	7.0%	-
EBITA	<b>12.4</b>	16.4	-24.4%	<b>4.1</b>	4.6	-10.9%
EBITA margin	<b>5.2%</b>	6.3%	-	<b>4.6%</b>	5.6%	-
Employees (as of end of period)	<b>1,430</b>	1,328	+7.7%	<b>1,430</b>	1,328	+7.7%



# Feed & Biofuel

- Market: good project activity for animal feed plants (especially in Eastern Europe, Russia, Asia, Central and South America) and aquatic feed plants (South America and Asia); with the exception of North America, high investment activity for wood pelleting equipment, especially in Northern and Southern Europe, and South East Asia.
- Good development of order intake.
- Slight increase of sales, earnings down due to sales decline in North America.

Key figures						
MEUR	Q1-Q3 2008	Q1-Q3 2007	+/-	Q3 2008	Q3 2007	+/-
Order intake	123.9	115.6	+7.2%	37.4	36.1	+3.6%
Order backlog (as of end of period)	51.6	42.9	+20.3%	51.6	42.9	+20.3%
Sales	106.7	102.2	+4.4%	35.7	35.8	-0.3%
EBITDA	10.0	12.0	-16.7%	3.1	4.5	-31.1%
EBITDA margin	9.4%	11.7%	-	8.7%	12.6%	-
EBITA	8.8	10.7	-17.8%	2.6	4.0	-35.0%
EBITA margin	8.2%	10.5%	-	7.3%	11.2%	-
Employees (as of end of period)	563	547	+2.9%	563	547	+2.9%

