



## Dear **business friend**

**F**or ANDRITZ HYDRO the year 2014 presented a range of interesting challenges. Europe continued to show a trend toward declining energy consumption. Due to the infeed of volatile energy sources, such as wind and solar energy, which are subsidized and treated preferentially, major utilities struggled to cope with a massive decline in the profitability of their existing classic power plants. Investments were postponed, renewals cut down to the bare necessities, and pumped storage power plants – being vital to maintain security of supply – were put on hold.

The whole power industry is waiting for clear political decisions. At the same time, international investment activity is constrained on account of the financial crisis, which has not yet been overcome. Even major hydropower markets, such as the BRIC states (Brazil, Russia, India and China), only occasionally bring projects to final realization.

Nonetheless, in 2014 ANDRITZ HYDRO was again able to position itself quite well in such a difficult environment.

Overall, the projects gained as well as the results achieved present a successful picture similar to that of previous years. Once again, this can be attributed to the technical expertise and great commitment of our employees. The constant development of state-of-the-art know-how results in optimum technical design, making possible successful projects such as HPP Laúca in Angola, HPP Ñuble in Chile, HPP Xekaman 1 in Vietnam or HPP Lysebotn II in Norway. Order fulfillment and project management play important roles for ANDRITZ HYDRO. Timely completion of orders in accordance with the contract terms constitutes the foundation of trusting and reliable collaboration with our customers. That is being proved by such projects as HPP Angostura in Chile, HPP Paloona in Australia, HPP Akhmeta in Georgia and HPP Iovskaya in Russia.

The development of completely new technologies and their implementation in real projects have top priority for ANDRITZ HYDRO. We are convinced that a pivotal part of the future energy supply will come from the ocean. After successful fitting the world's largest tidal powerplant in South Korea's Sihwa

with electromechanical equipment and the current refurbishment of the oldest one at HPP La Rance, France, ANDRITZ HYDRO is also supplying the first commercial underwater park with tidal current turbines for MeyGen in Scotland.

The building of lagoons and the application of adapted bulb turbines in four-quadrant operation is our latest achievement in this field. As a member of a consortium, ANDRITZ HYDRO has been selected preferred supplier of electromechanical equipment for the world's first tidal lagoon project at Swansea Bay in Wales, UK, by Tidal Lagoon Swansea Bay plc.

On that basis we face this year's developments with great confidence and a positive attitude, even if the macro-economic conditions should stay the same.

We thank you for the trust you have shown and hopefully will continue to show us in the future.

Sincerely yours,

M. Komböck

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