ANDRITZ

170 YEARS OF ANDRITZ AT WORK

1852–2022

DEAR COLLEAGUES,

When the Hungarian Josef Körösi acquires the old “Trümmermühle” in the district of Andritz, Graz, 170 years ago, Styria is still very different to what it is today: The Emperor reigns in Vienna, the dual monarchy extends as far as the Mediterranean Sea, and, as a “nonlocal”, Körösi has to grapple time and again with the municipal authorities in Graz before he is able to set up his new machine works.

But soon the stacks in the factory are pouring out smoke almost day and night. And in some ways, Körösi and his company are not so far removed from us today. Determination and efficiency become the founder’s trademark at an early stage. Entirely in line with the spirit of his time, Körösi believes in progress. He may never have dreamed that his company would one day be the size it is now. But his goal is clear right from the start: growth.

Maschinenfabrik Andritz has become today’s globally operating ANDRITZ GROUP. The challenges facing the company are certainly very different to those of 1852: Supply chain problems, pandemic, wars and, above all, climate change make it abundantly clear that ANDRITZ must think and operate on a global scale. And ANDRITZ has evolved into an enterprise that meets this demand in full: With our many sustainable products and technologies, we make a significant contribution towards environmental and climate protection and help to develop new solutions to the problems of the 21st century.

The path between these two points, between Josef Körösi’s machine works and the ANDRITZ GROUP during Wolfgang Leitner’s years as CEO, also proves that ANDRITZ has experience in rising to the challenges of its time. Despite all the differences, there is continuity and a very special tie between today’s generation of ANDRITZers and the first pioneers in the years following the industrial revolution. We have been seeking out traces of this tie and portray how Maschinenfabrik Andritz evolved into today’s ANDRITZ GROUP. In this book, we invite you to accompany us on this journey.

I hope you will enjoy reading it!

Joachim Schönbeck

TABLE OF CONTENTS

CHAPTER 1

A HUNGARIAN CONVINCES THE AUTHORITIES

JOSEF KÖRÖSI AND THE BEGINNINGS OF MASCHINENFABRIK ANDRITZ

1852 – 1882

Graz, 1836. Westerly view from the Schlossberg towards the newly built chain bridge. Painting by Austrian landscape painter Conrad Kreuzer, 1810–1861.

Graz, around 200 years ago: People strolling through the streets of the Styrian capital see a city undergoing a transition from the traditional to the modern. Graz recovers rapidly from the destruction suffered during the Napoleonic wars: The population increases from just under 36,000 in 1810 to 50,000 in 1835, and many new arrivals are flocking into the city. The region's main economic strength is traditional craftsmanship. The salt and iron trades along the Styrian Iron Trail are the main branches of economic activity, and the trade guilds have a powerful position in the city.

"According to the plans already available, Mr. Körösi intends to build a truly magnificent factory. And an undertaking of this kind also deserves full support by granting it a manufacturing license (...). Körösi completely [unites] all those qualities needed to ensure that this manufacturing enterprise operates profitably and flourishes rapidly."

Graz municipal authorities, 1852

BETWEEN EMPIRE AND DUAL MONARCHY: AUSTRIA IN THE 19TH CENTURY

In 1804, the Habsburg Franz II assumes the title "Emperor of Austria" as Franz I in response to Napoleon being crowned emperor. In addition to Austria, the Kingdom of Hungary, parts of the current Czech Republic (Moravia and Bohemia), all of Slovakia, parts of Poland and Ukraine, as well as territories in Italy, Slovenia, Croatia, Romania, and Serbia also belong to the Habsburg Empire. State authorities bear the title "k. k." for kaiserlich-königlich (imperial-royal) as an indication of these many possessions.

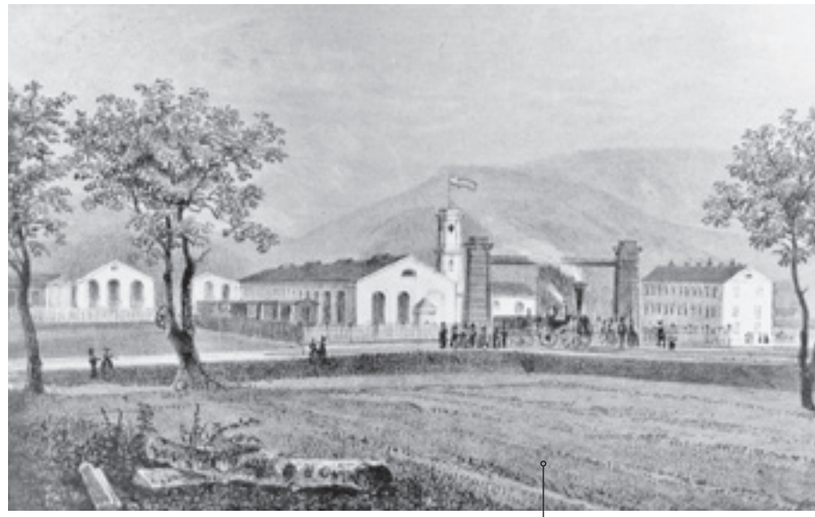
As Emperor of Austria, Franz I does not rule a homogeneous nation but an unstable, multinational state. The Habsburg lands are described as "Crown Lands" and vested with privileges and rights of say.

Graz and the Duchy of Styria lie at the crossroads to the Slav region, thus forming a kind of frontier zone within the Habsburg's multinational state. Whereas German nationalist tendencies emerge in the German-speaking countries during the 19th century, some of the countries in the empire are seeking more independence, for example Hungary, where bloody conflicts break out in 1848/49.

In more peaceful times however, Graz's special location makes it a magnet for young craftsmen and tradesmen from all over the empire. The traditional abundance of mineral resources in Styria, known as the "Iron Country", becomes an increasingly important factor in the modern era and the signs of this are now visible: In 1833, the first Styrian and largest Austrian chain bridge at the time is built in Graz – the Ferdinand Chain Bridge. In 1844, the city is connected to the railway network. With the new transport facilities, the economy also changes and has to serve the ever-increasing demand for steel, iron and machinery to build railways as well as for the growing industrialization.

As a result, Graz is on the brink of change around 1830. The bourgeoisie is still swaying between its enthusiasm for technical innovations and new business opportunities on the one hand, and nostalgia and fear of change on the other. Modernization provides a contrast to the idyllic Biedermeier era. And now to this very city comes a Hungarian: Josef Körösi.

Austria in around 1840. The empire established in 1804 was the second-largest political entity after the Russian Empire.



The first railway station in Graz, around 1850.

A HUNGARIAN IN STYRIA

Josef Körösi is born in the Hungarian city of Szeged on June 16, 1811. After attending elementary school, Körösi does not begin his three-year apprenticeship as an office clerk in an ironmongery until the age of 12 or 13. He remains there as assistant for a little over two years after completing his apprenticeship. The merchant profession confirms that he has completed his apprenticeship years "honestly and loyally with great diligence and effort", and as assistant, he also works to his

Josef Körösi, born in Hungary, comes to Graz at the age of twenty. He will soon make a name for himself as a successful entrepreneur.

"If Austrian industry now deserves strong support in every respect from the administrative bodies, the industry of the Duchy of Styria, which is not yet highly developed and where there are so few larger factories, deserves it undeniably."

Graz municipal authorities, 1852

employer's "full satisfaction", with the result that he can be given the "best recommendation as a worthy and suitable individual." With an excellent testimonial in his pocket, Körösi embarks upon his travels through Hungary, which bring him to the capital in August 1829, now aged 18. In the city of Pest, he works consecutively for two different ironmongers.

In November 1831, Körösi comes to Graz. Exactly what made him come to Styria is unknown, but the Styrian Iron Country certainly offers attractive prospects for an ambitious young ironmonger's assistant. At first, Körösi works in Graz as a shop assistant in an ironmongery, then as an iron goods storekeeper, i.e. an ironmongery warehouse manager. Here, too, his employers are impressed by his work and his character: Körösi's testimonial "highly recommends this upright, honest man to all public authorities and anyone else as well."

So Körösi gains a foothold in the iron trade in Graz and considers settling down in the city. Just before Christmas Eve in 1835, an opportunity comes up that makes the Christmas season somewhat hectic for Körösi, but it is one that he cannot pass up: Together with his colleague from work, Konrad Michalky – a Styrian – he has the chance to purchase their employer's chain factory. Körösi joins the company on December 19, 1835, obtains confirmation from a notary public that he has come of age and an exemption from military service just three days later, and the sale is all wrapped up by January 1836. It is a daring undertaking and an adventure for the two young entrepreneurs. The factory is close to financial ruin. But Körösi is certain that he has found the right place to fulfill his ambitions.

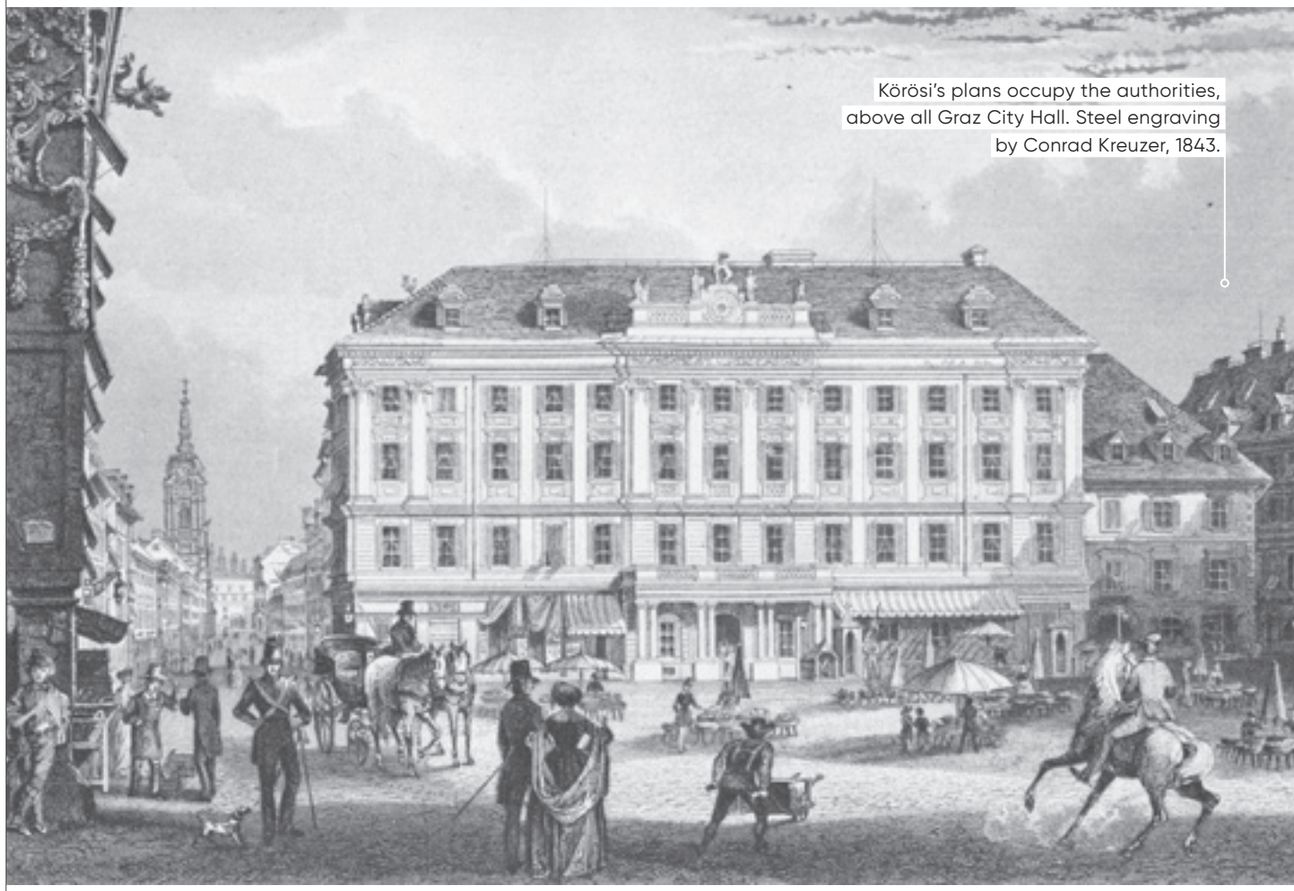
BUREAUCRACY AND PUBLIC AUTHORITIES: NOT AN EASY START

Körösi and Michalky's venture is certainly a risky one. The purchase price of 5,600 guilders (the equivalent today would be somewhere between 100,000 and 150,000 euros) leaves their financial resources severely overstretched. Another reason why the municipal authorities at first do not issue a permit – the "manufacturing license" – to operate their factory: The funding is not adequately secured. Körösi argues towards the authorities that his parents are wealthy. However, he cannot prove it. What is more, Körösi and Michalky want not only to produce the goods, but also to sell them in the city, and that is why Körösi would like to open an ironmongery. Unfortunately, he has neither the permit nor the premises for this at the time. To make matters worse, Körösi has no right of domicile in Graz yet.

The bureaucracy is not the only obstacle. Competing companies also oppose the newcomers and the plans of Körösi and Michalky. The members of the chainsmith's guild do not want a new competitor. The merchants even intervene with the city authorities: Due to the poorly developed transport network, the ironmongeries in Graz lack work. Furthermore, the 25-year-old Körösi is too young and inexperienced. Shortly after its inception, the venture again seems doomed to failure.

But Körösi and Michalky have a clear plan – and also the ability to convince their critics that they can succeed. When the municipal authorities commission an assessment of the two young entrepreneurs and their project, the result is ultimately very positive. The municipal authorities rule as follows on May 26, 1836: "The personal license requested to trade in iron and forged goods is granted to the applicant, Josef Körösi."

> "Mr. Hofrichter sen. sells in equal parts to Messrs. Josef Körösi and Konrad Michalky all of the forging and metalworking tools, the three large machines, all of the furnishings and carpentry equipment on the factory premises, and the mill horse complete with fodder supply."
>
> Extract from the purchase contract concluded by Josef Hofrichter with Josef Körösi and Konrad Michalky in 1836



Körösi's plans occupy the authorities, above all Graz City Hall. Steel engraving by Conrad Kreuzer, 1843.

This entitles Körösi to run an ironmongery. However, the actual "manufacturing license" is only granted to Michalky for the time being as he can provide evidence of independent work and also of a more favorable family background. But this is not Körösi's only success: When he receives the trade license, he is also "awarded the right of domicile in this provincial capital." So Körösi from Hungary has finally found a second home. And he also discovers the key to his personal happiness in Graz: In 1840, he marries Katharina Wirth.

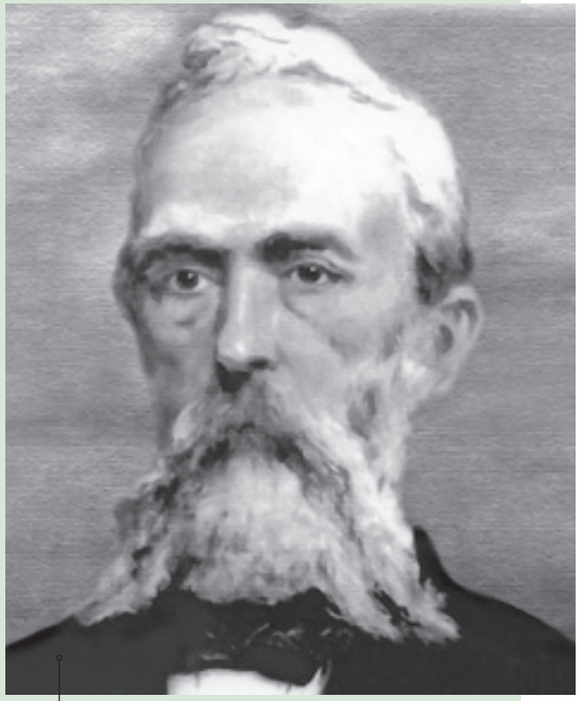
The municipal authorities' leap of faith pays off: Körösi and his partner, Michalky, are able to produce the necessary business funds in November 1836 to arrange the financing. The Memorandum is entered in the "Merkantil- und Wechselprotokoll"

(precursor of today's Commercial Register) and the newspapers announce that the "Körösi & Michalky" company has been established. But the two young entrepreneurs still have to accept one minor drawback: So far, they – or at least Michalky – only have a "single manufacturing license" and are not allowed to establish a subsidiary nor to use the imperial-royal eagle in the company nameplate.

THE FIRST "ANDRITZER": WHO WAS JOSEF KÖRÖSI?

The negotiations on purchase of the chain factory are representative of the radical changes taking place at the time: Josef Körösi sees potential for the iron industry and, with his faith in future growth, he is far ahead of many a Styrian craftsman. Although he is able to convince the authorities quickly, it is the "old-established" craftsmen that resent the young Hungarian – whereas the Körösi-Michalky connection on the other hand highlights the special opportunities open to a partnership at eye level in the multinational state.

Here, certain of Körösi's characteristics become evident that today's Andritzers may find familiar: Quickly overcoming bureaucratic obstacles in purchasing the factory is the sign of a clear plan from the very beginning that Körösi implements resolutely. And there is something else that is by no means typical of the times: In his letters, Körösi dispenses with cumbersome language and clichés – typical of Andritz. He comes quickly to the point. Perhaps it is exactly this determination that ultimately enables the young Hungarian to convince the municipal authorities.



Industrial pioneer Josef Körösi in later years.

INITIAL SUCCESS AS ENTREPRENEURS: AN INDUSTRIAL PIONEER GETS OFF TO A FLYING START

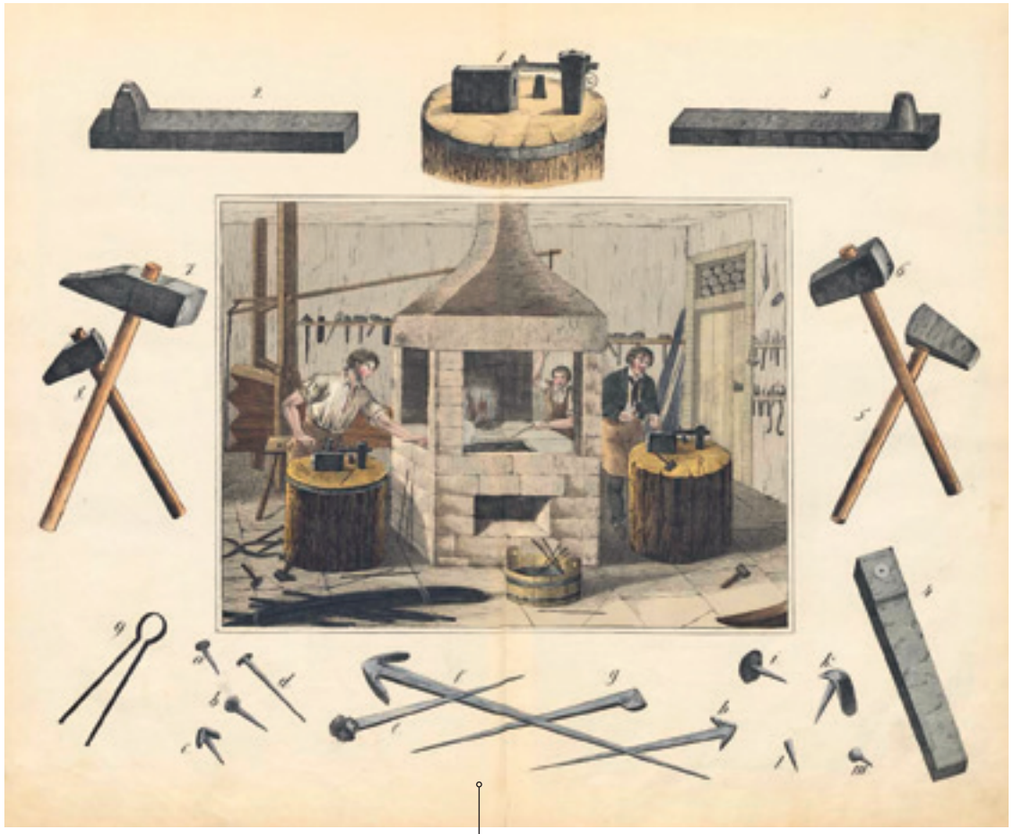
At least Körösi and Michalky can now get started. At first, the chain factory has around 12 journeymen, one metalworker and approximately 10 day laborers. It mainly produces iron buckles, rings and chains. But the factory runs so well under the new management that Körösi adds an adjoining building with thirteen fire pits in 1841. Ultimately, this extension is a signal for the municipal authorities to issue the long-awaited "manufacturing license" to Körösi as well. He even receives the so-called "formal" license. With this document, Körösi is entitled to establish branches in all provincial capitals of the monarchy to manufacture his iron goods. Before the end of 1841, Michalky leaves the company and Körösi runs the business henceforth alone.

In spite of the extensive bureaucratic entitlements, Körösi's operation remains very down-to-earth for the time being. Körösi takes care of selling his products himself: He purchases a house called "Am Gries" that he not only lives in but also uses as an ironmongery. All products go directly to this ironmongery, which is named "Zur Goldenen Sense" (Golden Scyth) in 1843 and contains large storage areas.

However, Körösi's progressive thinking becomes more clearly visible in other areas. Although the number of workers does not increase significantly – the factory had one foreman and 31 workmen in the mid-1840s – he boosts productivity substantially with investments and new equipment. As a result, Körösi can also produce machine-made

"Pursuant to a high-level provincial decree from the 8th day of this month, Josef Körösi is granted a formal manufacturing license to produce iron buckles, rings, chains and forged goods at his establishment in Graz by virtue of the present decree."

The local administration grants Körösi the manufacturing license on September 8, 1841



Nailers around 1840.
In the mid-19th century, this trade is replaced by increasing machine-based production.

and metal goods as from 1848. In 1849, he expands the company once again by adding more fire pits.

Within just a few years, Körösi has made a name for himself as a successful businessman. As a pioneer of industry, he stands for a new age. He is able to read the signs of the times with all of their opportunities: While many of his colleagues make metal products for everyday needs, Körösi wants to go beyond the purely manual production of iron buckles and rings. He has had an eye on entirely different customers for some time now. And his chain factory is no longer enough to fulfill these ambitious plans. He has bigger things in mind.

1

THE FAILED REVOLUTION OF MARCH 1848 AND THE HUNGARIAN WAR OF INDEPENDENCE

The 1830s and 1840s are marked by severe tensions throughout society. Many farmers are still living under the manorial system. The workers in the towns are struggling with difficult working and living conditions. There is no protection in the event of illness or dismissal, no ban on child labor. Living conditions and the food situation are inadequate

News of the revolution in Paris in February 1848 and in Southern Germany ultimately triggers protests in Vienna as well. Both students and townspeople take to the streets on March 13, 1848. The demonstrations are violently suppressed by the army. In Vienna's suburbs, there are riots by workers demanding better social conditions. The pressure on the powers that be is finally too much: Chancellor Metternich is forced to resign, Emperor Ferdinand I promises to establish a constitution and allow a free press.

In the multinational state of Austria, however, another dimension of the revolution becomes more and more evident: In many parts of the country, there are riots by national minorities seeking to emancipate themselves from the Habsburg monarchy. In Hungary, the revolution even becomes a war of independence and is crushed by Austrian troops in 1849 with much bloodshed. But ethno-national conflicts also dominate the subsequent decades of Austrian history.

Vienna, 1848. In mass demonstrations, workers demand better working conditions and an end to the oppressive system.

Like a country residence: the Maschinenfabrik in the early days.

LAND, PERMITS, OPPOSITION

In Graz, the political unrest surrounding the failed revolution in March only stops the ambitious Körösi briefly. But then he presses forward with all the more determination: In 1851, he purchases the building next to the chain factory for the lordly sum of 4,000 guilders. It is an apartment building complete with saddlery and waterworks, two broad water channels made of wood, and a garden with all fittings and fixtures – in short, another entire factory complex.

He notifies the municipal authorities that he is planning to build a "magnificent machine works, with several lathes as well as metal plane, leveler, bench and drilling machines" here that "is to produce various – preferably larger – machines and machine components with the aid of water power (...) and then the machine vises that are much needed, both for the railways and other plants." And when it comes to what the new factory is to produce, it becomes evident how clearly Körösi has read the signs of the times. "A wire nail production plant to produce the tacks and nails needed for general use with the aid of the machines suitable for this purpose and which are much sought after in recent times is also to be attached to this machine works." The mechanical mass production of goods such as nails is not only a symbol of changed days, but itself will become the driving force of further industrialization in the times to come.

In order to realize these plans, he asks the district government to extend his manufacturing license to include production of wire nails, metal goods, machinery and machine components. Showing self-assurance, Körösi adds that he has made the chain factory "into a major industrial establishment of our provincial capital and crown land."

But, once again, there is fierce opposition locally. This time, it is the nail

3. 1483. (1)

Die neu etablirte

kais. königl. privilegirte

METALLWAAREN- UND MASCHINEN-FABRIK, METALL- & EISENGIESSEREI

auf der Andritz nächst Gratz,

in ihrer Art die erste in der Steiermark, ist in den Stand gesetzt, allen Anforderungen des industriellen Publikums durch ihre Erzeugnisse schnell zu entsprechen. Dieß Etablissement wird aus der

Metallwaaren-Abtheilung

alle im Handel vorkommenden Waaren aus allen Metallsorten, als: **Kupfer, Messing, Zink, Eisen** und **Weißblech** mit Hilfe der vorhandenen Maschinen, gedreht, gepreßt und gedruckt, schönstens erzeugen, billigst liefern, und die

Maschinen-Fabrik

mit der Erzeugung aller Arten Maschinen und Maschinenbestandtheilen, namentlich:

Walzenmühlen neuer Art,
Mühleneinrichtungen neuester Art,
Wasserräder,
Einrichtungen für Brauereien jeder Art,
Dampfmaschinen,
Dampfkessel,
Wasserreservoirs,
Pumpen jeder Art,
Schrauben-Pressen,
Appreturmaschinen,
Drehbänke jeder Größe,
Hydraulische Pressen,
Farben-Reibmaschinen,
Hobelmaschinen,
Bohrmaschinen,
Schraubenschneidmaschinen und **Klappen,**
Schwanzhämmer mit Gußeisengestelle,
Ventilatoren,
Cylinder-Gebläse,
Blechscheeren und **Lochmaschinen,**
Blechbiegmaschinen,
Farbenreibmaschinen,
Transmissionen,
Krahne,
Wellböcke,
Flaschenzüge,
Winden,
Schraubstöcke,
Siegel Pressen,
Copiermaschinen,
Holländermesser 2c. 2c. 2c.,

ferner mit allen Arten Werkzeugen sich befassen, so wie die **Metall- und Eisengießerei** jede Art **Gußwaaren,** selbst Stücke bis zu 100 Zentnern nach eingesandten Modellen oder Zeichnungen, billigst liefern.

Eben so werden Reparaturen von Maschinen, Maschinenbestandtheilen und Werkzeugen übernommen.

Der gefertigte Eigenthümer hat sich zur Aufgabe gestellt, durch strenge Rechtlichkeit und billige Preise alle seine Herren Committenten schnell und bestens zu bedienen, und bittet, geehrte, mündliche oder schriftliche Aufträge in seine Eisenhandlung und Fabriks-Niederlage, Grießgasse, „zur goldenen Sense" zu weisen.

Gratz am 22. September 1853.

Josef Körösi.

Advertisement in the "Laibacher Zeitung" on October 4, 1853.

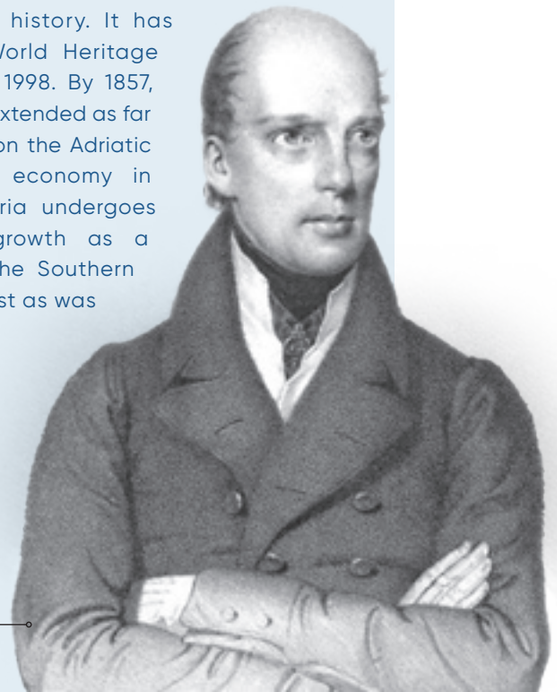
1

THE "STYRIAN PRINCE" AND INDUSTRIALIZATION

As from the mid-19th century, the coal and steel production areas in Northern Styria become the center of the industrialization process. The hub of this activity is the Erzberg. The so-called "Styrian bread loaf" is presumed to hold the largest deposits of siderite in the world. Siderite is a valuable iron ore because it is easy to smelt. The patron of the iron industry is the Archduke Johann, the brother of Emperor Franz I. Known as the "Styrian Prince", he is honored to this day as a shining light in Styrian history. Due to the increasing demand for iron and steel as a result of railway construction, the mining and metallurgy sectors boom and coal mining in the largest brown coal mining district in Western Styria enters a period of prosperity.

Similarly, Archduke Johann supports the building of a railway line through Styria. On October 21, 1844, the 94.7 km long railway line between Mürzzuschlag and Graz is officially opened. The first journey takes three hours and 21 minutes. The Southern Railway – also known as the Archduke Johann Railway – is further extended in the years that follow. The section of track between Graz and Celje is opened in 1848, followed in 1849 by the final section to Ljubljana. Now it is possible to travel by train from Vienna as far as Ljubljana – with one exception: Travelers must change to a coach for the stretch over the Semmering Pass. This changes in 1854 when the Semmering Railway goes into operation, the first mountain railway in Europe, running from Gloggnitz over the Semmering Pass to Mürzzuschlag. The Semmering Railway is a technical masterpiece and a milestone in railway history. It has been a World Heritage Site since 1998. By 1857, the line is extended as far as Trieste on the Adriatic Sea. The economy in Upper Styria undergoes massive growth as a result of the Southern Railway, just as was hoped.

Eisenerz with the Erzberg and Reichenstein mountains, undated postcard. Iron ore mining began on the "Styrian bread loaf", in Eisenerz, by the 11th century at the latest. The Erzberg is still the most important economic foundation of the region today.



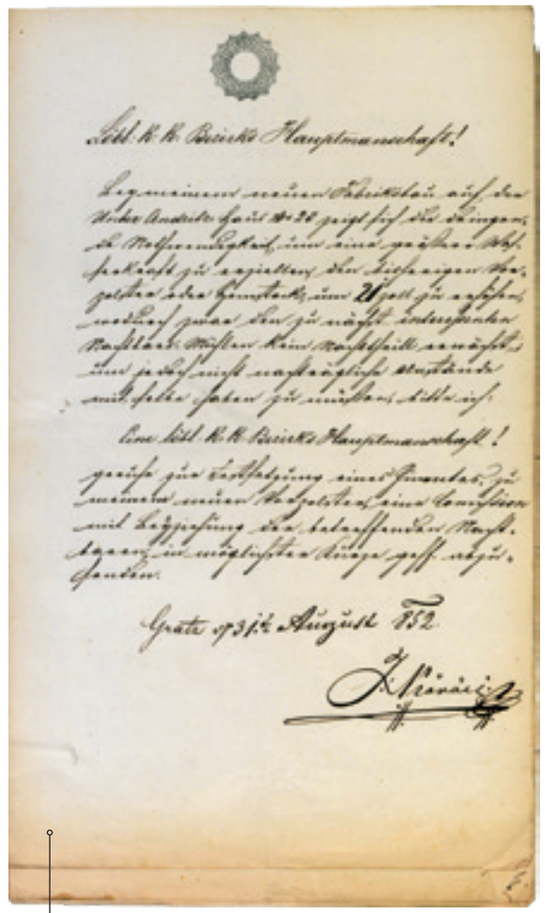
Archduke Johann of Austria (1782–1859), around 1847. Also known as the "Styrian Prince" because of his efforts to modernize Styria.

"I have not only kept the factory in operation, but also made it a major industrial establishment of our provincial capital and crown land."

Josef Körösi to the municipal authorities, 1952

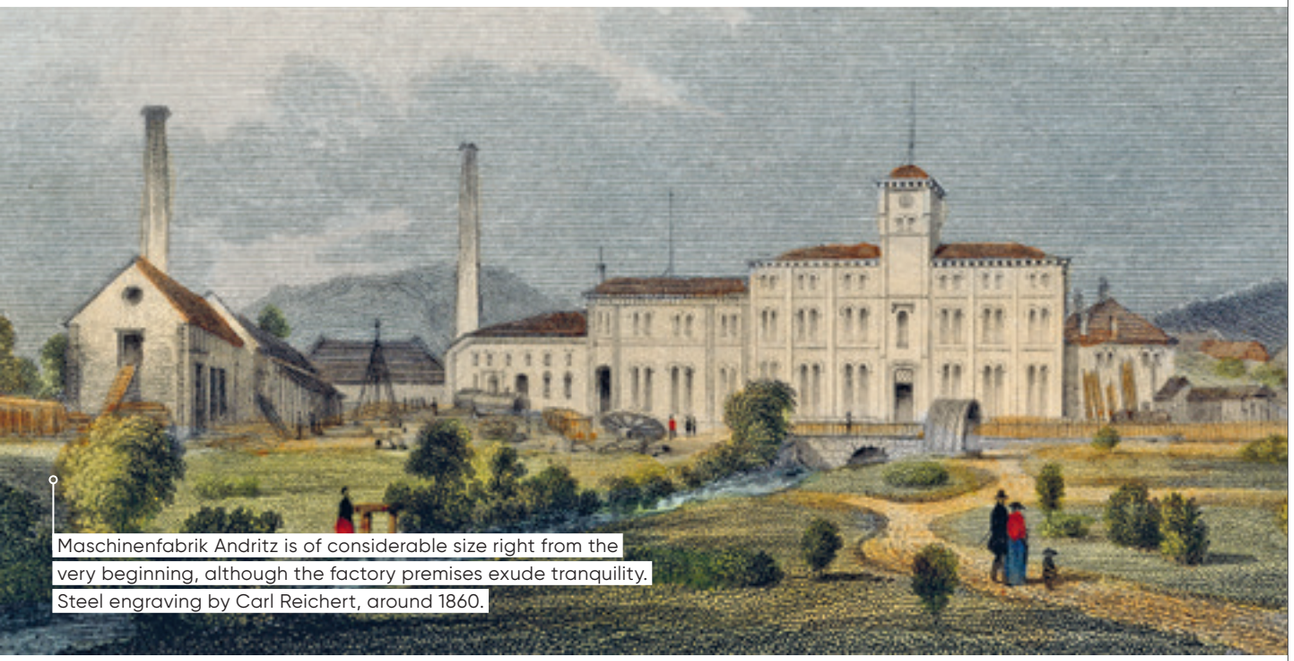
makers and the milling consortium that tries to prevent the license being granted. The milling consortium even approaches the Ministry of the Interior in Vienna to prevent the factory being built – without success. The Graz municipal authorities are impressed by Körösi's proposal and expect a significant contribution towards the Styrian economy if Körösi can produce important metal goods locally instead of the region having to rely on expensive imports.

So Körösi already has the municipal authorities thoroughly on his side and is granted the appropriate permits. But just as he was able to make a start, Körösi had already lost interest in the expensive land he has recently purchased. He had found an even more suitable property that would offer him more room for rapid growth – it is in Andritz, an independent community since 1850 at the gates of Graz.



Körösi has big plans right from the start and acts with foresight. Only two years after acquiring the land in Andritz, he wants to expand the mill in order to generate more hydropower.

COFFEE MACHINES AND PROTESTS: THE BEGINNINGS OF MASCHINENFABRIK ANDRITZ



Maschinenfabrik Andritz is of considerable size right from the very beginning, although the factory premises exude tranquility. Steel engraving by Carl Reichert, around 1860.

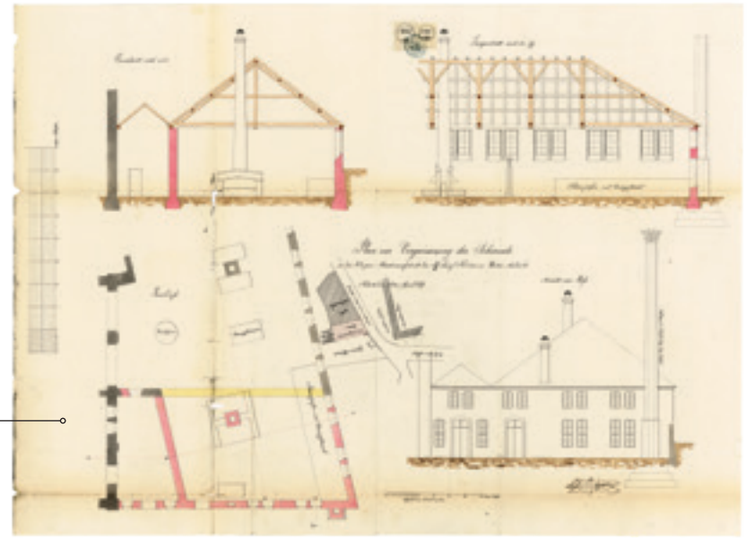
On April 16, 1852, Josef Körösi purchases the so-called "Trummermühle" in Andritz, with a sawmill, including all associated residential and auxiliary buildings and land, for the princely sum of 24,000 guilders (equal to around 400,000 euros today). He takes over the property on June 1, 1852. This is the foundation of Körösi's activities in Andritz.

The opportunity to purchase the Trummermühle must have occurred spontaneously as the disputed, formal manufacturing license that Körösi receives two months later still refers to the plot of land purchased next to his chain factory. However, the municipal authorities have long since stopped putting obstacles in his way: The manufacturing license is formulated in such a way that it does not apply to a particular location, but to Körösi personally. This means that the factory can use the designation "k. k. priviligiert" and include the imperial eagle in its nameplate and stamp. Accordingly Körösi's company is called "J. Körösi k. k. priv. Maschinenfabrik und Eisengießerei Andritz in Graz" as from 1852.

16 years previously, Körösi began his career as an entrepreneur with debts, but now owns two factories (he continues to operate the chain factory) and three large houses, together with several valuable plots of land with forests, grassland and farmland. The Hungarian has long since become a respected citizen and noble well-known figure in the city. And, as ever, Körösi is still indefatigable: He immediately starts extending the facilities

"By doing so, I wish at long last to create a metal goods factory, comprising the turning shop, stamping shop and foundry for all types of metal, such as zinc, brass, iron, etc., which will be needed anyway for trade, the army, and so on, and also for the factory's own use in the machinery workshop."

Josef Körösi to the municipal authorities, 1952



Plans to expand the forge, 1857.

"In addition, the rising demand for the many goods mentioned shows that such a magnificent factory is needed, and an enterprise of this kind deserves the fullest support by granting it a manufacturing license. From an economic point of view, this will create very sustainable advantages for our crown land and the entire monarchy."

Graz municipal authorities, 1852

on his newly acquired land – two factory buildings, one service building and a forge appear.

However, the extended manufacturing license is much more important to Körösi for the continuing progress of his company. With this license, the head of a small iron forge for chains and rings can now finally set up a proper machine works, producing metal goods of all kinds, such as brass products made of sheet metal, machine vises, winches, and smaller machines. In this way, metal goods forged painstakingly by hand become mass-produced goods that are widely distributed – and will make the work of some craftsmen and iron forges superfluous as industrialization progresses.

Körösi takes the next step in 1953: He opens his own foundry on the factory premises. Under the supervision of the first technical director, Anton Hess, a large casting operation is performed three times a week as from 1853. The machine works produces railway wheels, for example, which help to expand the Austrian railways and can even be exported as far away as Italy.

The first casting is produced in the foundry on September 5, 1853: an iron weight.

1

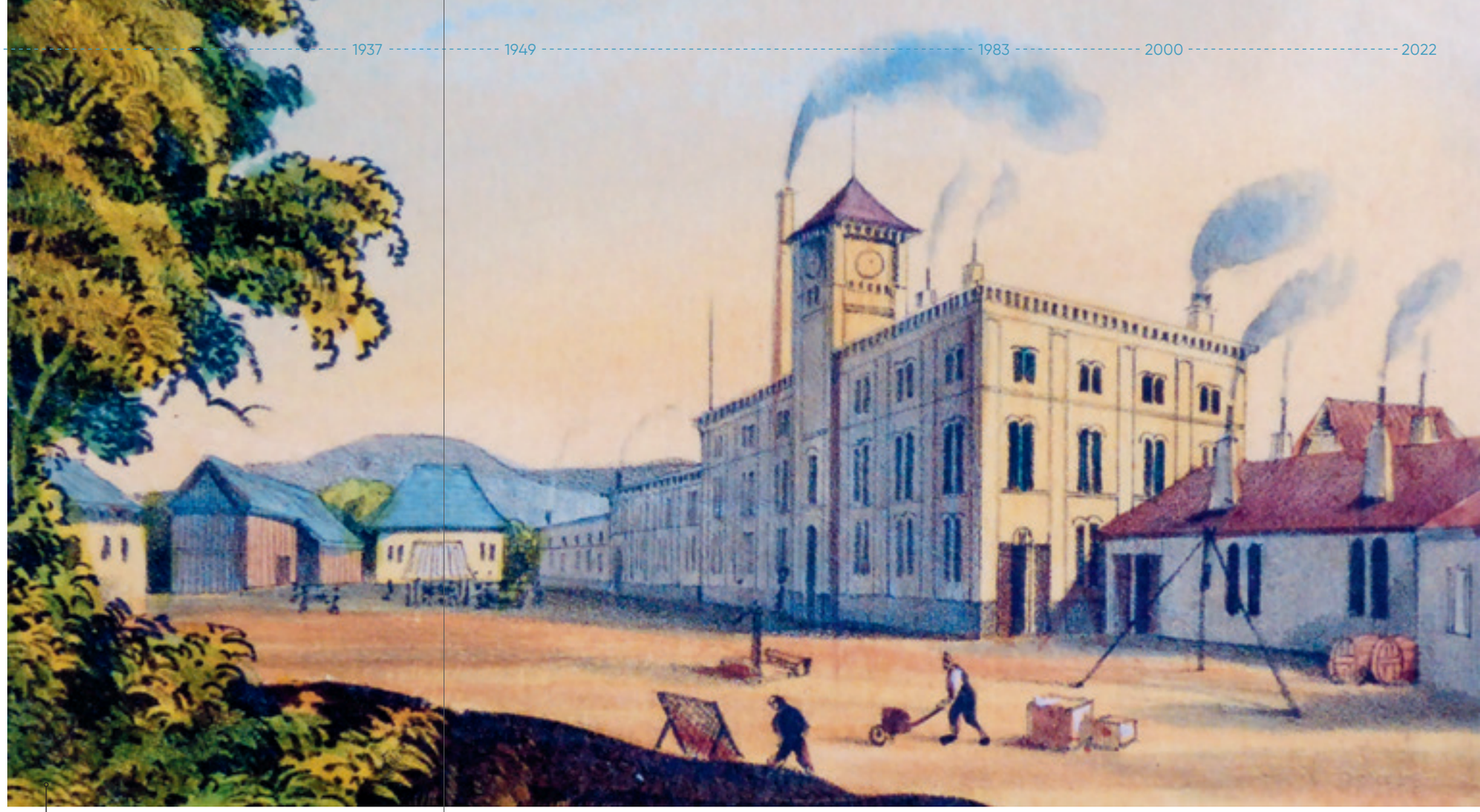
THE PRICE OF PROGRESS: AN INDUSTRIAL PIONEER IN CONFLICT WITH TRADITIONS

In 1853, the Graz district government receives a complaint from the sheet metal workers' guild: Josef Körösi is said to be a "huge disrupter of trade". They say his metal goods are produced in masses in Graz, for example coffee infusing machines, lamps or roof gutters. As Körösi produces them using machines, they are much cheaper and thus cause the sheet metal workers hardship. What is more, the craftsmen are losing their assistants because they have better conditions if they work for Körösi.

In response, Körösi says that he does not intend to cause any hardship to the sheet metal workers. The metal goods are simply more attractive and cheaper to make, and he also believes – adding complacently and self-assuredly – he "is entitled to manufacture infusing machines in a much more pleasing shape and thus deliver more attractive machines than even the local sheet metal workers." He only makes goods that can be made to great advantage using machines. His aim is to supply goods that previously had to be sourced from abroad at a high price. He "refuses to believe that the district government is inclined to disrupt or impede operations at his establishment, in which around 42 people earn a living at 17 lathes, as a result of a protest by a few sheet metal workers in Graz." And Körösi again has the progressively acting authorities on his side: The complaint by the sheet metal workers is dismissed.

Perhaps they looked like this, or perhaps quite different: No pictures of Körösi's coffee machines have been handed down. Coffee pot with screwed-on water tank, around 1880.

Developments are very rapid and in line with the enormous acceleration in industrialization, which encompasses all of Austria during this period. In addition to railway goods, the works soon also produces entire iron bridges and large machines. In 1857, for example, it provides steam hammers, steam engines and the entire set of metallurgical equipment for the new iron and steel works in Eibiswald. The factory premises are even extended to include their own bridge construction institute and a boiler-makers' shop. Many heavy machines are brought in. In 1854, Körösi has 100 employees, and this figure rises to as many as 600 in 1862. The company in Andritz has reached a considerable size and meanwhile ranks among the most important and best-performing mechanical engineering companies in Austria.



Idyllic setting: drawing of the factory premises in Andritz.

In 1882, the Ferdinand Bridge (today's Kepler Bridge) is modified. The Maschinenfabrik in Andritz is responsible for constructing the riveted iron bridge over the River Mur. The bridge created a traffic route into town via horse-drawn omnibus for employees living outside the town.

"HE IS A TRUE FATHER TO HIS WORKERS" – JOSEF KÖRÖSI AS AN EMPLOYER

Cigars that don't draw properly and cast railway wheels that don't solidify properly: In the midst of his company's rapid rise, it is nevertheless such irritations and challenges that continue to spur on Josef Körösi's ambitions in daily life. Spontaneously, he sets out to solve the problem himself. In doing so, he is at the top of a list rich in tradition and containing the names of ANDRITZ research and development engineers.

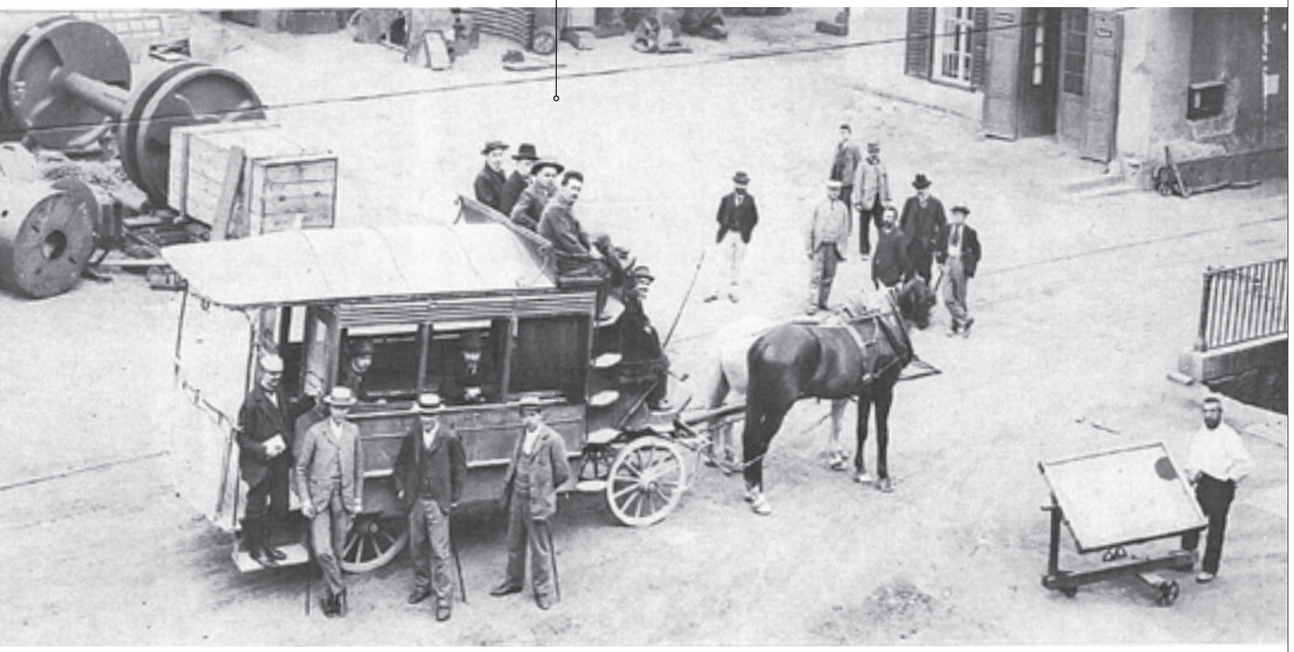
On November 1, 1860, Körösi is awarded “an exclusive privilege to the invention for annealing cast railway wheels to provide them with the highest resilience” by the Ministry of the Interior. For inventing “a singular cigar-rolling machine”, he receives a patent from Prussia, among other countries, in 1866, and in 1867, he is awarded another privilege for developing a “singular air-heating device”. The hot air heating is still operating in the ANDRITZ administrative building in 1931.

“Quite a few sheet metal journeymen left Graz one after the other and entered Mr. Körösi’s employ as factory workers!”

A complaint by the sheet metal workers’ guild to the district government, 1853

Towards his employees, Körösi presents himself as a “caring patriarch” at the head of the company. As was customary at the time, he provides

A horse-drawn omnibus brings the workers to the factory and their children to the high school.



Takes care of his workers: In 1857, Körösi pays for a mass to be held for their benefit in St. Veit Parish Church. St. Gotthard with St. Veit Parish Church, 1840.

accommodation, food and clothing for the apprentices. However, unlike in other companies, they also receive a little “pocket money” from Körösi. Furthermore, Körösi builds apartments for his workers that are available to all employees.

The 12-hour day exists in ANDRITZ long before the first working hour limits were introduced by law in 1884. In 1857, Körösi establishes a pension fund so that employees who are no longer able to work can receive a pension: This fund can cover nursing care, invalid and old-age pensions as well as small pensions for workers’ widows and orphans. Initially, Körösi donates 2,000 guilders to the fund from his personal wealth. He increases the nominal capital every year. In addition, he stipulates a sum earmarked for the fund in his will even though he is also mindful of his workers with other provisions.

Körösi provides a horse-drawn bus to bring his workers’ children to the high schools. He adds a new class to the elementary school in the Andritz community of St. Veit and employs an industrial teacher at his own expense to teach the daughters of his workers to read, write and do handicrafts. In addition, he donates books and gymnastic apparatus to the school and tries to help out when important items are needed. Furthermore, his workers’ children receive clothing, toys and sweets at Christmas.

Körösi not only stands up for the workers in his own company, but also

Oeffentlicher Dank.

Meinen herzlichsten Dank sage ich allen jenen Herren, welche bei dem Schadenfeuer in meiner Maschinenfabrik Andrich am 21. d. M. nebst meinem braven Fabriks-Personale, theils durch ihre persönliche aufopfernde Thätigkeit, theils durch zweckmäßige Anordnungen zur Bewältigung des verheerenden Elementes beigetragen haben.

Unter Einem sehe ich mich verpflichtet, der Direction der k. k. priv. innerösterreichischen wechselseitigen Brandschaden-Versicherungs-Anstalt dafür, daß sie den Theilbetrag für ein bei selber versichertes Gebäude, mir heute schon zur Auszahlung angewiesen hat, verbindlichst zu danken. — Graz, den 26. September 1867.

Josef Körösi.

316

Advertisement by Josef Körösi in the Grazer Tagespost daily newspaper on September 26, 1867.

wants to serve the general community and thus becomes involved in social and municipal matters. In 1860, he is elected to the local council and becomes a committee member in the office clerks' care association and director of the care association for the poor in the Gries neighborhood.

Thus, Josef Körösi belongs to a new kind of entrepreneur in the 19th century: He sees the company as the central focus of his work, but also comprehends the responsibility this brings for everything surrounding the company as well. In his opinion, employees are not resources that he can exchange at will, but an important part of his success. He stands up for their needs and takes care of their well-being and families – although from a clearly paternalistic stance that brooks no resistance in case of any doubt. He is so convinced of his role that he also risks life and limb for his factory if need be. When fire breaks out in the factory on September 21, 1867, Körösi naturally leads the fire-fighting in the front line. The damage remains moderate, and fortunately, there are no fatalities. However, the company's founder himself is not so lucky, as will soon become evident.

"He is a true father to his workers."

Chronicle of St. Veit parish church describing Josef Körösi

"One of our most respected citizens, factory-owner Josef Körösi, passed away in the prime of life at 10 o'clock this morning. Körösi was also a member of the local council and enjoyed the deepest respect of his fellow citizens and everyone who knew him due to his integrity and frequently proven sense of charity."

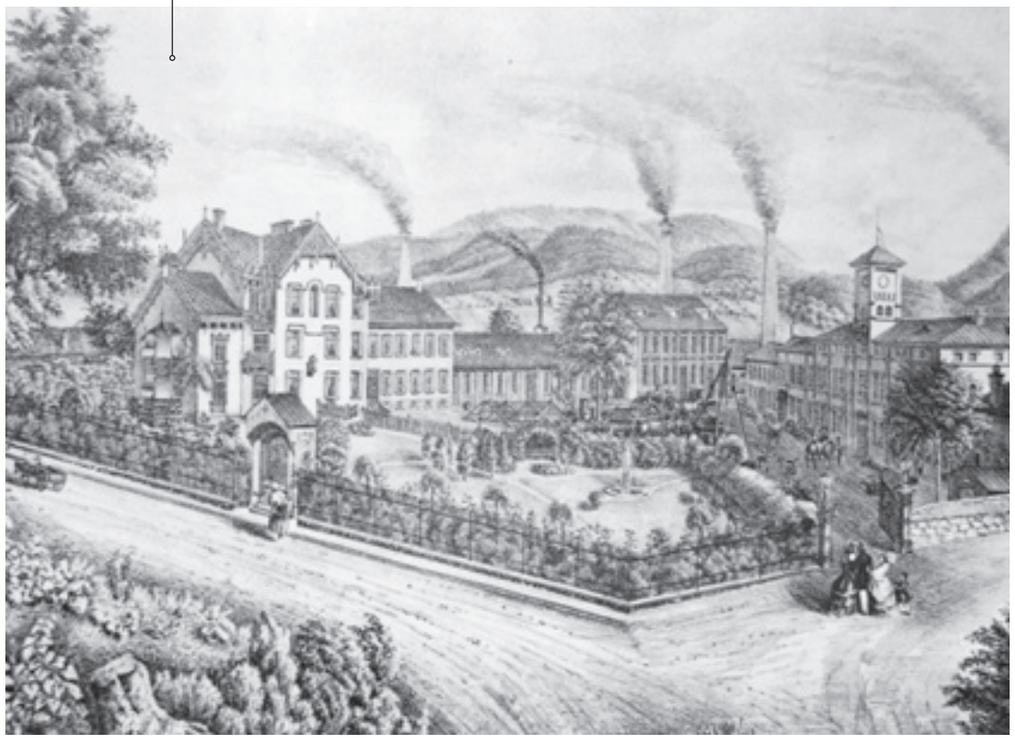
Obituary for Josef Körösi in the "Grazer Tagespost" daily newspaper, January 31, 1868

Bronze plaque made in 1952 in memory of the company's founder. Körösi's grave was destroyed in 1945.

THE END OF AN ERA

Körösi has had respiratory problems ever since the factory fire, where he possibly inhaled too much smoke. When he catches a chill a few weeks later at the beginning of 1868, legend has it that he contracts cellulitis. On January 31, he dies in his house in Griesgasse at the age of 56. The official cause of death is lung paralysis – respiratory arrest following respiratory failure. Behind this, however, lie various possible disease patterns that cannot yet be detected in the 19th century.

When Körösi dies, Maschinenfabrik Andritz is a leading company in the areas of large-scale castings, bridge construction, hardening of railway wheels, general mechanical engineering and construction of iron and steel works in Austria.



"He was the best father to his workers in the Andritz factory, and he never forgot the higher interests of humanity through his industrial activities, which also found the most deserved recognition, also beyond the country's borders."

Obituary for Josef Körösi in the "Grazer Tagespost" daily newspaper on January 31, 1868

When Körösi dies, Styria loses one of its most important developers and entrepreneurs. At the time of his death, Körösi has succeeded in building up a leading company in the areas of large-scale castings, bridge construction, hardening of railway wheels, general mechanical engineering and construction of iron and steel works in Austria – a company that has also made a name for itself in other countries. His legacy is a respectable area of land, a large number of factory buildings with the most modern machines of the day, a very good workforce, and satisfied customers.

Körösi was able to arrange the succession for his company in time before he died: He wills that the chain factory and ironmongery be sold after his death. The Andritz machine works, on the other hand, is to be managed by his technical director, Otto Fontane, and by the factory bookkeeper, Eduard Petranek, as well as Körösi's nephew, Johann Ortner – at least until Körösi's adopted son, Viktor, reaches adulthood. He is the son of his second partner, Kathinka Pitzinger, and only 20 years old – four years away from the age of majority – when Körösi dies.

Has Körösi's full trust: Otto Fontane, photographed in 1863.

"To every bookkeeper, clerk, warehouse keeper, draftsman and master craftsman serving in my shop and factories and who have served me for over 5 years, I leave 500 guilders each, and to those who have served for over two and up to five years 200 guilders each."

From Josef Körösi's will, 1868

Finally, Körösi's generosity is once again evident in his will: He leaves well over 100,000 guilders to various people, not least to his leading employees and workers as well, and in so doing, secures their loyalty definitively to the company.

Otto Fontane continues to manage the factory in the spirit of his predecessor. The workforce increases to over 1,300, and new extensions are built. With an iron hand, Fontane successfully wards off numerous attempts by Körösi's relatives to secure the position of director. He is well aware that they will not abide by the will and hand over the management to Viktor. There is some quarreling and parting of the ways.

In addition, Fontane occupies himself with Viktor as best he can, who – as sources suggest – is barely accustomed to hard work and lives off the prosperity of his adoptive father. He tries to make the young man into an entrepreneur who can live up to the example set by Josef Körösi. But apart from all the aspects of character, other difficulties are also looming.

Victor Körösi gibt hiermit im eigenen, sowie im Namen seiner Mutter und aller übrigen Verwandten die höchst betrübende Nachricht von dem Hinscheiden seines unvergesslichen Vaters, des Herrn

Josef Körösi,

Kaufmannes, Fabriken- und Realitätenbesitzers, Gemeinderathes der Landeshauptstadt Graz, etc. etc. etc.

welcher nach längerem Leiden, versehen mit den Tröstungen unserer heiligen Religion, im 57. Lebensjahre heute um 10 Uhr Vormittag selig im Herrn entschlafen ist.

Die irdische Hülle des theuren Verblichenen wird am Sonntag den 2. Februar Nachmittags 3 Uhr, im eigenen Hause, Griesgasse Nr. 1060 eingesegnet und sodann auf den Steinfelder Friedhof übertragen werden.

Das Requiem und die heiligen Seelenmessen werden Montag den 3. Februar um 9 Uhr Vormittag in der Pfarrkirche zu St. André abgehalten.

Graz, am 31. Jänner 1868.

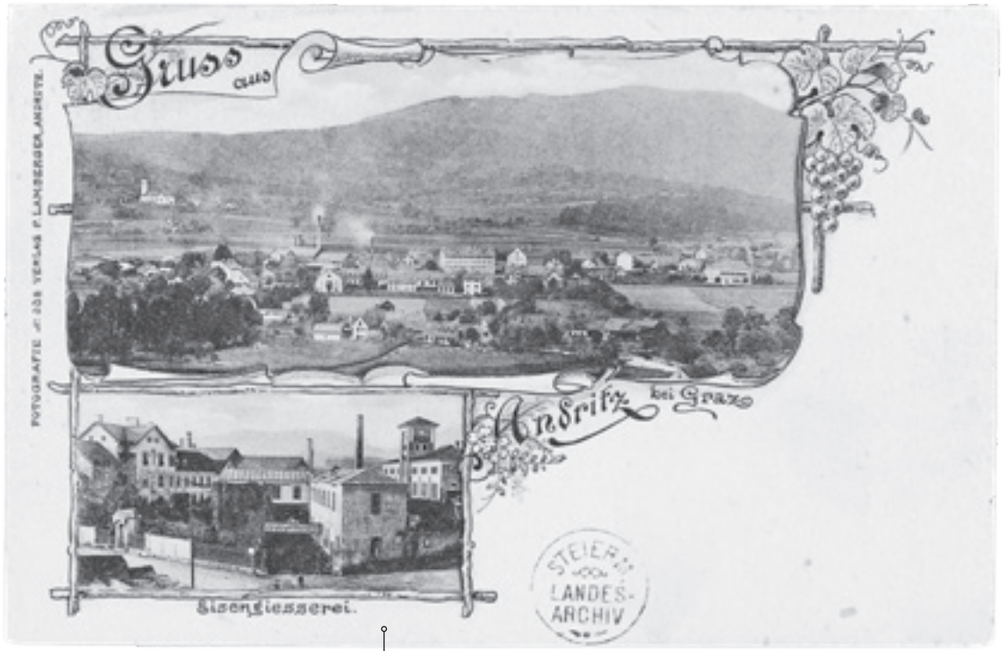
Körösi's obituary in the Grazer Tagespost newspaper on February 1, 1868.

Black Friday on the Vienna Stock Exchange, May 9, 1873.
The subsequent depression hits Maschinenfabrik Andritz hard.

VIKTOR KÖRÖSI: MANAGEMENT SUCCESSION UNDER DIFFICULT CIRCUMSTANCES

When Viktor Körösi takes over the company in 1872, the auguries are far from good: The Habsburg empire is in the middle of a difficult phase of upheaval, caused above all by the discord with its northern adversary, Prussia. To begin with, the Prussians, under Chancellor Otto von Bismarck, force Austria out of the German Confederation following Austria's disastrous defeat in the Austro-Prussian War of 1866. When the German Reich is finally established after the Franco-Prussian War in 1870/71, Austria is definitively relegated within the European "concert of power".

The weakness of the political forces in Vienna thus compels the government to accept concessions towards the important Hungarian part of the empire.



Long since a single community: Andritz and the Maschinenfabrik.

"My chain factory at the weir is to be sold. My k.k. priv. Maschinenfabrik Andritz is to be taken over by my son Victor Ludwig and managed by the technical director with assistance from Messrs. Petranek and Ortner until my son reaches the age of majority."

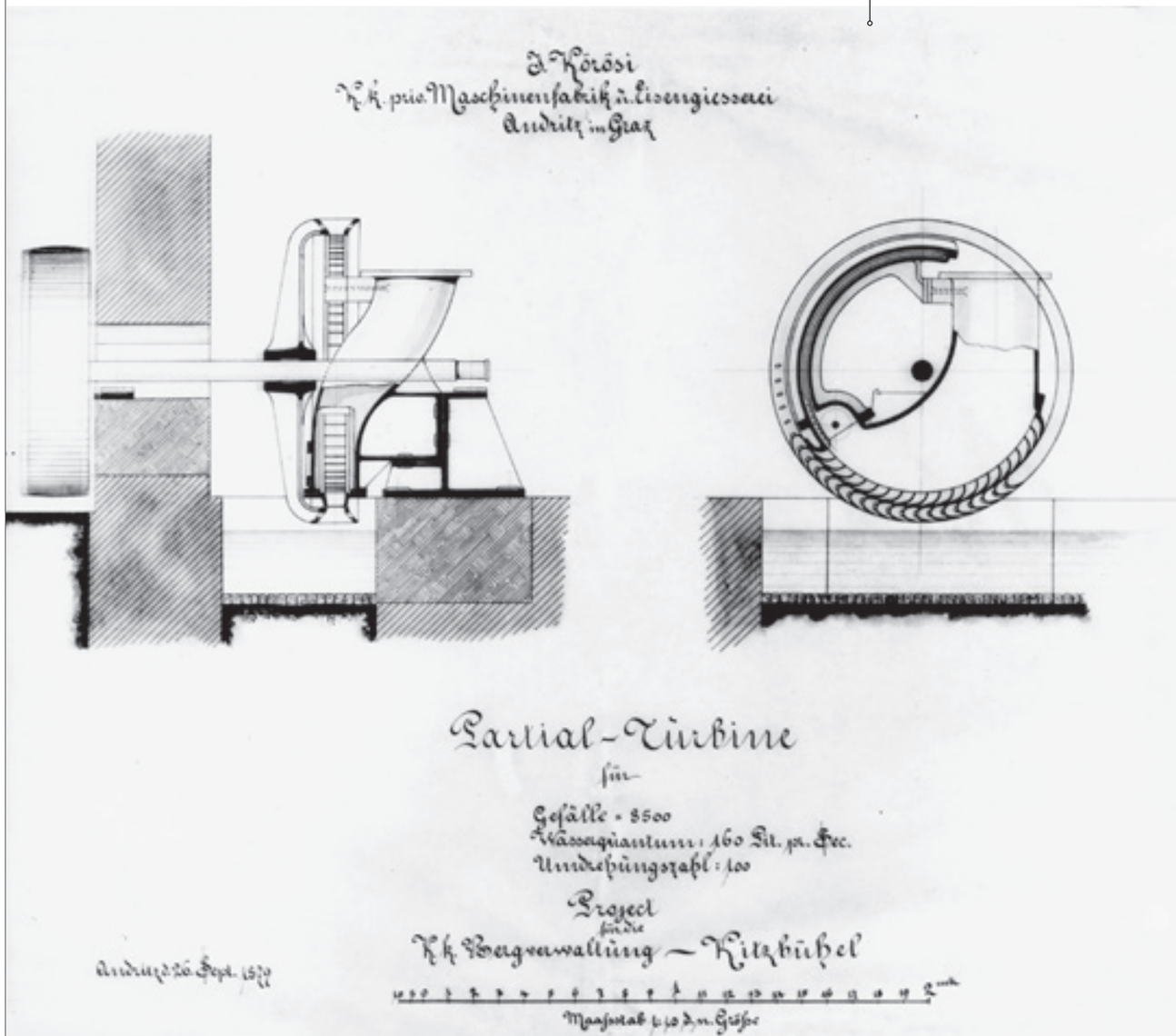
From the will of Josef Körösi, 1868

In 1867, the Austro-Hungarian dual monarchy is established. But the disintegration processes in the multinational state can only be curtailed temporarily, and independence movements soon emerge in many regions. The economic consequences of these years are also severe: Not only do many companies lose important sales markets in Germany, but there is also a united, industrial superpower on the scene in the shape of the new German Reich that is competing with Austrian manufacturers.

Under these circumstances, it turns out that Otto Fontane also miscalculated with his continuing growth plans – and

Viktor Körösi deepens the crisis by remaining on the charted course because he has substantially overestimated the capital of the company he has inherited. While labor costs continue to rise, the order books stagnate. Worse still: On May 9, 1873, share prices on the Vienna Stock Exchange fall by 90 percent. The economic bubble that formed due to rapid expansion of the railway network and progress in the iron

Also working successfully on renewable energy sources back in the 19th century: Drawing of a turbine, 1879.

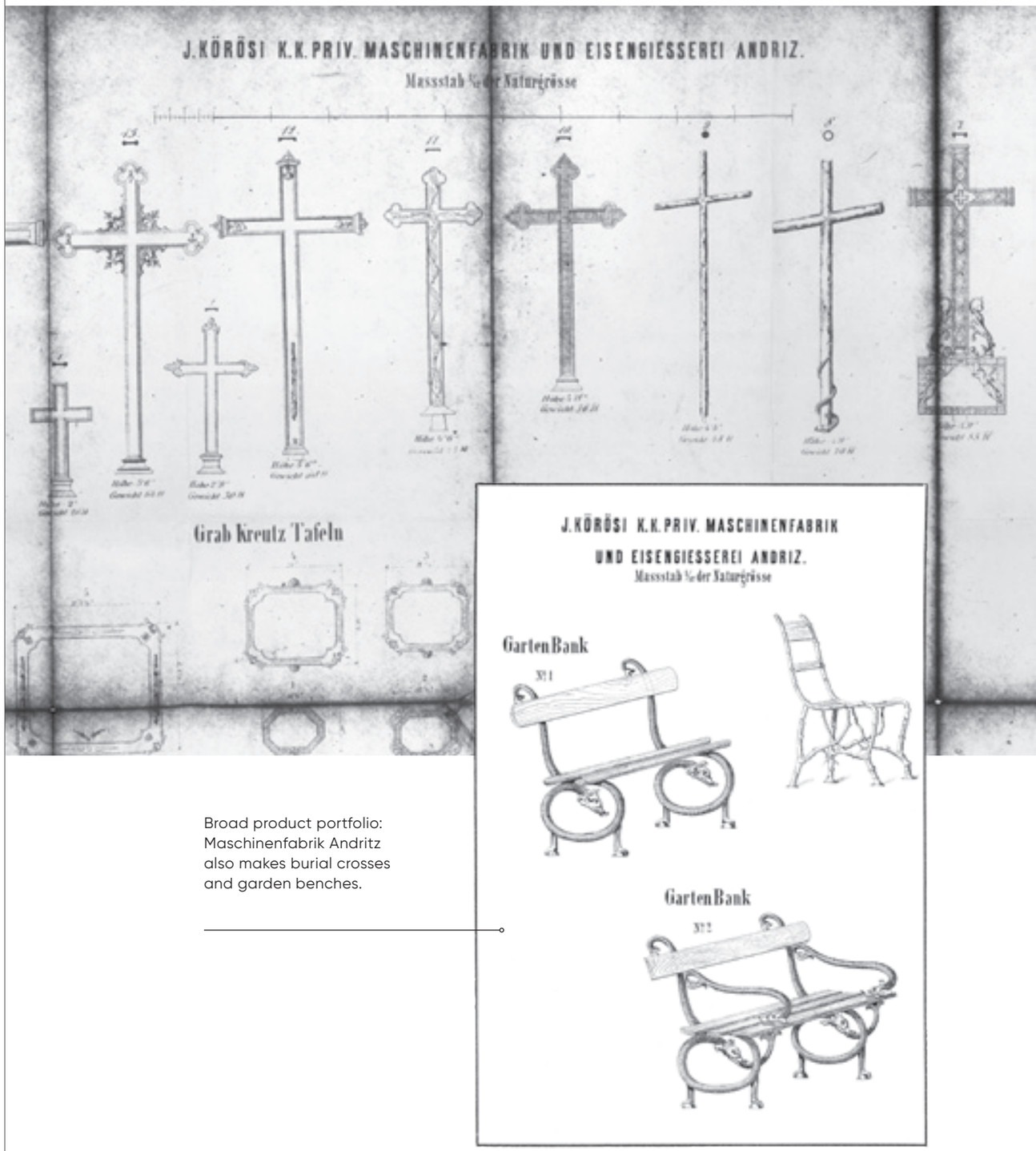


industry bursts. In Austria-Hungary alone, 120 companies immediately become insolvent. “Black Friday” will go down in history as the day that ended the worldwide phase of economic prosperity, the ”founding boom”, and heralded the worst economic crisis of the 19th century. The so-called “Great Depression” will last until the mid-1890s and hit Austria-Hungary particularly hard. The bitter irony of the matter: Just nine days before the crash, the World Fair was opened in Vienna with much pomp and there was a euphoric atmosphere in the city. Now a desperate population stands outside the Stock Exchange fighting for its livelihood. When the stock exchange crashes, the era of economic liberalism comes to an end and the euphoric faith in progress reaches its limits.

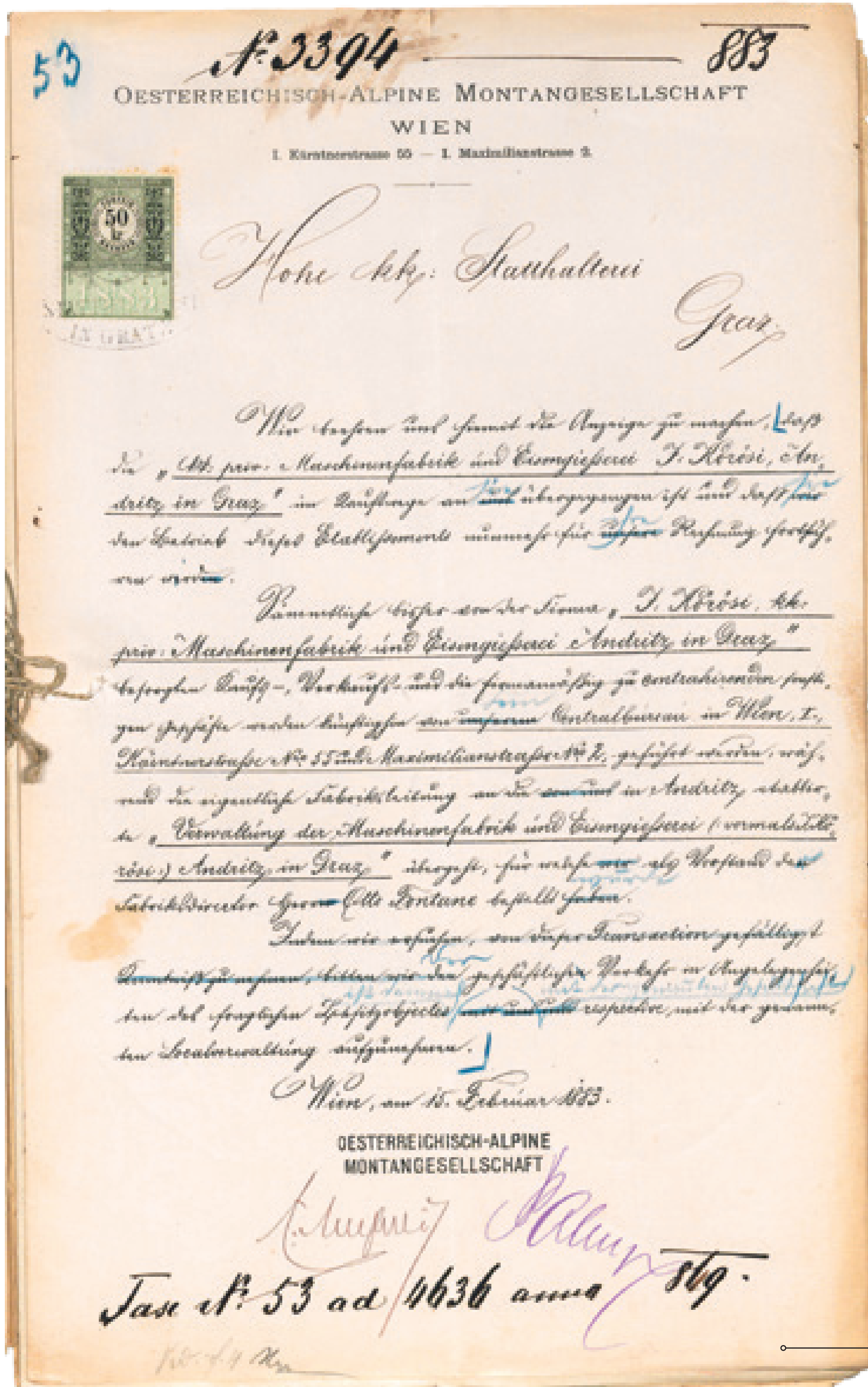
For Maschinenfabrik Andritz, the crisis has a serious impact. Production now exceeds the actual order situation. In 1873, Viktor Körösi is forced to dismiss much of the workforce and the factory has only 300 workers remaining. The machine works continues to operate, but debts are piling up. By 1878, they total around a quarter of a million. The company is constantly in the red. Otto Fontane even pays the wages out of his own pocket at times but is slowly losing patience with Viktor Körösi, who may not be entirely responsible for the crisis, but also does not know how to deal with it. The difficulties come to a head.

BANKRUPTCY OR SALE? A DECISION FOR THE FUTURE

Josef Körösi’s proud machine works is still able to survive for some time. However, a modest request underlines the extent of its plight. In 1882, two women approach the company to collect a modest claim out of Josef Körösi’s estate: The sums requested amount to 187 guilders and 40 kreuzers and to 400 guilders, respectively. But the two women are turned away – the company doesn’t even have these amounts left. It is clear that Maschinenfabrik Andritz can no longer save itself.



Broad product portfolio: Maschinenfabrik Andritz also makes burial crosses and garden benches.


Nº 3394 — 883

OESTERREICHISCH-ALPINE MONTANGESELLSCHAFT
WIEN
I. Kärntnerstrasse 55 — I. Maximilianstrasse 2

Hohe k.k. Statthalterei
Graz

Wien, am 15. Februar 1883.

OESTERREICHISCH-ALPINE
MONTANGESELLSCHAFT

Jase Nº 53 ad 4636 anno 869.

February 15, 1883: ÖAMG informs the office of the Imperial and Royal Governor that it has taken over Maschinenfabrik Andritz and its business affairs are now being handled by the central office in Vienna.

"After letters from employees in your factory asking for work were received repeatedly in Donawitz, our iron and steel works management there did not hesitate to employ workers who wished to leave their jobs anyway."

Letter to Otto Fontane from the Österreichische Alpine Montangesellschaft, 1882

A solution only emerges slowly, and it requires painful incisions: By transferring many debts, the "Österreichische Alpine Montangesellschaft" (ÖAMG) becomes the principal creditor of Andritz in 1881/82.

The joint stock company is established in 1881 as a merger of the nine biggest Styrian and Carinthian iron and steel works in order to tackle the crisis in the iron industry. Its main factory is in Donawitz, where the large iron and steel works is located. There had been a modest boom there when the town was linked to the railway network in 1868 by the line connecting the Southern Railway to the Crown Prince Rudolf Railway. Many former workers from Maschinenfabrik Andritz find work there.

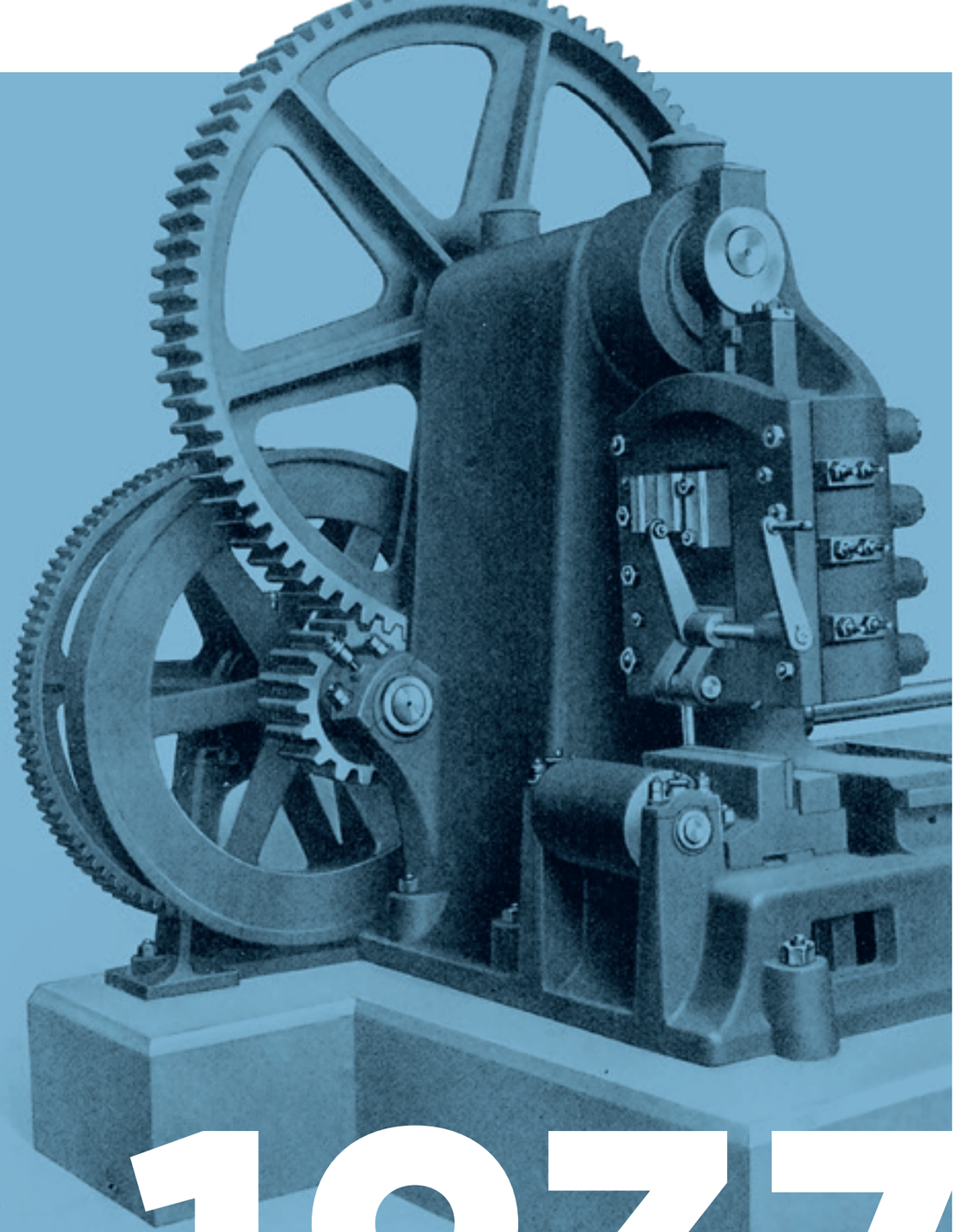
ÖAMG initiates a change in the iron industry: The production of iron is concentrated in locations with good access to the railway network. Unprofitable plants are shut down. Soon ÖAMG becomes Austria's largest industrial and mining company. Now 40% of Austrian steel is produced in Styria. The railways are further extended, and iron and coal mining expand. The iron industry in Styria is saved.

In 1882, ÖAMG purchases Maschinenfabrik Andritz for a little more than 500,000 guilders – most of this sum is already spoken for by transferred debts. As ÖAMG does not intend to break up the factory in Andritz and guarantees its continuing existence, the sale provides Fontane and, above all, Viktor Körösi with a way of safeguarding Josef Körösi's legacy.

CHAPTER 2

AT THE MERCY OF WORLD HISTORY

ANDRITZ BETWEEN CONFLICT AND CRISIS



1883 — 1937

In June 1932, it appears to be all over. Maschinenfabrik Andritz is being shut down, every sound echoes through the empty halls, the employees are laid off. Recently, there was not even any grease left for some gears that are already running dry. The large forge looks like an expanse of rubble, the rotting roof has collapsed and buried the hammers and presses beneath it. What has looked likely on several occasions before June 1932 has now become harsh reality.

The closure is not entirely unexpected. Andritz had already changed owners twice at the beginning of the century, and the political upheavals of the time do the rest: Whereas Andritz lay at the center of the Austro-Hungarian Empire, with its population of 50 million, at the turn of the century, in 1932 it is part of the Republic of Austria with a mere six million inhabitants. But despite all this, the first machines go back into operation after a 6-month shutdown. Hence, the final curtain can be averted yet again. However, the most radical change still lies ahead for the company in the 1930s.

Trio iron fines line in the old workshop, 1901.

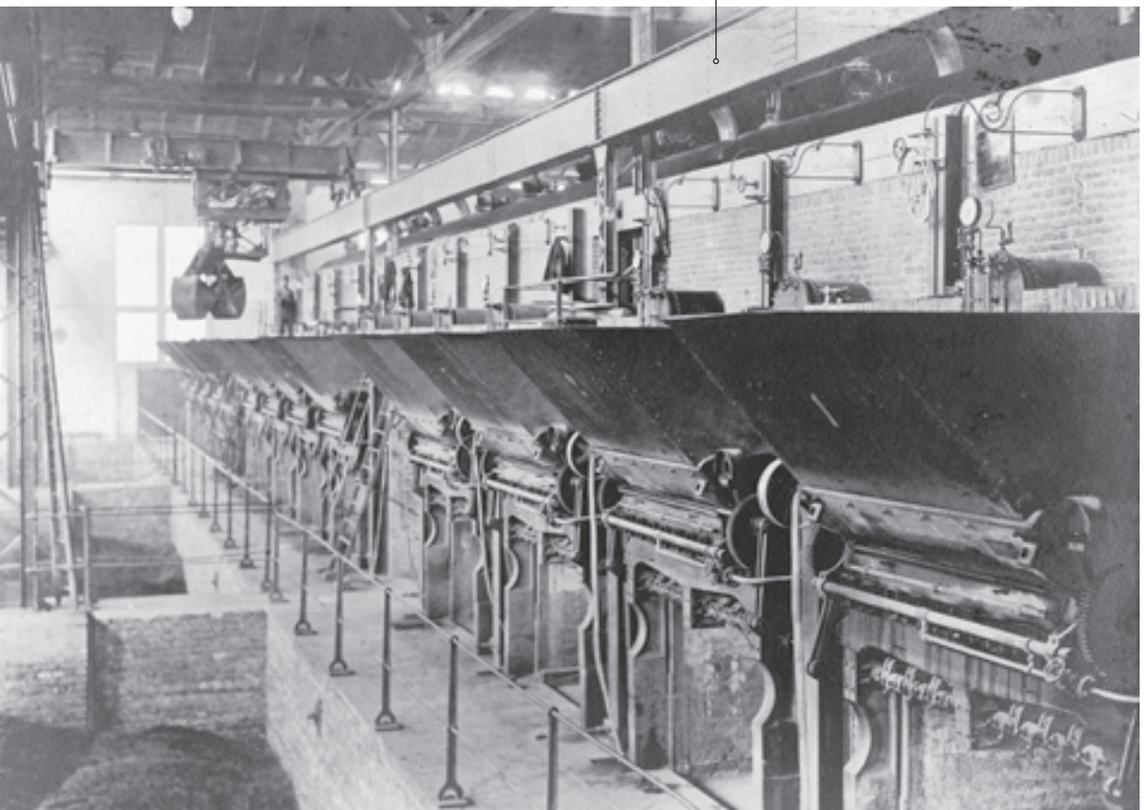
MECHANICAL ENGINEERING MADE IN ANDRITZ

However, before the machine works reaches this point, we must go back in time again by around 50 years. Integration of the Andritz works into the Österreichisch-Alpine Montangesellschaft (ÖAMG) in 1883 is a cornerstone in the structure of the new company that comprises around 30 separate operations, including mining, iron and steel works, construction workshops and machine works. ÖAMG thus becomes the largest industrial and mining company in Austria and has very close contacts to political circles. The company pursues a clear strategy here: It merges the

individual mining, iron and steel works in Styria to form several large companies that can hold their own in the face of their competitors.

This has concrete implications for Andritz: The company forfeits a large part of its independence. Now it is ÖAMG's central office in Vienna that dictates corporate policy, even though Otto Fontane retains his director's post. Maschinenfabrik Andritz is assigned a key role within ÖAMG: It is to equip the other factories within the group with modern technical equipment. As a result, the factory concentrates on building large machines, while other areas, such as bridge construction, are gradually abandoned. Andritz specializes in the production of large steam engines and rolling mills to manufacture the equipment for the Montangesellschaft's mines. In the coming years, it will produce the heaviest and most powerful metallurgical machines in the entire Danubian Monarchy. So now, Andritz not only belongs to ÖAMG, but ÖAMG is also the machine works' largest customer.

Automatic boiler firing system, 1904.



"The (...) companies will be managed in future from our central office in Vienna (...), while the actual factory management will be transferred to the management of the "Maschinenfabrik und Eisengießerei Andritz in Graz", where Otto Fontane has been appointed managing director."

Österreichisch-Alpine Montangesellschaft, February 15, 1883

In the first decade alone as part of ÖAMG, Andritz produces around 200 steam engines. In 1895, a separate department is established for steam engine construction. Acclaimed engineers work here, driving innovations in keeping with Körösi's tradition. For example, new control systems were developed, such as the "Pichler controller", a latch control device fitted to almost all machines leaving the works between 1895 and 1908. Furthermore, piston engine engineering was extended to include building of compressors for compressed air tools needed in mines.

The two Riedler combined blowing engines developed in 1898 and 1899 by Alois Riedler (1850–1936) are also designed in house. These steam engine-driven machines maintain firing in the blast furnaces of the iron and steel works. Riedler's innovation is to design blast furnace blowers with valves that open automatically. As professor and later also rector of the Technical University of Berlin, he is well-known throughout Europe and revolutionizes mechanical engineering. Riedler is one of many university professors who begin their career in Andritz.

The dimensions of these large machines and, above all, of the rolling mills become particularly evident in a "gigaproject" of the time: Andritz produces a rolling mill for shipbuilding steel plate to be supplied to the Austrian Navy's shipyards in Trieste. Chief Engineer Heiderer writes: "The drive needed to have a 10,000 HP reversible steam engine that had to operate constantly. A second steam engine with 2,000 HP was installed to drive the vertical rolls of the blooming mill. Both steam engines (...) and all the auxiliary equipment were built by Andritz." Individual elements in the plant weigh 300 tonnes – but as Andritz can only cast up to 30 tonnes, the parts are

“A huge hydraulic press applying 8,000 tonnes of pressure was needed to bend the armor plates into the shape of the ship’s hull. The order for this was awarded to Andritz.”

Chief Engineer Heiderer talking about the order for the Austrian navy

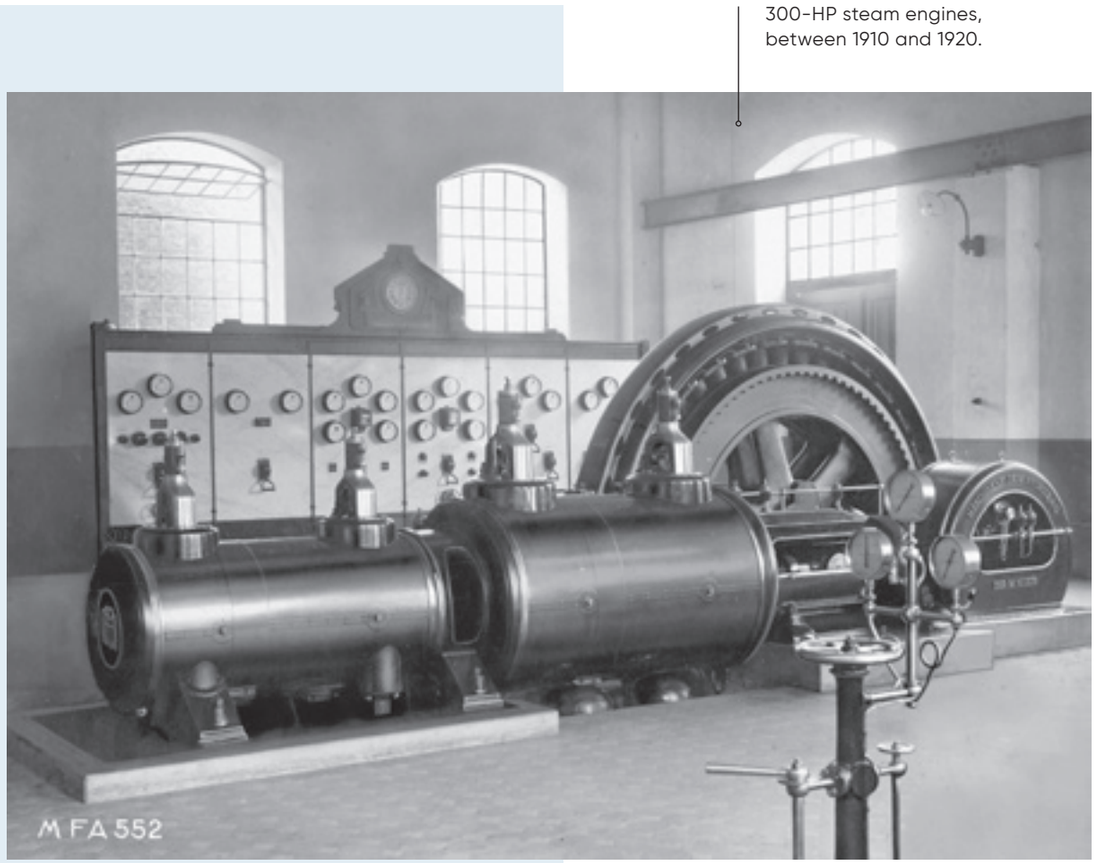
pre-cast and then assembled. The plant’s four supporting columns alone are each 10 meters long and weigh 30 tonnes each.

Of course, the company doesn’t only produce steam engines and rolling mills. Andritz also supplies compressors, roller conveyors, lifting tables and all kinds of auxiliary equipment, such as shears and saws. In addition, the factory starts building water turbines after conducting some preliminary work. ÖAMG purchases an entire 4,000 tonnes of castings from Maschinenfabrik Andritz every year. There are customers throughout Austria-Hungary: The Sudeten regions, for example, order steam-driven hauling machines and rolling mills, Hungary orders pumping machines and steam engines for power stations, and there are inquiries from Slovenia and Croatia for machinery used in iron and steel works. This makes Andritz the driving force within ÖAMG. Due to its engineers and factory workers, the machine works is successful and very profitable. So a momentous decision taken by the ÖAMG shareholders at the end of the century was all the more surprising.

FROM THE STEAM ENGINE TO THE DIESEL MOTOR

In 1769, the Scottish engineer James Watt (1736-1819) files a patent application for the steam engine. However, he did not actually invent the machine that moves a crank shaft via a system of pistons and valves driven by means of steam, thus converting thermal into mechanical energy, but rather refined and optimized it. There are many involved in the technology, but it was Watt’s drive unit that marked the beginning of the industrial age. In order to sell the steam engine to the mines more easily, Watt invents the “horsepower “(HP) unit of measurement for the output of the machines that were to replace pit ponies. With this comparison, he demonstrates that a steam engine can lift much more than a pony and makes this machine a success. His steam engine can soon drive several machines, and industrial mass production then becomes possible. Ships and locomotives driven by steam engines revolutionize the transport of goods and passengers.

The age in which the Andritz engineers, as part of ÖAMG, produce large steam engines is part of the final golden age of steam engine building. The steam pressure and piston speeds are now further increased, the control unit modernized by new designs to finally reach its limits. At the turn of the 20th century, the steam engine is replaced by electric and combustion motors, which, in turn, can achieve a significantly higher output. Those who change to diesel motors at an early stage gain a clear competitive advantage as a result.



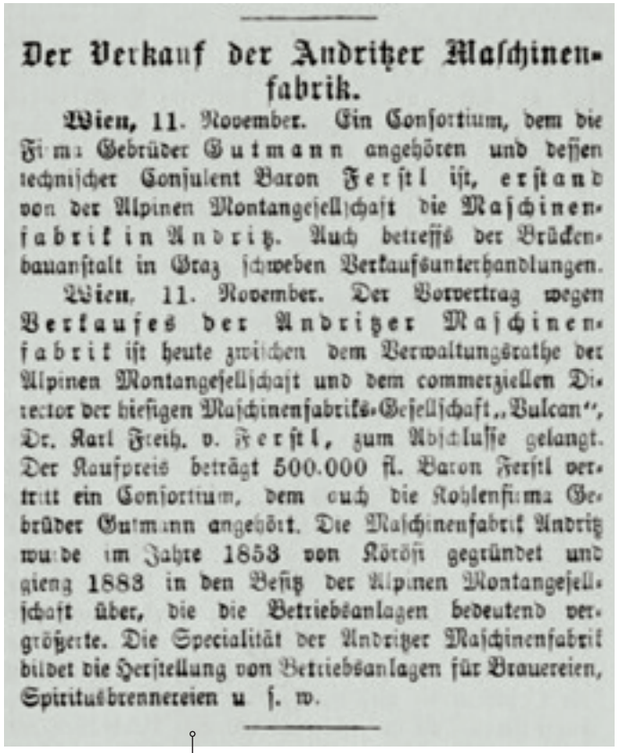
300-HP steam engines, between 1910 and 1920.

"MASCHINENFABRIK ANDRITZ ACTIENGESELLSCHAFT": FROM ÖAMG TO THE GUTMANN BROTHERS

A report that attracts a lot of attention circulates through the daily newspapers in Vienna in March 1900: Prime Minister Ernest von Koerber has approved the establishment of a new joint stock company. Normally, this would not be on the agenda of a prime minister, but this case has become a top priority. And Maschinenfabrik Andritz is right in the midst of it.

Maschinenfabrik Andritz as shown on a picture postcard.

The shareholding majority in ÖAMG changes several times in the course of its history. In 1897, the industrial magnate Karl Wittgenstein (1847–1913) was ÖAMG's largest shareholder. Wittgenstein plays a prominent role in the Austro-Hungarian coal and steel industry and is the father of the well-known philosopher Ludwig Wittgenstein. He strives to take hold of all the production processes in the iron and steel industry, from coal and iron mines to iron and steel works and on to their subsequent processing and sale. By doing so, he has the largest iron cartel in Austria-Hungary. Production is constantly optimized and streamlined for efficiency. Unprofitable factories are closed down and the employees are laid off. Wittgenstein pays little attention to the social consequences of his actions. This triggers strong protests from the workers and also customers, particularly as Wittgenstein controls the market and can thus dictate prices. Although the Austrian government itself is a large customer of Wittgenstein's, it is ultimately forced to intervene: Vienna mounts an inquiry into the company's business practices.



Der Verkauf der Andritzer Maschinenfabrik.

Wien, 11. November. Ein Consortium, dem die Firma Gebrüder Gutmann angehören und dessen technischer Consulent Baron Ferstl ist, erstand von der Alpinen Montangesellschaft die Maschinenfabrik in Andritz. Auch betreffs der Brückenbauanstalt in Graz schweben Verkaufsunterhandlungen.

Wien, 11. November. Der Vorvertrag wegen Verkaufes der Andritzer Maschinenfabrik ist heute zwischen dem Verwaltungsrathe der Alpinen Montangesellschaft und dem commerziellen Director der hiesigen Maschinenfabriks-Gesellschaft „Vulcan", Dr. Karl Freih. v. Ferstl, zum Abschlusse gelangt. Der Kaufpreis beträgt 500.000 fl. Baron Ferstl vertritt ein Consortium, dem auch die Kohlenfirma Gebrüder Gutmann angehört. Die Maschinenfabrik Andritz wurde im Jahre 1853 von Körösi gegründet und gieng 1883 in den Besitz der Alpinen Montangesellschaft über, die die Betriebsanlagen bedeutend vergrößerte. Die Specialität der Andritzer Maschinenfabrik bildet die Herstellung von Betriebsanlagen für Brauereien, Spiritusbrennereien u. s. w.

Also a topic in the press: sale to the Gutmanns, Grazer Tagblatt newspaper on November 12, 1899.

In this conflict situation, Karl Wittgenstein resigns from all positions in 1898 and sells his industrial holdings – this is tantamount to an earthquake in the Austrian economy as numerous companies now undergo a change of ownership. The majority shareholding in ÖAMG is transferred to the Prager Eisenindustrie-Gesellschaft in 1899. This

Max Gutmann (1857–1930) takes over Maschinenfabrik Andritz in 1900.

leads to a complete transformation of ÖAMG. The management is removed from office and all of the plant directors are replaced. The management of "Prager Eisen" decides in favor of complete centralization: All important plants around Donawitz are to be amalgamated and Donawitz itself substantially expanded. In order to fund this expansion, several factories are sold off – including Maschinenfabrik Andritz.

A buyer is quickly found: In 1900, one of ÖAMG's coal suppliers, the Gutmann group, takes over Andritz. The final contract has not survived, but the preliminary agreement says: The purchase price for intellectual property, such as models, drawings and patents, amounts to 200,000 and for real estate and operational stock 300,000 guilders, not including construction materials and operational assets. On March 30, 1900, the works becomes a joint stock company – after being scrutinized by the government in Vienna. The machine works in Graz is now integrated into

"In agreement with the ministers concerned, Dr. Karl Freiherr von Ferstel, factory director Paul Schiff and Friedrich Freiherr von Sochor, engineer, all of Vienna, the Prime Minister has granted the authorization to establish a joint stock company under the name of Maschinenfabrik Andritz Actiengesellschaft, with headquarters in Vienna, and approved its articles of incorporation."

Neues Wiener Journal daily newspaper, March 16, 1900

the Gutmann group under the name of "Maschinenfabrik Andritz Actiengesellschaft".

However, the acquisition of Andritz is a financial challenge, even for the Gutmann group. Max Gutmann had joined forces beforehand with two business partners, Baron Eduard von Sochor (1833–1916) and Karl von Ferstel (1865–1926). Max Gutmann purchases 80 percent of the shares. However, it seems that the engineer did not involve himself in the company's operations. The directors' positions are left to the two barons. Under their management, the product portfolio of Maschinenfabrik Andritz is realigned and expanded considerably.

Changing of shifts in the Andritz factory yard, around 1900.

REAL ANDRITZERS: THE GUTMANN BROTHERS

The Gutmann family comes from the small town of Leipnik in Moravia (today part of the Czech Republic). It achieves prosperity and fame through the brothers Wilhelm (1826–1895) and David Gutmann (1834–1912).

Although they come from a poor background, they both have close connections to the bourgeois and aristocratic elite of their time. Their father dies at an early age, and Wilhelm Gutmann, as the eldest, must find ways of supporting his family. He sets his sights on the rapidly growing coal industry and, like Josef Körösi, Gutmann soon recognizes the opportunities provided by industrialization and devotes himself to its most important energy source. In 1851, he founds the "I.W. Gutmann" trading company.

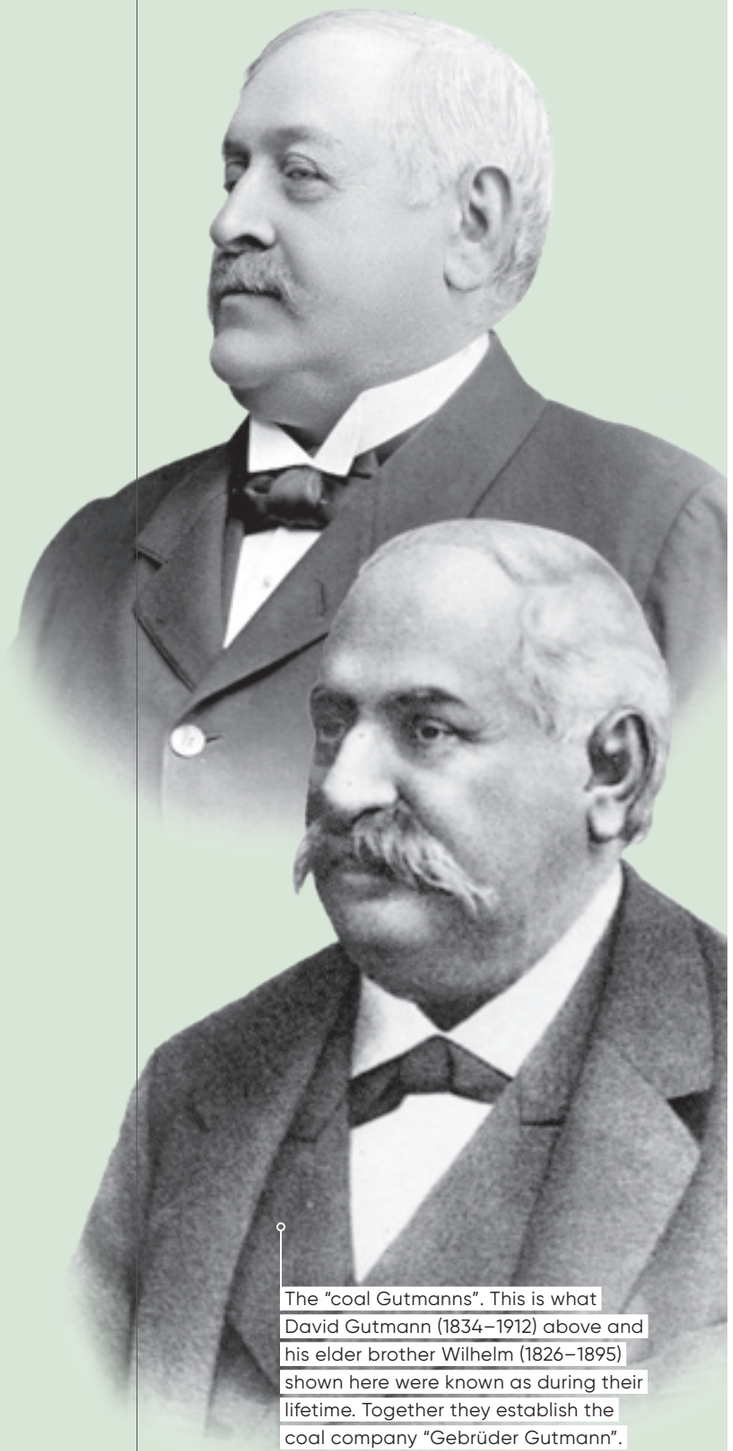
Although he barely has any capital, he quickly gains the trust of some railway companies who have him supply them with coal. After this initial success, the astute businessman methodically extends his trading network: Within just a few years, Gutmann dominates the coal trade in Vienna, where consumption of hard coal increases by a factor of 30 up to the end of the 19th century. Gutmann also sets up companies in Prague and Budapest.

In 1856, Wilhelm and David Gutmann launch their company, "Gebrüder Gutmann", which grows to become the largest coal company in Austria-Hungary. When the company purchases two coal mines in Silesia in 1865, it starts producing coal. In the same year, the brothers join forces with Anselm von Rothschild (1803–1874) to expand the Vitkovice Mining, Iron and Steel Works into a leading mining company. In 1872, the Gutmann brothers purchase a 50 percent share in the company.

The Gutmann group's investments in companies in and outside Austria-Hungary are a cornerstone of its success. The company operates in iron and steel production, coal mining and coal trading, but also has factories producing sugar, white spirit and soda. A railcar factory and a mineral oil processing plant are also part of the group. In addition, the company invests extensively in land.

David Gutmann spends many years as the first president of the Israelitische Allianz in Vienna and as chairman of the Baron-Hirsch-Stiftung for Jewish primary education in Galicia. Wilhelm Gutmann also heads the Israelitische Kultusgemeinde in Vienna as its president for one year. Together they support several humanitarian organizations and are the founders of an orphanage for Jewish girls in Vienna. In 1878, they both receive a knighthood for their accomplishments.

From two marriages Wilhelm Gutmann has six children, including Rudolf Gutmann (1880–1966) and his principal heir Max Gutmann (1857–1930). The latter substantially extends his family's property, even receiving a peerage, and is later a member of the Imperial Council. His good contacts in the highest of circles in Vienna and his political ties guarantee that the family's companies always receive new orders.



The "coal Gutmanns". This is what David Gutmann (1834–1912) above and his elder brother Wilhelm (1826–1895) shown here were known as during their lifetime. Together they establish the coal company "Gebrüder Gutmann".

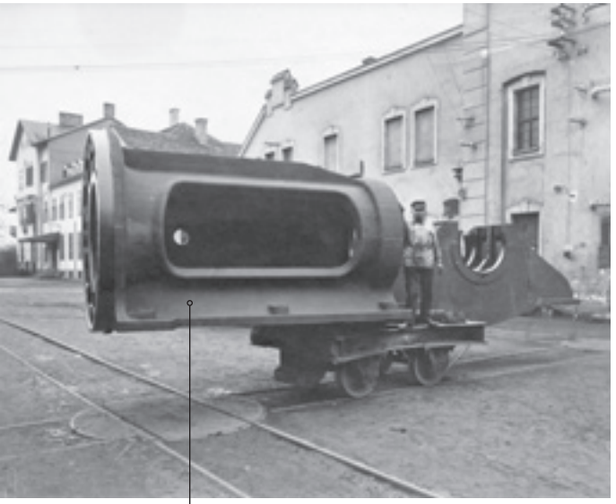
TUNNEL CONSTRUCTION BRINGS AN UPWARD TREND

Although Maschinenfabrik Andritz is part of a large group once more, the company must play a more active role again in marketing and sales within the group: After 17 years as de facto sub-supplier within ÖAMG, namely, within its own group of companies, Andritz must first make a name for itself again on the market. While nothing has changed in the quality of the work, there has been no direct customer contact over the years of acting as a sub-supplier within the group.

"Baron, save your efforts – Andritz cannot build these installations."

The Minister of Railways to Baron Socher in 1901

The initial situation here is not so easy: Construction work on the largest Austrian railway lines with their broad rail network is complete for the time being. Only a few shorter sections are still being built, for example the Tauern railway as from 1901 – a rail link between Salzburg and Spittal in Carinthia



Steam blower, 1912.

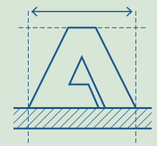
Transportation of a casting made by Andritz in 1908. Ten pairs of horses are needed to transport the rolling mill part weighing many tonnes.

– a second rail link to Trieste and a railway line from Linz via Rohr-Bad Hall to Selzthal, crossing larger parts of Upper Austria and Styria. These new construction projects are much sought after by the remaining companies in this sector, and Andritz also determinedly tries its luck, particularly to supply tunneling machinery. And then comes an episode that is typical of Andritz.

The Technical Director, Baron Socher, pays a call to the Minister of Railways to promote the project. But the minister simply replies: "Baron, save your efforts – Andritz cannot build these installations." However, Sochor is not satisfied with this response and is ready with a prompt answer. "You can have these projects and quotations in three days." The Minister seems to like this reaction and he instructs his colleagues with a smile: "Then give the Baron the documents."

There is hectic activity at Maschinfabrik Andritz for the next 72 hours. Chief Engineer Heiderer puts together the design documents for the machinery in a total of eight construction projects. The Minister had not expected this achievement and the unlikely occurs: Andritz receives all of the orders for construction of the tunnels. In one fell swoop, the factory is fully booked for the next three years with this order volume, comprising turbines and fans for the ventilation equipment and compressors for rock drilling machines. In recognition of his achievement, Heiderer is appointed project supervisor. It is largely due to him that the company regains momentum.

The government order for the railway radiates a positive effect and is a milestone in the company's history: Other large companies now also become aware of the Graz company again. After a first joint project is concluded successfully, Benrather transfers all of the crane construction orders it has been awarded in the Austro-Hungarian market to Maschinenfabrik Andritz. In 1906, a separate crane construction department is created at Andritz, which, in turn,



A LEADING FIGURE: CHIEF ENGINEER HEIDERER

Heiderer has been one of the senior engineers at Andritz for decades. Little about him has been handed down, and he only appears regularly in connection with the many large projects for which he is responsible. He remains faithful to Andritz throughout all the upheavals – between ÖAMG, "Prager Eisen" and the Gutmann group.

Heiderer is a quiet and conscientious engineer who acts mainly in the background; he lives a certain understatement. Whereas Baron Sochor secures apparently impossible orders, Heiderer analyzes the situation aptly and, in the end, can present solution proposals – at any time of the day or night. Heiderer leaves Andritz in 1905 to build up the Böhler AG steel works with a colleague. But he maintains close connections with his former company and sources most of the machines for the Böhler works in Graz.

Andritz employees at the main railway station in Graz with rolling and strip processing equipment, 1910.

achieves a considerable size and contributes towards the company's growing success.

The same year, a separate department is also created for construction of high-pressure centrifugal pumps, which deals with pumps for waterworks and pumping equipment for coal mines. Andritz soon leads the market in this field. The high-pressure centrifugal pumps are used in almost all the large coal mines in Austria-Hungary, with particularly large numbers delivered to the coal fields in Ostrava and Bohemia due to the good contacts the shareholders have. Andritz builds around 1,000 centrifugal pumps between 1906 and 1914.

"You can have these projects and quotations in three days!"

Baron Sochor to the Minister of Railways in 1901

Thus, the company is achieving growth again up to the eve of the First World War. From 1900 to 1914, the number of employees varies between 1,000 and 1,200. Contact with ÖAMG soon resumes, the leading figures

enjoy friendly relations and Andritz continues to supply equipment for the ÖAMG works. In doing so, Andritz has also made a name for itself as an efficient company. Andritz supplies all prominent industrial companies in Austria-Hungary and the surrounding countries, and these customers are very satisfied. In spite of several changes of ownership, Andritz is able to establish itself after the death of Josef Körösi and the quality of its work prevails time and again. But now, an entirely different disaster threatens Europe: The First World War breaks out.

SUDDEN CHANGE TO ARMS MANUFACTURER: ANDRITZ IN THE FIRST WORLD WAR

Sarajevo, June 28, 1914. Franz Ferdinand, the heir to the Austrian throne and nephew of the Emperor Franz Joseph, and his wife are visiting the Bosnian capital. Bosnia and Herzegovina were annexed by Austria-Hungary in 1908 but had been under the rule of the Imperial and Royal monarchy since 1878. Conflicts with Serbia, which also makes claims to this area given the strong Serbian minority living there, intensify following the annexation. The date of

Grazer Volksblatt

Kriegserklärung an Serbien.

comte Berchtold.

Das Handschreiben des Kaisers.

Lieber Graf Stürgkh!

Newspaper report on the day of Austria-Hungary's declaration of war on Serbia, July 28, 1914.

Ausgabe um 12 Uhr mittags.

Illustrirtes Wiener

Extrablatt.

Nr. 178. Wien, Montag, 29. Juni 1914. 43. Jahrgang.

Erzherzog Franz Ferdinand und seine Gemahlin als Brautpaar.

Die Ermordung des Thronfolgerpaares.

Bericht von Augenzeugen über die beiden Attentate.

Erzählung des Attentäters Princip, der den ersten Attentäter festnahm.

The biggest news in the press on June 29, 1914: the murder of the heir to the throne and his wife.

the visit is considered a provocation by Serbian nationalists.

The 19-year-old Serbian nationalist Gavrilo Princip assassinates the couple as they ride through Sarajevo in an open carriage and triggers a diplomatic crisis that continues to escalate. Austria-Hungary is struck at the heart, the humiliation and outrage are enormous. Its reactions, spurred on by its German ally, are correspondingly heated and over-hasty. Dispatches and ultimatums fly between the European capitals. On July 28, Austria-Hungary, strengthened by assurances from Berlin, declares war on Serbia. As from this moment, the fatal concatenation of alliances can no longer be contained. One after the other, Russia, France, the German Reich and the United Kingdom mobilize, and the declarations of war follow shortly after: Within a matter of weeks, the crisis has become a conflict between major powers. Austria-Hungary expects a rapid campaign against Serbia in order to achieve its political goals in the Balkans and is not prepared economically for a longer-term conflict.

"When the First World War began in 1914, all current orders in industry were canceled; there was widespread unemployment, also at Andritz."

Chief Engineer Heiderer on the outbreak of war

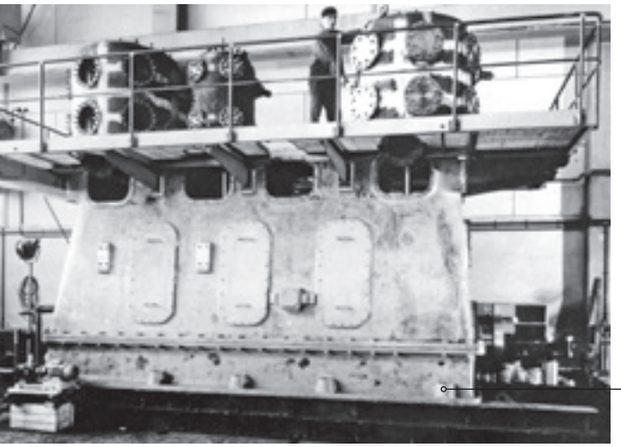
The outbreak of war hits Andritz in a very good phase economically. All current orders are now canceled, and many workers have to be laid off. But it soon becomes clear that the war will not be a rapid victory march – and this has enormous consequences for the economy and for society. Andritz is also affected: A military manager is assigned to the factory. He adapts production largely to military needs. Andritz is to provide heavy industry in Austria with the equipment needed to supply the war effort, mainly bullet presses and electrically driven rolling mills, for gun barrels for example.

In addition, the factory supplies large quantities of 10.5-centimeter shrapnel heads, produces 7.5-centimeter grenade shells and, later in the war, 42-centimeter

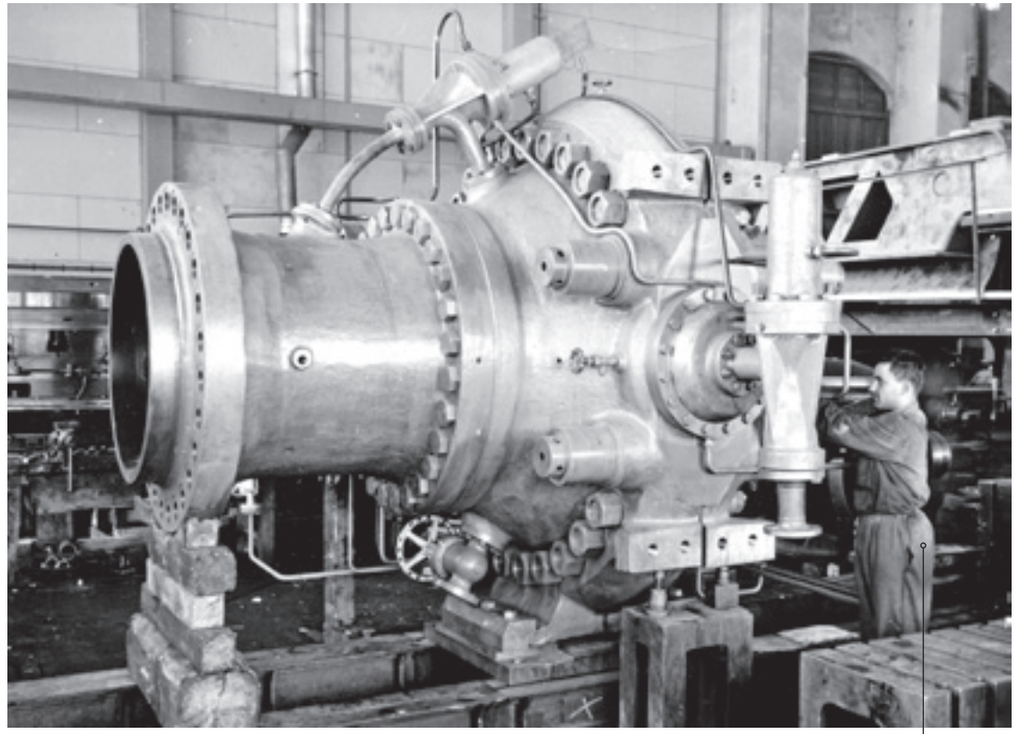
Advertisement, 1916.

coastal artillery. The foundry also produces the bodies for hand grenades. Ammunition wagons are manufactured in the crane construction shop. And steam engine construction has a full workload as well due to the war industry. Only turbine building suffers as a result of reduced civilian production. The main customers of Maschinenfabrik Andritz are the well-known iron and steel mills, such as the Vitkovice Mining, Iron and Steel Works.

As a result, the economic downturn in Styria caused by the war is rapidly overcome. As from 1915, the "Iron Country" is one of the most important armament centers of the entire Monarchy. The bulk of the weapons used by the Imperial and Royal Army are made of Styrian steel. In 1916, the output of iron ore from the Erzberg reaches five million tonnes, twice as much as before the war. But it is not possible to make up for the losses on the various fronts and the high cost of the wartime economy in the long term: As of 1917, there is a massive shortage of labor, and raw materials are also in short supply. In 1918, the Styrian economy is again on the verge of collapse. Only 40 percent of the bread needed can be produced, and there is no longer any milk. Around 43,000 Styrians die at the front.



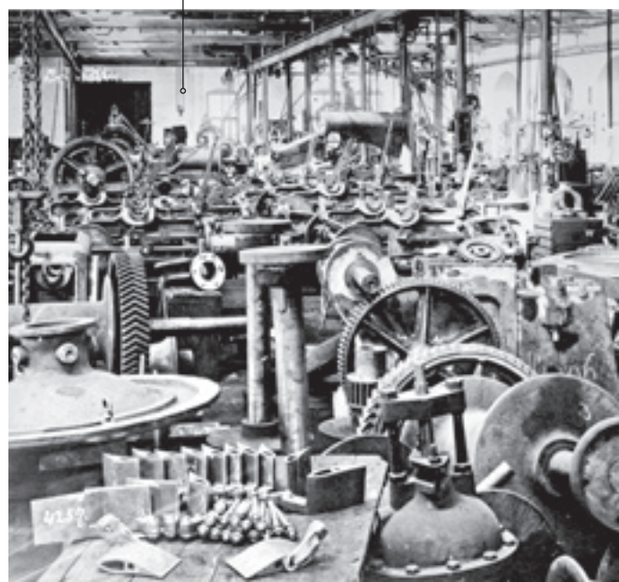
Employees on a platform in the production shop, 1914.



Employees next to a spherical valve with a removable weir, 1914.

Towards the end of the war, Maschinenfabrik Andritz has around 1,200 employees. The company has to do without the many specialized workers who have been enlisted, but it is assigned prisoners of war. However, the shortage of raw materials is also increasingly affecting the armaments industry. Piles of turning chips up to six meters high are stacked over the entire width of the factory yard – there is no fuel available to melt them down. Thus the factory becomes slower and slower – until it finally comes to almost a complete halt for a short time at the end of the war.

Old production shop from the inside, 1914.



PAINSTAKING RECONSTRUCTION, MISSED OPPORTUNITIES AND A HARD-EARNED UPSWING

Almost 640 years: That is how long the Habsburg rule lasted. The end of the war that the monarchy itself has brought about initiates its fall. Of course, it ended symbolically on November 21, 1916 upon the death of the Emperor Franz Josef, who had been on the throne for 68 years. This gives the separatist movements a strong boost. Franz Josef's successor, Karl, can no longer prevent defeat and the fall of the monarchy. Just under two years later, the multinational state falls apart: On October 21, 1918, the "Democratic Republic of German Austria" is proclaimed and one week later the Democratic Republic of Czechoslovakia. On October 29, Slovenia and Croatia declare their independence and join forces with Serbia to form a kingdom that will soon be known as Yugoslavia. Hungary declares its independence on October 31, and the Habsburg Empire is finally history. The multinational empire disintegrates into many small

Very much in demand in the 1920s: Andritz centrifugal pumps.

Chancellor Karl Renner at the signing of the Peace Treaty in Château Saint-Germain-en-Laye, September 10, 1919.

"The Allied and Associated Governments affirm and Austria accepts the responsibility of Austria and her Allies for causing the loss and damage to which the Allied and Associated Governments and their nationals have been subjected as a consequence of the war imposed upon them by the aggression of Austria-Hungary and her Allies."

Peace Treaty of Saint-Germain, Article 177

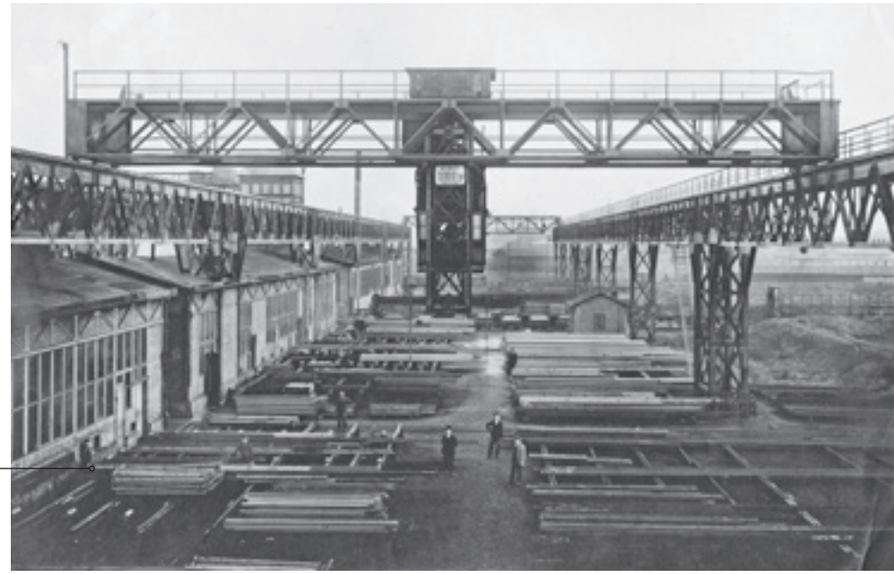
units. All of a sudden, only six million inhabitants are now ruled from Vienna.

When the Peace Treaty of Saint-Germain is signed on August 29, 1919, war guilt is assigned to Austria and her allies, and the national boundaries are redrawn. Styria loses one quarter of its territory when Lower Styria is separated from it. As the domestic market has shrunk, Styrian companies are forced to make contact with foreign companies. What then happens is a sellout of Styrian industry: Many companies are transferred entirely or largely to foreign owners. Also ÖAMG, which falls into the hands of an Italian group first of all, then goes to the German industrialist Hugo Stinnes and in 1926 to the Vereinigte Stahlwerke Düsseldorf.

Austria's decimated territory is cut off from the supply of goods from the former lands, all trade relations are lost. Raw materials are scarce – without coal, the factories stand idle and unemployment intensifies. The country also suffers from high inflation because the war had been financed on credit – victory was expected, and the losers were supposed to pay the price. It is not until the second half of the 1920s that the economy recovers a little, due among other things to the expansion of hydro-

Borders of the much smaller Austria after the First World War.

Transport crane for iron bars, between 1914 and 1920.



electric power stations, railways and roads as well as new foreign trade. Nevertheless, unemployment remains fairly high at around 10 percent.

At Andritz, the company also takes a long time to pick up again from where it left off before the war. The prisoners of war can leave the plant quickly and factory employees gradually return from the front, weak and exhausted. In spite of all the stresses and strains, they set about keeping operations running amidst the general chaos and prepare the factory for new civilian orders. Salvaged material that can still be used is collected and stacked, and the machinery, which has been extended during the war but also severely damaged, is refurbished.

"Austria hereby recognises and accepts the frontiers of Bulgaria, Greece, Hungary, Poland, Roumania, the Serb-Croat-Slovene State and the Czecho-Slovak State as these frontiers may be determined by the Principal Allied and Associated Powers."

Peace Treaty of Saint-Germain, Article 89

Steam crane, 1920.

Once more, the long-term connections to ÖAMG turn out to be an advantage as this customer also has the first large orders again for Andritz – a 16,000-horsepower engine. Contacts to former customers abroad are soon restored (in Italy, Romania, Poland, Russia, Yugoslavia), and Works Director Karl König visits all previous customers and can establish new business relations in the process. The mechanical engineering department is revived for a short period.

The workforce reaches the pre-war level again.

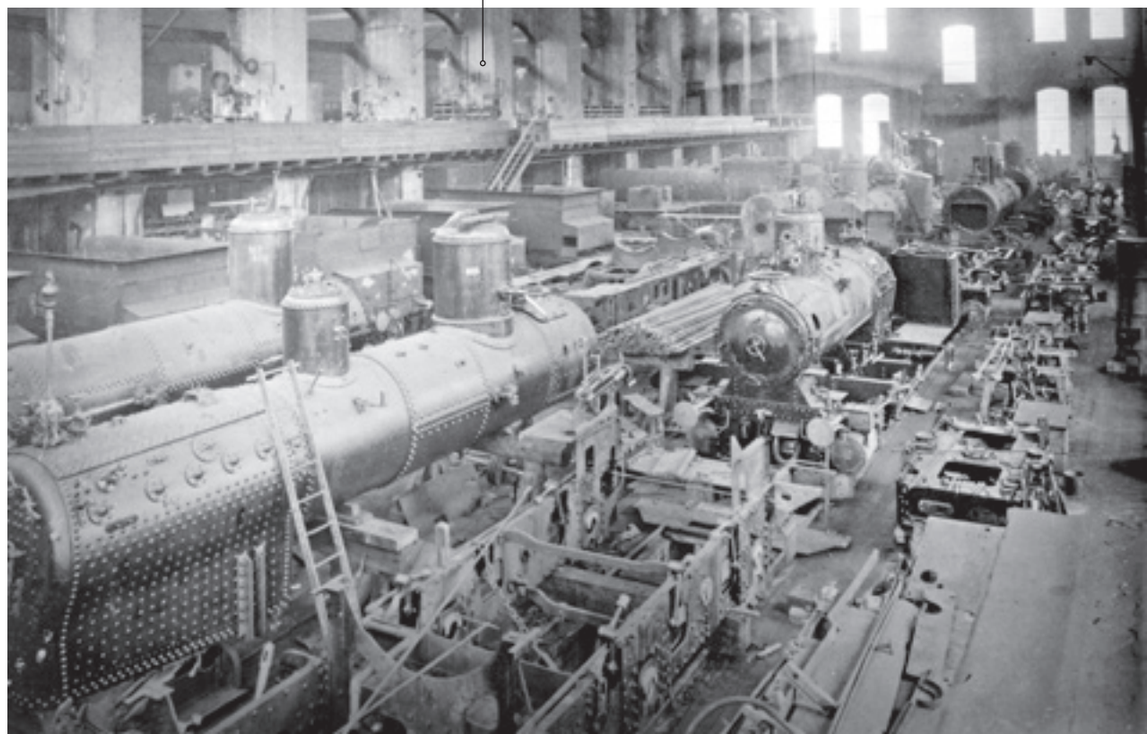
But the effects of the war years, the lack of raw materials and the unstable economic situation have all left their mark. As a result, the management acts cautiously and is reluctant to invest. For example, Andritz dispenses for the time being with any applications for licenses and patents for the diesel motor, which causes another technical revolution in the factories. Also the latest invention, the Kaplan turbine by the Styrian engineer Viktor Kaplan and a further development of the Francis turbine from 1913, passes Andritz by. The era of large-scale orders has gone for the moment as more adventurous competitors now overtake Andritz technologically in this field

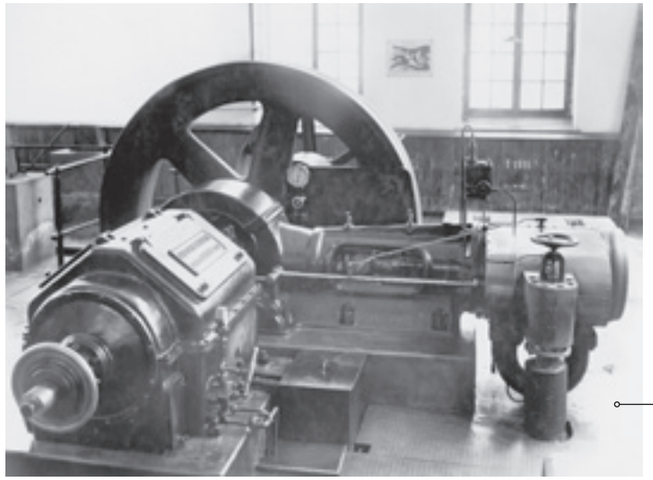
In the first half of the 1920s, there are more orders from factories producing consumer goods and food that fill the Andritz order books, which likewise demonstrates how diversified the factory is. Andritz supplies various machines to sugar mills and distilleries, dairies, breweries, chemical works, and paper mills. A large vote of confidence comes with the order from the Technical University of Graz to manufacture a compound and twin engine with condensation that is intended for teaching and production purposes.

When a coal shortage begins in Austria in 1925, it presents Andritz with an unexpected opportunity: The coal shortage leads to more hydroelectric power plants being built, and these plants need large turbines from Andritz. Once again, Andritz can play at the top of the league. The company purchases execution licenses for propeller turbines from the German turbine builder Fritz Neumayer AG and retains two specialists in turbine and governor construction when this company is liquidated. The investment pays off: Andritz develops hugely successful designs resulting in many new orders in Austria and other countries. The most important large order comes from the Achensee power station, commissioned in 1927 and the largest water storage power plant in Austria, to supply the intake and dam equipment.

The large orders in turbine construction radiate a positive effect. And now crane building also gains momentum. This is because Andritz often supplies heavy cranes weighing up to 60 tonnes together with the turbines for expansion of the power stations – and there are also large orders from the national railway and Styrian coal mines for this segment. Particularly remarkable: Germany – the land of mechanical engineers – is also among the many foreign customers.

Glimpse inside the locomotive repair hall, around 1920.



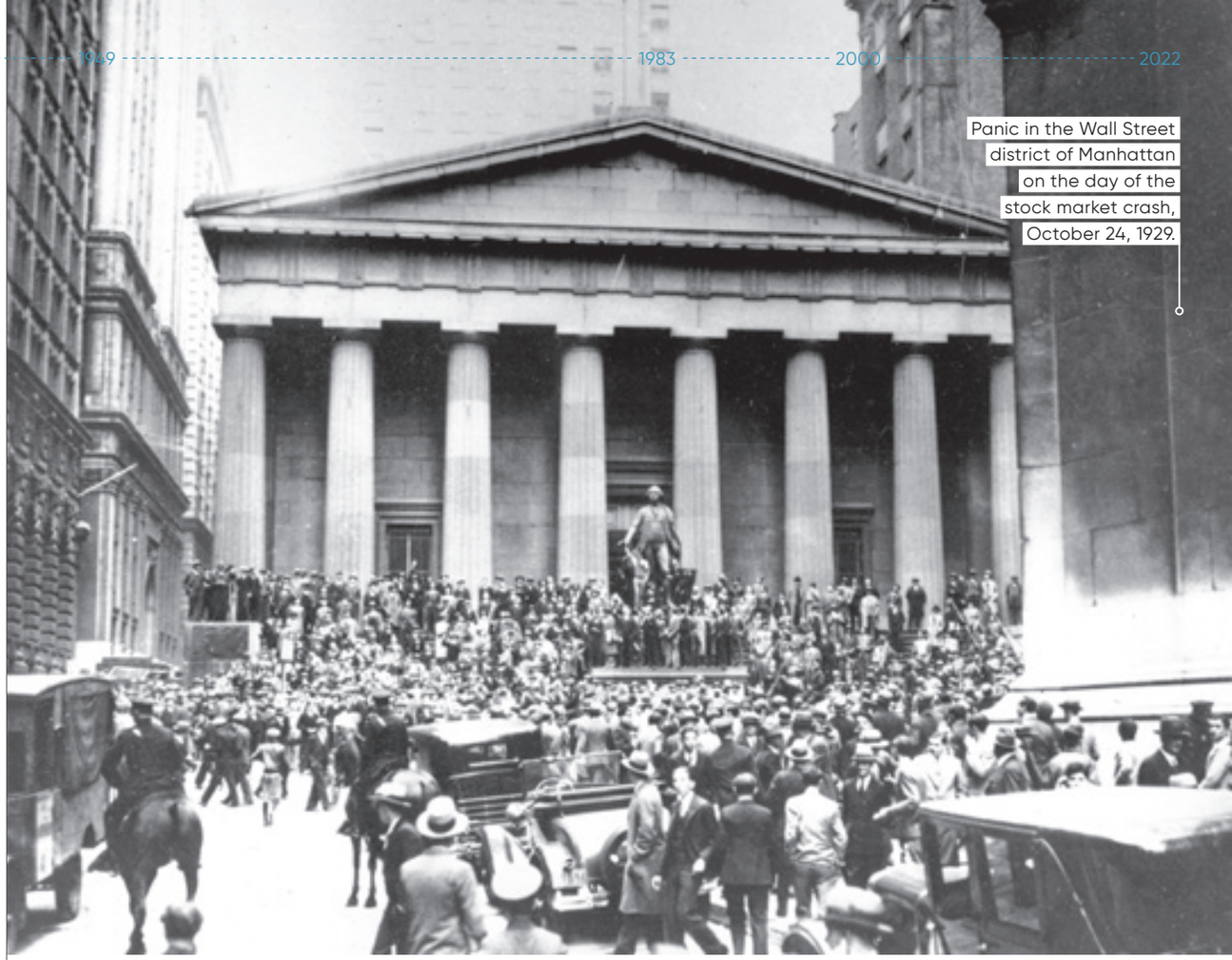


Rolling machine, between 1920 and 1930.

Thus, at the end of the 1920s, Andritz regains a solid footing, the difficulties of the post-war period appear to have been overcome, the factory can resume the success of the pre-war era – and sometimes even surpass it: Andritz centrifugal pumps are being delivered meanwhile as far away as China. Compressor manufacturing develops so successfully that a separate department is established. 700 compressors are built and delivered as far away as Japan, Egypt and Persia (Iran) in the years that follow. But success in this field is to remain the last big upswing for Andritz: In spite of its recovery, the company continues to depend strongly on the general economic situation in this phase – and is soon at the mercy of world history once again.

THE CALM AFTER THE GREAT CRASH

It begins with the stock market crash in New York. A huge speculation bubble bursts on October 24, 1929. Share prices plummet and, as a result, cause the global economy to crash – the Great Depression of the late 1920s begins. The upheaval also has fatal consequences for Austria as the young republic has not yet recovered properly from the impact of the First World War. The fragile upswing comes to an abrupt end, and economic performance drops by 77 percent between 1929 and 1931. What is more, there is a bank crisis in 1931 triggered by the collapse of Creditanstalt in Vienna, the country's largest bank. Large industrial and banking groups come under pressure. The factories are forced to make cutbacks, which result in mass unemployment. In 1932, Austria is on the brink of insolvency. The local authorities, towns and cities in Styria have the highest debts in Austria in 1935.



Panic in the Wall Street district of Manhattan on the day of the stock market crash, October 24, 1929.

The Gutmann group is also seriously affected by the crisis. As the company's industrial holdings are very widely diversified, restructuring measures were implemented in 1922 and the group's financial department was integrated into the "Bankhaus Gebrüder Gutmann" (Bank Gutmann AG). This institution manages the family's fortune and company holdings.

As the entire Gutmann group now has to bear serious losses, its bank also

BANK GUTMANN AG

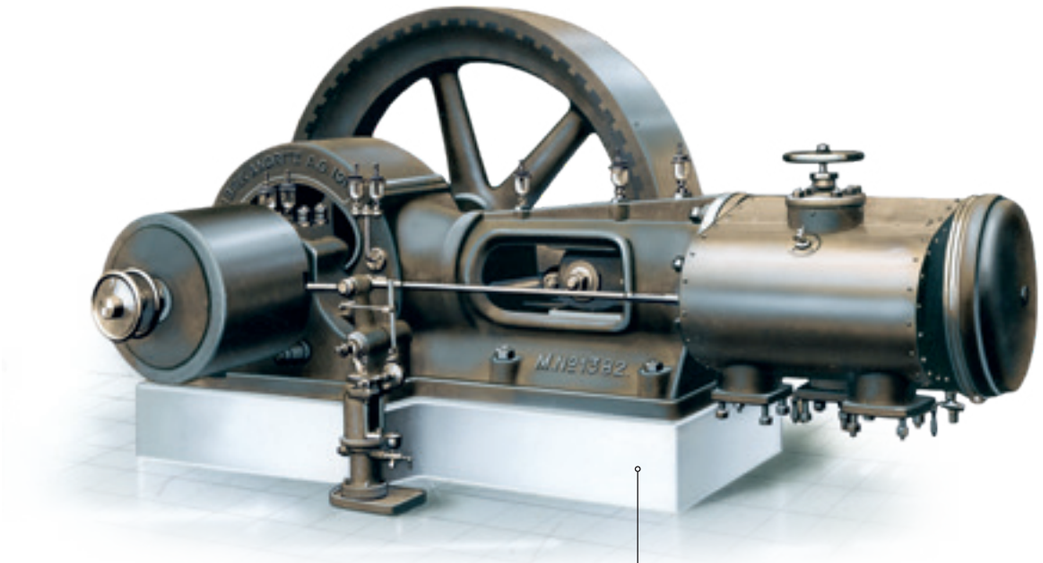
Initially, the bank founded by the Gutmann brothers operated more as an asset management and holding company. Although the company has a banking license, it does not hold savings deposits for private customers, nor does it issue bonds and debentures. All of its customers are business clients, including the most important corporate groups at the time. Max Gutmann and his half-brother Rudolf Gutmann are registered as shareholders, and the circle of shareholders is soon extended to include David Gutmann's two grandsons, Wilhelm Herrmann Gutmann (1889–1966) and Hans Emil Gutmann (1891–1937). In 1923, the private bank has 49 employees, and in 1931, the staff numbers 60.

Following the "Anschluss" – the political union of Austria and the German Reich in 1938, the bank is to be "aryanized"; a liquidation process is initiated but never completed. The bank still exists today, has a staff of 300 and is located in Vienna.

slides down the Viennese private bank rankings. The entire group struggles and fights against impending insolvency. When three million schillings (equal to approximately 9–12 million euros today) are due for payment of inheritance tax following the death of Max Gutmann in 1930, his son Wolfgang Gutmann (1906–1964) has to default.

In order to consolidate the group, the Gutmann family now tries to sell off or restructure individual group companies. One of them is Andritz, where there has been a noticeable decline in the number of incoming orders since

Drawing of an Andritz regulator with inscription, between 1920 and 1930.

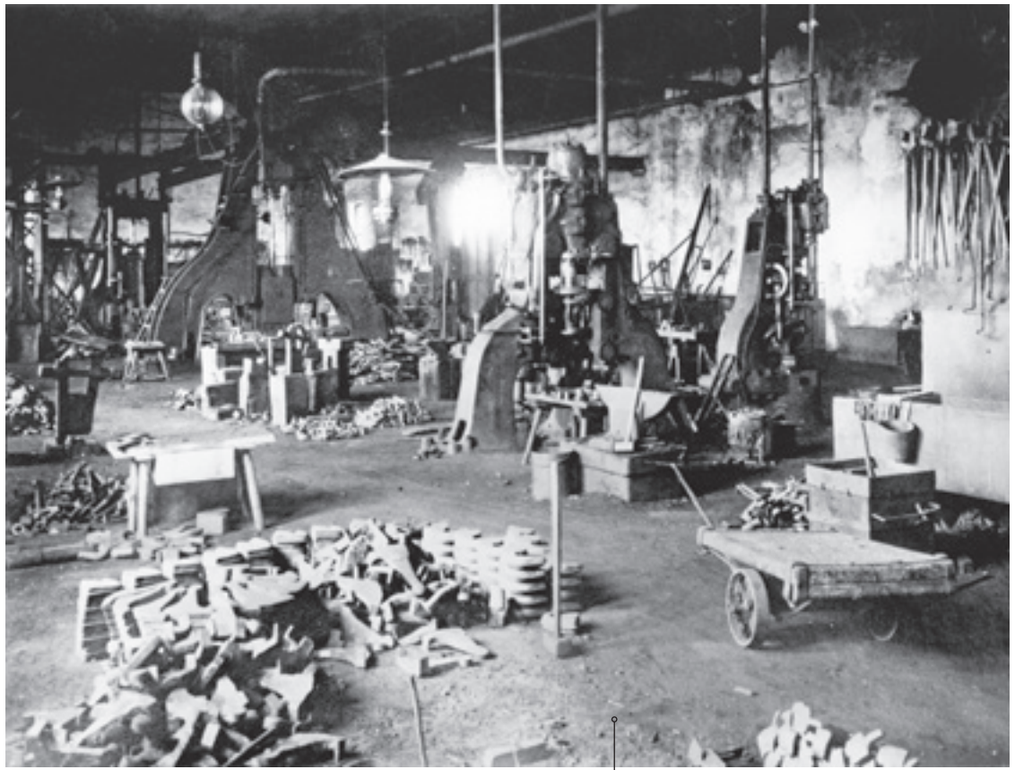


Drawing of a rolling plant, between 1920 and 1930.

the second half of 1929. The company slides more and more into the red. Maschinenfabrik Andritz can only survive at all with the help of loans of up to 2.7 million schillings from Bankhaus Gutmann. Principal shareholder Wolfgang Gutmann had always settled the company's deficits – but that is over now. At first, Gutmann tries to merge the company with Wiener Paukerwerk, but the plans fall through. And harsh austerity measures with lay-offs also have little effect. The situation is desperate. There are no signs of a change in the global economic situation.

The Gutmann family makes a decision: Andritz is to be shut down until further notice except for the foundry. Almost all of the employees are laid off as of June 30, 1932. At this point, there are only around 80 left. A skeleton service is maintained, but it is limited to the bare minimum and only opens the mail and makes repairs to equipment already delivered. In some cases, the machine fitters needed for this are recalled to the factory. The skeleton service is financed by selling off all warehouse stock as well as the canteen building. The directors up to this point, Fritz Gamerith and Karl König, who have held these positions since 1907, leave the plant.

Wolfgang Gutmann finally wants to part from the ailing factory with its outdated machinery – many machines



Glimpse inside the old forge, between 1920 and 1930.

were built before 1914. But the sale is not that simple. In this situation, the cabinet intervenes. The government is concerned that unemployment in Graz will rise even more if the factory is shut down. In order to prevent this, the Minister of Finance proposes a deal: The Gutmann group will receive tax concessions if it commits to continuing operations for at least the next five years. At the same time, Bankhaus Gutmann writes off claims of over two million schillings and grants a final loan of half a million schillings.

After six months, the machine works re-opens in the winter of 1932/33 – but Wolfgang Gutmann has long since lost all interest in the company. Again and again there are plans to sell, but the Austrian government once more prevents this. Gutmann submits to the will of Vienna as he is dependent on government coal orders in order to ensure that other companies in the group survive. Having these orders is more important than selling the machine works, which remains in the red. According to Harald Bilowitski, a childhood friend of Wolfgang Gutmann who manages the company de facto as from the mid-1930s, the Ministry of Social Affairs took advantage of this dependency in 1935 by "threatening to withdraw the public coal deliveries if the machine works were closed down." Under this pressure, Wolfgang Gutmann agrees to continue operating the company, with new subsidies from the bank.

So Andritz trudges through the years of crisis as best it can, nothing is invested, and the company continues to make a loss – 738,000 schillings in 1937. The last attempt to sell it comes in February 1938: Several competitor companies want to purchase the machine works with its approximately 300 employees in order to scrap the machinery and take over the productive departments and patents. The two parties have an agreement, and the contract is to be signed on February 14, 1938. Andritz would then finally be history.

But as is so often the case at Andritz, things turn out quite differently to expectations – and world history intervenes.

Wolfgang Gutmann (1906–1964) with his wife.

CHAPTER 3

ANDRITZ UNDER NAZI RULE

"ONE PEOPLE, ONE NATION, ONE LEADER"

1938 – 1949

“This country is German, it has understood its mission, it will fulfill this mission, and it shall never be surpassed by anyone in its loyalty to the great German national community.”

Adolf Hitler in a speech at the Heldenplatz, Vienna, March 15, 1938

“As Führer and Chancellor of the German Nation and the Reich, I report before history the entry of my homeland into the German Reich.” March 15, 1938, in Vienna: Thousands have gathered in the Heldenplatz (Heroes’ Square) to cheer Adolf Hitler. When he proclaims the “Anschluss” (political union of Austria with the German Reich) from the balcony of the Hofburg, he sparks a storm of elation. Frenetic cheering continues for several minutes. “Sieg Heil!” chants resound loudly through the city. Three days earlier, on March 12, 1938, 65,000 soldiers of the German Wehrmacht (armed forces) and police units had marched into Austria

March 15, 1938: Adolf Hiltler speaks to the jubilant masses in the Heldenplatz (Heroes’ Square) in Vienna.

without encountering any military resistance.

Hitler's appearance is perfectly orchestrated by the Nazi propaganda. But this is not the only reason for the rapturous reception. There is a wish right across the political spectrum to belong to the German Reich and hence to a large power. Many Austrians hope that their economic situation will improve as a result of the "Anschluss". Moreover, many long for an end to the tensions in domestic politics and its bloody conflicts that shaped the 1930s. The promises by the Nazi regime – social harmony and national strength – are very well received.

The Austrian population has come through grueling times: When Adolf Hitler is appointed German Chancellor on January 30, 1933, Austria's independence is in danger. The native Austrian has never denied wanting to unite the two countries. The "Hitler movement" now becomes very popular in Austria. Nazi raids and attacks are the order of the day. On March 4, 1933, Engelbert Dollfuss (1892–1934) eliminates parliament and the Constitutional Court. In June 1933, the Nazi party (NSDAP) is banned. The Nazis now operate underground – and continue to carry out attacks.


Illustrierte Kronen Zeitung

„Das Deutsche Reich wird niemand mehr zerreißen können!"


Murtaler Zeitung

Ein Volk, ein Reich, ein Führer!


Das Kleine Volksblatt

Triumphaler Einzug Adolf Hitlers in der Heimat.

Perfect propaganda, but not just that: The "Anschluss" of Austria is welcomed by large parts of the Austrian population.

Spring 1938: Jews in Austria are forced to scrub the pavements.

In an attempted putsch by the Nazi party on July 25, 1934, 260 people are killed, including Chancellor Dollfuss. The putsch is put down, and Minister of Justice Kurt von Schuschnigg (1897–1977) becomes Chancellor. He continues the authoritarian system implemented by Dollfuss. When foreign policy ally Italy moves closer to the German Reich, Dollfuss tries to ensure Austria's independence in the "July Agreement" with the German Reich in the summer of 1936. The German Reich abolishes the 1,000-mark ban imposed in 1933 under which German citizens had to pay a fee of 1,000 Reichsmarks in order to travel

SS raid on the house of the Jewish Community in March 1938.

“CORPORATE STATE” AND “AUSTROFASCISM” 1933 TO 1938

“This parliament, such representation of the people, such leadership of our people, will never and must never return again (...) we want the social, Christian, German state of Austria based on the corporate state under strong, authoritarian leadership!”

Engelbert Dollfuss on September 11, 1933

Chancellor Engelbert Dollfuss. Painted in 1934.

Before the so-called “Anschluss”, there had also been strong anti-democratic and authoritarian developments in Austria since 1933/34. Engelbert Dollfuss (1892–1934) is considered the founder of the “corporate state” (Ständestaat) – as the newly established system called itself. He becomes Austrian Chancellor in 1932, at a time when the republic is in the midst of an economic and social crisis. On March 4, 1933, he exploits a conflict of parliamentary rules of procedure during a session of the National Assembly to conduct a coup. Parliament and the Constitutional Court are eliminated, and Dollfuss rules by emergency law. The opposition is eliminated, political parties are banned, and left-wing organizations suppressed. Political opponents are persecuted, meetings and strikes are prohibited, freedom of the press is abolished, and the death penalty is reintroduced.

Appeal by the Vaterländische Front (Fatherland Front) on Exerzierplatz, Vienna, on October 18, 1936. The symbol of the movement is the cross potent.

The ruling system established by Dollfuss is strongly characterized by Benito Mussolini’s (1883–1945) fascism and influenced by the “corporatism theory” of the economist and philosopher Othmar Spann (1878–1950). As an alternative to democracy and Marxism, the authoritarian “corporate state” is to overcome the class struggle, give society a vertical structure and be composed of professional associations. Liberal individualism, pluralism and the rule of law are rejected. The model of society is to be borne by the Roman-Catholic Church. Occasional attacks on Jews are tolerated.

After Dollfuss is murdered by Austrian Nazis in July 1934, the former Minister of Justice, Kurt von Schuschnigg (1897–1977), continues authoritarian rule as the new Chancellor. In 1936, he also becomes leader of the “Fatherland Front”, the unity movement established by Dollfuss in May 1933. Schuschnigg is arrested after the “Anschluss”.

Demonstration by the Fatherland Front.

to Austria – a severe blow to Austria's tourism – and recognizes Austria's sovereignty. Hitler even affirms that he has "neither the intention nor the will to interfere in Austria's internal affairs, for example to annex or unite with Austria." In return, Austria undertakes among other things to grant amnesty under certain conditions to imprisoned Nazis, to coordinate its foreign policy with the German Reich, and it admits Hitler sympathizers to the government.

The end of the "corporate state" is effectively sealed by the Berchtesgaden agreement of February 12, 1938: Threatening military action, Hitler compels Austria to allow the Nazi party to act freely in politics and to appoint a Nazi – Arthur Seyss-Inquart (1892–1946) – as Minister of the Interior and Security. Subsequently, there are mass demonstrations by Nazi party supporters and Jewish shops are vandalized.

In Graz, thousands of Nazi supporters parade loudly through the town center on February 24, 1938. The swastika flag is raised over the City Hall – it is the first public building in Austria to undergo this demonstration of power. Graz is a stronghold of the still illegal Nazi party. Its supporters already press radically for a change of power in February and March: On March 1, 1938, the new Minister of the Interior, Seyss-Inquart, visits the Styrian capital, and this visit turns into a large Nazi demonstration. The Nazis already have the city under their control.

Portrait of Chancellor Kurt von Schuschnigg from the 1920s.

March 3, 1938: Hitler visits Graz, the "City of the Popular Uprising".

On March 9, 1938, Schuschnigg announces a referendum on Austrian independence to be held on March 13 – but it never happens. When German troops march into Austria just one day before the planned referendum, Austria loses its sovereignty – violence begins towards all those not considered part of the "Volksgemeinschaft" (national community). This violence towards the Jewish population escalates rapidly. Over 70,000 Jews are arrested in the first six weeks after the "Anschluss". On April 1, 1938, transports begin to Dachau concentration camp. In the spring of 1940, Graz is declared "free of Jews". Politics, culture and the press are brought into line, Austria is integrated politically and economically into the German Reich. As a result, Austria is the first victim of the Nazi's policy of conquest. However, the authoritarian regime in Austria has very little backing left among the population.

GRAZ – "CITY OF THE POPULAR UPRISING"

"And you were victorious after all" – the people of Graz remember the "Nazi heroes" of the July putsch in 1934 with this motto on July 25, 1938. At this ceremony – inflated for propaganda purposes – Adolf Hitler awards Graz the honorary Nazi title "City of the Popular Uprising". All in all, seven towns are officially granted honorary titles up to 1945 – Graz is the only one of them in Austria. Nazi ideology is met with enthusiasm in Styria in particular. Graz is considered a "stronghold of the illegals": Many police and army officers belong to Nazi organizations. Academics and students in Graz are also overrepresented in the Nazi party compared to their percentage of the population.

Hitler himself is very interested in Graz and plans to have the city completely repositioned and extended. It is to be upgraded to a border defense and become a "gateway to the Reich from the southeast". On February 17, 1939, the area of Greater Graz created in October 1938 when it incorporated the suburbs is the first Austrian city to be included in the series of "reshaping cities". This promises special funding. In addition to building freeways and railway stations, the reshaping plans include the building of magnificent boulevards and monumental Nazi party buildings. However, hardly any of these plans were realized.

"City of the Popular Uprising". The City of Graz gave Adolf Hitler the painting for his 51st birthday.

"Further to your application on April 26 of this year, the Führer and Chancellor has approved your request that the city of Graz may call itself the "City of the Popular Uprising" in recognition of the proven achievements of Styria and its capital in the fight to reunite Austria with the German Reich."

Message to the Mayor of Graz on July 25, 1938

VÖLKISCHER BEOBACHTER

Maschinenfabrik Andritz A. G.

Auftragseingang Okt. 1937 bis Sept. 1938

Belegschaft Okt. 1937 bis Sept. 1938

Report on Maschinenfabrik Andritz in a special supplement to the Völkische Beobachter newspaper in November 1938.

THE KNAFFL GROUP AND THE "ARYANIZATION" OF MASCHINENFABRIK ANDRITZ

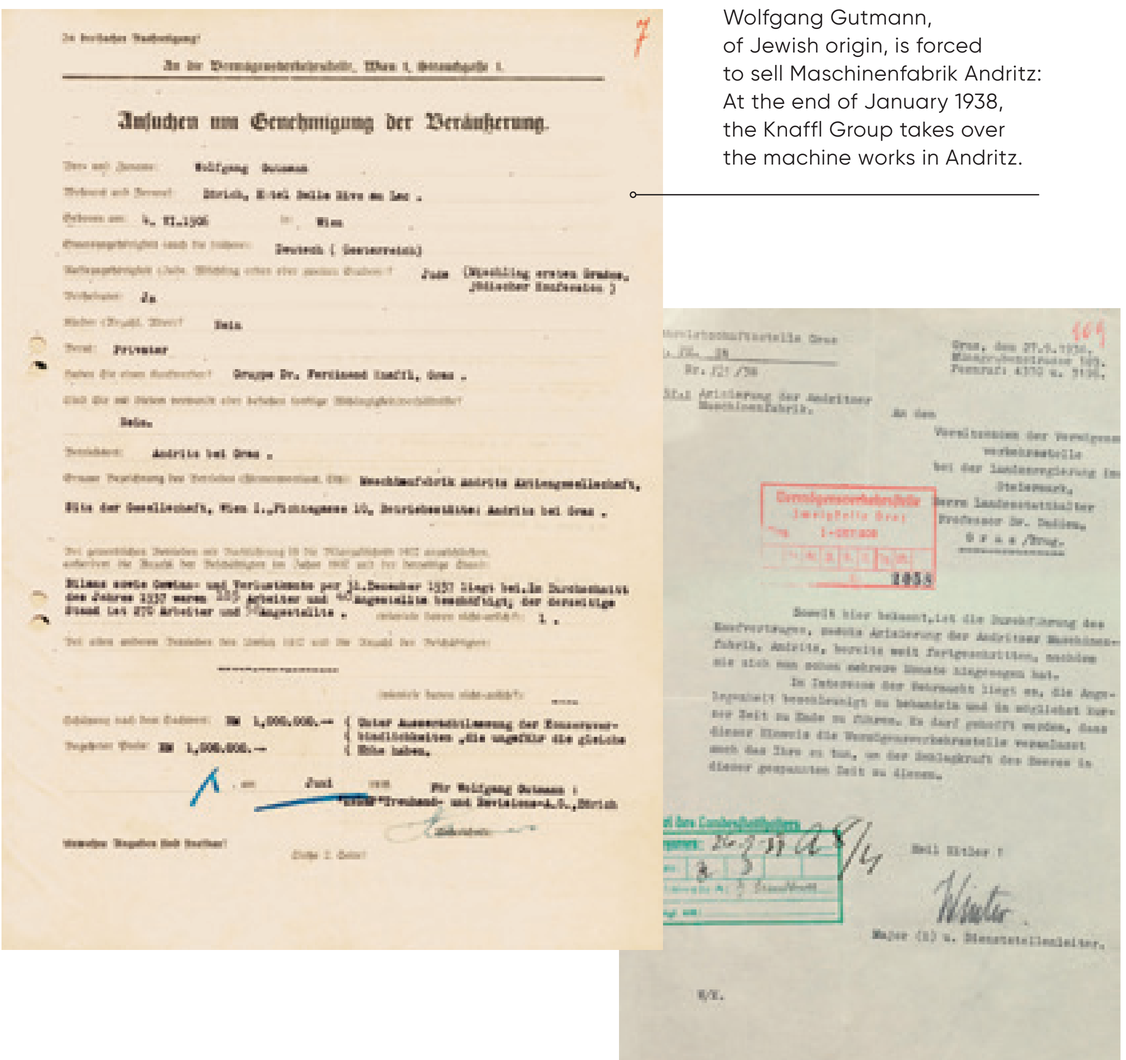
When Austria is integrated into the German Reich, the Nazi regime in Berlin starts to take charge of and control the economy. In the words of the German Minister of the Economy, Hermann Göring, this specifically means: "As chief of the four-year plan, I commission the Reich Governor in Austria together with the authorized representatives of the Reich to make the necessary arrangements for proper redirecting of Jewish business, i.e. to 'aryanize' business and economic life, and to carry out this process legally according to our laws, but relentlessly." This order from Göring is implemented speedily: Following a brief phase of uncontrolled and arbitrary appropriations and expropriations, orders are issued and bureaucracy is established to eliminate Jewish businesspeople – for reasons of "race policy" and economics.

In March 1938, the Jewish industrialist Wolfgang Gutmann owns 84 percent of Maschinenfabrik Andritz. At the time of the "Anschluss", he is honeymooning in Egypt – he will not return to Austria but emigrates to Switzerland like his brother Rudolf. The family's property is now "aryanized" – including Andritz.

As a result, the planned sale of the company to competitors never comes about, but another buyer is sought out because the factory is significant for the war economy, possibly with a view to Nazi Germany's ambitious rearmament plans designed for wars of conquest. At the beginning of April 1938, the engineer Joseph Reiter, an Andritz employee since 1921, is appointed as "acting supervisor" of the company. Reiter himself has been a member of the Nazi party since September 1930 and has excellent contacts there.

Several people with the "right" convictions are interested in Andritz and join together to form a consortium: On the one hand there is Ferdinand Knaffl,

an attorney with a doctorate in law and a member of the Executive Board of Andritz as well as the company's legal advisor. He has capital and was already a member of the Nazi party before 1938. Rudolf Steiner, engineer, is also interested. He is not strong financially but has been a party member since 1932. He is charged with high treason in 1933, takes part in the attempted putsch in 1934, then flees to Yugoslavia and from there to the German Reich. Lastly, Harald Bilowitzki – the boyhood friend of Wolfgang Gutmann who has managed Andritz's business as a leading member of the administrative board since 1937 – is also eager to purchase. Gutmann has already promised him 4.2 percent of the share capital.


Ansuchen um Genehmigung der Veräußerung.

Wolfgang Gutmann, of Jewish origin, is forced to sell Maschinenfabrik Andritz: At the end of January 1938, the Knaffl Group takes over the machine works in Andritz.

"As far as is known here, execution of the purchase contract for the purposes of 'aryanizing' Maschinenfabrik Andritz has already reached an advanced stage (...). It is in the interests of the Wehrmacht to deal with this matter quickly (...)."

Graz War Economy Office on September 27, 1939, to the Chairman of the Property Transactions Office in the Regional Government

On May 26, 1938, this consortium signs a contract with a company commissioned by Gutmann to handle the sale of the shares – INDEP Treuhand- und Revisions-AG, based in Zürich. The contract states that the Knaffl Group takes over 84 percent of the shares (Knaffl 64, Steiner 14 and Bilowitzki 8.5 percent), equivalent to the sum of 840,000 Reichsmarks. At this time, Maschinenfabrik Andritz AG owes the Gutmann Bank more than one million Reichsmarks. The bank is forced to write off this debt. The purchase price is to be paid in five installments between February 1939 and November 1942.

"CLEANSING" AT MASCHINENFABRIK ANDRITZ

While the Aryanization process is still underway, the first notices of dismissal are handed out at the Andritz works. Heinrich Mautner, engineer, is dismissed on June 27, 1938. The reason: He is of Jewish descent. In the summer of 1938, Wilhelm Hesser, Norbert Bereiter and Andreas Schilcher are suspended. They are considered "politically unacceptable". Both Hesser and Bereiter are criticized, among other things for their conduct during the putsch in July 1934 as well as for politically disparaging statements about Nazis. Schilcher was the local head of the corporate state's "Trade Union Federation" in Graz and works manager at the factory in Andritz. He is said to have "compelled the workforce to join the Vaterländische Front (Fatherland Front) and the Trade Union Federation." In addition, he was said to have made sure that "people in the works who were known to be Nazis" were dismissed immediately. Moreover, the workforce is said to have raised "the most serious allegations of antisocial behavior" against him, according to a letter dated July 5, 1939, from the Andritz management to the Styrian association of the "Federation of Austrian Industrialists".

The total number of employees who are dismissed up to the end of the Nazi regime because of their origins, religion or political leanings is unknown.

Before the contract takes effect, however, it must be approved by the Property Transactions Office, Graz branch. Knaffl and Steiner provide proof of their Aryan origins and membership of the Nazi party before 1938 with numerous documents. Steiner, who seems to be worried that he would be disadvantaged when the shares are distributed, claims that he is the only member of the consortium who is entirely committed to the Nazi ideology. The consortium is able to convince the authorities, and the Graz branch of the Property Transactions Office requests the headquarters in Vienna to approve the Knaffl Group's bid. Both the Graz branch office and the "Gauwirtschaftsamt" (district economy office) want a prompt decision because sales orders have already been received from the army and the national railway wants to order a railway bridge from Andritz.

The contract signed with the Knaffl Group on May 26, 1938, is approved by the Property Transaction Office in Vienna on November 25, 1938. At the end of January 1939, the capital group takes over Maschinenfabrik Andritz.

The rising demand in the German Reich for industrial goods makes the Andritz order intake skyrocket. After the "Anschluss", there is an economic boom, especially in the building industry due to infrastructure being expanded in preparation for war. Construction of bridges, canals, freeways and hydropower plants causes an upsurge in orders. In 1938, demand at Andritz is 240 percent higher than in the previous year. This requires production capacities that exceed the capital group's financial means. In the summer of 1939, Maschinenfabrik Andritz receives a consortium loan guaranteed by the German Reich in the amount of 700,000 Reichsmarks to rationalize the factory as part of the German Reich's economic aid for "Ostmark" – in the meantime the official name for the territory of Austria. However, only part of this loan is invested, while the rest is used to cover current operating expenditure.

"Maschinenfabrik Andritz is great and living proof of the wonderful act of liberation in March 1938."

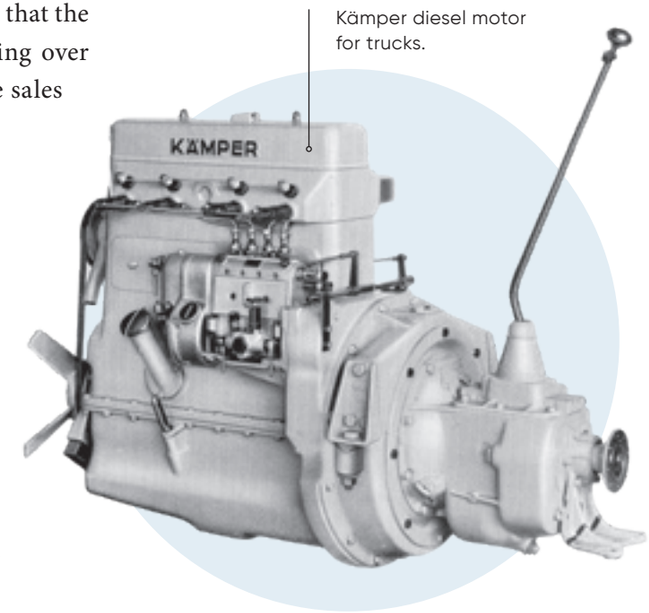
Works manager Harald Bilowitzki, administrative board member of Maschinenfabrik Andritz AG, in the newspaper "Völkischen Beobachter" on November 20, 1938 (supplement entitled "Creative Styria")

FROM SALE TO SALE TO A SOLUTION

Shortly before the start of the Second World War when Germany invaded Poland on September 1, 1939, negotiations begin with Heinrich Kämper Motoren AG located in Berlin and founded in 1901 – a company that had already announced its interest in Andritz previously and is a business partner of the machine works. After taking over Maschinenfabrik Andritz, the Knaffl Group pressed ahead with the manufacture of mobile compressors with gasoline or diesel motors due to the large demand. As the diesel motors for this are purchased from Heinrich Kämper Motoren AG, it is obvious from an entrepreneurial perspective that the company is interested in taking over Andritz in order to secure the sales market in Austria.

Hence, in December 1939, Kämper Motorenwerke AG purchases two thirds of the "aryanized" share capital and the shareholding of Harald Bilowitzki. He leaves Machinenfabrik Andritz in 1940. The Berlin company now holds over 70.9 percent of the shares, and Knaffl continues to hold 17.3 percent.

But Kämper Motorenwerke soon finds out that it has bitten off more than it can chew with this purchase. Serial production of the compressors is sluggish, and there is still a substantial need for investment at Andritz. The company itself runs into ever-increasing financial difficulties due to the funds that it pumps into Andritz and is sold to Duisburger Deutsche Maschinenbau-Aktiengesellschaft (DEMAG) in 1940, which already owns over 35 percent of the shares in Kämper Motorenwerke. However, the new owner is not interested in the unprofitable Maschinenfabrik Andritz –



Kämper diesel motor for trucks.

"If we, as the minority shareholders at the time, had been asked by Kämper, we would have advised strictly against purchasing Maschinenfabrik Andritz because the fact alone of a smaller company absorbing a larger one when the latter is so far in the red and in need of so much investment, as is the case at Andritz, is an economically intolerable situation."

Financial Officer of DEMAG in February 1941

Die Demag-Beteiligungen

In einem Prospekt der Demag AG., Duisburg, Deutschlands größter Maschinenfabrik, wird auch eine Übersicht über die Beteiligungen gegeben. Vom Grundkapital der Kämper-Motoren AG., Berlin, das im Juli vorigen Jahres von 0,82 auf 2 Mill. Reichsmark erhöht wurde, besitzt die Demag 97,34%. Diese Tochtergesellschaft stellt Verbrennungsmotoren sowie ähnliche Kraft- und Arbeitsmaschinen her. Die Lohnsumme dieser Tochtergesellschaft betrug 1,91 Mill. Reichsmark im Geschäftsjahr 1939/40, die Dividende in den letzten Jahren 5%. Bei der Motorenfabrik Darmstadt AG., Darmstadt, (Aktienkapital 2 Mill. RM) beträgt die Beteiligung 90,825%. Diesen Unternehmen hatte 1940/41 eine Lohnsumme von 1,19 Mill. RM und schüttete keine (i. V. 6%) Dividende aus. Von den tausend Kuxen der Junkerather Gewerkschaft gehören der Demag 82,9%. Es handelt sich trotz der Form der Gewerkschaft um eine Maschinenfabrik und Gießerei. Alle übrigen Betriebsgesellschaften des Konzerns werden als GmbH. geführt. Das größte Kapital hat die Wittenauer Maschinenfabrik GmbH., Berlin-Borsigwalde (2 Mill. RM), die Maschinen aller Art herstellt. Der 100%ige Besitz brachte in den letzten Jahren eine Verzinsung von 8%. Ebenfalls vollständig gehören der Demag die 1,5 Mill. RM Stammkapital der Carl Flohr GmbH., Berlin, die Transportanlagen, Motoren, Maschinen aller Art sowie Eisen- und Stahlbauten herstellt, bis 1938 eine Aktiengesellschaft war und in den letzten Jahren infolge Sonderabschreibungen keine Ausschüttungen vornehmen konnte. Zwecks Dezentralisation hat die Demag vor einigen Jahren Teile ihrer Produktion ausgegliedert und in eigene Unternehmen eingebracht. So entstand etwa die Demag-Baggerfabrik GmbH., die Bagger und Drehkrane herstellt und 0,5 Mill. RM Kapital hat. In diesem Zusammenhang ist auch die Demag-Greiferfabrik (früher Nomag) zu nennen, deren 1 Mill. RM Stammkapital natürlich ganz bei der Muttergesellschaft liegt. Das umfangreiche Produktionsprogramm dieser Tochtergesellschaft umfaßt Greifer, Aufzüge, Transportanlagen, Hüttenwerksmaschinen, Stahlbauten sowie Eisen- und Blechkonstruktionen. Eine Maschinenfabrik und Eisengießerei betreibt die Eydtkuhner Maschinenfabrik GmbH., Eydtkuhn (OstL), deren Kapital von 0,2 Mill. RM ganz der Demag gehört. Mit der Demag-Baggerfabrik, der Demag-Greiferfabrik, den Tochtergesellschaften in Junkerath und Eydtkuhn sind Organverträge abgeschlossen worden. Insgesamt erstrecken diese Beteiligungen sich überaus einträglichen Bild. Branchefremde Unternehmen, wie man sie gelegentlich im Portefeuille anderer Konzerne findet, gibt es hier nicht.

Zu diesen Betriebsgesellschaften kommt noch eine Anzahl Vertriebs- und Verwaltungsgesellschaften. Kapitalmäßig die größten sind die Benrather AG. für gemeinnützige Bauten, Düsseldorf-Benrath (0,6 Mill. Reichsmark Kapital, Demag-Anteil 66⅔%) und die Hydraulik GmbH., Düsseldorf, deren Aufgabe Konstruktion und Vertrieb hydraulischer Apparate ist (0,6 Mill. RM Kapital, Demag-Anteil 50%). Als weitere Vertriebsgesellschaften sind die Demag-Elektrotahl GmbH., Demag-Export GmbH., Demag-Untertage GmbH., Demag-Zug GmbH. (Elektroflaschenzüge, Hängekranzug) tätig. Mit Ausnahme der Benrather AG. bestehen Organverträge mit der Muttergesellschaft. Schließlich ist noch die 50%ige Beteiligung an der Rheinpreußer KG. Dr. Ing. Schenck & Co. (Kapital 90 000 RM) zu erwähnen, die sehr stark unterkapitalisiert sein muß, da sie für 1940 63 000 RM ausschüttete.

Diese Beteiligungen umfassen fast 100% des Beteiligungskontos, dessen Buchwert in der Bilanz von Ende 1940 mit 6,98 Mill. RM ausgewiesen wurde. Infolge der Organverträge läßt sich nicht errechnen, wie hoch sich das Beteiligungskonto verzinste.

and the factory is once again on the brink of closure. In 1941, DEMAG wants to shut down operations at Andritz – at this point, the German Reich is at war with half of Europe. Gauleiter Sigfried Uiberreither (1908–1984) intervenes and averts the shutdown: Andritz is said to be too important to Styria for operations to be shut down.

DEMAG then analyzes the situation in the works and decides to attach Maschinenfabrik Andritz to a DEMAG subsidiary, Wittenauer Maschinenfabrik GmbH in Berlin-Borsigwalde. The company's manufacture of barrels for anti-aircraft guns is to be moved to Andritz, its machinery and equipment transferred from Berlin to Styria – armaments are needed urgently.

Report on the DEMAG holdings in the "Deutsche Volkswirtschaft" journal, February 1942.

1

DEMAG AND REUTER I, II AND III

In 1910, the German engineer and entrepreneur Wolfgang Andreas Reuter (1866–1947) amalgamates three machine works to form Deutsche Maschinenfabrik AG, later known as Deutsche Maschinenbau-Aktiengesellschaft (DEMAG), with headquarters in Duisburg. In 1926, Maschinenfabrik Thyssen & Co. AG is transferred to DEMAG. Under Wolfgang Reuter, known as Reuter I, DEMAG concentrates on the production of industrial equipment for the German market. In 1940, Wolfgang Reuter hands the company over to his son, the mechanical engineer Hans Reuter (1895–1982), who joined the company in 1922. Under Reuter II, the company enters the world market with its products. Besides its successful crane construction, the company also builds railway engines and freight cars. During the Second World War, heavy tanks are produced in Berlin with the aid of forced labor from Sachsenhausen concentration camp. Shortly before the end of the war, Hans Reuter is arrested by the Gestapo for sabotage because he refuses to destroy his industrial facilities in accordance with Hitler's "Nero Decree". After he is freed by the Allies, he is imprisoned once again for a short time as a former leader of the war economy. In the 1960s, DEMAG is the only company in the world that can produce complete steel mills in its own works. Wolfgang Reuter (*1924) – Reuter III – takes over the company in 1967. In 1974, DEMAG AG is integrated into the Mannesmann Group. When Vodafone takes over Mannesmann in 1999/2000, the DEMAG business units go to Siemens. In 2001, Siemens sells most of the DEMAG subsidiaries to the American financial investor Kohlberg Kravis Roberts & Co. (KKR). Today, the remains of DEMAG are widely scattered.

Hans Reuter succeeds his father Wolfgang and becomes General Manager of DEMAG in 1940.

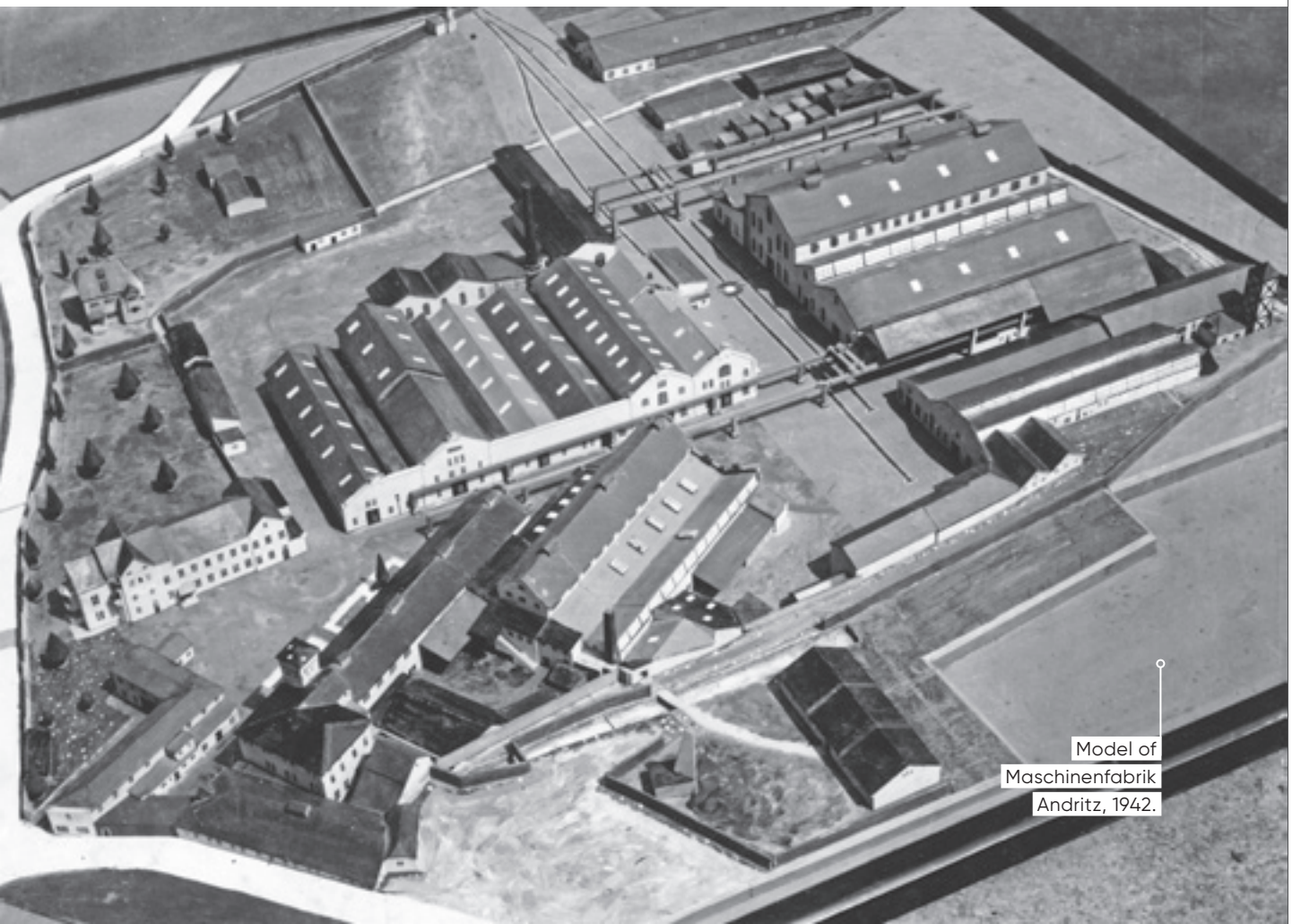
CRANES AND GRENADES: PRODUCTION IN WARTIME

The “war economy during peacetime” could be extended by six months with the economic potential from Austria – according to the Nazi budget for the Four-Year Plan in 1936. In particular, Styria plays a key role here due to its raw materials (iron and coal), its strong agriculture and as a geographical bridge to Southeastern Europe. As a result, industry and agriculture in Styria are rapidly incorporated into the war economy after 1938 and largely controlled by the state by means of planning targets and allocation of materials and labor. In the “Reichsgau” Styria, 23 companies are declared as armaments companies right away when the war begins in 1939 – nine of them are located in and around Graz, including Maschinenfabrik Andritz. It soon becomes one of the larger arms manufacturers in “Ostmark”.

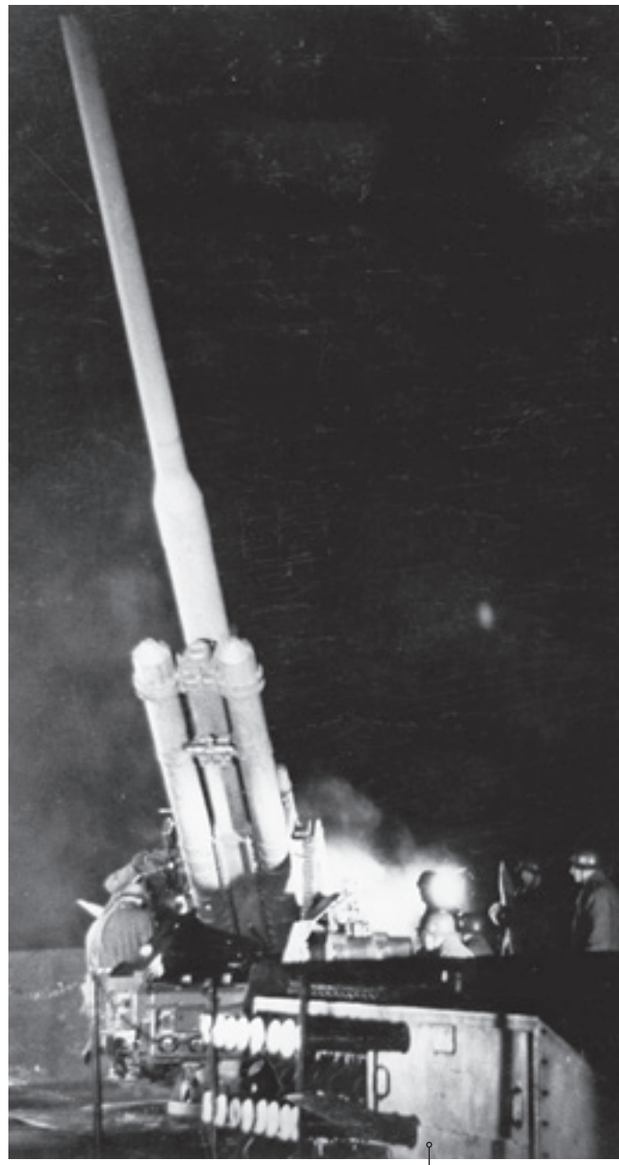
When it is attached to Wittenauer Maschinenfabrik, the factory undergoes major restructuring. The machinery pool is extended and modernized. The number of machine tools increases from around 8,900 in 1937 to around 18,000 in 1945.

Crane construction is booming because the shipyards in northern Germany depend on huge overhead and gantry cranes with a traction force of up to 75 tonnes. Hence, Andritz receives orders for a total of 18 traveling and gantry cranes from several shipyards, including the navy shipyard in Wilhelmshaven and Deutsche Werke in Kiel, in January and February 1940. All in all, Andritz supplies 32 electric traveling cranes and two gantry cranes to the German Reich, to the German Ministry of Transport and to Berlin Airport, among others, in addition to the shipyards.

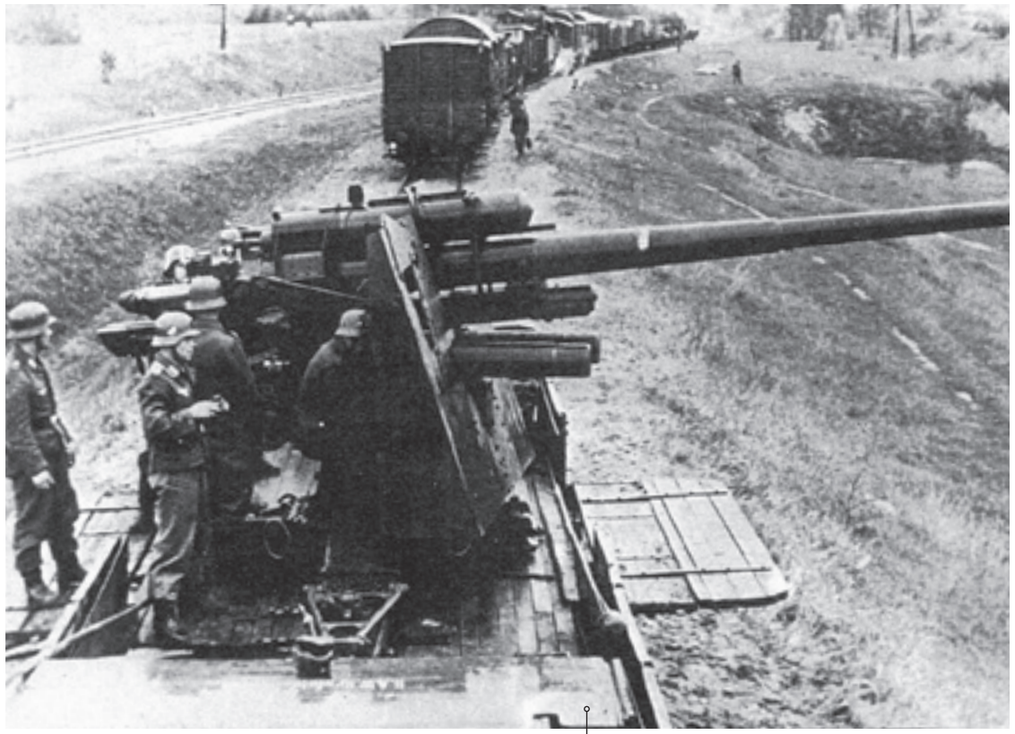
As of the end of 1940, the company receives its first orders to manufacture grenade and projectile components. Up to the spring of 1941, Andritz supplies several companies with a total of more than 18,000 field howitzer grenade casings measuring 10.5 centimeters. Andritz presses and roughs down the casings – other companies assemble the grenade base and press in the detonators. The



Model of Maschinenfabrik Andritz, 1942.



Night-time anti-aircraft gun in May 1941.



Troops deployed at an anti-aircraft gun in the Second World War.

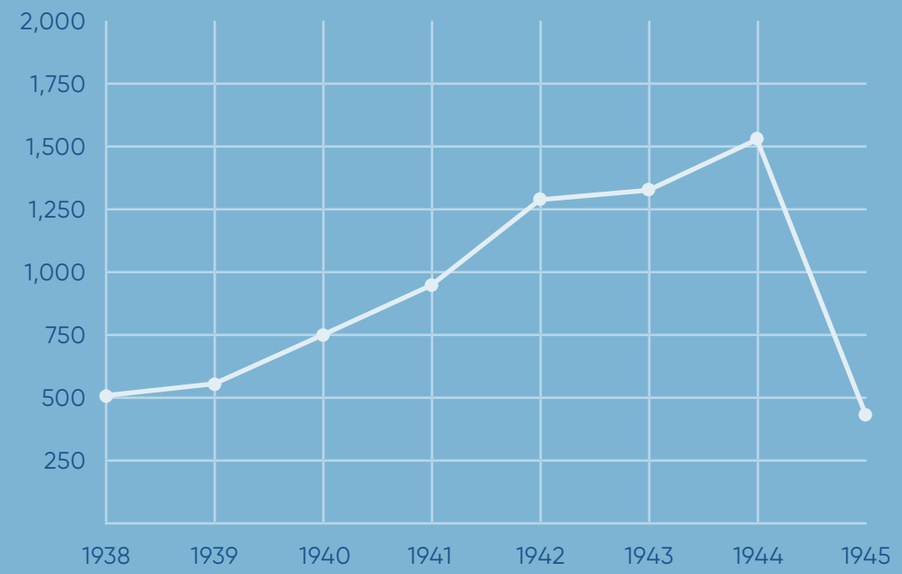
factory produces projectile casings and components for grenades and field howitzers almost throughout the war – the last casings for field howitzers leave the plant just a few days before the war ends.

In the armaments division, the area with the highest revenue is the production of anti-aircraft gun barrels. DEMAG equips Andritz with the appropriate machinery for this work. In November 1941, the first complete anti-aircraft gun barrels leave the factory. In addition, the first group of forced labor workers is also assigned in January 1942 in connection with the production of anti-aircraft gun barrels.

In order to meet the targets set by the armaments commando for the production of complete barrels and other barrel parts, the manufacturing facilities are extended in the autumn of 1942 and financed by a subsidy from the German Reich. The order volume of anti-aircraft gun barrels, gun liners and casings totals around 16.5 million Reichsmarks, which is slightly more than half the entire revenue from armament production at Andritz between 1938 and 1945. Total revenue in this period is in the region of 42 million Reichsmarks. The share attributable to armaments increases gradually at first because the continuity of the company is still uncertain. There are only some cranes and compressors built between 1938 and 1940. Arms manufacture does not reach full swing until 1941. In 1942, arms manufacture accounts for around 70 percent of overall production, and in 1943 for 92 percent. Andritz returns to profitability as of 1942 for the first time in many years.

Unlike many other Styrian and especially Graz companies, the machine works is spared any bombings. Thus, the armaments factories in Styria that remain undamaged and are not occupied by the Allies become increasingly important in the last few months of the war. However, not all products reach their destination at the end of the war because of gaps in transport routes.

NUMBER OF EMPLOYEES AT ANDRITZ BETWEEN 1938 AND 1945



Graz: Air raid on March 19, 1944.

BOMBS OVER GRAZ

During the Second World War, no other city in Austria is hit so often by Allied bombings as Graz: 56 attacks in 51 days, including 37 attacks by day and 5 by night. In addition, there are numerous attacks by low-flying aircraft. A whole series of attacks begins in October 1944.

Graz becomes the entry area for the Allied Forces in the Mediterranean, the US Army Air Force and the Royal Air Force. 17,000 high-explosive bombs and almost 12,000 incendiary bombs are dropped and kill just under 2,000 people; around 1,500 injured are counted. Approximately 7,800 buildings are destroyed – almost 45 percent of the existing buildings in the city. As a result, some 9,000 apartments are uninhabitable, just under 12,000 are damaged. The entire infrastructure, especially the railways and large industrial plants, suffers serious damage. Whereas not a single bomb hits Maschinenfabrik Andritz.

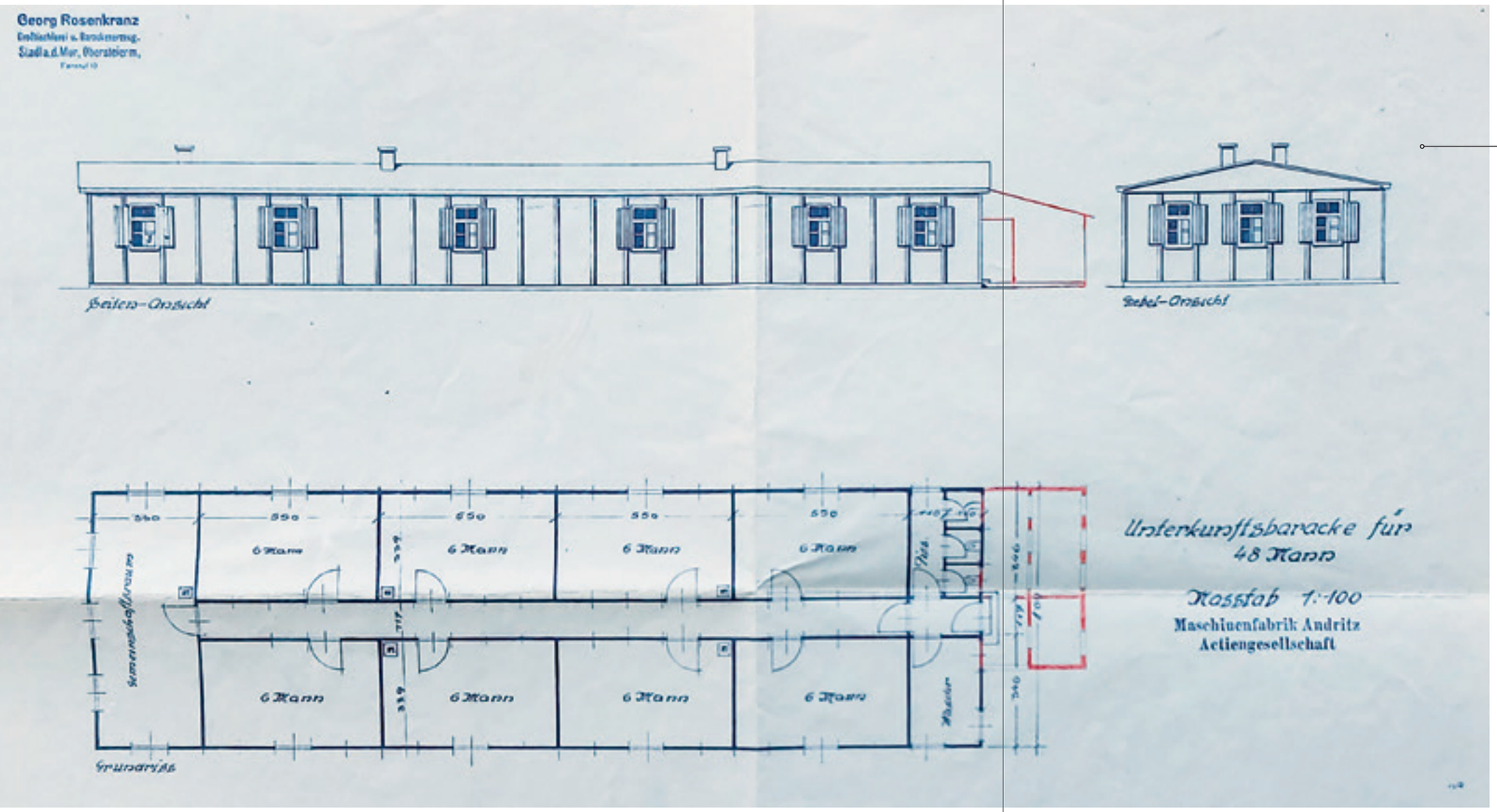
"WE WERE CONSTANTLY BULLIED" – FORCED LABOR AT MASCHINENFABRIK ANDRITZ

But the phase of "Blitzkrieg" (lightning war) and "Blitzsieg" (lightning victory) comes to an end when the Soviet Union is attacked in June 1941. The German Reich does not have sufficient resources for a long-term war of attrition. But when the Wehrmacht grinds to a halt outside Moscow in the Russian winter of 1941/42 and the USA enters the war in 1941, the conflict enters a new phase. A material-intensive war of resources that the Third Reich can no longer win begins on several fronts. In order to still continue the war, the entire economy in Germany and the occupied territories must be adapted even more to the needs of war. Albert Speer reorganizes arms manufacture in 1942 and shifts its coordination from the army to industry. There are now around 6,000 people from the party and from business coordinating arms manufacture.

With this huge changeover and streamlining of processes, Speer achieves a substantial increase in arms production. However, the key to this increase in German industrial capacity is not efficiency alone, but above all the merciless exploitation of the territories captured, particularly in Eastern Europe. Raw materials, food and machines are seized, and millions of people are deported to work as forced labor in

"Maschinenfabrik Andritz employs forced labor and prisoners of war. A total of 13 housing blocks and one works kitchen with canteen block are to be built to accommodate these workers. (...) The blocks are 26 meters long and 8.4 meters wide on average. (...) Each block comprises 8 dormitories for 6 men each, one communal area and one corridor. In addition, a toilet and washing block has been set up."

Official report dated April 6, 1943



Building plan for block hut accommodation, May 1941.

"We hereby inform you that we see ourselves obliged to build a separate works and camp kitchen because of the constantly growing workforce, particularly foreign workers. The building will be set up on the road to our camp on the company's own land."

Maschinenfabrik Andritz to the Building Inspectorate department in Graz, February 24, 1943

Germany and the occupied regions. In the Styrian "Reichsgau" alone, an estimated 200,000 arrive up to 1945, and more than half of them are from Eastern Europe. At the end of August, one in every three workers in the Styrian armaments industry comes from another country. The prisoners of war and forced laborers replace the workers who have been conscripted to the Wehrmacht.

The forced laborers are guarded at all times and categorized according to their "racial status". Wages, board and lodging depend on the ranking of the foreign laborers on the Nazi's race scale. French nationals are treated and paid better than Polish nationals or Soviet citizens. The lowest category comprises the Russian, White Russian and Ukrainian "Ostarbeiter" (workers from the East), who account for a large proportion of the foreign workers in Styria as from 1942. They are marked "O" or OST". The system also has an impact on the prisoners of war. Soviet prisoners of war and also Italian military prisoners as from 1944 have no protection under international law, unlike American and British prisoners of war. A large number of the forced laborers are housed in labor camps. Almost every large factory in Styria

has its own camp. The foreign workers are housed near their place of work or the factory, mainly in wood-built blocks designed for up to 60 people. The population is forbidden from maintaining contact with forced laborers and prisoners of war. Forced laborers may not go to restaurants or cultural facilities. The curfew times for the camp inmates are exactly defined. According to the regulations, the camps must be surrounded by a two-meter high fence to prevent any attempts to escape. Each prisoner of war is to be provided with a straw mattress and two blankets.

The first forced laborers were probably assigned to Maschinenfabrik Andritz in 1941. In a meeting by work assignment officers in the armaments inspectorate XVIII (Salzburg) on May 22, 1941, it was noted that "a work assignment meeting on the possible allocation of laborers for upcoming manufacture of new anti-aircraft gun barrels was held at Maschinenfabrik Andritz A.G. As the housing blocks are not yet ready, emergency quarters will have to be used (an employees' hall, a gardener's lodge, and similar) in order to accommodate the approximately 130 refugee workers (including only some 40 who understand German)."

Two months later on July 20, 1941, the machine works contacts the "Mayor of the City of Popular Uprising (Building Inspectorate)". "Due to the circumstances of war, we are forced to accommodate the workers requested (members of the workforce) in block huts and must, therefore, set up four block huts urgently in order to house them. The block huts are supplied disassembled and put together here. The toilet facilities will be (...) installed in separate extensions on the northern side of each block. The necessary bricklaying work will be performed by the factory's own bricklayers. We kindly request urgent approval as we are compelled to set up the blocks immediately.

Until the blocks have been set up, improvisation is the order of the day. Two Slovenian forced laborers claim decades later that they were housed in a former wine cellar belonging to the factory before the block huts were completed. They said there were no toilets there. In the second half of 1942, the laborers reportedly moved into the block huts and living conditions are

"During the visit and visual inspection on April 1, 1943, it was noted that installation of the existing housing blocks does not comply with the guidelines on fire and air-raid protection measures for wooden-built blocks and similar makeshift buildings. (...) With the easily inflammable content of straw in the beds and wooden installations, the blocks constitute a considerable fire hazard."

Fire Protection Police, Graz, to Maschinenfabrik Andritz A.G. on April 8, 1943

said to have improved. At the time, the term "block hut" did not have the negative connotation of a ramshackle building that it has today (in German), but simply meant makeshift housing in a low building made of simple materials.

The first French forced laborers were assigned to Andritz in mid-January 1942. They were presumably requested by the factory and employed in the production of anti-aircraft gun barrels, but also for other work such as snow clearing.

On June 9, 1943, the Building Inspectorate grants Maschinenfabrik Andritz "permission to set up 13 housing blocks with a central heating plant, a brick-built works kitchen and a wooden canteen block on the northern part of the factory premises." After the war, Maschinenfabrik Andritz says that it has twelve block huts on the company premises. Another three block huts were destroyed in a fire during the war. The twelve blocks comprise five "framing" blocks. Each block covers around 220 square meters containing eight living areas measuring just 19 square meters each for up to six people, with "adjoining washroom, three toilets" and a communal area. In addition, there are two brick-built blocks, each of which have five living areas averaging 60 square meters in size. At least one block served as the "Russian camp".

The so-called Lager Nord (North Camp), formerly known as Camp III, is another prisoner of war camp that housed Soviet forced laborers from the Andritz works, but also from Simmering-Graz-Pauker AG and Waagner-Biro AG, as from February 1942. This camp is located in Kapellenstrasse, near Alte Poststrasse. It has a capacity of 1,000 and comprises 38 blocks from the "Reichsarbeitsdienst" (Reich Labor Service).

Camp passes for the "Maschinenfabrik Andritz communal camp".

There are also many women among the forced laborers at Maschinenfabrik Andritz. On February 25, 1943, Maschinenfabrik Andritz writes to the Mayor's Building Inspectorate: "The Graz Labor Exchange is assigning us approximately 100 women in the near future for wartime duties. As our sanitary facilities are inadequate, we must create facilities for toilets and appropriate changing rooms as quickly as possible."

Questionnaires in connection with payments made by the Austrian Reconciliation Fund and completed by former forced labor workers at the beginning of the 2000s provide an insight into the laborers' living and working conditions. For Andritz, cases are documented of 23 men born between 1912 and 1924 – one from Italy, two from the Netherlands, five from Slovenia and 15 from France. They work as fitters, lathe operators or casting cleaners in the machine works.

The majority of the French nationals say they came to Andritz in connection with the "Service de Travail Obligatoire" (STO). This forced labor service is introduced in February 1943 by the Vichy Government: Men born between 1920 and 1922 are conscripted to work in the German Reich. The STO is introduced because of the lack of success of the so-called "Relève" policy of 1942, in which three voluntary workers were to be deployed in the German wartime economy in exchange for the return of one prisoner of war.

One of the French forced laborers is Marcel Pierre C. He is born in Saint-Pierre-Quilbignon, a suburb of Brest, in February 1921. In Brest, he works as a lathe operator until he comes to Graz to serve as forced labor in Maschinenfabrik Andritz in October 1942. He is housed in the factory's "Gemeinschaftslager" (communal camp). According to the information he provided, his working hours were: day shift and night shift alternating weekly, day shift from 7 a.m. to 6.30 p.m., and 6.30 p.m. to 7 a.m. for the night shift. The factory was permanently guarded, and there were constant bullying and threats of jail to stop forced laborers from absenting themselves from work. The rest periods were much too short, food was inadequate, and diet was badly balanced, and this had a devastating effect on the workers' physical and mental condition. In August 1943, Marcel Pierre C. grabs an opportunity to hide out in the country during several days holiday at his parents' house until Brest is liberated in September 1944. Almost 60 years later, in March 2004, at the age of 81, he receives a payment of 2543.55 euros from the Austrian Reconciliation, Peace and Cooperation Fund.

Jan S. from the Netherlands, born in Delfzijl in 1923, also reports on poor food. He works at Maschinenfabrik Andritz

AUSTRIAN REPARATIONS POLICY

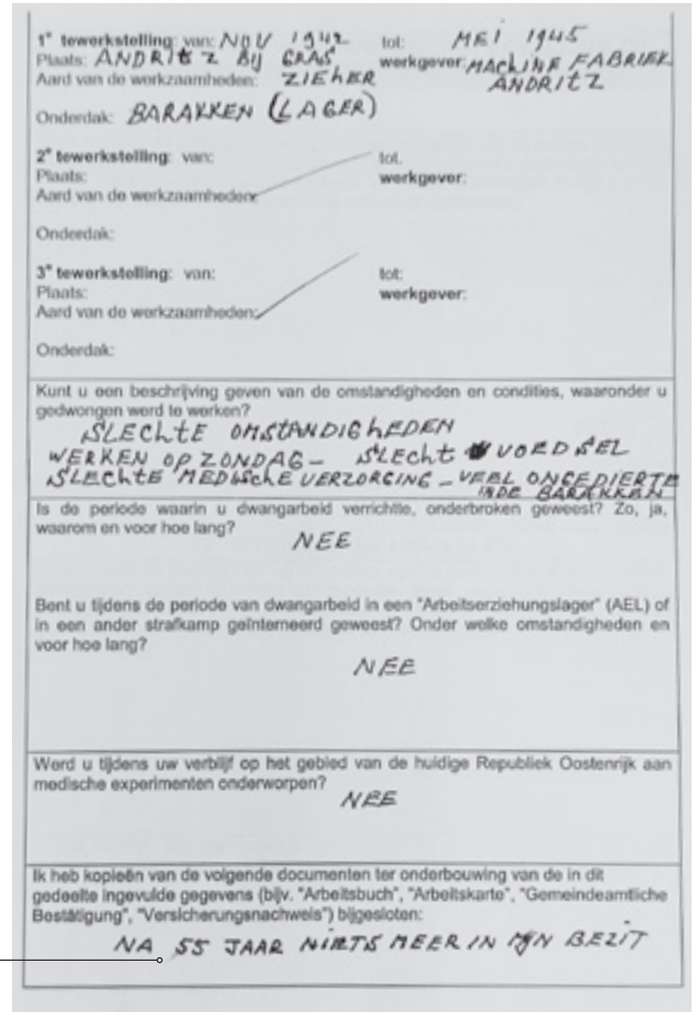
After the end of the Second World War, Austria eludes any responsibility for the crimes of the Nazi regime for a long time. This stance does not change until the aftermath of the so-called "Waldheim affair" in 1986, when the former Secretary-General of the United Nations and candidate for the office of Austrian President (1918-2007) is accused of knowing about and being involved in war crimes while serving as an officer in the Wehrmacht. In 1991, the Social Democratic Chancellor Franz Vranitzky (*1937) is the first official representative of Austria to acknowledge any shared responsibility by Austrian nationals for Nazi crimes and also to ask for forgiveness – a turning point in Austrian policies concerning the past. In 1992, the Austrian parliament adopts measures to pay compensation to deported Jews. The "Nationalfonds der Republik Österreich" (National Fund of the Republic of Austria) for victims of Nazism was established in 1995 "to express the Republic of Austria's special responsibility towards the victims of Nazism." Its purpose is to render so-called gesture payments of 5,087 euros under certain conditions to victims of Nazism in Austria between 1938 and 1945. So far, over 150 million euros have been paid to just under 30,000 applicants. In 1998, following lawsuits from the USA, Austria uses the "Austrian Historical Commission" to investigate expropriation of property between 1938 and 1945 as well as restitutions and compensations after 1945. In 2000, an Act of Parliament creates the Austrian Reconciliation Fund to disburse voluntary payments funded by the Federal government, the regional governments and Austrian industry to former slave and forced laborers who were deported to the territory of present-day Austria by the Nazi regime and forced to work there. The fund is closed at the end of 2005 because no more former forced laborers report to the fund requesting payments. A total of over 132,000 people from 70 countries submitted an application to the Reconciliation Fund and received a payment out of this fund. In 2001, a "General Settlement Fund for Victims of National Socialism" is set up to provide compensation for loss of property to those persecuted by the Nazi regime (seized tenancy rights, household effects and personal valuables). The fund concludes its activities in April 2022.

"There is a shared responsibility for the suffering that was brought over other human beings and peoples, if not by Austria as a state, by citizens of this country."

Franz Vranitzky in his speech before Parliament on July 8, 1991

as from November 1942 and is housed in a block on the company premises from February 1943 until the end of the war. He says there was a lot of vermin. Medical care also was not good. Jan S. also receives 2,543.55 euros from the Reconciliation Fund in 2002.

However, the questionnaires only provide information on the living and working conditions of individual groups of forced laborers. There are no sources also providing information on the "Ostarbeiter", who mostly suffered much worse treatment. The political


1e tewerkstelling: van: NOV 1942 tot: MEI 1945
Plaats: ANDRITZ Bij GRAZ werkgever: MACHINE FABRIEK ANDRITZ
Aard van de werkzaamheden: ZIEHER
Onderdak: BARAKKEN (LAGER)

2e tewerkstelling: van: tot:
Plaats: werkgever:
Aard van de werkzaamheden:
Onderdak:

3e tewerkstelling: van: tot:
Plaats: werkgever:
Aard van de werkzaamheden:
Onderdak:

Kunt u een beschrijving geven van de omstandigheden en condities, waaronder u gedwongen werd te werken?
SLECHTE OMSTANDIGHEDEN
WERKEN OP ZONDAG – SLECHT VOEDSEL
SLECHTE MEDISCHE VERZORGING – VEEL ONGEDIERTE IN DE BARAKKEN

Is de periode waarin u dwangarbeid verrichtte, onderbroken geweest? Zo, ja, waarom en voor hoe lang?
NEE

Bent u tijdens de periode van dwangarbeid in een "Arbeitserziehungslager" (AEL) of in een ander strafkamp geïnterneerd geweest? Onder welke omstandigheden en voor hoe lang?
NEE

Werd u tijdens uw verblijf op het gebied van de huidige Republiek Oostenrijk aan medische experimenten onderworpen?
NEE

Ik heb kopieën van de volgende documenten ter onderbouwing van de in dit gedeelte ingevulde gegevens (bijv. "Arbeitsbuch", "Arbeitskarte", "Gemeindeamtliche Bestätigung", "Versicherungsnachweis") bijgesloten:
NA 55 JAAR NIETS MEER IN MIJN BEZIT

Completed questionnaire for an application to receive gesture payments from the "Austrian Reconciliation, Peace and Cooperation Fund." In 2002, 2,543.55 euros were paid out.

constellation of the post-war period makes reappraisal difficult for some groups of forced laborers: The East-West conflict and the Cold War cause contacts to break off in large parts of Eastern Europe. Meanwhile there is little interest in a historical reappraisal behind the Iron Curtain – similar to the situation in the West. A scientific reappraisal of the deployment of Polish and Soviet forced laborers is not possible until the break-up of the Soviet Union in 1990/91. Many Soviet citizens do not live to see this day. In many cases, their fates have already been forgotten.

FACTORY WITHOUT MACHINES: ANDRITZ DISMANTLED

On May 8, 1945, the Second World War ends in Europe when the Wehrmacht surrenders unconditionally. The totalitarian Nazi system collapses. Just a few days earlier, political opponents of the regime are murdered in Graz. On May 9, the Red Army marches into Graz. Austria's borders as they were before the "Anschluss" are reinstated and the country is divided into four Allied Occupation Zones. Styria becomes British. Before this, when the Red Army enters Graz, the population is called upon to submit weapons and munition and to resume work in shops, restaurants, hotels and factories.

Maschinenfabrik Andritz is also continuing to work in the final days of the war without any interruptions and major restrictions. The factory, which has been extended and modernized during the war, is fully operational and the production equipment has not

The Andritz production shop after dismantling, 1945.

"The Security Commissioner announces:
Russian troops marched into the city of Graz last night.
The provisional regional government
has been promised fullest discipline by the
occupying commando, however it is also necessary
for everyone to comply with the orders
and not give any kind of cause for disputes.
Normal life must take its course.
Shops must remain open. Factories must operate."

Grazer Volkszeitung on May 10, 1945

suffered any damage. The foundry is even working three shifts a day. However, the plant has a staff of only 438 left, and they are also very weak physically.

The factory is occupied by Soviet soldiers from May to July 1945, and the machinery is almost entirely dismantled. 400 machines (around 95 percent of all the machinery), semi-finished products, tools and raw materials – almost everything is carted off. Only a few old machines are left in the factory, whose existence is threatened once again, but nevertheless does not come to a standstill. On July 23, 1945, ten weeks after the war ends, the Soviet troops pull out of Styria and the British also take command in Graz.

The Second World War ends in Europe on May 8, 1945; the Red Army marches into Graz on May 9.

Graz, Donnerstag, 10. Mai 1945

Russische Truppen in Graz einmarschiert

Vollste Disziplin zugesichert — Allen Anordnungen ist Folge zu leisten

GRAZ, 9. Mai. | pen. Lange Pferdefuhrwerkkolonnen wurden wiederholt von unheimlich schnell galoppierenden Kavalleristen überholt, die gleichsam mit ihren Pferden verwachsen zu sein schienen. Alle Soldaten machten, jung und gut aussehend, einen strammen Eindruck, die meisten von ihnen sind vielfach ausgezeichnet und haben schon viele Kriegsschauplätze hinter sich. Die hier einmarschierenden Einheiten gehören zur Armee Marschall Tolbuchins, die sich u. a. in Bulgarien und Ungarn ausgezeichnet hat.

GRAZ, 9. Mai.

Der Sicherheitskommissär gibt bekannt: In die Stadt Graz sind heute nacht die russischen Truppen einmarschiert. Der provisorischen Landesregierung wurde vom Besatzunskommando vollste Disziplin zugesichert, es ist aber auch notwendig, daß jedermann sich den gegebenen Anordnungen fügt und kein wie immer gearteter Anlaß zu Mißhelligkeiten gegeben wird. Das normale Leben hat seinen Gang zu nehmen. Die Geschäfte sind offen zu halten. Die Betriebe haben zu arbeiten.

Auf Anordnung des Besatzungskommandos ist es strengstens verboten, geistige Getränke auszuschenken oder zu verkaufen. Dies gilt ausnahmslos, d. h. sowohl der einheimischen Bevölkerung und den zurückflutenden eigenen Truppen als auch den Besatzungstruppen gegenüber.

Waffen jeder Art (Gewehre, Pistolen, Revolver, Maschinenwaffen, Stich- und Hiebwaffen) sind den Besatzungstruppen (Kommandantur im Hotel Wiesler) oder an ein Polizeirevier abzugeben.

Rosenwirth, Sicherheitskommissär.

Unsere Stadt im Zeichen der russischen Truppen

GRAZ, 10. Mai.

Gestern zogen in den frühen Morgenstunden die siegreichen Truppen der Roten Armee in unsere Stadt ein. Artillerie mit modernstem Geschütz wechselte mit wendigen Panzergrup-

Grazer, Achtung!

Befehle des sowjetrussischen Ortskommandanten

GRAZ, 10. Mai.

Heute werden auf den Anschlagsäulen und Anschlagwänden der Stadt Graz Befehle des sowjetrussischen Ortskommandanten (Stadtkommandanten) von Graz erscheinen. Hiezu ist zu bemerken:

Der Punkt 5 in Befehl Nr. 1 wird im Einvernehmen des Ortskommandanten mit dem Bürgermeister dahin geklärt, daß die liberale Wirtschaftsordnung aufrecht bleibt (also keine Verstaatlichung), daß jedoch selbstverständlich die Abgabe von bisher kartenpflichtigen Waren weiterhin an die Abgabe der Karten gebunden bleibt.

Der Punkt 10 des Befehles Nr. 1 bleibt mit Zustimmung des Ortskommandanten aufgehoben. Es entfällt also in Hinkunft die Verdunkelung, wie bereits mitgeteilt wurde.

The provisional Styrian Regional Government installs a four-man provisional management board at Maschinenfabrik Andritz, comprising white-collar workers who manage operations until 1947. The management immediately sets about repairing the remaining machines and renting or purchasing used tools and machinery from other factories, some of which have been shut down. Moreover, the large companies in Styria agree to help each other out with a kind of "neighborhood swap". And so, Steyr-Daimler-Puch and Simmering-Graz-Pauker provide Andritz with machinery. The factory can now resume civilian production of pumps and turbines. The foundry is also extended before the end of 1945, with the result that large castings can soon be delivered to plants that have suffered damage during the war. Maschinenfabrik Andritz helps over 30 Austrian businesses to restore their facilities, repair equipment in the metals and mining industry, put numerous turbine plants in Austria back into service, and supply cast pipes for the damaged water system in Graz.

"To say in these circumstances, as the trade union federation does, that this sale was voluntary is positively grotesque. It goes without saying that Wolfgang Gutmann would never have sold his shares voluntarily."

Styrian Chamber of Commerce to the Styrian Regional Government on June 13, 1947

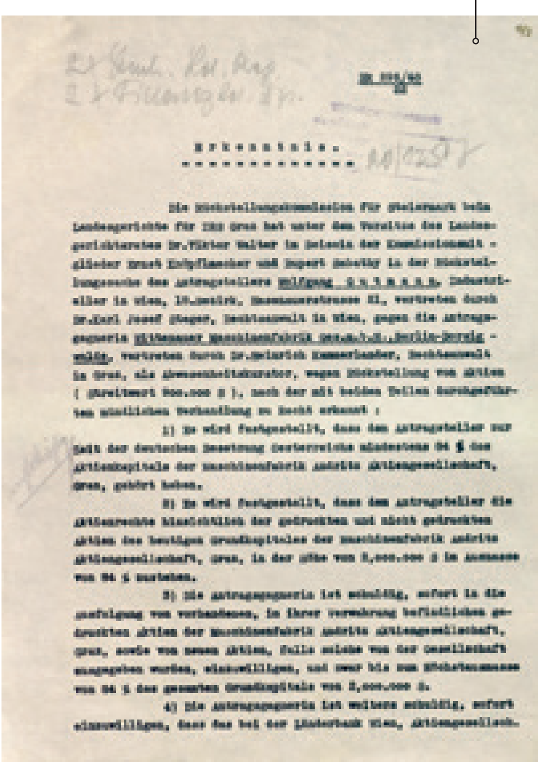
COMPENSATION FOR GUTMANN

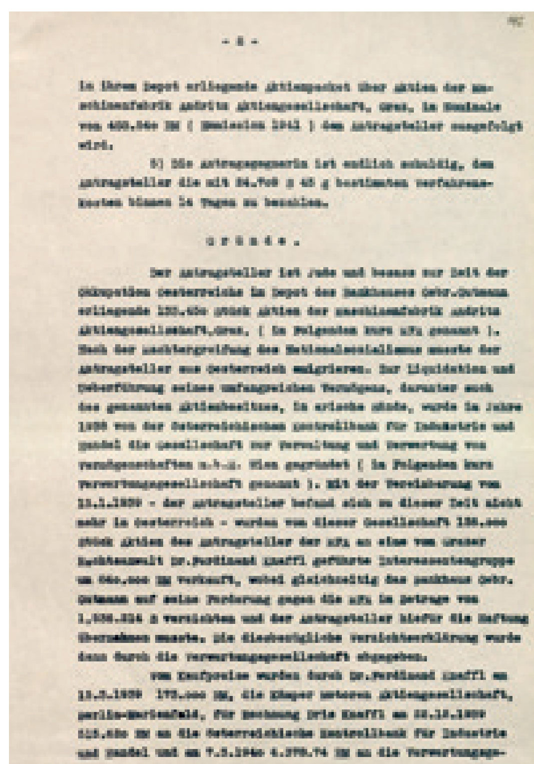
Meanwhile, the factory is examining the matter of who it actually belongs to or should belong to. On October 5, 1946, the "aryanized" Wolfgang Gutmann applies for his own appointment as public administrator until the ownership status is settled. A letter from his lawyer to the Federal Ministry for Asset Protection and Economic Planning says: "Wolfgang Gutmann has now returned to Austria and is seeking restitution of the shareholding. The current situation in the company is intolerable. The staff that took over the

company management are in no way suited to head a company of this kind. The management has no authority whatsoever over the workforce, the working pace has reached an all-time low, and the few orders the company has can only be delivered with major delays." A fierce dispute now flares up between the temporarily appointed company management, employee representatives and the Styrian Regional Government. Workers' representatives argue that their experience with Gutmann was not good, the Styrian Regional Government supports the Andritz workers, and the Chamber of Labor in Graz also opposes Gutmann as public administrator.

Due to the disputes, it is September 2, 1947, before the engineer Hans Schönbaumsfeld, who held a senior management position at the machine works during the Nazi era, is appointed its public administrator at the suggestion of Wolfgang Gutmann. He now has legal legitimacy to take important entrepreneurial decisions.

Justice is administered on October 31, 1949: The majority shareholding is restored to Wolfgang Gutmann.


Erkenntnis.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G r ü n d e .

Appointed public administrator of Maschinenfabrik Andritz in 1947: Hans Schönbaumsfeld (1900–1972).

Justice is administered on October 31, 1949: The majority shareholding is restored to Wolfgang Gutmann This decision is based on the Federal Law passed on February 6, 1947, on the annulment of property seizures (Third Restitution Act), which is previously strongly opposed by business circles and the "Verband der Unabhängigen" – a predecessor of today's Freedom Party (FPÖ) – but ultimately pushed through by the Western Allies.

But Andritz does not remain with its new, former owner for long. Wolfgang Gutmann has been looking out for a buyer for some time. In 1950, the time comes: Maschinenfabrik Andritz undergoes the eighth change of ownership in its not quite 100-year history. Wolfgang Gutmann sells his majority shareholding in 1950 to Creditanstalt-Bankverein.

CHAPTER 4

BETWEEN THE ECONOMIC BOOM AND THE FINAL CASTING

EXPANSION AND EXISTENTIAL THREATS

1950 – 1983

The foundry in 1982: The flames still blaze, and the sparks still fly, but it ends on May 28 – the foundry is closed down.

"I was there when the last casting was made, and then I thought to myself: What do I do now? What will my future be at Andritz?"

Gerhard Zirngast, a lathe operator at Andritz in those days, talking about the last casting to be made in the foundry in 1982

In 1982, an era comes to an end: Smoke streams out of the stacks for the very last time, and a final casting leaves the works. Then the historical heart of Andritz – the foundry – stands idle after 130 years.

In the 1950s, the foundry had been further extended. But it never really runs at full capacity again after that. There is no big demand anymore, neither from the company itself nor from customers. In 1982, its share of total revenue was only three percent. The Andritz markets, work and production processes, and also the products change in the post-war era. Soon the focus lies on mechanical engineering – large industrial plants and rolling mills – as well as on paper machines, for example paper and pulp dewatering machines. It simply is no longer worth running a company-owned foundry. Gerhard Zirngast is a lathe operator at Andritz at the time and recalls: "I was there when the last casting was made, and then I thought to myself: What do I do now? What will my future be at Andritz?" But, of course, Andritz keeps going. And during the era that Zirngast witnesses, Andritz certainly achieves considerable growth.

ON THE WAY TO THE AUSTRIAN "WIRTSCHAFTS-WUNDER"

In 1945, the Austrian economy is on its knees. Businesses get off to a slow start. Many people live in apartments with only makeshift repairs or have lost their homes due to the damage wrought during the war. There is great material hardship, the currency has dropped, and the population is suffering hunger. Moreover, the country is divided into four occupation zones that are cut off from one another, making it much more difficult to do business. The supply situation does not improve until 1947. And soon there is a huge boom: the "Wirtschaftswunder" (economic miracle). There are several reasons for reconstruction being so successful.

A currency reform is implemented in 1947. The country's largest banks and the most important industrial companies (Austria Metall AG, VÖEST, Steyr-Puch) are nationalized and rehabilitated with the aid of US funding under the Marshall Plan. With this comprehensive economic rehabilitation program, the USA seeks to strengthen the economy in 16 European countries and hence also stabilize them against inroads from the Soviet sphere of influence. Thus, Austria especially benefits from large subsidies, particularly as the money is intended to compensate for the dismantled equipment that the Soviet Union uses to collect its reparation payments – something that Andritz also experiences in the meantime.

When German companies set up subsidiaries in Austria, this also has a positive effect. Large projects like the construction of Kaprun storage power station – in which Andritz will also be involved – create jobs. The social partnership with its five wage-price agreements between 1948 and 1951 helps make sure that the population also feels the benefit of the upcoming boom.

Finally, the last and decisive element for Austria and its economy in the post-war era is the Staatsvertrag (State Treaty) signed on May 15, 1955. This makes Austria a sovereign state conditional upon political neutrality – a central demand made by the Soviet Union. The occupying troops withdraw. When Austria

Tour of the workshop, 1950.

1

AUSTRIAN MODEL OF SOCIAL PARTNERSHIP

After the Second World War, a new spirit of dialog develops in Austria between employer and employee associations. The Chamber of Commerce and the Vienna Chamber of Labor set up a joint committee to discuss urgent socio-political problems. The parent organizations – the Austrian Chamber of Commerce, the Austrian Chamber of Labor, the Austrian Trade Union Federation and the Presidential Conference of the Austrian Chambers of Agriculture – are established around the same time. In 1947, these groups take the first concrete step towards institutionalizing the social partnership and set up a permanent Parity Commission for the Economy, with the aim of advising the government on economic matters, particularly with regard to developing a joint reform of wage and pricing policy. The wage and price agreements concluded between 1947 and 1951 are the first voluntary agreements between the social partners.

The constructive balancing of interests becomes a model of success for Austria. Soon the tariff and social partners have considerable influence in the country's political system and are also involved in the legislation process. The Austrian model of social partnership is still considered today to be an example of a relationship between companies and trade unions that seeks to maintain a balance.

ESCHER WYSS AG

In 1805, industrialist Caspar Escher (1775–1859) and banker Salomon von Wyss (1769–1827) set up the "Escher Wyss & Co." cotton spinning mill in Zurich, with the aim of industrializing textile production in Switzerland. The spinning mill also has a mechanical engineering department that builds textile machines, water wheels, water turbines and, as from 1835, also shipping vessels complete with boilers and steam engines. Mechanical engineering becomes much more important for the company than the spinning mill, which is abandoned in 1860.

Escher Wyss turbine runner made by Andritz for Aschach power station, 1960.

After the First World War, subsidiaries are established in Germany and Austria. Escher Wyss evolves into the largest mechanical engineering company in Switzerland and one of the most important in Europe. However, the Great Depression hits the company hard, and Escher Wyss is insolvent in 1931. A new company is established: "Escher-Wyss Maschinenfabriken AG". It is subsidized by the City of Zurich and taken over in 1937 by Swiss industrialist Jacob Schmidheiny (1875–1955). After the Second World War, the company evolves into a globally operating group. The parent company in Zurich has 2,300 employees in 1963 during the company's heyday. In 1969, Sulzer AG takes over the company. "Sulzer-Escher Wyss AG", with hydraulic and thermal turbomachines as its key production areas, is established in 1983. In 1999, VA TECH HYDRO takes over Sulzer Hydro. Collaboration with Andritz comes to an end, and the licenses are terminated. Then there is a surprising turnaround in 2006: Andritz acquires VA TECH HYDRO for just under 200 million euros.

becomes a member of the United Nations in 1955 and of the Council of Europe in 1956, the country is fully integrated into the international community once again and the course is set for continuing economic growth. Between 1953 and 1962, the GDP increases annually by an average of 6.3 percent – in Western Europe, this growth rate is only exceeded by Germany.

Factory premises in the 1950s.

STRATEGIC REFORM

In this phase of setting the economic course, there is also a strategic reform at Andritz. Public administrator Hans Schönbaumsfeld, himself an Andritz employee of long standing and appointed to this position in 1947 at the suggestion of Wolfgang Gutmann, wants to see Andritz expand again and concludes several cooperation and license agreements. The first of these with the prestigious Swiss turbine manufacturer Escher Wyss is signed in 1948. With this contract, Andritz has access to the comprehensive research and development program run by the Escher Wyss Group and is able to produce modern turbines of all types. Another license agreement follows in 1951 with the German affiliate of Escher Wyss in Ravensburg, enabling Andritz to now produce entire paper machines.

In 1956, Escher Wyss also purchases shares in Andritz and thus has a direct stake in the company. License and cooperation agreements as well as collaboration with other companies are what shape Andritz as of the 1950s and ensure that the order books are full.

New workshop for large castings, 1950.

At the same time, however, they make the company dependent on the technical know-how of its partners.

Collaboration with Escher Wyss is not the only radical change. After the war, Andritz is returned to Wolfgang Gutmann as part of the restitution process. However, he sells the company on directly to Austria's largest bank – the state-owned Creditanstalt-Bankverein (CA) in 1950. Hans Schönbaumsfeld stays with Andritz and now becomes General Manager.

The new owner provides several advantages: CA manages a large part of the loans issued under the Marshall Plan. Schönbaumsfeld uses the loans and an increase in capital to invest in the plant: New machines are purchased to build large turbines, and extensive new living quarters are built for the workforce. The biggest investment goes into building a new foundry shop – opened in 1952 – above the old iron foundry. The foundry now specializes in producing gas and steam turbine housings, casting dies for the steel industry, and parts for paper machines and heavy machinery.

"With responsibility for the installation work as well, Andritz took a big risk by even accepting the order."

Andritz company magazine no. 34, August/September 1955, on the challenges of site installation of a Kaplan turbine in Yugoslavia

Casting of metal fittings, 1950.

Employees drilling holes with a radial drilling machine.

Schönbaumsfeld's plan appears to work immediately: The general mechanical engineering department profits from the opportunity to deliver complete packages together with the company's partners, and the departments for metals and mining equipment and the pumps department are soon back on their feet. Construction of centrifugal pumps continues successfully, the pumps portfolio for borehole and shaft pumps is expanded, and work begins on building high-pressure propeller pumps. A few years later, in collaboration with Escher Wyss, Andritz delivers the largest storage pump in the world at the time to the Kaprun Upper Stage power station in the Hohe Tauern mountain range.

In addition, the company receives government contracts in the 1950s to supply large turbines, spherical valves, main inlet valves and storage pumps – a competency that will also prove lucrative at international level. As a result of the collaboration with Escher Wyss, Andritz is producing complete paper machines in the meantime for the largest European paper, board and pulp producers. The workforce doubles in size, from 559 to 1,131 employees, between 1948 and 1952. So things are going well for Andritz, for the moment at least – the ideal setting to duly celebrate the machine works' 100th anniversary in 1952.

CREDITANSTALT-BANKVEREIN (CA-BV)

The "k. k. privilegierte Österreichische Credit-Anstalt für Handel und Gewerbe", known as "CA", is established by Anselm Salomon von Rothschild (1803–1874) at the initiative of the Austrian Minister of Finance in 1855. His father, Salomon Meyer Freiherr von Rothschild (1774–1855), had set up the major bank S. M. v. Rothschild and, in doing so, established the Austrian branch of the banking family. CA rapidly becomes the leading Austrian bank. It has holdings in banks and companies, playing a central role in the development of industry and the railways. Anselm Salomon von Rothschild also becomes a business partner of the Gutmann brothers: They join forces in 1865 to extend the Vitkovice Iron Works. Towards the end of the 19th century, over 60 percent of Austrian industry is linked to CA via loans.

After the First World War, many of the bank's representative offices in the successor states are lost. As a result of the Great Depression, the bank plunges into a severe crisis as from 1929. On May 11, 1931, it declares insolvency and triggers a banking crisis as a result. As Creditanstalt serves the majority of the industrial companies in Austria, its restructuring is imperative. This takes place in several stages and ends in 1934: The private bank is nationalized as an emergency measure and merged with "Wiener Bankverein" to form the "Austrian Creditanstalt-Wiener Bankverein".

"Extraordinary shipment" of a horizontal boring mill, 1950.

100th anniversary celebrations. The Andritz “A” logo in gray cast iron and metal casting from the company’s own workshops.

“When Josef Körösi established his ‘Maschinenfabrik und Eisengießerei in Andritz’, he placed his trust in himself and in God. He didn’t know how many people he would provide with food, heating and security, as well as strength to believe in good. Today, it is 1952 and we are building machines in Andritz on exactly the same spot as four generations ago.”

Ceremonial address by General Manager Hans Schönbaumsfeld for the centennial in 1952

100 YEARS OF ANDRITZ

Time to celebrate: 100 years after Josef Körösi established the iron foundry in Andritz, the plant is looking to the future with optimism after many ups and downs and hosts a big celebration. After the war and the years of reconstruction, the opportunity to celebrate such a special occasion is more than welcome. Numerous personalities from politics, business and science arrive from Austria and abroad. The Mayor of Graz gives a speech, as does the Minister of Trade and Reconstruction. The works orchestra provides the musical backdrop and plays the Austrian national anthem. Long-serving members of the workforce are presented with an extensive commemorative publication – “The mechanical engineers of Andritz”. The first company magazine is published on the occasion of the anniversary. Since then, it has continued to inform the workforce up to the present day about what is happening in the company.

Sincere gratitude is expressed towards the company’s founder in an initiative by the company management: Körösi’s grave, which was completely destroyed during air raids in 1945, is restored and a memorial is built on the front side of the administration building.

“And if you, dear guests, dear Andritz employees, have heard about the significant accomplishments of this company, is that not conclusive proof that all the people working here are doing so with goodwill and common sense?”

Ceremonial address by General Manager Hans Schönbaumsfeld

In his ceremonial address, Schönbaumsfeld points out once again how strongly the spirit of Körösi and the early years is still present within the walls of Andritz: “Loyalty is not only in the heads and hearts of the older and perhaps also the younger Andritzers, no matter whether they are working on the drawing board, at the workbench, on the machine or at a casting mold. This atmosphere is in the very walls of this factory, and it allows a well-coordinated workforce to accomplish great things,” says the General Manager. But this will be his last important anniversary at Andritz.

CEO of Andritz AG from 1959 to 1966: Sepp Kern.

"I ask you to trust once again in the future."

General Manager Sepp Kern to the Andritz workforce, 1959

"A NEW BROOM AT ANDRITZ"

Just seven years later, all too familiar notes are being struck at Andritz – once again, the situation appears dramatic. "I ask you to trust once again in the future," General Manager Sepp Kern appeals to the Andritz workforce in 1959. He says that he hesitated to take over at Andritz due to the "exceptional difficulties that will have to be overcome here." After all, Kern is not unknown there. He had already worked as an engineer at the Maschinenfabrik from 1948 to 1951. Now he returns, "trusting in your ability (...) to straighten up this factory again." How did the promising signs turn so quickly into the next threat to the factory's existence?

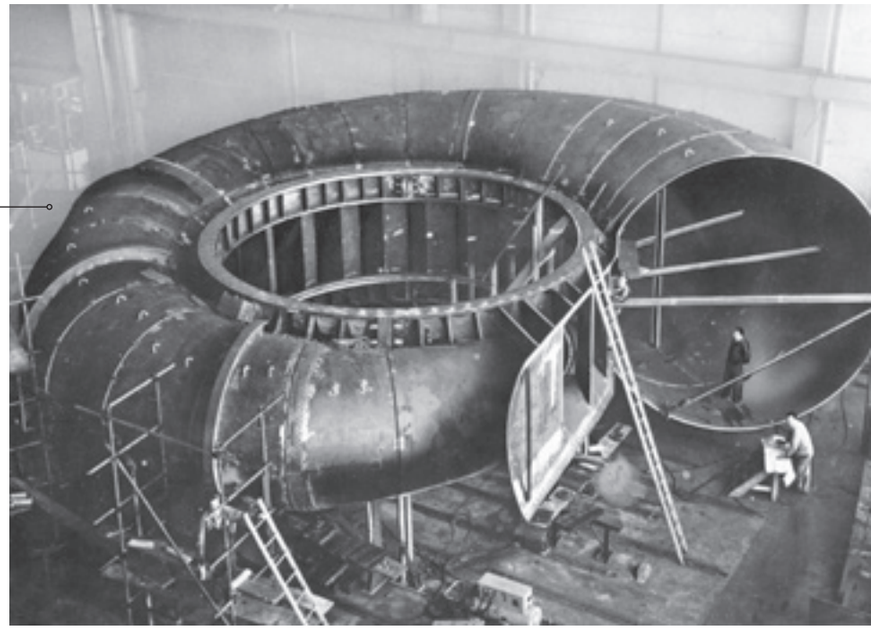
The reconstruction of Maschinenfabrik Andritz required considerable resources. Collaborations with Escher Wyss and, as from 1956, with the German company Mannesmann-Meer AG do provide firm orders and extend

Andritz factory premises from above, 1959.

the product portfolio. However, they also force Andritz to make larger investments in its own operations: For example, the steel fabrication shop has to be expanded because turbine construction is shifting from cast iron to welded structures. Two new production shops are built, and machinery is purchased. The product portfolio now also includes hydraulic steelwork and heavy welded structures. On the other hand, the foundry that was only built in 1952 is far from working to capacity at the end of the decade.

Order intake remains high in the 1950s – there are many large orders in the turbine, steel fabrication and crane construction sectors. But in addition to the foundry with its unused capacity, production of gas compressors is still under development

Turbine spiral, mid-1960s.



Welded turbine spiral from above, around 1963.

and the pumps department lies almost dormant. Establishing the company's own test and development institute – the "Anstalt für Strömungsmaschinen" (ASTRÖ) – does play an important role in Andritz soon gaining a leading position internationally in the field of hydraulic research but is reflected largely as an item of expense in the balance sheet for the time being. This is exacerbated by the general situation, which is not ideal: Competitors increasing the pressure on prices, higher prices for iron, and growing personnel costs due to a reduction of working hours in Austria place a burden on Andritz in 1959.

In spite of the supposedly good economic starting point, Andritz operates at a loss in the 1950s, except in 1954 and 1955. Finally, CA and Escher Wyss become impatient: In 1959, Sepp Kern succeeds Hans Schönbaumsfeld. The newspaper "Grazer Zeitung" runs the headline: "A new broom at Andritz."

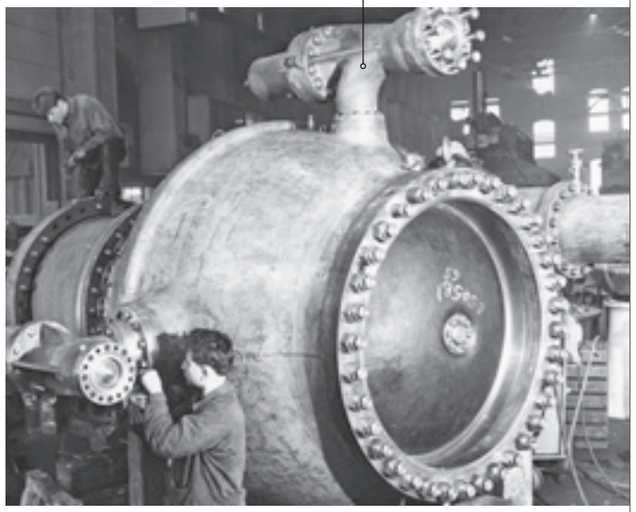
In the years that follow, Kern carries out restructuring and rationalization measures, but like his predecessor, relies on the collaboration with Escher Wyss and other partner companies. He also pushes expansion of the company further forward: The first acquisition in the company's history takes place under

Transportation of an Andritz turbine with escort, 1967.

Kern. In 1964, Andritz took over the plant engineering segment of Ruthner Industrieplanungs AG in Vienna; the plastics manufacturing segment follows four years later.

Hence, nothing changes in the basic Andritz business model although exports do rise sharply under Kern. But the main thing for the shareholders is: Kern achieves initial success quickly. In 1960, Andritz finally makes a profit again after five years. Revenue rise by a prodigious 45 percent between 1962 and 1968. As of 1970, the figures for order intake and revenue increase by an average of 20 percent every year.

Pipe manufacture, 1966.

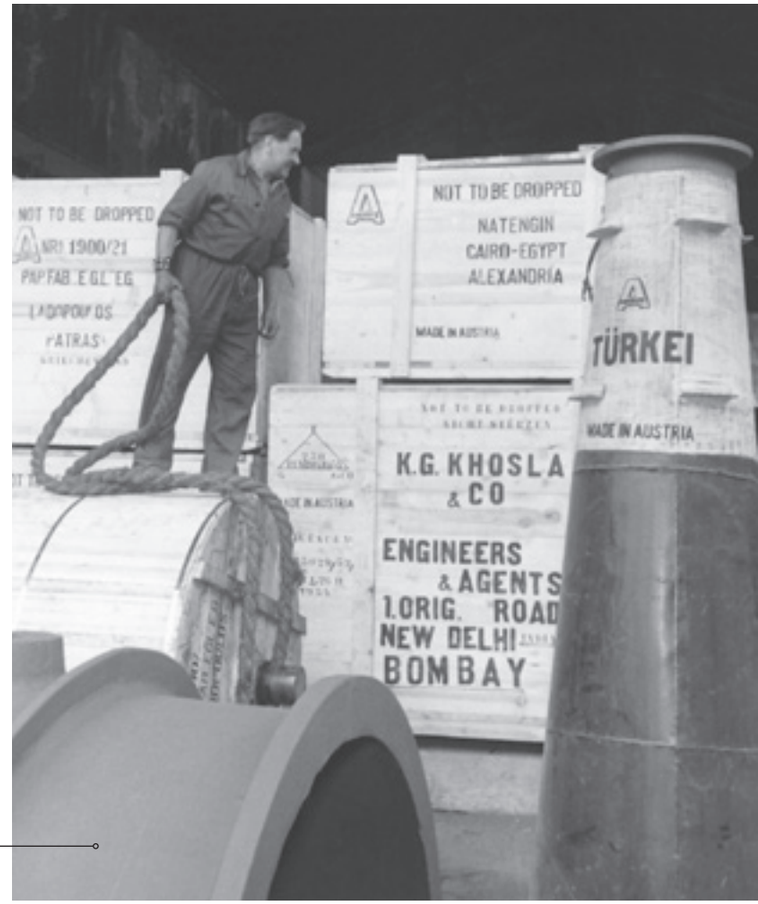


FROM ANDRITZ OUT INTO THE WORLD

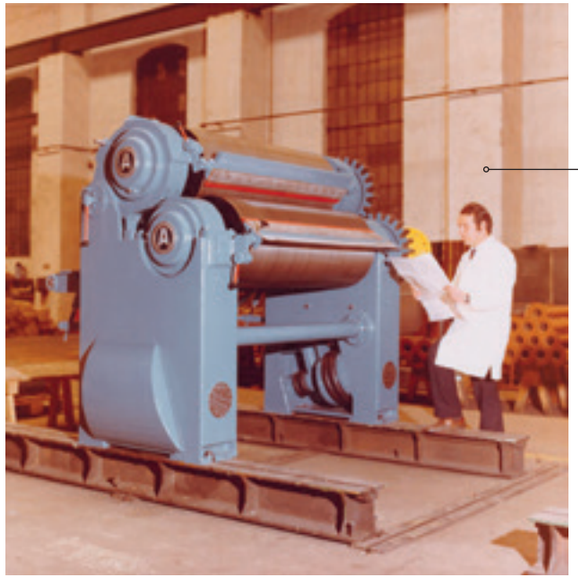
When Andritz engineer Walter Hack sets off on an assignment to install three deep well pumps in 1956, his luggage is a little more extensive than usual: Apart from his usual tools, clothing and bedding, he also needs to put a pith helmet into his suitcase. He is traveling to Hyderabad in India – during the summer, when the temperature is 45 degrees Celsius in the shade. After several days traveling, Hack finds accommodation at the Guest House of the power station where the pumps are to be installed. In the next two weeks there is curry, and at night, all kinds of insects from the jungle buzzing around the room. All the same, the Indian summer

"Things that were previously built of cast iron are often manufactured today as a welded steel structure. Hence: what is bad for the foundry is good for steel fabrication."

General Manager Sepp Kern, 1966



Goods dispatch all over the world, 1960.



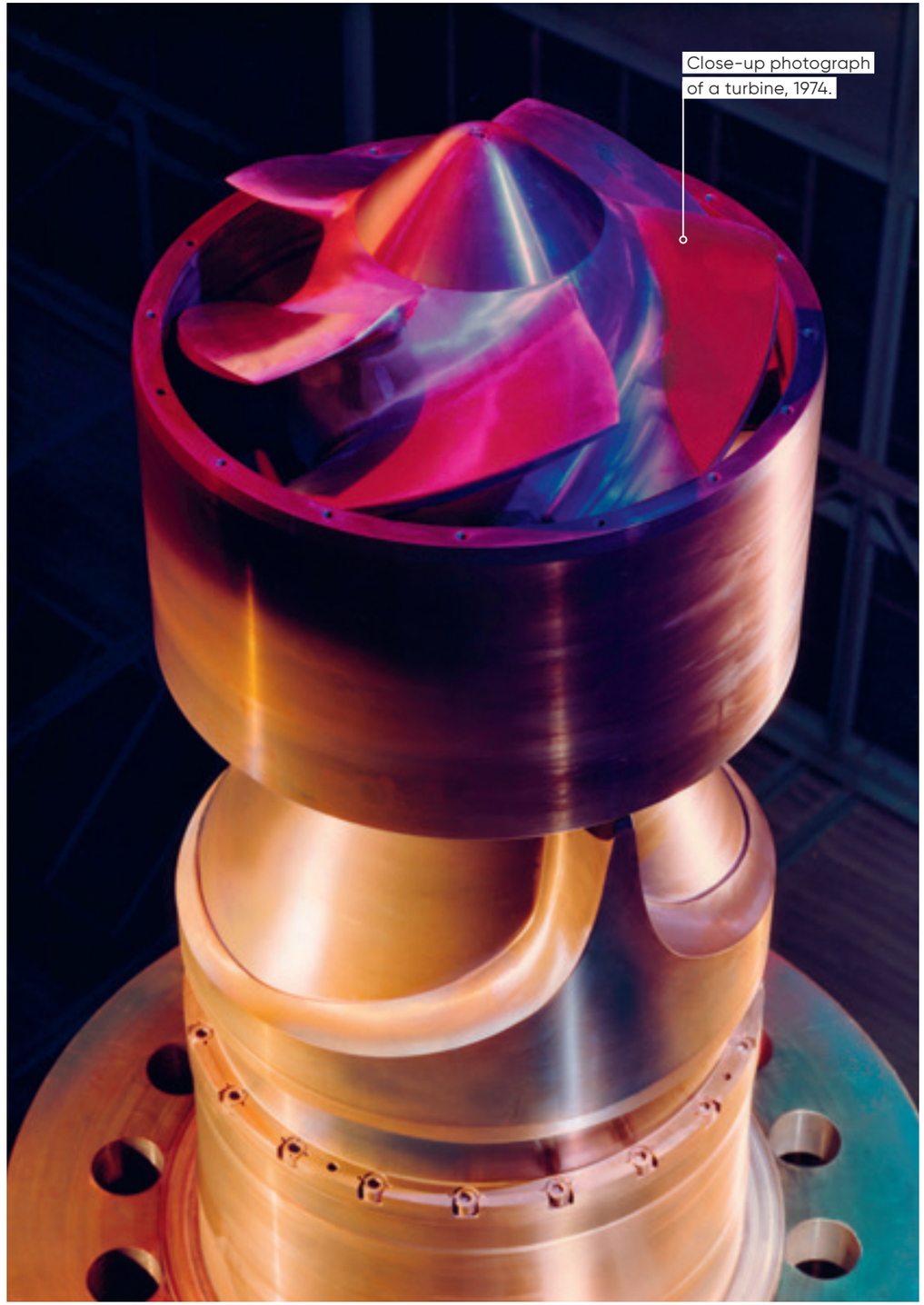
Employee inspects rolling mill, 1972.

has one advantage: “At least you don’t see the numerous scorpions and cobras at this time of year,” Hack reports in the Andritz company magazine.

Installation of the pumps is a real spectacle in the local town. Before Hack and his team can get to work, a local Brahmin conducts a ceremony, and the pump is consecrated. The Brahmin smashes a coconut against the pump, then it is lowered into place by a crane. Hack is a little on edge because the work has to be completed before the monsoon rains come. But everything works out fine. Although installation of the other two pumps is accompanied by sandstorms, Hack can depart satisfied after two weeks’ work.

Sepp Kern’s era is dominated by strong export business. In the 1960s, over 50 percent of the orders came from abroad. Pumps and industrial plants are mainly exported to the Middle East and Eastern Europe. In the paper machines sector, the company concentrates on the Eastern European market. The first sales offices are set up in Brazil and Iraq. By 1974, exports increase to 72 percent, even reaching 90 percent in 1979. So the Andritz staff travel regularly halfway around the world in the 1960s and 1970s to oversee the Graz company’s projects on site – sometimes in a rather unfamiliar environment.

The pumps sector, for example, makes Andritz a pioneer of the desert. The company’s own research institute ASTRÖ develops several advanced irrigation pumps in the 1960s. In 1967, the Maschinenfabrik delivers four complete pumping stations to the Sudanese government to irrigate stretches of the desert in the Blue Nile area. The pumps are very well received, and the largest pumping station in Africa, Rahad, is opened in Sudan when four more pumps



Close-up photograph of a turbine, 1974.

Installation of pipe system in Sudan, 1967.

innovation and order several machines – a completely new sales market for Andritz. Ultimately, the twin wire press is developed further as a dewatering unit for industry and municipal waste water treatment plants. In the paper industry, it serves increasingly as a thickener for wastepaper pulp. And it is also used in the food, metal and petrochemical industries. After being delivered to Australia and New Zealand, a twin wire press is sold to the USA for the first time in 1978. The Paper Machines department, which also includes dewatering machines, becomes the product group with the highest revenue in 1970 alongside the Hydraulic Machines department. In 1978, it lies just short of a 50 percent share of total revenue. As a result, Paper Machines is established as a separate division in the same year.

In order to handle projects abroad and meet the increased international demand, the first branches of the company outside Austria are established in the 1970s: Andritz-Ruthner España S.A. (ARESA) with its office in Madrid opens in 1974. A subsidiary is set up in the USA, in Dayton, Ohio, in the same year. Tait-Andritz Inc. mainly sells sludge dewatering machines and twin wire presses in the USA, Canada and Mexico. In 1977, a subsidiary is established in the United Arab Emirates that soon also takes over local fabrication of steel structures. Together with Ruthner, other companies are set up abroad – in West Germany, Brazil and France. In addition, the company acquires a share in a mechanical engineering and structural steel company in São Paulo, Brazil. In order to enhance sales activities abroad, a new office is opened in Belgrade to work the Yugoslavian market and one in Baghdad for the important Middle East region at the beginning of the 1980s.

go into operation in 1977. Other orders come from Egypt, Bulgaria, Romania, and Iraq. Furthermore, ASTRÖ sets up the largest test stand in Europe for inspection tests on large irrigation and cooling tower pumps.

In the 1970s, the Paper Machines division takes Andritz almost to the other side of the world. After Andritz develops a special machine to dewater pulp, the so-called twin wire press, Japanese companies hear about this

Controls Andritz business as from 1978: Robert Scheriau.

CRASH LANDING AFTER FLYING HIGH

So, after many years of international expansion, business is good. Andritz witnesses a record year in 1980. Order intake doubles compared to the previous year. The main reason for this is two large orders in the industrial plant engineering sector. Ruthner secures an order of around 2.5 billion schillings in value (the equivalent of approximately 500 million euros today) from East Germany to supply a turnkey plant for the production of magnesium oxide sinter.

A project that evolved into a disaster: construction of the Paskov pulp mill in Czechoslovakia in 1984.

"The substantial losses reflected in the balance sheets of this Creditanstalt-Bankverein equity investment for 1982 and 1983 were sustained primarily from large-scale projects by the Andritz Group, above all from the Iraqi involvement by Ruthner Andritz Industrieanlagen AG. They were due in some cases to circumstances outside the company management's area of influence, but in other cases to deficiencies in the company's structure and organization, (...) to unrealistic assessment of contract risks and to the lack of timely controls."

Activity report by the Austrian Court of Audit, 1983

And Andritz receives the largest single order in the company's entire history: turnkey installation of the Paskov pulp mill in Czechoslovakia. Andritz is general contractor and responsible for 80 percent of the overall order volume of four billion schillings.

With Robert Scheriau as CEO, Andritz kicks off the new decade full of optimism. But the euphoria is very quickly dampened. In 1979, the second oil crisis rocks the economy in Western Europe. After the Shah of Iran is overthrown by the Islamic Revolution, Iraq declares war on Iran. The result is a shortage of oil on the market. The oil crisis leads to global stagnation that evolves into a fully-fledged recession in the industrial states of the OECD. In Austria, an era of full employment comes to an end in 1980, and the years that follow are characterized by slight upswings and regular setbacks. Due to the oil crisis, less money is being invested in the industrial countries, the global project volume shrinks, and the pressure of competition in industrial plant and mechanical engineering grows.

This time, Andritz is also severely affected by the crisis. The order intake is halved from 1981 to 1982. Current business also runs into difficulties due to the global situation: Execution of the 1977 Ruthner order for a water treatment plant in Iraq is hampered significantly by the outbreak of the First Gulf War. The situation is further complicated by the fact that Andritz-Ruthner has little experience of construction business in the Middle East and Andritz itself has no know-how in the technical field concerned – the downside of the close interaction between Andritz and its partners. Additional problems with the local Iraqi construction partner turn the project into a huge loss.

Pump construction in Iraq, 1979.

"At the time, we certainly detected a trend moving away from single machines towards complete plants, but we had too little know-how of our own and relied naively on external companies."

Friedrich Papst, assistant to CEO Robert Scheriau at the time and later also a member of the Andritz Executive Board

And the large and so highly promising Paskov order is a great success from the technical perspective, but a disaster from the business point of view. In the pulp sector, Andritz is not yet able to offer complete plants from a single source. With this order, Andritz simply bit off more than it could chew. "At the time, we detected a trend moving away from single machines towards complete plants, but we had too little of our own know-how and relied naively on external companies." – Friedrich Papst analyzes, at the time assistant to CEO Scheriau, who was chosen as "Manager of the Year" shortly beforehand. With hindsight, he says "that Andritz had simply entered into too many risky contracts at the same time." The Executive Board was made up entirely of engineers and sales and marketing specialists, "but had no one with a sound knowledge of controlling," Papst continues.

Factory premises in Graz, mid-1970s.

Andritz failed to gain enough of its own know-how and concentrated too much on the production of individual machines, some of which were manufactured under license. However, the current trend is to deliver complete plants and production lines. Without the company having its own extensive technology and sufficient experience in construction of complete plants, expansion failed.

In 1982, Andritz is suffering a real crisis and can no longer pay out a dividend. "Naturally, those were bitter times because the company had fallen from superstar ("Andritz – Creditanstalt's showpiece") to 'super failure'. Then, of course, there is only black or white. There are no gray areas anymore," Friedrich Papst recalls. "It was very much touch and go at the time whether Andritz would continue to exist or not," says today's Works Council member Andreas Martiner. The status of the company, which has already come through many crises and was often on the brink of closure, is very serious. "People feared for their very existence," recalls Gerhard Zirngast, at the time a lathe operator.

Andritzer: „Aus" für die Gießerei 150 Betroffene

GRAZ (NZ). Die Maschinenfabrik Andritz schließt im Laufe des heurigen Jahres ihre Gießerei. Betroffen davon sind 150 Mitarbeiter, die in der Gießerei bzw. in deren Umfeld arbeiten. Die Firmenleitung hofft jedoch, daß höchstens 75 Kündigungen nötig sind, da ein Großteil der Mitarbeiter in anderen Bereichen des Unternehmens eingesetzt werden kann.

Von der jährlichen Beschäftigungsfluktuation des Unternehmens von etwa 150 bis 190 Mann wird eine weitere Reduzierung der Kündigungszahlen erwartet. Derzeit wird mit dem Betriebsrat ein Sozialplan diskutiert. Wie die Firmenleitung betonte, sei die Schließung der Gießerei zudem auf das ganze Jahr verteilt, wodurch die Zahl der Kündigungen möglicherweise noch kleiner werden könnte.

Der Grund für die Schließung der Gießerei im Zuge der Umstrukturierung des Unternehmens sind erhebliche Verluste des Gießereibetriebes in den letzten Jahren. 1981 erreichten sie mit 20 Millionen Schilling fast 40 Prozent des Umsatzes. Die Ursache liegt vor allem in der Tendenz im Maschinen- und Anlagenbau, von Guß- auf Schweißkonstruktionen überzugehen, was zu Überkapazitäten und Unterpreisen geführt hat.

Die Gesamtzahl der Beschäftigten in der Andritzer Maschinenfabrik hat sich von Jahresbeginn 1980 bis Jahresende 1981 um 281 Mitarbeiter (von 2102 auf 2303) erhöht. Auch nach Schließung der Gießerei ist wegen der günstigeren Entwicklung in anderen Unternehmensbereichen mit keiner Verringerung des Gesamtbelegschaftsstandes zu rechnen, doch wird laut Unternehmensleitung „eine beschränkte Zahl der Gießereiarbeiter, für die keine geeignete Einsatzmöglichkeit an anderen Stellen des Unternehmens vorhanden ist, ausscheiden müssen". Die Maschinenfabrik erhofft sich von der „Beseitigung der hohen Verlustquelle Gießerei" die notwendige Voraussetzung für die „Fortsetzung des Expansionskurses des Unternehmens und damit für die Sicherung der Arbeitsplätze".

The German press reports on closure of the Andritz foundry, "Neue Zeit" newspaper on January 20, 1982.

Drastic measures are initiated in order to cut costs. In 1982, the foundry – originally the heart of Andritz – is closed down. CA decides to merge the company with Ruthner Industrieanlagen AG in 1983. The subsidiary had operated independently up to this point. This is the first acquisition in the history of Andritz. In 1983, 500 employees are made redundant, and the company announces that it will introduce short-time working. All in all, 700 jobs are

lost during the crisis. “That was a massive incision,” says Andreas Martiner, who was completing his apprenticeship at the time. “Of course, you are worried you will lose your job. As an apprentice, I was protected against redundancy, but my brother also worked for Andritz at the time and was made redundant because of the crisis.” “On the whole, the company did try to find socially acceptable solutions,” says Gerhard Zirngast. The social partnership worked well. Some of the people from the foundry, like he was, found jobs in other areas of the company. “Things were restructured. Many took early retirement.” And there was something else that he noted positively in these difficult times: “In all crisis situations, wages and salaries were always paid on time. That is unique and the workforce always appreciated it very much. The company can certainly

Office building in Graz, 1982.

THE TYPICAL “ANDRITZER”

Today, Andreas Martiner is a member of the Works Council at Andritz. He began with an apprenticeship at the Maschinenfabrik and can describe the typical Andritzer very well:

“The typical Andritzer lives for the company and is loyal. Andritz is not just a logo, it is a way of life. He lives his work. He doesn’t think about whether he will be paid for an extra five minutes because he knows anyway that he will be paid correctly. An example: An employee hears on Friday that he is to fly to South America on Monday for four weeks. He doesn’t think it over, he says ‘yes’. On Monday, he comes to work with his luggage because he is taking an afternoon flight. In his mental planning, he is going abroad for four weeks. Then he is told in the forenoon that the flight may not be necessary all. The trip could be postponed. So he continues his everyday work and puts his suitcase in the locker outside. At the end of the day, he goes home again. Then he is told, his flight is now on Thursday. So he flies there on Thursday. This is not an isolated example. It’s what I see people live. In my view, that is a typical Andritzer. Some of these people are older, but there are young ones as well. They identify with their product and their job.”

"The assistance we have been promised is a unique accomplishment by the investors that, to our knowledge, has never been known in the history of Austrian industry. [...] We are optimistic that we can hold our ground on the market if we all do our utmost and overcome the tough competition together."

Executive Board to the workforce

look back on this with pride," continues Zirngast, who today is a personnel officer at Andritz.

Ultimately, help comes from the government. Minister of Finance Herbert Salcher (1929–2021) wants to prevent Andritz having to file for bankruptcy, becoming insolvent and falling deeply into debt – after all, some 1,500 jobs are dependent on the company. Under a federal law, Creditanstalt-Bankverein receives a 3.5 billion schilling subsidy for Andritz. "This was a very happy day for all of us together," says Andreas Martiner about these emotional times. "When we heard 'The money is here', things began to look up. There was a spirit of enthusiasm. 'Now we have it, and we'll do everything to ensure that Andritz has a future,'" Gerhard Zirngast recalls.

In 1984, the Minister of Finance brings the top manager from AEG, Ludwig Pfeiffer-Lissa, to Andritz. He is to save the company with its long traditions by implementing restructuring measures.

Is to restructure Andritz AG: Ludwig Pfeiffer-Lissa, CEO as from 1984.

Assembly of a closure cap, 1984.

"We are in an intensive care unit and any outcome is possible," were reportedly his words when he joined Andritz. With Pfeiffer-Lissa, the company is once again headed by someone who quickly understands situations and communicates directly. A difficult course towards rehabilitation awaits Andritz.

The government's funding is linked to certain conditions: Andritz must develop its own technology and know-how. In order to prepare a restructuring plan – one of the conditions for payment of state subsidies – two external consultants come to Andritz for several months in 1983/84. One of these consultants is Wolfgang Leitner, who has a doctorate in chemistry. At one time, his father also spent 30 years at Andritz working as a machine fitter. So Leitner is a little more than just an external consultant at Andritz – and his first few months there become the beginning of a very special era.

KAPITEL 5

FROM LICENSEE TO INTERNATIONAL TECHNOLOGY GROUP

GROWTH AND STABILITY WITH WOLFGANG LEITNER

1984 – 2000

"Everyone just knew, the workers in the factory and the staff in the offices. Every one of them trusted him 100 percent. People knew that he would do things right"

Gerhard Zirngast, a lathe operator at Andritz in those days, talking about Wolfgang Leitner

Wolfgang Leitner knows Andritz. Born and bred in Graz. The son whose father worked in the Maschinenfabrik as a machine fitter for 30 years. The management consultant in the company's years of struggle in the 1980s. As Executive Board member for Finance since 1987 in the phases of radical change and new beginnings. And now, on June 29, 1994, finally as CEO of the entire company. Leitner and Andritz – a perfect match.

And the workforce has also known for some time that Wolfgang Leitner is the man of the future. Gerhard Zirngast, who spent many years as a lathe operator at Andritz, recalls the transition period: "Everyone just knew, the workers in the factory and the staff in the offices. Every one of them trusted him 100 percent. People knew that he would do things right," says Zirngast about the "new" boss. The factory workers also know that the link between Leitner and Andritz is something special: "I think it is very rare for someone to be so popular and so highly respected in a company."

But Wolfgang Leitner knows all too well how difficult the path was to reach this point. Andritz has come through ten unsettled years in which the company has to reinvent itself once again. It is all about a new focus, far-reaching modernization – but also the economic livelihood of thousands of families that are dependent on the time-honored Maschinenfabrik. Andritz sets off into the future. And when Wolfgang Leitner takes over, it is clear that there will be no end to this path in sight for a long time to come.

Works entrance to Maschinenfabrik Andritz, 1985.

A NEW COURSE FOR ANDRITZ

Ten years earlier, Wolfgang Leitner, as a young management consultant, developed a comprehensive restructuring plan for Andritz. The company is on the brink of closure and can only be brought back on course for restructuring with a great deal of effort and government aid. However, it is mainly Ludwig Pfeiffer-Lissa who has the task of changing the tack in operations as of 1984. Born in Vienna, he is an "old-school" manager and quickly wins over the employees in the factory with his polite manner and the great respect he shows towards everyone – be they members of the Executive Board or skilled workers in the workshop. On the other hand, the topics he has to address are all the more modern, and the list of "homework" assignments in the restructuring plan is a long one: Virtually overnight, modern business management plans are introduced at the old-established company. New controlling, modern

View of a rolling mill, 1986.

"We are feeling our way through the plan, and that means a lot of work and a great deal of effort; the path is heading upwards, but it is a rocky path strewn with thorns. But there is no place for pessimism and despondency any more, thank goodness. We have achieved the turnaround, but it will only continue if each and every one of us makes the utmost effort."

Ludwig Pfeiffer-Lissa in the company magazine, October 1985

quality assurance and – again and again – greater flexibility are the order of the day. And modern electronic data processing finally arrives at Andritz as well.

However, the main things that Pfeiffer-Lissa has to tackle are the structural problems that landed Andritz in difficulties in the first place. The many years of dependency on its partner Escher Wyss had restricted much of the freedom of one-time pioneer Andritz – as a licensee, the Graz company could neither develop its own product strategies nor sound out the most attractive markets. Pfeiffer-Lissa immediately takes countermeasures: Andritz is to be a technological leader again in just a few years' time. He positions the company as an innovator with its own sophisticated research and development program.

Instead of high-risk business with a small number of large customers, Andritz embarks on a new global plan with international orientation and focusing on the company's own strong products in areas where the company had already succeeded in convincing customers in the past: paper machines, pumps, turbines, components for the nuclear power and pulp industries, steel and complete construction, dewatering engineering, environmental and feed technology, metal processing machines, chemical plants, and surface finishing lines.

"We had to try to build on the specific knowledge that we already had. That was the case above all in the pulp and paper sector."

Wolfgang Leitner, 2022

Plant for dewatering paper sludge, 1985.

Laboratory assistant at work, 1984.

A DIFFICULT ROAD BACK TO THE TOP – THE RESTRUCTURING PROGRAM AND THE WORKFORCE

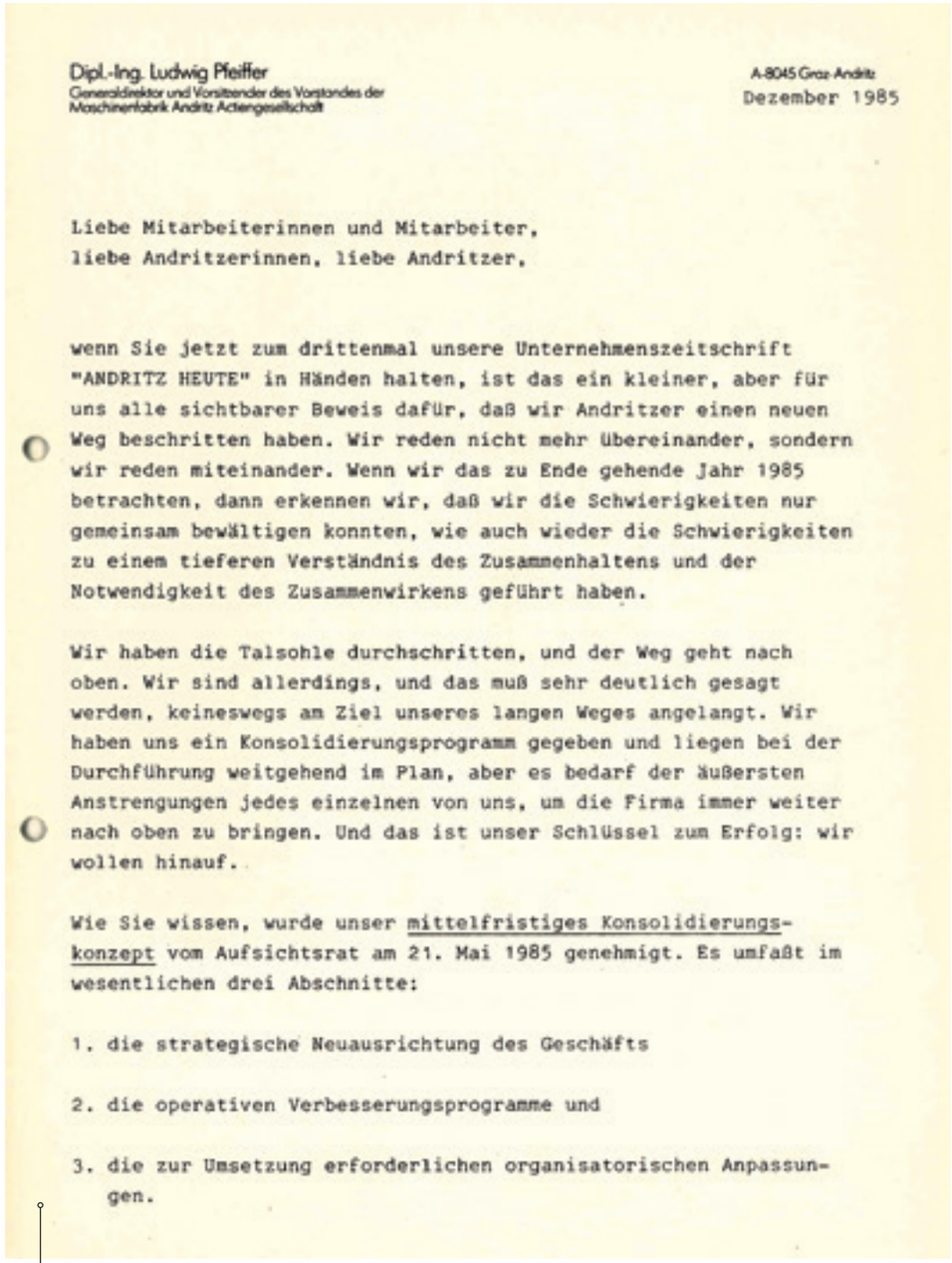
The plan for Andritz is clear. But there is still considerable uncertainty in the workshops – after all, a lot is also being asked of the staff there. Although the crisis in the company arose elsewhere, they are the ones who have to tackle it: They have to be economical with materials and time, achieve excellent performance and, of course, be flexible in their working hours so that they are also able to work overtime on time-critical orders.

The new spirit is perceptible in all areas: more streamlined processes in the company's organization, clear structures, and shorter routes between departments are to improve communication; in addition, all of the administrative departments are brought together for the first time when they move into the new office building in 1976 and the old administrative building, which is in need of refurbishment, is closed. In Vienna, the employees are accommodated in a new office building in 1987, which is also to strengthen the Ruthner division.

And Pfeiffer-Lissa's demands go even further: Every employee can "advertise Andritz in public by speaking about the company positively, praising it and, above all, by not complaining." He also issues a mission statement that summarizes all

"We have broken the downward trend
and are starting to recover. However, we must state
very clearly that we are far from reaching our destination
on this long road. We have adopted a consolidation program
and are largely on schedule in carrying it out,
but each and every one of us must make the utmost effort
to continue bringing our company forward.
And that is the key to our success: we want to reach the top."

Ludwig Pfeiffer-Lissa in the company magazine, December 1985



Dipl.-Ing. Ludwig Pfeiffer
Generaldirektor und Vorsitzender des Vorstandes der
Maschinenfabrik Andritz Actiengesellschaft

A-8045 Graz-Andritz
Dezember 1985

Liebe Mitarbeiterinnen und Mitarbeiter,
liebe Andritzerinnen, liebe Andritzer,

wenn Sie jetzt zum drittenmal unsere Unternehmenszeitschrift "ANDRITZ HEUTE" in Händen halten, ist das ein kleiner, aber für uns alle sichtbarer Beweis dafür, daß wir Andritzer einen neuen Weg beschritten haben. Wir reden nicht mehr übereinander, sondern wir reden miteinander. Wenn wir das zu Ende gehende Jahr 1985 betrachten, dann erkennen wir, daß wir die Schwierigkeiten nur gemeinsam bewältigen konnten, wie auch wieder die Schwierigkeiten zu einem tieferen Verständnis des Zusammenhaltens und der Notwendigkeit des Zusammenwirkens geführt haben.

Wir haben die Talsohle durchschritten, und der Weg geht nach oben. Wir sind allerdings, und das muß sehr deutlich gesagt werden, keineswegs am Ziel unseres langen Weges angelangt. Wir haben uns ein Konsolidierungsprogramm gegeben und liegen bei der Durchführung weitgehend im Plan, aber es bedarf der äußersten Anstrengungen jedes einzelnen von uns, um die Firma immer weiter nach oben zu bringen. Und das ist unser Schlüssel zum Erfolg: wir wollen hinauf.

Wie Sie wissen, wurde unser mittelfristiges Konsolidierungskonzept vom Aufsichtsrat am 21. Mai 1985 genehmigt. Es umfaßt im wesentlichen drei Abschnitte:

1. die strategische Neuausrichtung des Geschäfts

2. die operativen Verbesserungsprogramme und

3. die zur Umsetzung erforderlichen organisatorischen Anpassungen.

Pfeiffer-Lissa informs the workforce on the progress of the restructuring process.

Paper machine, 1985.

Sheet drying line in a pulp mill, undated.

the new expectations of the employees: “We at Andritz are a medium-sized company that acts and reacts flexibly and is at home all over the world. We understand the needs and difficulties our customers have and offer them system solutions.”

In spite of all the good intentions, many employees feel taken by surprise by the changes – and no wonder, given the high speed that the management sets. In July 1985, many employees voice their continuing uncertainty about the future course in an employee survey and feel they have not been adequately informed by the company management. Ludwig Pfeiffer-Lissa also freely admits that there is still catch-up potential here: ”Without a doubt, there is still a lot to be done in informing staff, both top-down and bottom-up.” Good information improves the working atmosphere – “and that is something we can all do with in these difficult times.”

And Pfeiffer-Lissa takes the result of the employee survey to heart. In the autumn and winter of 1985, he provides detailed information on the status of restructuring several times in the company magazine and gets the workforce to commit to other impending changes. By doing so, he succeeds little by little in winning the workforce over to his strategy. And it slowly becomes clear: His plan is working. Wolfgang Leitner,

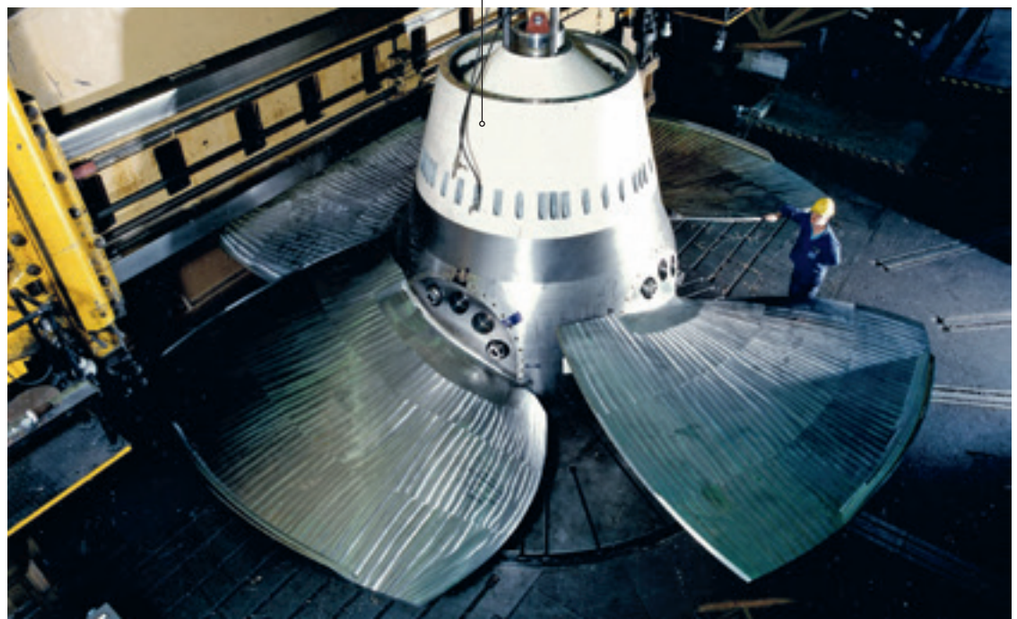
Heat recovery plant in an unfinished building, 1986.

who had helped develop the restructuring plan, also strikes a positive balance many years later: “Overall, the strategy worked.” But no success story is without its snags, as he sums up with a grin: “The details were not all absolutely right. For example, there was a well-known shrimp plant. At the time, attempts were made to farm shrimps in ponds instead of in the sea. Today, this is quite a large industry. At that time however, it was a little too soon, and perhaps the plant itself was not quite ideal.” The shrimps were a little ahead of their time, but Andritz has long since reached calmer waters again.

1987 – SETTING A COURSE FULL SPEED AHEAD

In 1987, three years after joining Andritz and an impressive effort by all of the employees, Ludwig Pfeiffer-Lissa has good news: Andritz has achieved a positive result again in the balance sheet, two years earlier than planned in the restructuring program. But 1987 is not only the year of a successful turnaround. It is also the year of important course settings that will shape Andritz for years to come.

Turbine runner, undated.



“[It is] our declared intention to run the company as a single unit. Hence, there is no need to worry about relocation of production, loss of know-how, and so on. We fully support the business policy of the [Andritz] Executive Board.”

Dieter Schossleitner, AGIV Executive Board, in the company magazine in December 1987, after investing in Andritz

Dewatering equipment delivered by truck, 1987.

One of them is a change of ownership that was already on the horizon. The 1980s bring about a wave of liberalizations and privatizations in many countries. In Austria, too, there is an intense debate on the role of the time-honored Creditanstalt. The bank, which remains the majority shareholder of Andritz, is to concentrate more on its core business and, therefore, reduces its shareholdings. A suitable buyer is finally found for Andritz in 1987: Aktiengesellschaft für Industrie- und Verkehrswesen (AGIV) in Frankfurt acquires just under 50.3 percent of the Andritz shares. CA and Sulzer-Escher-Wyss retain their holdings of 42 and seven percent, respectively, for the time being.

The purchase is facilitated by a personal connection: Dieter Schossleitner, AGIV Executive Board, was one of the McKinsey consultants who had advised the crisis-ridden Andritz just a few years previously. He remembers his colleague at that time

A SUITABLE PARTNER: AKTIENGESELLSCHAFT FÜR INDUSTRIE- UND VERKEHRSWESEN (AGIV)

The investment company AGIV, based in Frankfurt am Main, is established in 1974 when two companies merge: "Allgemeine Lokalbahn- und Kraftwerke AG" (ALOKA) and "Aktiengesellschaft für Verkehrswesen" (AGV). Both have been founded by Berliner Handelsgesellschaft (BGH), established in 1856, an important bank for industrial shareholdings that is seeking to enter the road and rail traffic sector – and from which BHF Bank emerges following the amalgamation with Frankfurter Bank in 1970. With an interest of just under 50 percent, this bank becomes the largest AGIV shareholder.

AGIV is active as a holding company in the construction, mechanical engineering, transport, and asset management sectors.

At Andritz, there are some critical glances towards the new owners from Germany, but Ludwig Pfeiffer-Lissa is convinced by the plans from Frankfurt and, together with Creditanstalt, ensures that the transition runs smoothly. At any rate, he expects some benefits from the new owners: better access to the markets, a broader technology base, and increased equity.

At the same time, Andritz's independence is guaranteed: The shareholdings within AGIV operate as independent units with autonomous management and responsibility for their business success. As the parent company, AGIV itself performs purely holding functions.

Until 1966, there are four sectors at AGIV: mechanical engineering and electronics, energy technology and supply, the construction industry and sub-supplies, and transport and logistics. It has holdings in over 300 companies worldwide. In 1995, AGIV has revenue of around ten billion German marks. As of 1966, the company focuses on mechanical engineering, measurement technology, and technical services.

When it decides to sell its industrial holdings, including the shareholding in Andritz AG, AGIV becomes a real estate company with around 60 properties at the end of the 1990s. In 2001, Hamburger HBAG Real Estate AG acquires the majority shareholding in the holding company from the former BHF Bank. The two companies later merge to form AGIV Real Estate. In 2004, AGIV files for insolvency.

"One of the main reasons for AGIV becoming the majority shareholder of MFA was and is the confidence we have in the competence of the MFA workforce, which has been demonstrated in successful but also in difficult times. Andritz is something special."

Dieter Schossleitner, AGIV Executive Board, in the company magazine, December 1987

Appointed CFO in 1987: Wolfgang Leitner.

– and wants to bring him back there and then. "He asked me if I could move to Andritz and take care of the finances there – as controller," Wolfgang Leitner remembers being contacted.

Whether Leitner will accept the offer by his former colleague is anything but clear to begin with. In fact, with a doctorate in chemistry, Leitner is now self-employed and has been running Genericon, a pharmaceutical company, together with his former fellow-student Martin Bartenstein (later to become Minister of Economy) since 1986. He is not keen to give up his company, but Andritz is not just an old family tradition to him, it is also a tempting challenge. So he accepts Schossleitner's offer on condition that he can continue to manage his company and only tie himself to Andritz for two years. In 1987, he becomes Chief Financial Officer and ultimately remains with the company for 34 years.

This turbine runner has been on display outside the Andritz AG office building in Graz since 1990.

THE "BIGGEST CHANGE IN THE HISTORY OF OUR COMPANY" – GROWTH THROUGH ACQUISITIONS

New market opportunities open up for Andritz when Austria joins the EU in 1995.

At the end of the 1980s, the signs are positive again at Andritz for the first time in many years. However, the general conditions remain complicated: The rapid collapse of the Eastern Bloc causes Austria to lose its special status in the export trade as from 1989; many Austrian companies now have new competitors in the Eastern markets. At the same time, however, new opportunities and markets emerge. In 1995, Austria also becomes a member of the European Union following a referendum – and this opens up entirely new perspectives.

"Pfeiffer-Lissa as General Manager and Leitner as CFO – there was a wind of change."

Gerhard Zirngast, at the time a lathe operator at Andritz

The new top management at Andritz establishes itself quickly and can also navigate well through such political upheavals. Ludwig Pfeiffer-Lissa, Wolfgang Leitner and their colleagues on the Executive Board develop a coherent growth strategy that will lead the company into a new phase. As from the beginning of the 1990s, Andritz achieves growth through complementary acquisitions. The goal: to offer complete process lines

in all major product groups and thus attain market leadership.

In doing so, the Maschinenfabrik follows three basic principles: Companies are only acquired within predefined business segments of the company, only complementary product sectors are acquired (thus excluding direct competitors), and the companies acquired worldwide will continue to be led by the local management. It is a matter of seeking out complementary technologies in order to complete a process chain, that is to say "being able to offer all process steps from wood to tissue," as Friedrich Papst explains, Operations Director at Andritz as of 1986.

"That was really the major change: from a mechanical engineering company dependent on licensers to a supplier of complete lines for certain processes. The goal was always to be among the top three suppliers in the world for the processes or plants we deal with. In choosing the candidates, Andritz develops a good instinct for which companies will fit in and which will not. It is important "to find the right measure between necessary integration and autonomy – and then adjust it over time according to the situation," Papst explains. "As our claim was to be one of the top three players worldwide in all of our product groups, we had to go where our customers are: South America, North America, Europe and Asia", he elaborates.

With its acquisitions, Andritz becomes more and more independent of product licenses. Whereas these licenses hitherto accounted for a large share of

Mixer plant, 1990.

THE ANDRITZ ACQUISITION STRATEGY

The first acquisition demonstrates how the new Andritz strategy works: In 1990, Andritz acquires the US group of companies Sprout-Bauer, a leading manufacturer of equipment to produce mechanical pulp. "We covered the second half of the overall plant – dewatering and drying – but we did not have the refining equipment. Sprout-Bauer was a must for us when it came up for sale. If someone else had acquired it, we would not have been able to sell a complete plant. But together, we were now able to compete. That was the first large acquisition by Andritz. And it was truly a courageous, joint decision," Wolfgang Leitner says in retrospect. Pfeiffer-Lissa calls the acquisition of Sprout-Bauer "the biggest change in the history of our company."

The Sprout-Bauer Group has branches in Canada, France, Sweden, Australia, and Vienna. In 1990, it has around 900 employees worldwide. The new Andritz Group now has over 2,600 employees. With this purchase, Andritz becomes firmly established on the North American market and is able to offer complete fiber lines from a single source. In addition, Andritz gains an entirely new sector from Sprout-Bauer: Process Equipment (PE), technologies for the production of food and animal feed as well as for grain and wood processing. PE plants are used to produce corn oil for margarine, the magnetic coating for floppy discs, or even coffee. Process equipment forms the basis of today's Feed & Biofuel division – one of the globally leading suppliers of production plants, technologies, systems and services for the animal feed, fish feed and domestic pet food industries.

Important decision: acquisition of Sprout-Bauer, 1990.

"The acquisition of Sprout-Bauer laid the foundation for the very good development by the entire pulp and paper segment."

Wolfgang Leitner, 2022

The next groundbreaking acquisitions follow just under two years later: In 1992, Andritz purchases the US company Durametal Corporation in Tualatin, OR, one of the most successful manufacturers of refiner plates, the optimum complementary product for the Pulp and Paper business area. The German company TCW Anlagenbau GmbH is another acquisition. It has extensive know-how in drying of organic waste in drum dryers and complements the mechanical dewatering machines in the dewatering engineering division (renamed Environmental and Process Engineering in 1993).

the company's business, their share of the order intake in 1992 was only 15 percent. This is how Ludwig Pfeiffer-Lissa sums up the core concepts of the new strategy in 1992: A company that wants to stand on its own two feet must not be dependent on licensers and have to invest in areas controlled by others." The fact that Andritz has reached this point is also largely due to Pfeiffer-Lissa. But in the meantime, the restructuring specialist Pfeiffer-Lissa also knows that he has contributed more than enough – and looks expectantly towards well-deserved retirement.

LUDWIG PFEIFFER-LISSA – THE RESTRUCTURING SPECIALIST

When Ludwig Pfeiffer-Lissa, born in Vienna, takes over the Andritz management in 1984, he faces a task that is anything but easy. The very existence of Andritz is at stake. It is essential to implement a hard restructuring plan and bring a company on the brink of disaster back on track. A task that would scare many people off, but one that Pfeiffer-Lissa finds especially tempting: "Why did I take on the task of General Manager at Andritz? Well, it is a fascinating challenge and one that is seldom offered in industry. You see, there are those who want a quiet life, and there are those who prefer to fight for success." And it didn't take long to come. The fact that he "seeks contact with people, wants to get to know people," as he says of himself, may well have been a benefit for him in this task. "He also does not think it is beneath him to talk to people. He wants to create an atmosphere of trust and tackling things together, and he respects the abilities of others, regardless of whether the person is a member of the Executive Board or a skilled worker." His style of management may be old-school from today's perspective, but Wolfgang Leitner says he learned a lot from him in terms of how to lead."

"As to my conduct, I can only say the following: I have always tried to live according to the good, traditional Austrian values: hard work, strict discipline, and precision."

Ludwig Pfeiffer-Lissa in the company magazine, July 1985

Pfeiffer-Lissa steps down from the Executive Board and retires in June 1994. His services to restructure and expand Andritz are still well-remembered in the company today.

Pfeiffer-Lissa beside a portrait of the company's founder, Josef Körösi.

2

Bericht zur Lage

Führungswechsel

Mit der Hauptversammlung am 29. Juni 1994, die über den Jahresabschluß des Geschäftsjahres 1993 beschließt, ist Generaldirektor Ludwig Pfeiffer-Lissa mit dem Erreichen der Altersgrenze aus dem Vorstand ausgeschieden. Herr Pfeiffer-Lissa hat große Verdienste um Sanierung und Ausbau der Maschinenfabrik Andritz AG erworben.

Als Herr Pfeiffer-Lissa im Jahr 1984 die Führung übernahm, stand die Existenz von Andritz auf dem Spiel oder war eigentlich schon verspielt. Nach Abdeckung der Verluste der Vergangenheit und Zuführung zusätzlicher Mittel durch die Creditanstalt-Bankverein gelang es, ab 1988 wieder Gewinne zu schreiben. Er hat aktiv mit der Creditanstalt-Bankverein die Eingliederung von Andritz in die AGIV-Gruppe betrieben und damit für stabile und für das Unternehmen ideale Voraussetzungen auf der Eigentümerseite gesorgt. Ihm sind die Neuausrichtung auf die hochindustrialisierten Märkte und die rechtzeitige Verringerung der Abhängigkeit von Andritz von Osteuropa zu verdanken. In seine Zeit fällt auch die Akquisition von Sprout-Bauer, mit der Andritz sich auf dem wichtigen nordamerikanischen Markt fest etablieren konnte.

Wir danken Herrn Pfeiffer-Lissa für seine Tätigkeit und wünschen ihm für die Pension alles Gute und vor allem viel Spaß mit seiner mit viel Akribie gebauten Hochseesegelyacht.

Mit 29. Juni 1994 habe ich die Führung von Andritz übernommen. Auf Grund meiner nunmehr siebenjährigen Zugehörigkeit zum Vorstand sowie der langfristigen Planung des Generationswechsels ist ein harmonischer Übergang ohne abrupte Veränderungen gewährleistet, obwohl natürlich jeder Wechsel Veränderungen im Führungsstil und bei einzelnen Schwerpunkten mit sich bringt.

Rückblick auf das Jahr 1993

Der Jahresüberschuß des Jahres 1993 liegt mit 296 Mio. S um 120 Mio. S oder 29 % unter jenem des Vorjahres. Die Andritz AG war mit 110 Mio. S von diesem Rückgang am stärksten betroffen. Der Auftragseingang hat mit 4,2 Mrd. S einen Tiefstand erreicht. In Anbetracht der schwierigen äußeren Umstände, vor allem im Papier- und Zellstoffbereich, sowie im Vergleich zu einigen Wettbewerbern stellt dies zwar noch immer ein respektables Ergebnis dar, zu dem hauptsächlich unser Liquiditätspolster beigetragen hat; es muß jedoch kurzfristig auch im operativen Bereich zu einer deutlichen Ergebnisverbesserung kommen.

Ausblick

Es ist hier nicht der Ort, um eine detaillierte Strategie für Andritz zu entwickeln, aber lassen Sie mich doch zwei Ziele kurz ansprechen.

Weltmarktführer in Teilmärkten

Um langfristig profitabel zu sein, muß Andritz Weltmarktführer in ausgewählten Segmenten der Maschinenbauindustrie sein. Beispiele hierfür sind Verzinkungsanlagen, Regenerationen sowie Beizanlagen beim Geschäftsbereich Ruthner, mechanische Entwässerung und gewisse Refinertypen im Geschäftsbereich Zellstoff. Realistischerweise wird dies nicht immer gelingen, und das Ergebnis mag in einzelnen Fällen auch einmal ein zweiter Platz sein.

Zur Absicherung des Erreichten und zur Ausweitung der Führerschaft auf neue Gebiete müssen Forschung und Entwicklung intensiviert werden. Unser Schicksal ist untrennbar mit dem Erfolg unserer Neu- und Weiterentwicklungen verbunden. Voraussetzung hierfür ist ein tiefgehendes Verständnis des Geschäfts unserer Kunden. Auf dieser Basis sind innovative Ideen mit Disziplin und technischer Solidität in Produkte und/oder Prozesse umzusetzen.

Lokale Präsenz in Hauptmärkten

Andritz muß in den Hauptmärkten eine starke Präsenz haben und als lokaler Anbieter auftreten können.

Während wir in Nordamerika und Europa diesem Ziel bereits nähergekommen sind, steht die Verankerung in den wesentlichen Märkten Asiens noch aus.

Bereits jetzt werden in Asien rund 20 % des Umsatzes der Andritz-Gruppe erzielt. Um am hohen Wachstum dieser Märkte teilnehmen zu können, müssen wir über Beteiligungen, Partnerschaften oder die Gründung eigener Tochtergesellschaften näher an die Kunden herankommen und – auch hinsichtlich der Kosten – ein lokaler Anbieter werden.

Vorsichtig optimistische Einschätzung 1994

Obwohl der Auftragseingang in den ersten fünf Monaten des Jahres 1994 unter unserem Budget liegt, sehen wir doch ein deutliches Ansteigen der Projektaktivitäten. Sollte es nicht zu einem Meinungsumschwung bei unseren Kunden kommen, so erwarte ich für das zweite Halbjahr einen im Vergleich zum Jahr 1993 höheren Auftragseingang, allerding bei weiterhin äußerst schlechten Preisen. Damit kommt der Fortsetzung unserer Bemühungen zur Kosteneindämmung allerhöchste Priorität zu.

Wolfgang Leitner

Vorsitzender des Vorstands

OFF TO NEW MARKETS: WOLFGANG LEITNER BECOMES CEO

"The Executive Board must hold the company together, and there must be a consensus in the Executive Board. I can't remember ever taking a vote. We talked throughout, who is in favor, who is against, what shall we do? But decisions were always taken jointly."

Wolfgang Leitner, 2022

On June 29, 1994, the time comes: after seven years as Chief Financial Officer, Wolfgang Leitner takes over as CEO. But although this appears in hindsight to be the beginning of a very special era, the process at the time was almost seamless: "It was an organic transition. At some point, it became clear that I would take over the job," Wolfgang Leitner recalls. Ludwig Pfeiffer-Lissa retires as planned, Leitner's position and reputation within the company make the succession a matter of course.

Wolfgang Leitner addresses the workforce for the first time as CEO in the company magazine and explains his strategy.

And so it is no surprise that Leitner consistently pursues the strategy and acquisitions policy of the preceding years for the time being. He follows a clear strategy: become a full-line supplier and dictate the prices and technological development with a high share of the market; achieve technological leadership in selected segments and show a strong local presence in the main international markets.

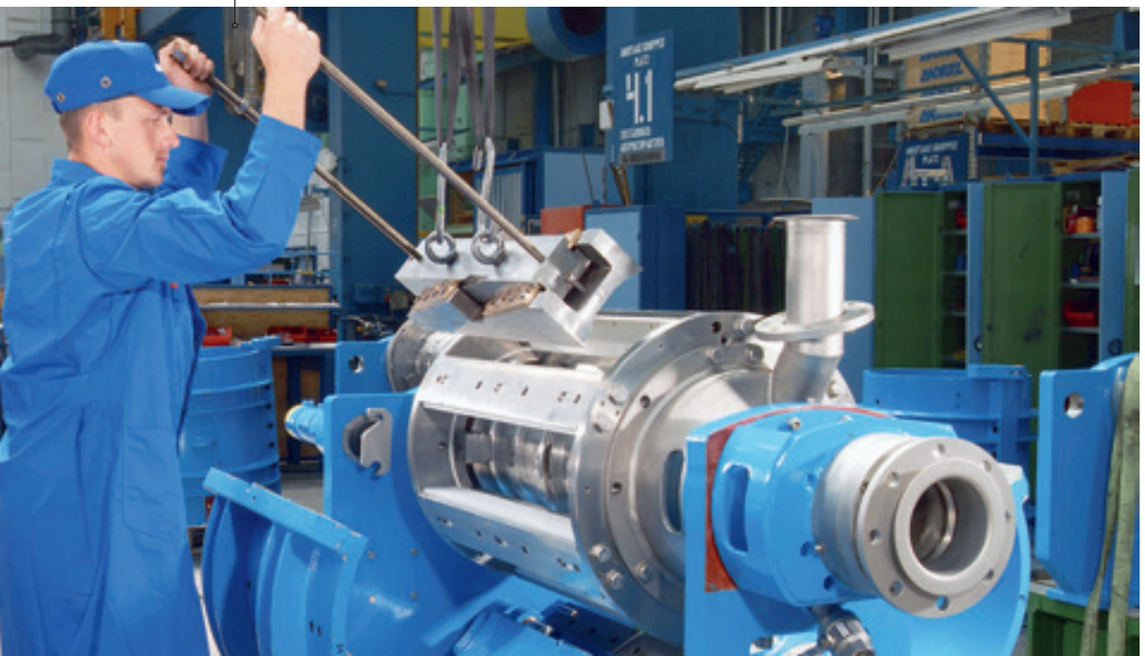
In any event, Wolfgang Leitner does not waste any time in implementing and pushing his vision forward: In his first year as CEO, Andritz acquires the Kone Wood Group, a leading supplier of woodyard equipment for the pulp industry, with branches in Finland, Sweden, the USA, and Canada. Thus, Andritz steps up to become the global market leader in woodyard technology

Presence in China: Andritz establishes a joint venture with Kenflo pumps factory in the city of Foshan.

for pulp mills and now has 200 employees in Finland and 40 in Sweden. Following this initiative, Wolfgang Leitner resolutely presses Andritz's activities ahead in this sector: In 1996: Andritz establishes a joint venture for local manufacture of stock pumps with the Kenflo pumps factory in the Chinese city of Foshan, thus increasing its presence on the Asian market. Purchase of the Canadian company Kvaerner Hymac, which has special capabilities in wood fiber refining plants, goes ahead in 1998.

With clever acquisitions, Andritz gradually secures a leading position in pulp and paper technology – and combines this competency with a global presence that has grown organically. And this branch of industry is one of several in which Andritz uses the same strategy.

Everyday work in the 1990s.



A LEITNER IN BRAZIL

When it comes to Andritz's international presence, the name Leitner is often heard. However, it's not just CEO Wolfgang Leitner who is meant here, but also another Leitner: Günther Leitner – no relation – enters the Pulp Technology department at Andritz in 1995. Four years later, Andritz is awarded the contract for the company's first own large-scale project in Brazil. The task is to develop a complete, turnkey pulp drying plant – from pulp dewatering to bales ready for sale. And there is another typical Andritz episode: Günther Leitner is asked whether he would like to take over management of the project; he doesn't think twice and agrees to do it. A few days later, he departs on a flight across the Atlantic. "I discussed it with my family, then agreed to the proposal and went to Brazil for two and a half years – and that's more or less where I am today as well," says Leitner.

Leitner settles down in Brazil, gets along well with the culture there, and after some projects in other countries upon completion of the first large order, he returns once again to Brazil. In the meantime, some of the first customer's employees are working for Andritz. "As far as pulp drying is concerned, I have handled every order executed in Brazil from our side. There are no large pulp projects in Brazil that I did not process," Leitner says proudly. And there was no shortage of good times either. "For example, we 'christened' the first pulp bales to come off the production line with champagne when start-up of the latest two projects in Brazil was completed. There is usually a huge crowd there, hundreds of people as well as journalists on site. It is always good to see a satisfied customer up there with everyone else, celebrating the final product after a long project together."

In 1998, the rolling mills sector is strengthened by acquiring a 75 percent interest in the German company Sundwiger Eisenhütte Maschinenfabrik. The company specializes in cold rolling mills and strip processing lines, thus ideally complementing Ruthner Oberflächentechnik's products. When

"In order to be profitable in the long term, Andritz must be a global market leader in selected segments of the mechanical engineering industry."

Wolfgang Leitner in the company magazine in July 1995

MAIN ANDRITZ ACQUISITIONS IN THE 1990S

1990 **Sprout Bauer Group**
(USA, manufacturer of equipment for the production of mechanical pulp)

1992 **Durametal Corporation in Tualatin**
(USA, producer of refiner plates)

1992 **TCW Anlagenbau GmbH**
(Germany, drum dryers for dewatering machines)

1994 **Kone Wood Group**
(Finland, woodyard equipment for the pulp industry)

1995 **Jesma-Matador A/S**
(Denmark, machinery for the animal feed industry, later merged with Process Equipment to form the Feed Technology division)

1996 **Guinard Centrifugation S.A.**
(France, centrifuges for thickening and dewatering of various sludges)

1998 **Sundwiger Eisenhütte Maschinenfabrik**
(Germany, cold-rolling mills and strip processing lines)

1998 **Thermtec B. V.**
(Netherlands, equipment for heat treatment of steel strip)

1998 **Kvaerner Hymac**
(Canada, machinery and equipment for the production of mechanical pulp)

Sundwig is integrated into the company, the Ruthner business area doubles in size and is renamed Rolling Mills and Strip Processing Lines. It is now able to offer the complete process, from cold-rolling mill to the pickling line. Andritz and Sundwig together are global market leaders for cold-rolling mills and pickling lines for stainless steel and for galvanizing lines. In the same year, Andritz acquires 50 percent of the Dutch company Thermtec, a leading supplier of annealing furnaces and other steel strip processing equipment. This further extends the product portfolio of the Rolling Mills and Strip Processing Lines business area.

When Andritz teams up with Sundwig and Thermtec, the technology base is created to build complete plants for the production of cold-rolled sheet metal. Andritz can now offer the main parts of an annealing line for stainless steel strip from a single source.

At the end of the decade, Wolfgang Leitner can confirm with satisfaction that his strategy has been successful.

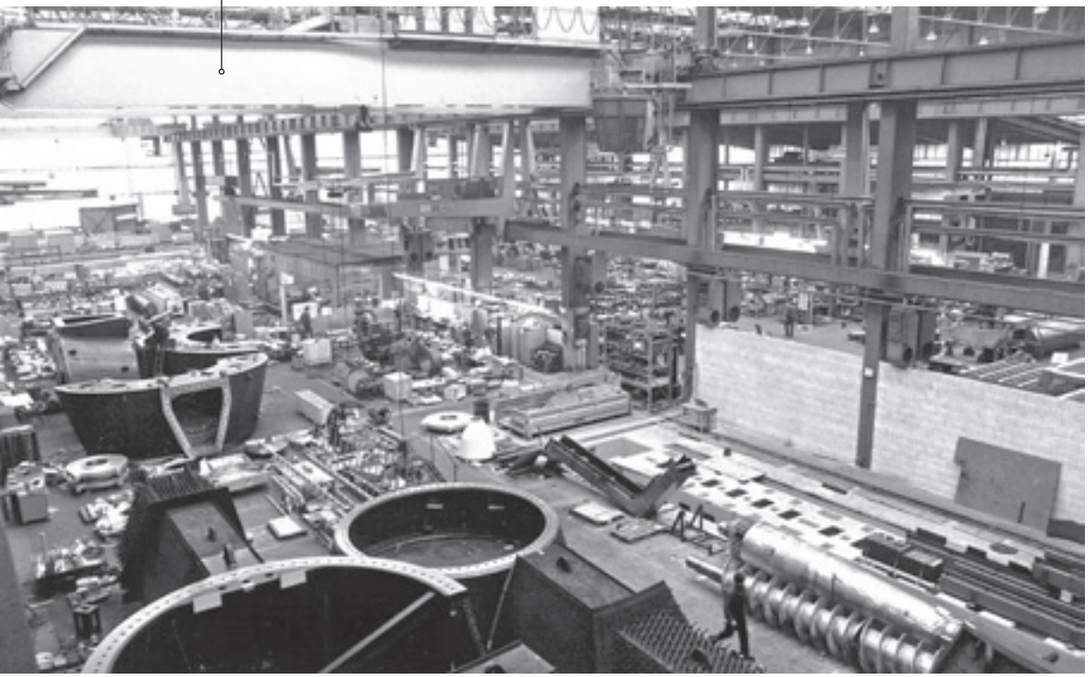
More and more important as from the mid-1980s: modern computers, 1990.

"Each division is encouraged to concentrate increasingly on its core business and complement it with closely related activities rather than diversifying into less well-known areas. In pursuing this focus, we will continue to take advantage of opportunities to acquire attractive companies after conducting a thorough review."

Wolfgang Leitner in the company magazine in November 1995

In September 1998, he reports in the company magazine: "In the past few years, the Andritz Group has developed from being a regional manufacturer of components to an internationally successful supplier of systems based on our own components. Now, more and more of our customers are asking for contracts with an extended scope of supply (entire process lines, automation, piping, overall engineering services, etc.). We see this as evidence that our customers trust in our competence to fulfill these tasks."

View of the assembly shop, 1995.



ANDRITZ BECOMES A BRAND

For the staff in Graz and around the world, Andritz is already more than just a machine works – the name Andritz is linked to a particular attitude, respect for the product and pride in one's own work. And the old name "Maschinenfabrik" accompanies the company throughout the decades and evokes the company's roots.

By the mid-nineties however, it becomes clear that Andritz has grown out of these roots. The company behind this name, with its traditions, has long since become an international parent company supplying systems and complete solutions. The subsidiaries are responsible for 50 percent of revenue. In order to express this in the company name, it is changed officially from "Maschinenfabrik Andritz AG" to "Andritz AG" in 1995. The names of all subsidiaries are changed so that almost all of them contain the name Andritz.

Logo used in 1982.

Andritz presents a new corporate design in 1997.

And a new visual image is also adopted: Instead of having five different company logos in four different colors on a trade fair booth, there is now a single corporate design for the entire Andritz Group.

And this success can also be measured in figures: In the 1990s, the number of Andritz employees more than doubled. At the end of the decade, the company has more than 4,000 employees worldwide. Revenue increase by an average of 10 percent a year. In 1999, Andritz transcends the revenue figure of 10 million schillings.

SALE POKER: LEITNER'S MANAGEMENT BUYOUT

Buyer wanted: Towards the end of the 1990s, BHF Bank, which has a 49.9 percent holding in the Andritz parent company AGIV, decides to withdraw from its industrial holdings and concentrate on its banking business. Hence, it goes in search of a buyer for its AGIV shares. The companies in which the financial holding company invested recorded losses in the 1990s, which took its toll on the reserves.

In 1996, acquisition talks were held with the German company Metallgesellschaft (MG) that wanted to purchase AGIV. The deal is almost cut and dried when the AGIV executive board breaks off the negotiations: Contrary to what has been discussed so far, MG very probably intends to break up the individual AGIV companies and split them between the MG sub-groups. "If we had been sold then together with AGIV, Andritz would have become a so-called extended workbench of MG and lost its independence. The long-term consequences for the company would have been inconceivable," Josef Krasser, Operations Manager in Graz from 1998 to 2012, recalls this critical phase.

"I think we have every reason to be proud of the development that Andritz has undergone in the course of the twelve years when it was part of the AGIV Group. Revenue trebled during this period, net income has seen very positive development, and many business areas have a strong market position. (...) With the new shareholders, there will not be any substantial changes in our company's strategy; had Andritz been purchased by other investors, this would probably have been very different."

Wolfgang Leitner in the company magazine in October 1999

"If we had been sold then together with AGIV, Andritz would have become a so-called extended workbench of MG and lost its independence."

Josef Krasser

BHF Bank seeks a buyer for its shares in AGIV – virtually the sole owner of Andritz since the end of the 1990s.

Following the failed takeover, BHF Bank completely restructures AGIV in Frankfurt. It is transformed from being a diversified company to a technology-intensive group that concentrates on its key competences: mechanical engineering and electronics/measurement technology. Whereas AGIV has 19 larger direct shareholdings in 1992, there are only seven left at the beginning of 1998. The heads of the four associated companies, including Wolfgang Leitner, are represented in the executive board. The successful restructuring measures are soon honored by the financial markets.

Out of the four industrial companies operated by AGIV, Andritz is the proverbial "pick of the bunch". In 1998, Andritz alone accounted for half of AGIV's annual profit, totaling 1.45 billion schillings. In the meantime, AGIV is practically sole owner of Andritz, with a holding of 99.9 percent. Up to 1997, AGIV gradually acquires the remaining CA shares in Andritz and finally also the last block of shares – amounting to around seven percent – from Sulzer AG. But BHF Bank is still planning to sell AGIV.

FRIEDRICH PAPST AND A MYSTERIOUS HEADHUNTER

Friedrich Papst studied mechanical engineering at the Technical University in Graz. With a degree in engineering, there are many career opportunities open to him when he completes his studies in 1979. He takes the job of operations assistant at Maschinenfabrik Andritz because of the company's good reputation. He soon experiences the severe crisis at Andritz in the early 1980s, but Papst remains loyal to the company. In 1986, he becomes Director of Operations and heads production. According to Papst, Graz is "not only the company's headquarters but, as the production location, it is also the 'center of the world' for the company." Around 90 percent of the manufacturing work is conducted here. With the many acquisitions made in the 1990s, it is his job to visit the candidate companies, assess their production capabilities and judge whether the company fits into the Andritz structure. As from 1995, Papst is responsible for manufacturing and procurement and for quality assurance within the Andritz Group – and he is interested in taking on more responsibility at Andritz.

In the second half of the 1990s, an executive board member is to be appointed for sales and marketing. Papst is not an option for this position as he does not have the years of international sales experience requested. "Headhunters contacted me frequently during this period without my doing, and at one point there was an attractive offer that was worth a closer look. I took a Friday off to go for an interview. On the following Monday, I met Leitner and he asked whether I was still on board. This was either a shot in the dark, or the person I had spoken to was a good friend of his. I don't know. I never asked him, and he may not even remember the situation."

Wolfgang Leitner signals to him that he should have patience, and in 1998 he is finally promoted to the Executive Board. He is now responsible for purchasing and manufacturing within the Andritz Group and for the Feed Technology and Hydraulic Machines business areas.

Papst leaves the company when he retires in 2015. But he maintains connections with Andritz. He sits on the supervisory board of the Hydro business area until May 2022 and is still a member of the Schuler supervisory board at the moment.

"I thought to myself, if I am spending my working hours at Andritz but also have funds from the sale of my pharmaceutical activities in Eastern Europe, why not combine these two elements?"

Wolfgang Leitner, 2007

So Andritz continues to look into an uncertain future until September 1999. Then there is an unexpected turnaround in the sale poker. At its center: Wolfgang Leitner. He takes the initiative in a 25 percent management buyout of Andritz from the AGIV group. The remaining Andritz holdings are to be taken over by an international consortium of financial investors led by the listed Viennese company Unternehmens Invest AG (UIAG). Part of the purchase price can be paid out of the company's liquidity reserves. For the remainder, a bank consortium provides a bridging loan.

The new purchase agreement enters into force on December 29, 1999. The American companies Carlyle group and GE Capital become the new owners of Andritz with a 47.5 percent shareholding, UIAG and Deutsche Beteiligungs AG hold 17 and eight percent of the share block, respectively, Custos Privatstiftung, set up in 1997 by Wolfgang Leitner and his wife Cattina, has 25 percent, and other shareholders hold 2.5 percent. The share purchase is not without risks for Wolfgang Leitner, but, according to Friedrich Papst, "he saw the essential elements: Andritz has great products and very capable staff. It was a window of opportunity. You don't get another opportunity like this." UIAG boss Kurt Stiassny arranges the deal. "We very soon saw that Andritz is a true gem," he says in retrospect in 2007.

When the ownership structure changes in 1999, intensive preparations start for an IPO, in the course of which the financial investors again plan to dispose of their shares. Until then, the value of the company is to be increased in order to make it more attractive for investors. However, an unexpected stock exchange crash in 2000 puts an end to the global share madness and the demand for Andritz shares collapses. The start of a nerve-wracking process.

KAPITEL 6

BECOMING A GLOBAL PLAYER

ANDRITZ GOES PUBLIC

2001 – 2022

A TALE OF SUSPENSE: GOING PUBLIC

March 2000: In the new century, Andritz hits the ground with a bump. The New Economy of the 1990s, promising a wind of change on the markets with the digital revolution and young startups, fails spectacularly. Many highly praised internet companies are overvalued and their profit forecasts much too high. The dot-com bubble bursts, the stock markets crash. Investors sustain heavy losses, and they lose interest in shares.

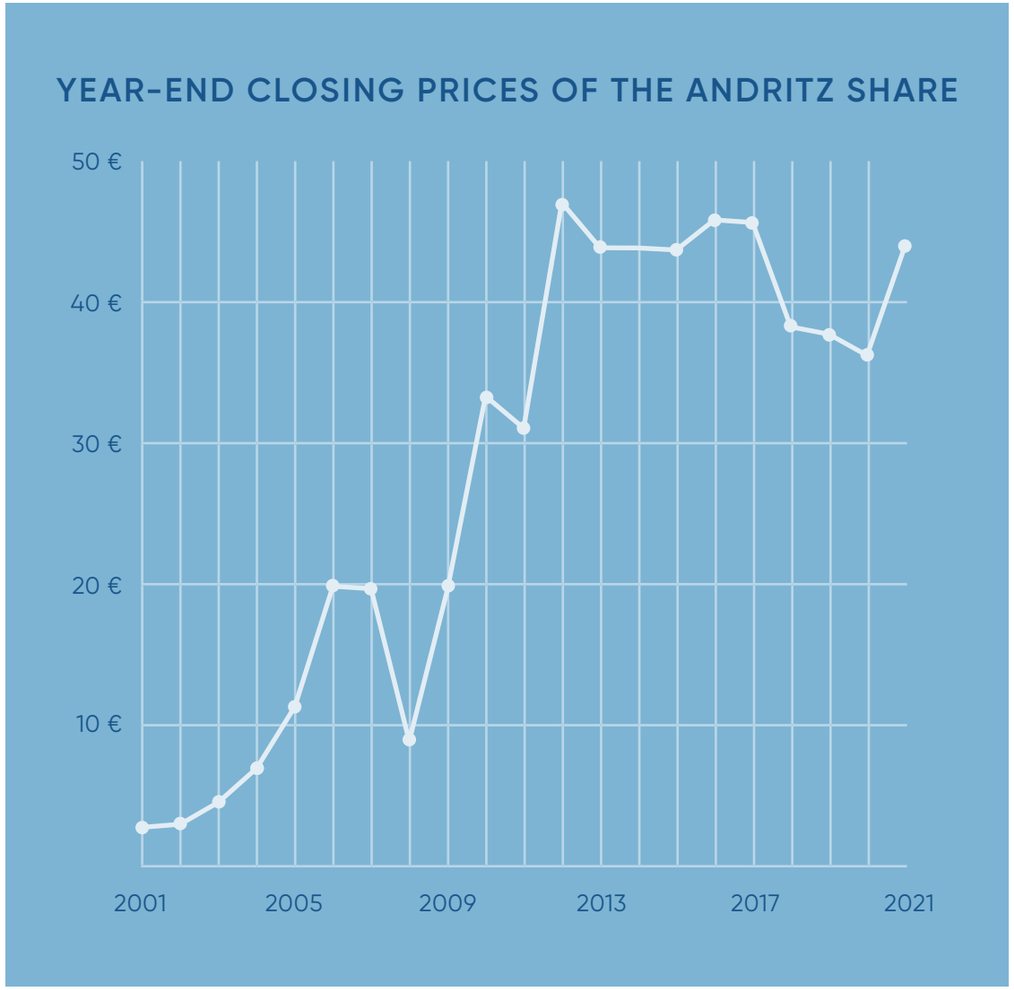
For Andritz, there could not have been a worse time for this to happen: The planned initial public offering (IPO) has been scheduled for the autumn. Acquisition of the remaining 50 percent of the shares in Andritz-Ahlstrom is to be financed with the net proceeds from the offering; Andritz had already acquired the first 50 percent of the shares in Andritz-Ahlstrom at the end of May 2000. The atmosphere in Graz is tense as Andritz monitors the situation.

Vienna Stock Exchange in the Palais Caprara-Geymüller.

There is little demand for the four million Andritz shares. So at the last minute, the Executive Board decides to postpone the IPO. “It was a tricky situation,” recalls Wolfgang Leitner, CEO of Andritz since 1994. “The press conference for our IPO had already been arranged. Instead of canceling, I used the conference to announce that we were not going public.”

However, the management buyout is never really in jeopardy. Apart from acquiring the remaining 50 percent of the Andritz Ahlstrom shares, the IPO is also important in order to prepare the

financial investors' exit. The alternative would have been to sell the entire company. The IPO is now rescheduled – this time for June 2001. During a twelve-day roadshow, Leitner presents the Andritz share to domestic and foreign investors in 65 speeches on the "Investment Case Andritz" in the run-up to the IPO. Two million shares from a capital increase and two million old shares are to be issued. But only five days before details of the IPO are to be announced at a press conference, the market situation deteriorates once more; 2001 is still subject to fluctuations caused by the crisis in 2000. Investors withdraw their orders again. At Andritz, tension runs high. The question is whether or not to cancel the initial public offering. Ways of reducing price and volume are investigated.



At night, there is an emergency meeting at the headquarters of the Deutsche Bank, the bank through which the shares are to be issued. The improbable happens: Thanks to strong support from UIAG, headed by Kurt Stiassny, the financial investors remain on board and agree to an exclusive increase in capital. Wolfgang Leitner, who can now breathe a sigh of relief for the first time, is aware that this was "certainly a difficult decision" for them.

> **"It was a tricky situation ..."**
>
> Wolfgang Leitner on the planned IPO in 2000

On June 25, 2001, the day finally comes: Andritz is listed for the first time on the Vienna Stock Exchange. The high level of participation by Andritz employees is particularly encouraging for CEO Leitner: They have subscribed to eight percent of the shares issued – a relatively high figure that "once again demonstrates how much Andritz employees identify with the company," according to Leitner.

The first step is complete, but Andritz is not completely satisfied yet. Many investors and analysts believe that the Andritz share is greatly undervalued, however there are simply too few shares in the free float for larger investors to be interested in acquiring a stake in the company. As a result, the free float is to be increased substantially as soon as the situation on the financial markets permits. So Andritz again places shares on the stock exchange (secondary public offering).

This time, it couldn't have been more successful: The demand is well beyond expectations. Around six million of the Andritz shares owned by financial investors are sold. The free float and hence liquidity on the stock exchange are increased substantially from 16 to 62 percent. The new shareholders are mainly institutional investors, such as pension funds or other investment companies who generally keep their holding below five percent of the shares. The effort has paid off for the investors who supported Leitner and his management buyout. In the four years that follow, the price of the Andritz share will increase seven-fold. The largest individual shareholder is Wolfgang Leitner's Custos Privatstiftung.

SHOPPING SPREE WITH FRESH CASH – ACQUISITIONS AS THE ANDRITZ DNA

Signing ceremony in Helsinki: Andritz acquires Ahlstrom Machinery Group in May 2000.

The IPO enables Andritz to pursue an entirely new investment strategy. It provides the fresh capital that the company needs to continue the strategy that began under Wolfgang Leitner in the 1990s: the acquisition of companies that complement the Andritz product portfolio. By 2022, Andritz has acquired around 80 companies in its four business areas.

The remaining 50 percent interest in Ahlstrom is acquired just four days after the IPO. The Ahlstrom Machinery Group is a Finnish pulp technology group with roots in the forestry industry extending back to the 19th century. This purchase closes the last gap in the pulp production process: So far, Andritz was geared primarily towards mechanical pulp and could only offer the twin wire press for production of chemical pulp. Thanks to the acquisition of Ahlstrom, Andritz becomes a globally leading supplier of complete pulp production systems and strengthens its presence in Finland and Sweden.

The next large acquisition is the result of what is almost a major crisis: In spite of its numerous acquisitions, Andritz also remains dependent on Escher Wyss and Sulzer AG in the 1990s as a licensee for water turbine construction. But Sulzer AG is sold in 1999 and integrated one year later into VA TECH HYDRO. This confronts Andritz with an existential challenge: The Graz company loses the license and has to decide whether or not to abandon its turbine business entirely. But instead of withdrawing, Andritz meanwhile acts on the market with entirely new self-confidence – and also goes in search of the truly big solution wherever there is one: When VA TECH HYDRO comes up for sale in 2005, Andritz also enters the bidding process. After months of spectacular negotiations, Andritz ultimately

"The essential milestones are the acquisitions."

"We have always bought companies – that really is part of our DNA."

Wolfgang Leitner, 2022

VA TECH HYDRO supplies important components for Freudenau power station in Vienna.

JOHANN STRASSER: PUMPS AND UNFORGETTABLE EXPERIENCES IN URUGUAY

Andritz centrifugal pumps.

Andritz has been a globally positioned company for some time. But it is the large acquisitions that provide new impulses again and again, ensuring that Andritz employees gather completely new experience all over the world and thus continue to emulate their colleagues from previous decades – also in the 21st century.

One of these employees is Johann Strasser. He attends the Higher Technical School in the Graz district of Gösting, specializing in mechanical engineering, from 1972 to 1977. After the final school-leaving exams, he starts working at Andritz in the turbines department, moving to the pumps department in 1981. "At the time, I did a bit of everything. There was contact with customers. Ensuring that the purchase order is secured. Also handling the pump order internally with the workshop.

Strasser stays in this job for the next few years and the department gradually evolves, but the takeover of Ahlstrom Machinery provides a decisive impulse. That's when things really got going," says Strasser. "Then we built the first large plant in Uruguay." And, typical of Andritz, Strasser remains in Uruguay for a longer period and has some unforgettable experiences: "The Uruguayans didn't speak any English, and we didn't speak any Spanish. But they happened to find out that it was the birthday of one of our site installation staff. Then we received a hand-drawn invitation simply showing a house and the house number, beside it a crate of beer, a barbecue, a date and a time. We went there, and it was a wonderful party. That's something I'll never forget!"

"My share of this success – and I mean this very sincerely – is certainly much smaller than people think. The public tends to concentrate everything on a single person. In reality, it is a team accomplishment."

Wolfgang Leitner, 2022

comes out on top, also transacting the largest acquisition in its history at the same time – incidentally, this was also the largest acquisition of the year in Austria: Andritz acquires VA TECH HYDRO in 2006 for around 190 million euros, and, in doing so, incorporates its former licenser – in a roundabout way – into the company. In the meantime, Andritz can manage this sum easily: In 2005, profits increase by almost 50 percent to 80 million euros and the order backlog reaches a record level.

"The acquisition of VA TECH HYDRO was a real success story."

Friedrich Papst, 2022

When it acquires the manufacturer of turbines and generators for hydroelectric power stations, suddenly Andritz is no longer a small licensee and niche player in the power plant business, but numbers among the top three suppliers of hydroelectric power station equipment worldwide, next to Alstom Power and Voith Siemens Hydro. As a complete supplier of "Water to Wire", VA TECH HYDRO builds turnkey hydropower plants. Andritz takes over a business volume of around 600 million euros, and the workforce increases by 3,000 in Austria, Germany, Switzerland, and twenty other branches all over the world to a total of around 9,000 employees.

The substantial growth is proof of the courage behind the purchase decision. In hindsight, the acquisition was a landmark in Friedrich Papst's view. And for Wolfgang Leitner, who pushes the acquisition forward against all conventional and strategic reason, it is a statement that Andritz is now significantly more than a medium-sized enterprise and has long since become one of the largest players in the world in many areas. In 2006, he is described as "one of the most competent managers in Austria" and chosen as "Man of the Year" by the business magazine TREND.

"Thank goodness the really large acquisitions all went well – some even very well. None of them really missed the mark."

Wolfgang Leitner, 2022

In the next few years, Wolfgang Leitner acquires many more small and medium-sized companies. Not even global economic crises can hold the company back. The broad positioning of the business areas, which serve different industries, substantially alleviates the impact of the global financial and economic crisis in 2008 and 2009. The 2009 business year even concludes with a record-level order backlog. In reaction to the volatile markets, the company henceforth concentrates even more on its service business because "it provides stability in revenue and good profitability. Furthermore, it plays an important role in strengthening our customer relations," says Wolfgang Leitner. In this very sector, ANDRITZ is to conduct the largest acquisition in the company's history around ten years later, showing once again how dynamically the company grows in this phase: For over 700 million euros, comprising the purchase price and early repayment of high-interest bonds, ANDRITZ acquires Xerium Technologies in the USA, with a workforce of 2,850, in 2018. Xerium is a global manufacturer of machine fabrics and roll covers for paper, tissue and board machines, supplying essential wear parts but also maintenance and upgrade services.

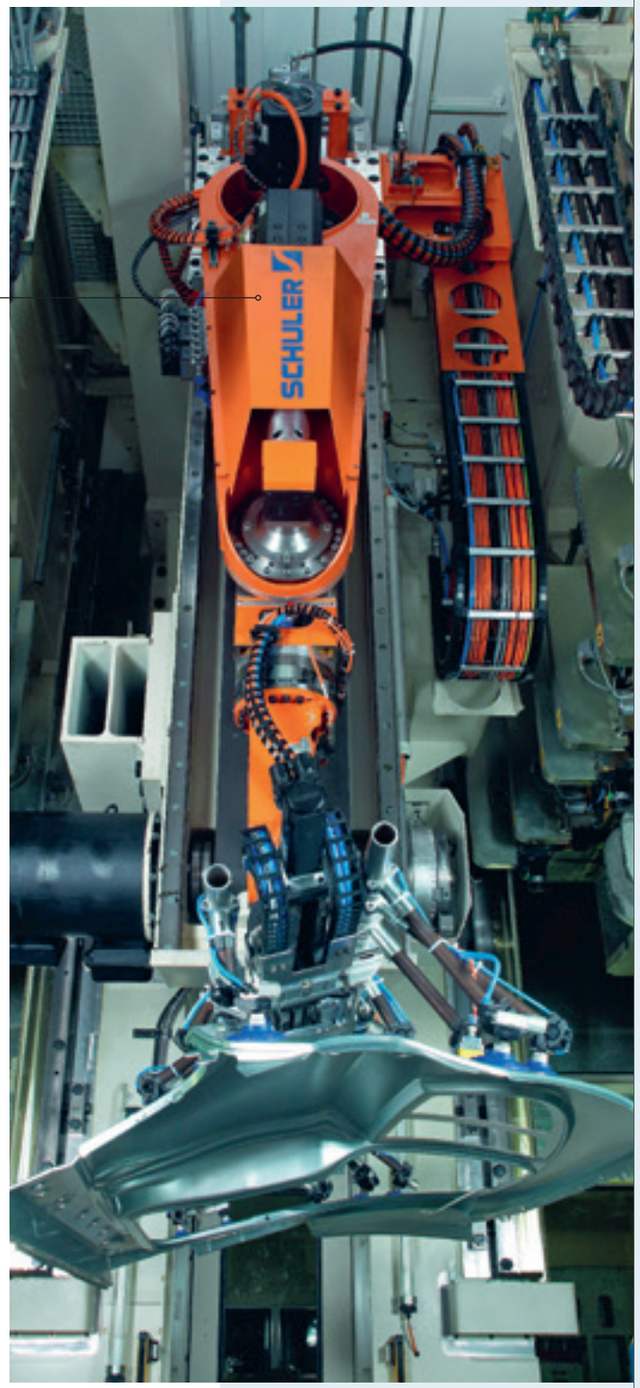
All in all, the success rate among the acquisitions is relatively high, as Friedrich Papst confirms in retrospect: "Of course, there was the occasional acquisition where we later said, 'that was not what we expected.' However, these were mainly smaller or medium-sized companies. The really large acquisitions – Ahlstrom, VA TECH HYDRO, Schuler and Xerium – are all successful and have developed very favorably." This success is not a coincidence: ANDRITZ has developed a very good instinct for the right companies to acquire." "If we had the feeling that several of the key people do not really fit in, we always stopped to reconsider. We have always asked ourselves: How might this team fit in with us?" Papst continues. ANDRITZ always leaves the companies it acquires a certain degree of autonomy in order to acknowledge the cultures that have grown within the company.

This success can be expressed in figures: In the year of the IPO, ANDRITZ has slightly more than 4,000 employees. In 2012, this figure has risen to over 17,000, and annual revenue amounts to 4.4 billion euros. By 2021, the number of employees is more than 27,000, and revenue has increased to just under 6.5 billion euros. The acquisitions also leave their mark on ANDRITZ in other ways: At the turn of the millennium, around 90 percent of the manufacturing work still takes

ANDRITZ generator.

"Andritz" BECOMES "ANDRITZ"

During the strong growth phase at the beginning of the 21st century, Andritz undergoes rebranding. This is also reflected in the new format for the company name, which is written henceforth in capital letters. Maschinenfabrik Andritz has finally become ANDRITZ AG.



Crossbar feeder from Schuler. It is used to lift metal sheets out of the stations of individual presses, place them in the next station and remove them at the end of the line.

place in Graz. Today, only 450,000 of around ten million manufacturing hours are worked in Graz. So the company is more international than ever.

With its new, global presence, ANDRITZ has all the more responsibility to contribute towards global topics as well with its success and its know-how. Stable supply chains, the development and expansion of open markets globally, but also sustainability and climate change are topics that ANDRITZ has to address more or less on a daily basis at its new cruising height. And nowhere is this particular role more evident than in the company's expansion to China.

"IT WAS LOVE AT FIRST SIGHT" – A VERY SPECIAL ACQUISITION

"I have rarely seen Wolfgang Leitner so euphoric that he would say of his own accord: 'That is definitely for us. We should take a very close look'", Friedrich Papst recalls. "It was love at first sight."

He is talking about the Schuler Group. The company based in Göppingen operates in metal forming and supplies equipment and tools for the entire metal-forming industry, in particular presses for the automotive sector. The majority of the euro coins in circulation are minted on Schuler presses. With over 5,000 employees in 15 countries and a clear profile, Schuler is the optimum opportunity for ANDRITZ to expand its own Metals business area. And the perspective is also very positive for Schuler: With ANDRITZ, Schuler can extend its presence, especially in growth markets such as China. In February 2013, it's all settled: ANDRITZ purchases a 90 percent stake in Schuler.

Part of ANDRITZ since 2013: Schuler Group in Göppingen.

The plan succeeds: "For six years," Wolfgang Leitner recalls, "it was a very attractive marriage." Schuler shows strong growth, also driven by successful years in the automotive sector. However, this very industry also causes Schuler to run into difficulties when the effects of trade disputes between the USA and China make themselves felt and, finally, the COVID-19 pandemic brings many supply and production chains to a standstill. For the automotive sector, but also Schuler in particular, there are difficult years and considerable upheavals in the offing.

However, the value of the experience and support that the metals professionals in Göppingen receive from ANDRITZ also becomes evident in this phase. Nevertheless, the incisions required are painful: Schuler has to lay off one quarter of the workforce and cut around 1,200 jobs in Germany alone. "Of course, this is a painful step for all concerned, but it is necessary in order to ensure that Schuler is still able to compete in the current market environment," says Wolfgang Leitner in 2019. But the newly gained strength on the Asian market ensures that the Schuler Group survives – as well as pointing out a clear path towards the future.

IN SEARCH OF WOLFGANG LEITNER ...

Leitner is ...

... an exceptional figure
"For me, Mr. Leitner is a truly exceptional figure. The aura that he emanated for the company with his personality ..."
– *Andreas Martiner*

... very quick-witted
"Everyone saw him as being very quick-witted. He can judge a situation very well very quickly."
– *Friedrich Papst*

... good at sleeping on planes
"He was a pleasant travel companion. He was able to sleep very easily when flying. I always envied him for that. Leitner pulled the cover over his head and arranged to be wakened half an hour before landing, got himself ready and was all set to go. On daytime flights, we sat next to one another and chatted about what we had experienced together or were planning to do."
– *Friedrich Papst*

... an authority
"The authority that he had ... it was outstanding. The speeches he gave ... they were snappy and crisp."
– *Gerhard Zirngast*

Shaped ANDRITZ over several decades: Wolfgang Leitner.

... a boss with exacting standards
"He finds it very annoying when people gather information and pass it on without checking it for themselves first of all. If someone is giving a talk on a specific topic at an Executive Board meeting, he finds out fairly quickly whether that person has analyzed the matter intellectually or simply conducted a survey among the staff in the respective department and then strung the replies together instead of evaluating them. As a result, everyone came well prepared to meetings with him." – *Friedrich Papst*

... an expert on ANDRITZ
"He knew almost everyone personally, he grew up with the company and knows it inside out, every single detail."
– *Friedrich Papst*

... charismatic
"Mr. Leitner was an important personage. His presence and the charisma he has are just indescribable." – *Gerhard Zirngast*

... a numbers man with emotions
"Many people say Leitner is a cool calculator, a numbers man who bases his decisions entirely on facts and figures. I have often seen that he can be guided very much by his emotions and that he can take the measure of people fairly well." – *Friedrich Papst*

... a listener
"He always took the time to discuss things." – *Georg Auer*

... a problem-solver
"He always managed to find out the problems facing the technician at the workbench or the stacker truck driver and then tried to solve them. He always reacts very quickly, looks into the matter and tries to find a solution."
– *Andreas Martiner*

... a boss who never forgets anything
"He made a note of every initiative we ever suggested to solve a problem. And the time then comes when he asks how things are going with this solution, whether it was ever used, and if not, why not. He never forgets a thing."
– *Günther Leitner*

... a very well-balanced person
"In spite of his great sense of purpose, he seemed to me a very well-balanced person outwardly." – *Andreas Martiner*

... dominating
"He was very dominating, but he conveyed it differently to other people I know who are dominant." – *Andreas Martiner*

... a fan of one-pagers
"During negotiations on installation work, we showed him a five-page presentation. After the third page, Leitner waves it aside: He wants to know specifically what the advantages are of the company concerned, summarized on a single page. Everything must be precise, with exact details, and clearly laid out. On a single page if possible. The main thing is to keep it short and sweet."
– *Günther Leitner*

... an unerring questioner
"You have to be well prepared because he always asked the questions that hit the target. He was always spot on."
– *Gerhard Zirngast*

... a brilliant negotiator
"Leitner is a brilliant negotiator. He is imaginative and knows how to get out of difficult situations again."
– *Joachim Schönbeck*

ANDRITZ IN CHINA

"We have excellent opportunities in China – we just have to make use of them. Now is the time to do so!"

Gottfried Schmölzer in the company magazine, March 2001

The beginnings of ANDRITZ in China are still far removed from the dimensions of later years. In 1997, ANDRITZ launches a joint venture in the Chinese city of Foshan, in the Pearl River delta area. A staff of only nine work here on local manufacture of stock pumps. A modest beginning – but one foot inside the door to China.

The positioning of ANDRITZ in China is forward-looking because the People's Republic is now developing very rapidly. In 2001, China joins the World Trade Organization (WTO) and opens up more towards foreign companies. In the same year, ANDRITZ is one of the first European companies to establish an independent company in China: Andritz Technologies Ltd. (ATC, renamed ANDRITZ (China) Ltd. in 2012) is a 100 percent Andritz subsidiary founded in the already familiar city of Foshan and initially sells products from the Environment and Process Technologies business area.

View of the new assembly center in Foshan opened in 2009.

Celebration in 2018: "20 years of ANDRITZ in China".

In one respect however, ANDRITZ is untypical of the Western companies operating in China at this time: Instead of making use of the favorable situation in China, particularly as the "workbench of the world", ANDRITZ seeks from the very beginning to serve the local Chinese market in particular with the products from Foshan and thus to further establish itself in China.

But this is exactly what is met with a lot of skepticism at first from Chinese customers: They often consider Chinese products to be inferior and prefer to have imported products. Gottfried Schmölzer, Managing Director of the subsidiary, tries to convince customers of the high

The new main building in Foshan is opened in 2018.

> **"I was doing the rounds from one customer to the next with a small pump impeller to give a kind of hands-on presentation of a locally manufactured ANDRITZ product."**
>
> Gottfried Schmölzer

CHINA'S ECONOMIC POLICY

When ANDRITZ first becomes active in China, many observers already know: The 21st century belongs to China. It was Deng Xiaoping who laid the foundation for this development, seeking both economic and political opening for the People's Republic as from 1976. Xiaoping's successors continue along this chosen path. Instead of a planned economy, they develop the "socialist market economy". China moves from being the "workbench of the world" to become the largest trading partner today of the industrialized nations in the West. The huge Chinese market is a tempting sales target for companies from all over the world.

The government in Peking is aware of this special status and creates the conditions required for a win-win situation: Foreign companies are given increasingly easy access to the state-controlled Chinese market. At the same time, they must commit to collaborating with Chinese partners in joint ventures in many sectors in order to build up technological know-how in China. As a result, Chinese companies are able to catch up technologically within a very short time. It was only in recent years that the obligation to form joint ventures in various sectors was relaxed.

quality of the products: "I was doing the rounds from one customer to the next with a small pump impeller to give a kind of hands-on presentation of a locally manufactured ANDRITZ product and clearly illustrate the difference between us and our competitors. One or two customers in the morning and another two in the afternoon – week after week." The door-to-door approach pays off: ANDRITZ succeeds in dispelling these preconceptions and the first results start to come in.

In 2003, the manufacturing location in Foshan, which was only designed for stock pumps, is extended and manufacturing work for other product areas gradually begins. But China is not only a manufacturing location: The staff – mainly Chinese but also some international employees – also do development work, design engineering, manufacturing, start-ups, and maintenance. The local company understands the market well and can react quickly to changing developments and customers' needs.

Shanghai: China's largest business center.

In the long term, the Chinese market offers enormous opportunities for other reasons: As the Chinese economy is seeking to catch up in future-oriented, sustainable technologies and environmental protection, the government is granting numerous subsidies. ANDRITZ also profits from this and is strengthening that area of research and development in order to stimulate innovations that are to act as a new growth engine in China.

Generator for San Xa, China.

This is how ANDRITZ accomplishes something that only a few Western companies in China achieve: The Austrians become market leaders in some product segments, for example stock preparation systems for the pulp and paper industry.

Today, ANDRITZ China has branches in Peking, Shanghai, Chengdu and Wuxi as well as production centers in Foshan and Chengdu, with a total of more than 3,500 employees. All four business areas are covered in China. ANDRITZ China makes an important contribution towards the success of the Group.

In 2013, ANDRITZ opens a new nonwovens location in Wuxi, Yangtze delta.

PULP AND HYDROPOWER PLANTS: ANDRITZ IN BRAZIL

There is not just an anniversary to celebrate in Graz in 2022 – the Brazilian location is also celebrating a special birthday: ANDRITZ Brasil is 30 years old. This success story begins in 1992 with a staff of five in a sales office in Curitiba. It becomes a separate company in 2002, concentrating on planning and delivery of equipment for the pulp and paper industry.

In addition to China, the growing market in the emerging Brazilian economy is an important focus for ANDRITZ in the new century. There are opportunities here in particular because the country mainly generates energy from hydropower. Moreover, the highly productive eucalyptus plantations there are constantly being expanded, and Brazil is evolving into one of the largest pulp producers worldwide as a result. At the same time, the substantial social and ecological impact of the dynamic economic development is becoming particularly evident, and ANDRITZ is also confronted with this again and again.

As of 2002, ANDRITZ lands large orders every year. In 2007, for example, ANDRITZ is awarded an order by Fibria, the world's largest producer

Sindus technicians calibrating an analysis device. In 2007, ANDRITZ acquires 50 percent of the Brazilian company Sindus Human Technology, which specializes in service and maintenance work.

"A general focus of the ANDRITZ growth strategy in the future will also be the emerging markets – particularly China and Brazil."

Wolfgang Leitner, 2011

In 2002, a new pulp mill goes into operation in Aracruz. View of the woodyard.

of market pulp, to deliver a complete fiberline for the largest pulp mill in the world, which is to be built in Brazil: "Horizonte" in Três Lagoas. "On the Três Lagoas project, we demonstrated that we can also achieve all the important targets in terms of quality, time and costs, even for an order of this magnitude," Florêncio Giacomin, Project Manager for dewatering and drying, says happily.

Following its acquisitions in Brazil, ANDRITZ is soon a close partner to the Brazilian pulp and paper industry, which would now be unthinkable without it. And so it is only natural that ANDRITZ is on board as a reliable partner when the latest, and again the world's largest pulp mill is built in Brazil in 2012.

However, such long-term partnerships in countries with rapidly emerging economies also present ANDRITZ with some challenges. Again and again, many large projects are the target of severe public criticism. In 2012, ANDRITZ is awarded an order as part of a consortium to deliver major sections of the electromechanical equipment, such as turbines and generators, for the Belo Monte hydroelectric power station project – the largest dam in the world on the Xingu River in the Amazon basin. It is the largest order in the history of ANDRITZ Hydro. However,

ANDRITZ Brasil's head office in Curitiba.

ANDRITZ Brasil Ltda. is awarded the order to supply five out of a total of seven process lines for the largest pulp mill in the world, Eldorado Brasil, in 2010.

Eldorado Brasil goes into operation in November 2012.

SUSTAINABLE SOLUTIONS AND SUSTAINABILITY AT ANDRITZ

Many of the areas in which ANDRITZ operates, particularly Hydro, Pulp & Paper, and Metals, are predestined to offer sustainable solutions and products that help customers to achieve their sustainability targets. With its broad portfolio of sustainable products and solutions and large-scale projects worldwide that use the latest environmental technologies, ANDRITZ has evolved in the meantime into a group of companies that can make a substantial contribution towards worldwide environmental and climate protection. Around 40 percent of the company's revenue originates from such solutions, and this percentage is growing all the time. The focus here lies on providing solutions for the global megatrends: decarbonization (renewable energies such as hydropower or biomass, biofuels, e-mobility, green hydrogen, and so on), the circular economy (recycling, also including textile recycling, use of side streams in pulp production with the aim of building pulp mills with zero emissions and zero waste, and so on), and digitalization (remote maintenance, fully autonomous pulp mill operation, process optimization, digital twins, and cyber security).

But ANDRITZ is not just pushing forward outwardly with sustainability and environmental protection. The company has also set ambitious goals for itself in this respect. ANDRITZ defined these goals in its sustainability program "We Care" in 2021. The company is seeking to halve its greenhouse gas emissions, for example, (scope 1 and 2) by 2025 and reduce water consumption and waste levels by ten percent each. The share of sustainable products and solutions is to be increased to over 50 percent of total revenue by 2025.

Tests in the ANDRITZ Recycling Technology Center, St. Michael.

"I see sustainability as a big opportunity for us. We have a variety of products in all four business areas that help our customers achieve their sustainability goals – whether they involve reducing CO_2 emissions, making use of renewable energy sources, minimizing consumption of resources, or recycling waste products and textiles. And we shall continue to push these green products forward."

Wolfgang Leitner

2019: ANDRITZ supplies the world's first biomethanol plant.

critics sound the alarm, claiming that the dam would destroy large areas of rain forest as well as the livelihood of the many people whose land would be flooded.

ANDRITZ also takes note of such debates and focuses on the long-term consequences, particularly of large projects. This often requires a difficult balancing act by the company: In many cases, there is loud public criticism of such disruptive projects. That is why ANDRITZ considers it important to live up to its role as a reliable partner for all parties in the country itself and ensure that all legal provisions and requirements are observed – especially when projects are becoming ever larger and more complex.

FACE MASKS INSTEAD OF BABY DIAPERS

When COVID-19 breaks out in the spring of 2020, ANDRITZ would like to make a contribution towards fighting the pandemic. The company buys protective masks at an early stage in January 2020. Its Italian subsidiary ANDRITZ Diatec, a supplier of solutions in the hygiene sector, spontaneously converts a production plant for baby diapers into a line producing face masks. ANDRITZ not only provides its own employees with masks from this plant and donates face masks to hospitals and public institutions. Very soon, ANDRITZ lines for the production of face masks are operating in customers' facilities all over the world and producing up to 750,000 masks a day.

At the company itself, emergency management committees are set up to closely monitor developments at the subsidiaries and the measures they take to protect their employees. ANDRITZ maintains an overview of the quarantine and travel restrictions all over the world by means of a dashboard. In this way, the company succeeds in protecting the workforce as effectively as possible and continuing to supply its products to customers at the same time. The staff accept long periods of quarantine in order to be able to travel to job sites in China and Brazil.

NEW CEO – ANDRITZ GOES FOR CONTINUITY

The first cases of COVID-19 are confirmed in Austria at the end of February 2020. On March 11, 2020, the World Health Organization (WHO) categorized the spread of the new virus as a global pandemic. As of mid-March, the Austrian government takes drastic measures to contain the number of infections. Public life virtually comes to a halt, and the consequences for the economy are enormous. Wolfgang Leitner turns 67 on March 27, 2020. Originally, he wanted to retire from operational business as CEO. But should he pass on the baton under such historically exceptional circumstances? Leitner does not believe that would be a good idea. He discusses it with his designated successor: Together they decide to postpone the handover. These are turbulent times.

In July 2021, the announcement that was postponed is issued after all: ANDRITZ informs the public that Wolfgang Leitner will end his activities as CEO in April 2022. Because, according to Leitner, "in a listed company, you should not miss the last exit before you turn 70." On March 8, 2022, he announces the annual results for the last time.

D-TECH line for respiratory masks: unwinding module.

The new office building opens in Vienna in 2012: Around 900 employees from all four business areas work here.

"It became very clear during the crisis that our central values at ANDRITZ – passion, partnership, perspectives and versatility – are not just empty words, but values that we live every day."

Wolfgang Leitner
in the company magazine, 2021

"Due to the enormous flexibility and huge commitment of our employees worldwide, we have succeeded in dealing successfully with the economic challenges of this crisis for ourselves and for our customers."

Wolfgang Leitner in March 2021

Before the pandemic is even over, along comes the next crisis with a global impact: In February 2022, Russia embarks on a war of aggression against Ukraine. In reaction, the EU imposes sanctions against Russia. ANDRITZ supports these measures and suspends all new business with Russia.

Nevertheless, Wolfgang Leitner can hand over the company to his successor with a clear conscience: "It is very positive that we have a very good successor in Joachim Schönbeck, who has been with ANDRITZ for eight years and with whom I have worked very closely. I have every confidence in him and not the slightest worry that I ought to continue for another year." Representatives of the workforce were also involved in the decision on who to appoint as CEO. Andreas Martiner,

JOACHIM SCHÖNBECK: "ESSENTIALLY, THERE WILL BE CONTINUITY."

Joachim Schönbeck is born in Bonn in 1964 and studies mechanical engineering at the Rheinisch-Westfälischen Technischen Hochschule in Aachen as well as at Massachusetts Institute of Technology (MIT). He receives a doctorate from the Technical University of Berlin. After holding management posts at Mannesmann, Siemens and the SMS Group, Schönbeck joins the Executive Board at ANDRITZ in 2014 and is largely responsible for the successful development of the Pulp & Paper Capital Systems and the Metals Processing segments. He has been CEO of ANDRITZ since April 2022 and also continues to head the Pulp & Paper Capital segment.

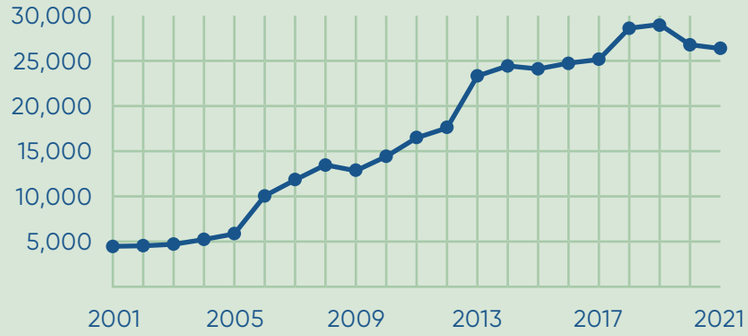
In addition, Schönbeck has been Honorary German Consul for the provinces of Styria and Carinthia since February 2022.

"Schönbeck is an engineer through and through – in combination with German efficiency."

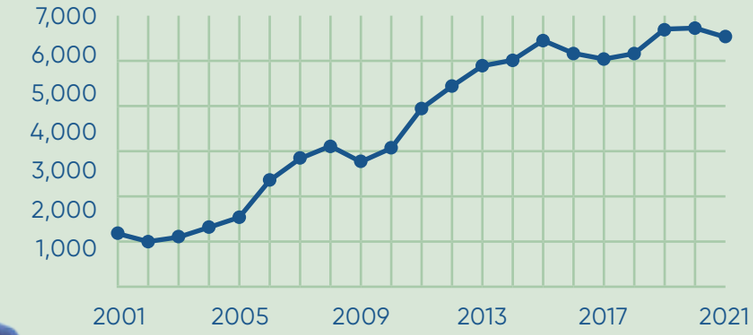
ANDRITZ employee Günther Leitner

CEO since April 2022: Joachim Schönbeck.

NUMBER OF EMPLOYEES AT ANDRITZ FROM 2001 TO 2021

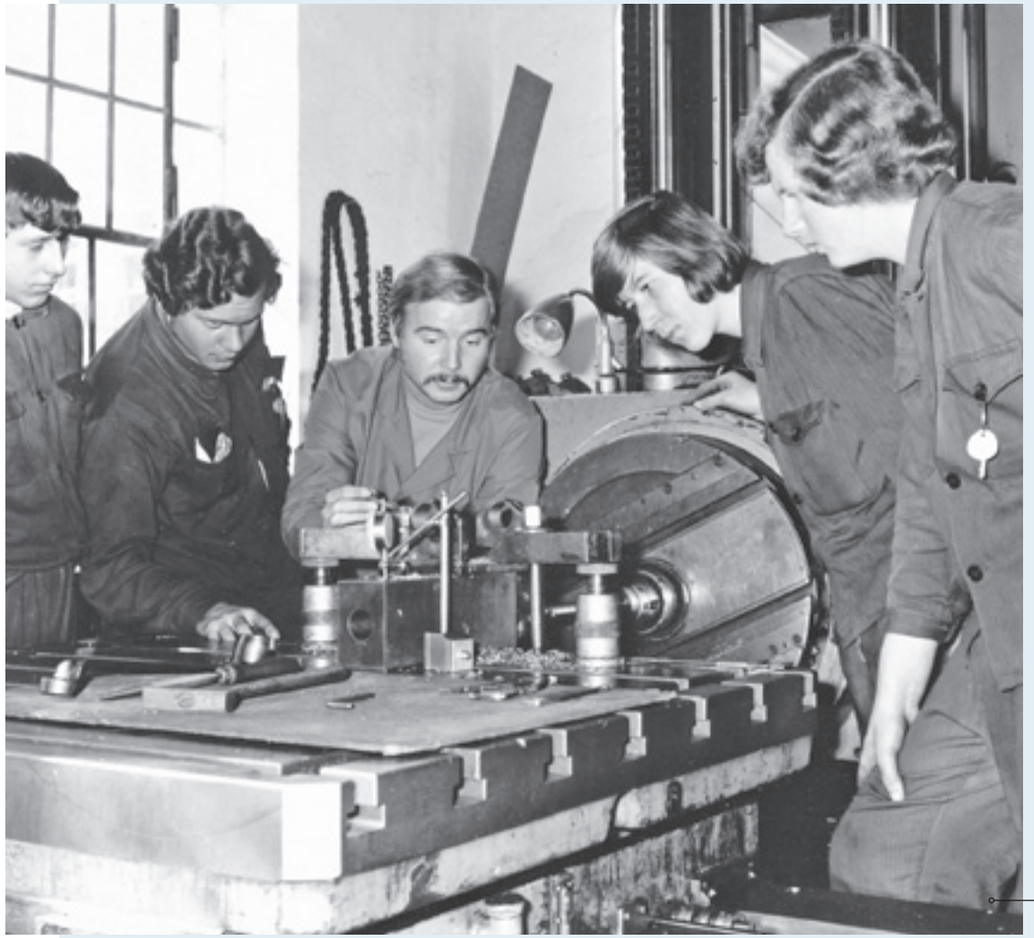


REVENUE DEVELOPMENT AT ANDRITZ FROM 2001 TO 2021 (IN MILLIONS OF EUROS)



"APPRENTICE TRAINING IS THE MOST IMPORTANT THING"

There is yet another anniversary in 2022: The ANDRITZ apprentice training program is celebrating its 100th anniversary. An apprentices' workshop is set up back in 1922. A great deal has changed in the training program since then, but one thing has remained constant throughout: the great importance of apprentice training at ANDRITZ and its high quality. After all, the apprentices of today are the skilled workers of tomorrow. At the moment, an average of 25 apprentices are taken on at the Graz location every year.



Apprentices in the 1970s.

There are eleven different apprenticeships to choose from: mechanical engineering technician, machining technician, steelwork technician, materials technician, plant electrician, welding technician, production measurement technician, paper technician, draftsman, and industrial or operating logistics clerk.

The personnel officer responsible for apprentices, Gerhard Zirngast, who completed an apprenticeship as a lathe operator at ANDRITZ in the 1970s, has witnessed how the training professions have changed: "More and more lathe operators became machine tool technicians and then machining technicians, who work a lot with electronics and machine programming. When I began at ANDRITZ, there were still many more blue-collar than white-collar staff, and today it is exactly the opposite." And the requirements have changed as well. "A great deal of mobility is needed due to the international nature of our business. People working in the site installation department are constantly traveling over all continents." Most of the apprentices come from the area around Graz. For those who live farther away, there is accommodation available. For Zirngast, apprentice training has top priority: "It really is most important." And the results also show that ANDRITZ attaches a great deal of importance to good training: 60 percent of the ANDRITZ apprentices pass their final apprenticeship exams with distinction.

Works Council member for the blue-collar staff, is very pleased with the choice: "Joachim Schönbeck was our favorite. He knows ANDRITZ, and he is very respectful – a good listener. He wants consistency in the future. We hope he will maintain the traditions that the company has."

"I have no hesitation in my decision to change my role. I am not half a CEO, nor the former CEO or anything else either, I am now a member of the Supervisory Board."

Wolfgang Leitner in May 2022

On April 7, 2022, the time has come: Wolfgang Leitner stands down as CEO, becomes a member of the Supervisory Board, and Joachim Schönbeck takes over management of the company. The 58-year-old manager from Germany has been a member of the Executive Board since 2014, with responsibility for the Pulp & Paper Capital Systems segment. The handover has been prepared with care over a long period of time. ANDRITZ goes for continuity.

Interview with the current and the former CEO together.

"IT'S BUSINESS AS USUAL"

INTERVIEW WITH WOLFGANG LEITNER AND JOACHIM SCHÖNBECK

Mr. Schönbeck, you were appointed CEO of ANDRITZ on April 7, 2022. What was your first "official act"?

Schönbeck: A speech introducing myself to the workforce so that they all know who I am. And then we had a small but worthy celebration to say our goodbyes to Wolfgang Leitner.

You know ANDRITZ well. You joined the Executive Board in 2014, were responsible for Pulp & Paper Capital Systems and for Metals, i.e. the rolling mills and strip processing lines. How did this come about?

Schönbeck: One day after I ended my previous activities, I had a conversation with Wolfgang Leitner. I thought it sounded quite good – and then I had to have many more conversations with him before he also shared my opinion *(laughs)*. ANDRITZ was and is a great company. The opportunity to enter a whole new industry with Pulp & Paper was a very interesting challenge for me! I knew about metals. Plants and machinery are my thing. And then I jumped in at the deep end.

Mr. Leitner, what convinced you that Joachim Schönbeck is the right person for the Executive Board?

Leitner: It was obvious. He had a lot of experience in the metals business and in general plant engineering. He was a true specialist. And so it was only logical that he should also take over plant engineering – capital business in Pulp & Paper.

Mr. Schönbeck, how did you find collaboration with Wolfgang Leitner and what have you learned from him?

Schönbeck: Demanding and rewarding. I learned a great deal, and I must say, I was also impressed by the working pace. That's not something that happens to me often *(laughs)*. Wolfgang Leitner is an absolutely brilliant negotiator. I hope I have also been able to learn a little about this.

And what will remain of Wolfgang Leitner at ANDRITZ?

Schönbeck: The company's development from being a licensee operating in the Eastern European market to becoming a global technology leader – that will certainly remain! We will work on maintaining the DNA of ANDRITZ – taking over good companies and not competitors. When it comes to profitability, there are clear expectations: It should improve.

Mr. Leitner, what kind of company are you passing on to your successor?

Leitner: To be fair, I have to say it's "work in progress" *(laughs)*. Some things will continue, and some things will be different and new. We have been working together now for eight years, have spent so much time with one another and we know each other inside out. That's why we are realists, and there is no handover in that sense, but just business as usual.

Mr. Schönbeck, are there any special priorities that you would like to set?

Schönbeck: Essentially, there will be continuity. Wolfgang Leitner and I often shared the same opinions over the past eight years. Profitable growth, expanding service business, stabilizing sales, reducing dependence on large-scale business, which after all is very risky: All this will remain. I will certainly set some priorities that are slightly different, but probably due to the needs of the time rather than myself as CEO. More pressure is needed in digitalization. Also in decarbonization. We can offer many solutions in this field. This is an attractive prospect for customers. And one request that came from the workforce in the past few years was that we work together more closely and more effectively.

Do you have a vision for ANDRITZ?

Schönbeck: To be market leader in all business areas *(laughs)*!

How would you describe your style of management, Mr. Schönbeck?

Schönbeck: I would say that I leave people a lot of freedom and don't keep taking them by the hand. Those who use this freedom always have my full support and receive an appropriate pointer, piece of advice or decision. My door is always open when I am needed.

Mr. Leitner, how do you see your new role as a member of the Supervisory Board?

Leitner: In the traditional role model of a supervisory board member. There is a transitional period in which I will be a very well informed supervisory board member. This will drop exponentially because I am no longer involved in day-to-day business. In this respect, it's more about general wisdom and a little scrutiny rather than being able to make a specific contribution.

Won't you cast some kind of "long shadow"? Won't you influence the company management as member of the Supervisory Board?

Leitner: I don't want to, but I would stop the management from doing something very stupid if I have the chance *(laughs)*. My goal is for ANDRITZ and its employees to prosper as much as possible, for the customers to be satisfied, for a good dividend to be paid out, for the share to develop favorably, but also for ANDRITZ to hold a good position on the market and make more technical progress.

Mr. Schönbeck, what are the biggest challenges within the company at the moment?

Schönbeck: Bringing staff back into the office after working from home. Team building doesn't work well on a computer screen. But we need teams that can get through difficult projects together.

Which areas do you think have the greater chances of success and better development opportunities?

Schönbeck: The pressure to recycle textiles and abandon oil-based fibers and cotton, which also leaves a disastrous ecological footprint compared to cellulose, opens up big opportunities. Decarbonization and renewable energy sources are a great chance for us.

What has ANDRITZ done so far in the interests of sustainability and climate protection, Mr. Leitner?

Leitner: Around 40 percent of our revenue is sustainable: We are present in the fuel cell sector, in hydrogen production – namely electrolysis – and in the non-animal protein sector, i.e. meat substitutes, with our own technology and own products. If we try now to extend this further, we can reach half of our revenue. Demand for these products is growing. Battery-driven cars are a huge opportunity – for Schuler, for example!

What impact is the lack of skilled workers having at ANDRITZ?

Schönbeck: The lack of skilled workers will become a challenge in the coming years. We provide a lot of training, and we will definitely increase this further. With the apprenticeships we

offer, we can also train good engineers. But we must be aware that we also need skilled workers in specialized areas – boiler construction, pulp, and so on – because of the size of our companies at many locations, and that we also have to step up training there as well and tie those who complete this training to the company at an early stage.

What do you consider the main growth markets for ANDRITZ?

Schönbeck: A year ago I would have said Russia. I must retract that statement. Asia will see strong growth, above all China. The extent to which we are able to participate depends on how the general political situation changes. We are already well positioned in India, but we will increase our activities there further. In the pulp and paper sector, South America will remain a growth region, especially Brazil. We may not be perfectly positioned everywhere, but we have everything on our radar that we need to take part.

Let's stay with Russia: ANDRITZ said at an early stage that it was joining in the boycott. What was it that led to this decision?

Leitner: Quite frankly, it was a difficult decision, but not so much for business reasons. It is beyond dispute that what is happening in Ukraine is appalling and must have consequences. The sanctions and embargo regulations are all absolutely right, and we are obeying them 100 percent. On the other hand, we have had customers in Russia for decades with whom we have built up a very good and cooperative relationship. It has become very difficult for them.

What challenges is ANDRITZ facing in terms of the raw materials situation?

Schönbeck: There are bottlenecks in resources, transport, logistics, in the supply chains – all this hits us hard. Some materials have doubled in price. This is a substantial burden, but we will solve this problem.

What lies in the future for the Graz location?

Schönbeck: It is a momentous sales argument when your own office is in the same place as where the company was established 170 years ago. Our business is based very strongly on trust. Our customers make themselves highly dependent on us because we have core technology. These are plants for which there is no plan B. If they break down, production grinds to a halt. The knowledge that the company has been here for 170 years strengthens this trust. That's why the location in Graz is also important. On the other hand, we are also

under obligation to be particularly good: The company headquarters must do some things better than all the others and set a good example.

Leitner: Of course, ANDRITZ's development began in Graz and Vienna. For this, we have the old locations and the employees there to thank, giving credit where credit is due.

Which values are typical of ANDRITZ?

Schönbeck: Customer orientation, transparency and speed are important values that certainly make the difference.

You have now worked together for eight years. What shared experiences do you particularly like to recall?

Schönbeck: The most impressive experience that we had together was when we were awarded the contract for "Horizonte 2" in 2015.

Leitner: No-one had expected us to be awarded a contract for a complete pulp mill in Brazil. After submitting our bid at 7 o'clock in the morning, we were very much on edge. There was no trace of calm. And then, in the afternoon, we really were awarded the contract for the entire mill. That had never happened before in Brazil. It was absolutely magnificent! It was also after midnight by the time the agreement was signed, and it was difficult to find a restaurant that was still open. But then we did find one after all and celebrated this success together with the whole team.

Mr. Leitner, what do you wish ANDRITZ for the future?

Leitner: Success certainly – that also includes good fortune. And success in a way that all concerned – customers, employees, shareholders – experience something positive together. The goal is to achieve a good result for everyone, that everyone is happy with, through innovation, good work and fair treatment for the employees.

Mr. Schönbeck, what are you looking forward to the most?

Schönbeck: *(laughs)* To making these very wishes of Wolfgang Leitner come true!

Thank you for this interview.

APPENDIX

ARCHIVE

Stadtarchiv Graz
Steiermärkisches Landesarchiv
Österreichisches Staatsarchiv
Bundesarchiv-Militärarchiv

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INTERVIEWS WITH CONTEMPORARY WITNESSES

May 11, 2022:
Gerhard Zirngast, Georg Auer, Günther Leitner, Andreas Martiner, Anton Gran

May 12, 2022:
Lena Beichler, Friedrich Papst, Johann Strasser, Wolfgang Leitner, Joachim Schönbeck

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CHAPTER 2

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To improve readability, the masculine form has mainly been used in this book to refer to individuals or groups of individuals. However, the masculine always includes all other genders.

170 YEARS OF ANDRITZ AT WORK

1852–2022

In 1852, the Hungarian Josef Körösi
establishes a machine works
in the district of Andritz in Graz.
170 years later, it has evolved into
the global ANDRITZ GROUP.

Between these two points lies
a long and eventful history.
ANDRITZ is shaped again and again
by historical events, shaken by
crises and conflicts.

But throughout all the challenges,
the essence remains, and
this has made ANDRITZ so unique
right up to the present day ...