The ANDRITZ GROUP

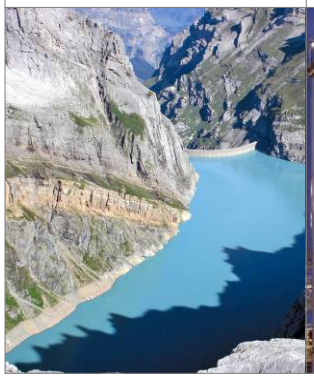
Company presentation November 2010

Contents

- **ANDRITZ GROUP: overview**
- Q1-Q3 2010 results
- Targets and outlook

Company profile

A world market leader in most business areas

ANDRITZ Hydro	ANDRITZ Pulp & Paper	ANDRITZ Metals	ANDRITZ Environment & Process	ANDRITZ Feed & Biofuel
▪ **~40-45%** of Group's order intake. ▪ Electro-mechanical equipment for hydro-power plants; pumps.	▪ **~30-35%** of Group's order intake. ▪ Systems for production of all types of pulp and certain paper grades.	▪ **~10%** of Group's order intake. ▪ Systems for production and processing of stainless steel and carbon steel strips.	▪ **~10%** of Group's order intake. ▪ Systems for mechanical and thermal solid/liquid separation.	▪ **~5%** of Group's order intake. ▪ Systems for production of animal feed and wood/biofuel pellets.
				

Strengthening of the market position

Growth through organic expansion and acquisitions

HYDRO

- 2006 VA TECH HYDRO
- 2007 Tigép
- 2008 GE Hydro business
- 2008 GEHI (JV)
- **2010 Precision Machine**
- **2010 Hammerfest Strøm**
- **2010 Ritz**

METALS

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

ENVIRONMENT & PROCESS

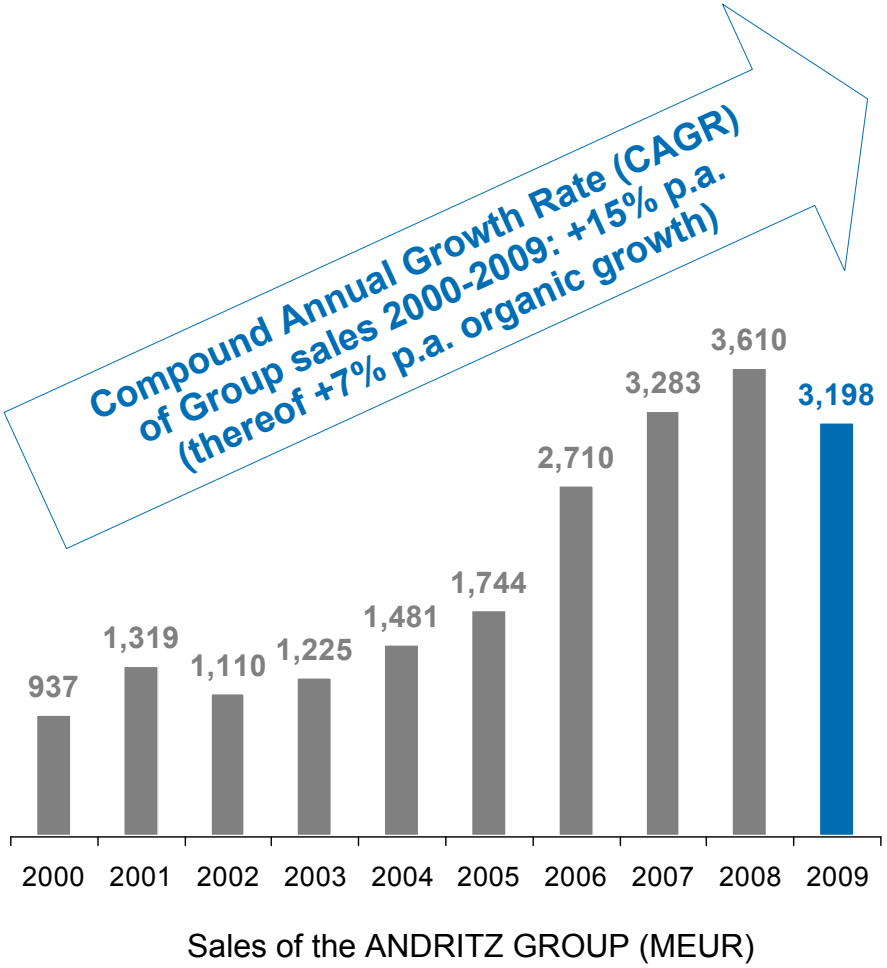
- 1992 TCW Engineering
- 1996 Guinard
- 2002 3SYS
- 2004 Bird Machine
- 2004 NETZSCH Filtration
- 2004 Fluid Bed Systems of VA TECH WABAG
- 2005 Lenser Filtration
- 2006 CONTEC Decanter
- 2009 Delkor Capital Equipment
- 2009 Frautech
- **2010 KMPT**

PULP & PAPER

- 1990 Sprout-Bauer
- 1992 Durametal
- 1994 Kone Wood
- 1998 Kvaerner Hymac
- 1999 Winberg
- 2000 Ahlstrom Machinery
- 2000 Lamb Baling Line
- 2000 Voith Andritz Tissue LLC (JV)
- 2002 ABB Drying
- 2003 IDEAS Simulation
- 2003 Acutest Oy
- 2003 Fiedler
- 2004 EMS (JV)
- 2005 Cybermetrics
- 2005 Universal Dynamics Group
- 2006 Küsters
- 2006 Pilão
- 2007 Bachofen + Meier
- 2007 Sindus
- 2008 Kufferath
- 2009 Rollteck
- **2010 Rieter Perfojet**
- **2010 DMT/Biax**

FEED & BIOFUEL

- 1995 Jesma-Matador
- 2000 UMT
- 2005 Chemes Strojarne



Long-term order intake development

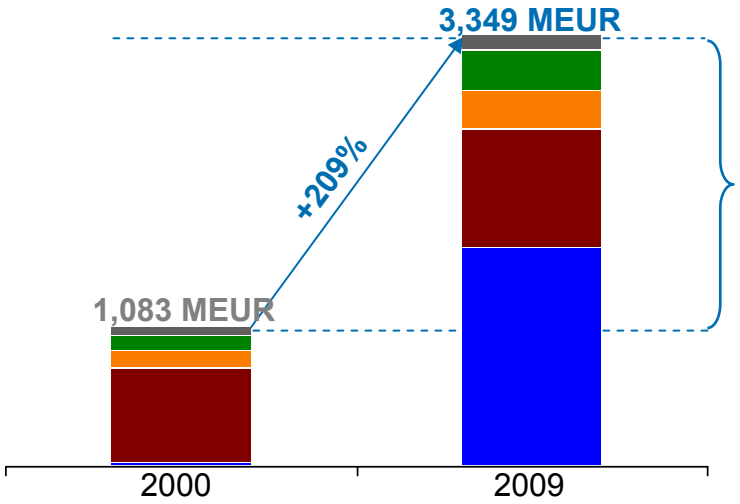
HYDRO as main growth driver

CAGR order intake ANDRITZ GROUP 2000-2009: +13%

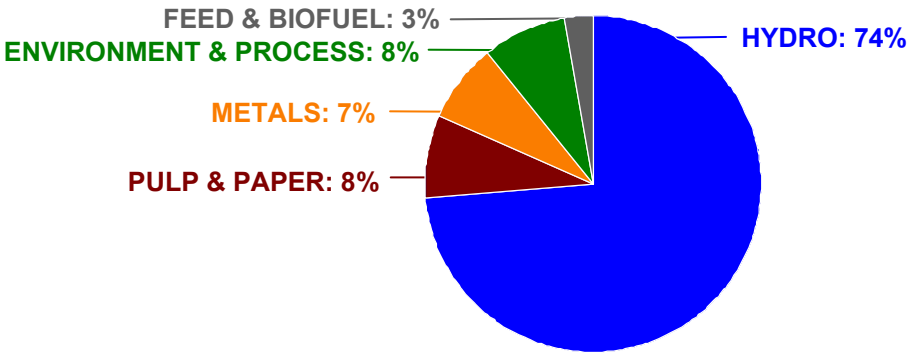
- HYDRO, ENVIRONMENT & PROCESS, and METALS with CAGR ≥10% during the last ten years.
- Strongest growth came from HYDRO.

	Share of order intake by business area		
	2000	2009	CAGR
HYDRO	2%	51%	+59%
PULP & PAPER	68%	27%	+3%
METALS	12%	9%	+10%
ENVIRONMENT & PROCESS	11%	9%	+11%
FEED & BIOFUEL	7%	4%	+7%

Order intake of the ANDRITZ GROUP:



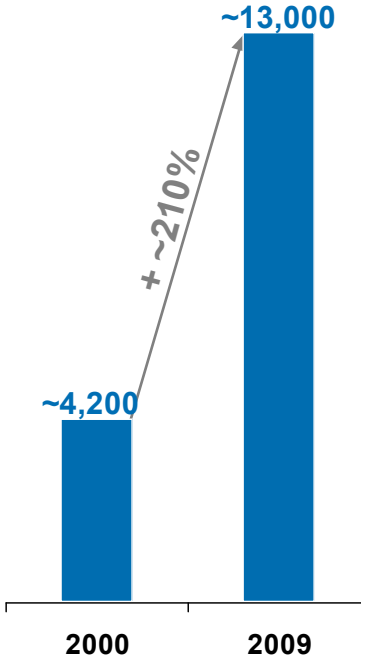
2000-2009: + 2,267 MEUR order intake, thereof contribution from . . .



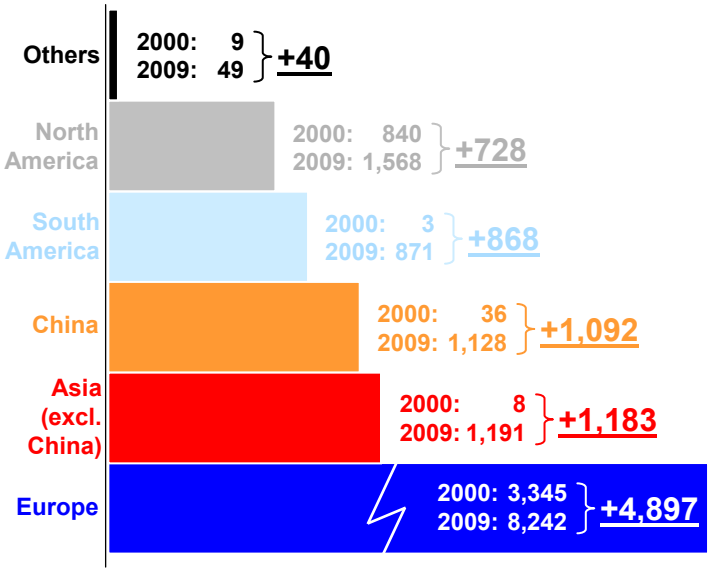
Global presence

Strong base in Europe, strong growth in emerging markets

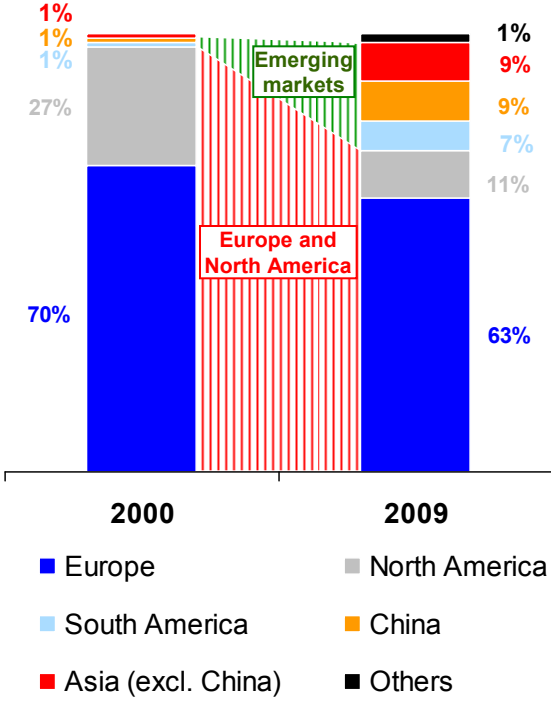
Employees 2000-2009 more than tripled



Employees 2000-2009: strongest growth in emerging markets



Employees by region 2000 vs. 2009: strong base in Europe



ANDRITZ share

Solid performance and broad research coverage

Relative share price performance of the ANDRITZ share versus the ATX since the IPO

ANDRITZ: +904%

ATX: +105%

S = Share split of 1:4 on 3 May, 2007

Successful 5-years performance	
2005	+63%
2006	+75%
2007	+3%
2008	-54%
2009	+111%
Q1-Q3 2010	+26%

Broad research coverage

UBS
Bankhaus Berenberg Bank
Goldman Sachs
HSBC Global Research
CA CHEUVREUX
Hauck & Aufhäuser
UniCredit Markets & Investment Banking
Raiffeisen CENTROBANK
ERSTE BANK
Deutsche Bank
JPMorganChase

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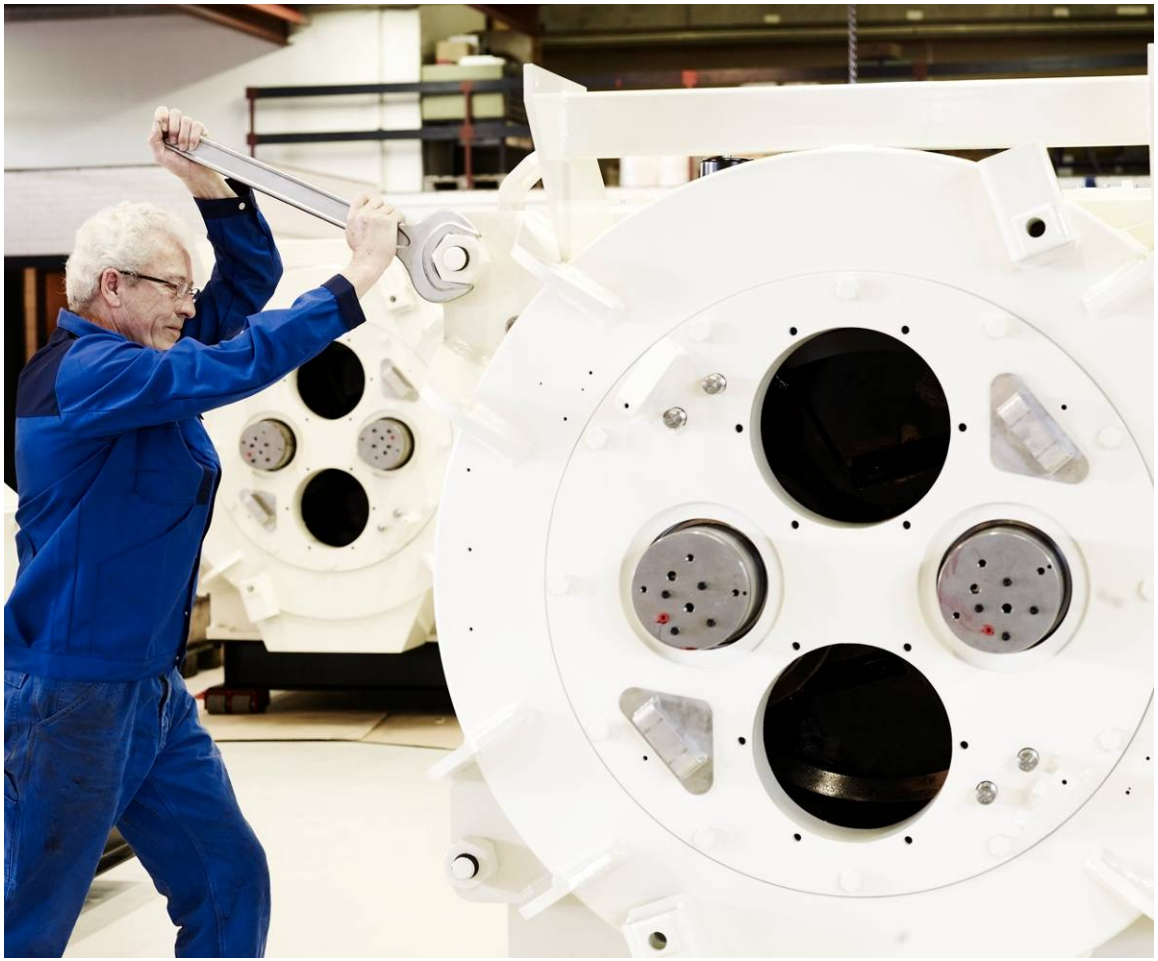


ANDRITZ GROUP Q3 2010/Q1-Q3 2010 results at a glance

Favorable business development in Q3 2010

Order intake:
- 932 MEUR in **Q3 2010**: +11% vs. Q3 2009
- 3,236 MEUR in **Q1-Q3 2010**: +27% vs. Q1-Q3 2009

Order backlog:
- 5,478 MEUR as of September 30, 2010: 21% vs. September 30, 2009; +24% vs. December 31, 2009

Sales:
- 897 MEUR in **Q3 2010**: +19% vs. Q3 2009
- 2,459 MEUR in **Q1-Q3 2010**: +6% vs. Q1-Q3 2009

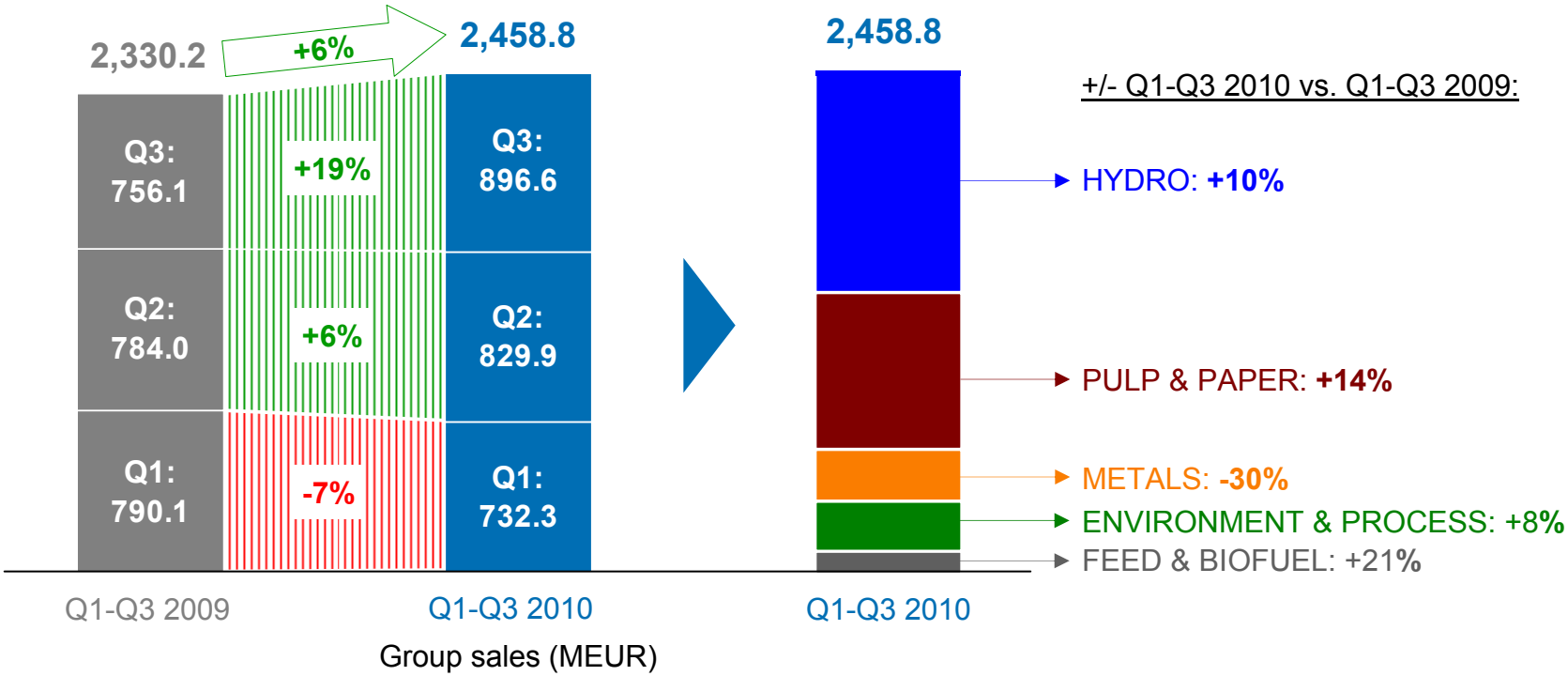
EBITA:
- 67 MEUR **EBITA** in **Q3 2010**: +47% vs. Q3 2009
- 7.5% **EBITA margin** in **Q3 2010** (6.0% in Q3 2009)

- 165 MEUR **EBITA** in **Q1-Q3 2010**: +62% vs. Q1-Q3 2009
- 6.7% **EBITA margin** in **Q1-Q3 2010** (4.4% in Q1-Q3 2009; 5.4% excluding restructuring expenses)

Net income (excluding non-controlling interests):
- 47 MEUR in **Q3 2010**: +75% vs. Q3 2009
- 115 MEUR in **Q1-Q3 2010**: +92% vs. Q1-Q3 2009

Sales: strong increase in Q3 2010

HYDRO, PULP & PAPER, and ENVIRONMENT & PROCESS as main growth drivers

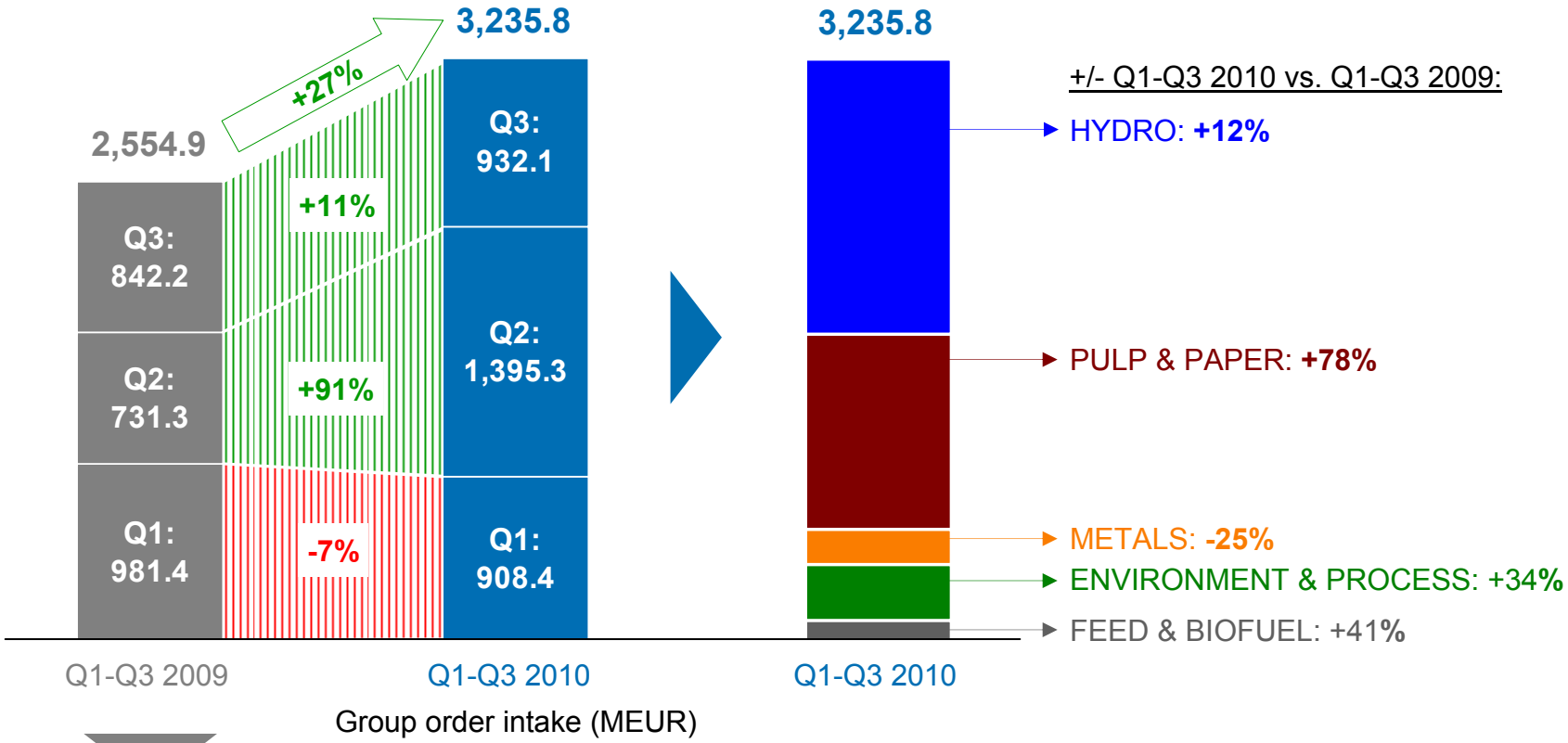


2009	Q1-Q3 2010
3,197.5 MEUR	2,458.8 MEUR

→ **77%** of sales 2009

Order intake

Solid development in all business areas except METALS

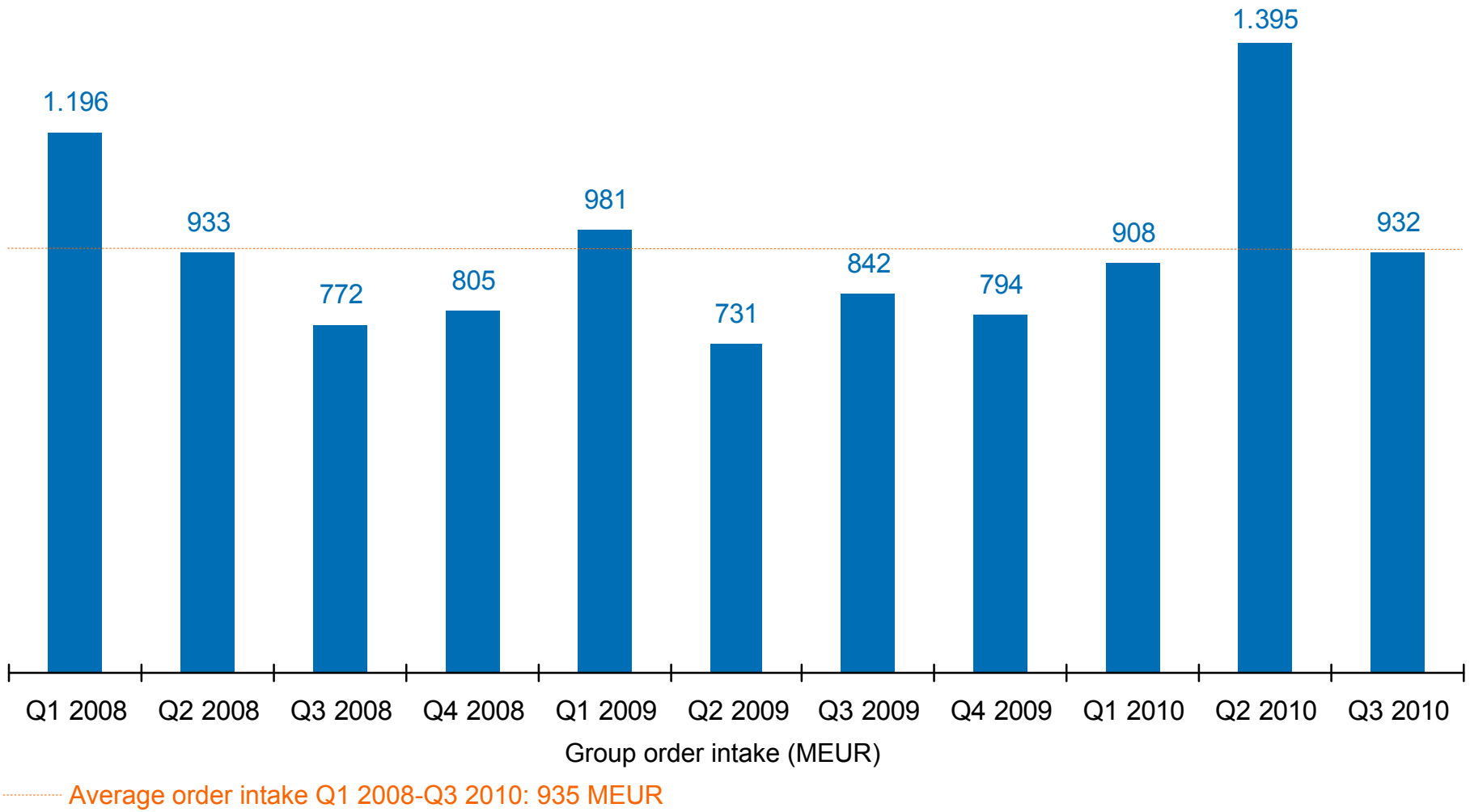


2009	Q1-Q3 2010
3,349.3 MEUR	3,235.8 MEUR

→ **97%** of order intake 2009

Order intake Q1 2008-Q3 2010

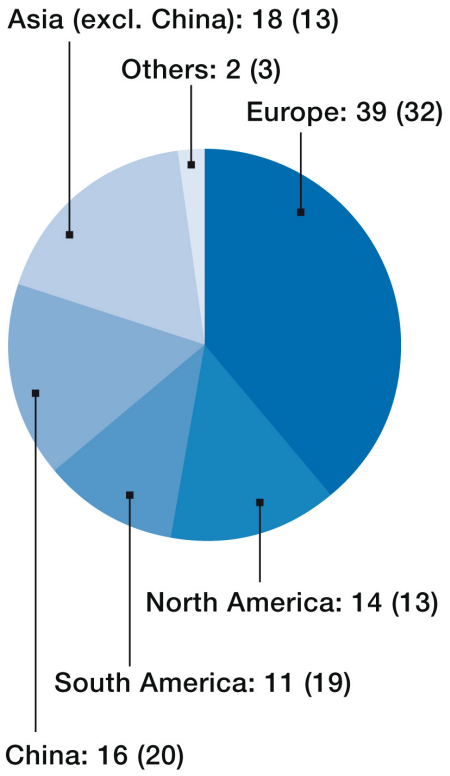
Favorable development during the economic crisis



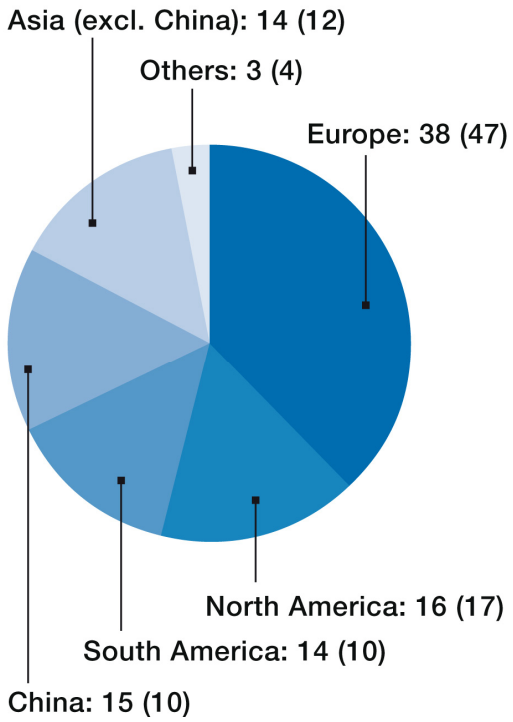
Order intake and sales by region

Well balanced geographical exposure

Order intake by region
Q1-Q3 2010 (Q1-Q3 2009) in %

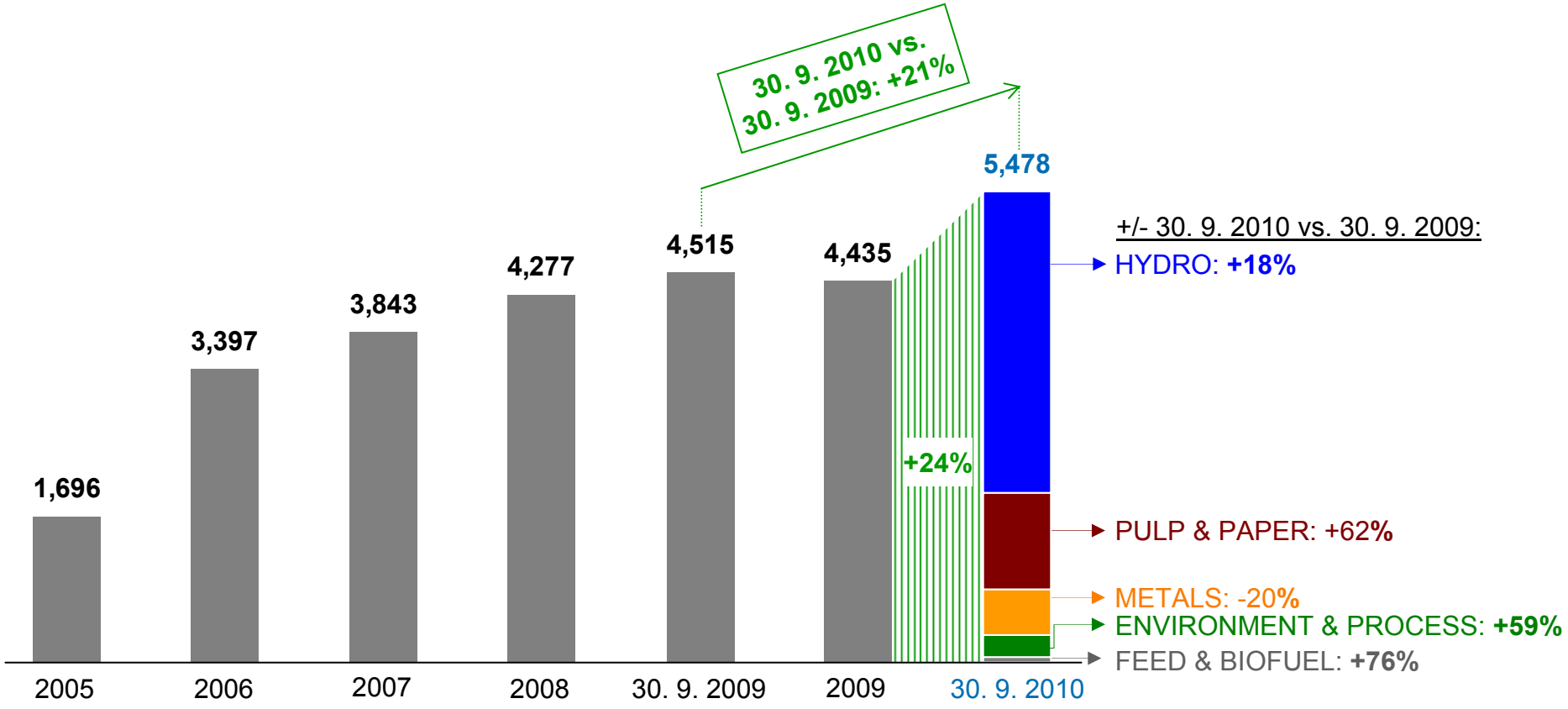


Sales by region
Q1-Q3 2010 (Q1-Q3 2009) in %



Order backlog

Solid workload in all business areas

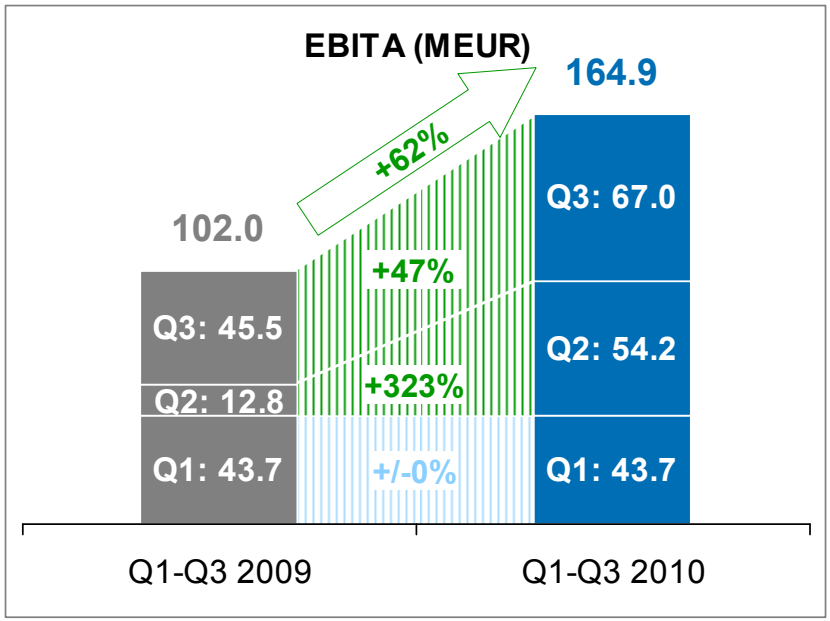


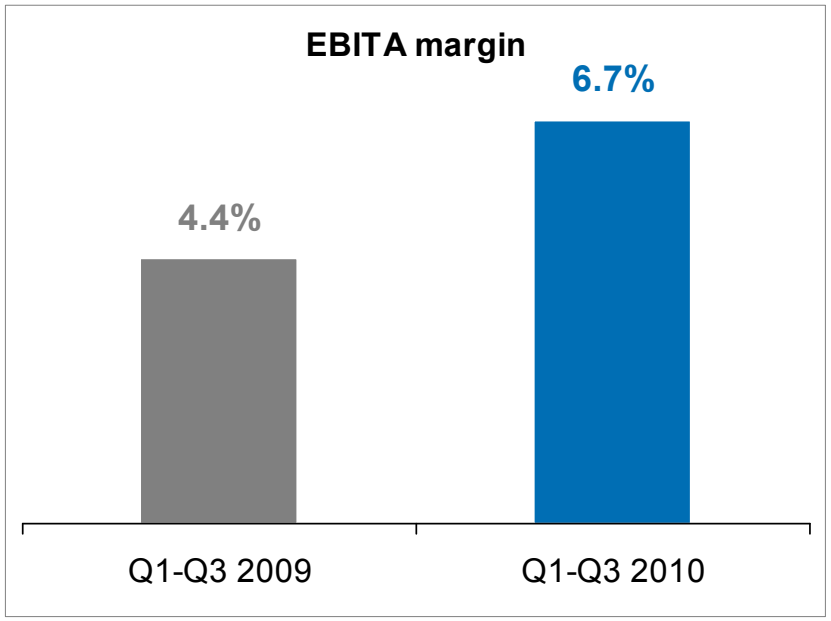
Group order backlog as of end of period (MEUR)

Earnings

EBITA and EBITA margin significantly increased

- **EBITA** of the Group in **Q3 2010,** at 67 MEUR, 47% higher than in Q3 2009 (46 MEUR); thus, increasing significantly stronger than sales.
- **EBITA margin** in **Q3 2010** rose to 7.5% (Q3 2009: 6.0%).
- In **Q1-Q3 2010**, **EBITA** significantly increased to 165 MEUR (Q1-Q3 2009: 102 MEUR; 126 MEUR excluding restructuring expenses). **EBITA margin** rose to 6.7% (Q1-Q3 2009: 4.4%; 5.4% excluding restructuring expenses).





Results Q1-Q3 2010

Continued strong cash flow generation

	Unit	Q1-Q3 2010	Q1-Q3 2009	+/-	Q3 2010	Q3 2009	+/-	2009
Order intake	MEUR	3,235.8	2,554.9	+26.7%	932.1	842.2	+10.7%	3,349.3
Order backlog (as of end of period)	MEUR	5,477.6	4,514.5	+21.3%	5,477.6	4,514.5	+21.3%	4,434.5
Sales	MEUR	2,458.8	2,330.2	+5.5%	896.6	756.1	+18.6%	3,197.5
EBITDA	MEUR	202.1	146.7	+37.8%	78.9	57.5	+37.2%	218.2
EBITA	MEUR	164.9	102.0	+61.7%	67.0	45.5	+47.3%	164.1
EBIT	MEUR	156.3	87.1	+79.4%	63.5	35.1	+80.9%	147.1
EBT	MEUR	160.1	93.7	+70.9%	63.7	44.6	+42.8%	149.6
Financial result	MEUR	3.8	6.6	-42.4%	0.2	9.5	-97.9%	2.6
Net income (incl. non-controlling interests)	MEUR	111.6	63.5	+75.7%	44.3	29.0	+52.8%	102.9
Cash flow from operating activities	MEUR	494.2	344.1	+43.6%	155.3	226.5	-31.4%	345.7
Capital expenditure	MEUR	36.7	51.4	-28.6%	14.5	11.2	+29.5%	70.5
EBITDA margin	%	8.2	6.3	-	8.8	7.6	-	6.8
EBITA margin	%	6.7	4.4	-	7.5	6.0	-	5.1
EBIT margin	%	6.4	3.7	-	7.1	4.6	-	4.6
Employees (as of end of period)	-	14,267	13,176	+8.3%	14,267	13,176	+8.3%	13,049

Solid balance sheet structure as of September 30, 2010

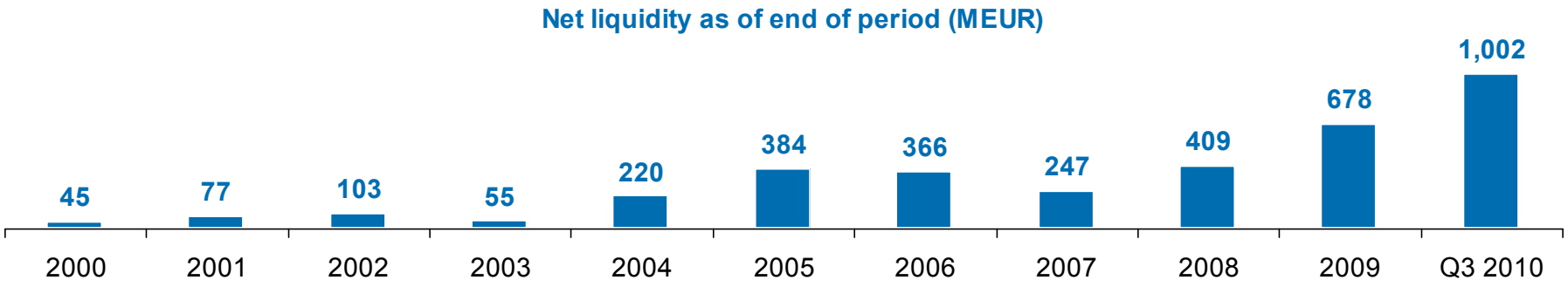
Substantial increase of cash position, unchanged high negative net working capital

Total assets and equity:

- **Total assets** increased to 3,768 MEUR (December 31, 2009: 3,309 MEUR).
- **Equity ratio** amounted to 19.4% (December 31, 2009: 20.0%).

Cash position and working capital:

- **Liquid funds** amounted to 1,421 MEUR (December 31, 2009: 1,082 MEUR).
- **Net liquidity** increased to 1,002 MEUR (December 31, 2009: 678 MEUR).
- Low **net working capital** of -417 MEUR (-104 MEUR as of December 31, 2009).



HYDRO

Continuation of favorable development

- **Market:** project activity for hydropower equipment remained high; favorable demand for modernizations and upgrades of installed capacities in Europe and North America, as well as for pumped storage power stations in Europe; good project activity for new hydropower capacities, especially in South America and Asia; positive development of project activity for small-scale hydropower plants, especially in Turkey.
- Favorable development of **order intake** in Q3 2010.
- **Sales** and **earnings** also up; **profitability** slightly down compared to the high level of Q3 2009 – however, reaching a solid level.

	Unit	Q1-Q3 2010	Q1-Q3 2009	+/-	Q3 2010	Q3 2009	+/-	2009
Order intake	MEUR	1,541.4	1,378.5	+11.8%	391.4	324.0	+20.8%	1,693.9
Order backlog (as of end of period)	MEUR	3,509.5	2,969.2	+18.2%	3,509.5	2,969.2	+18.2%	2,894.5
Sales	MEUR	1,087.7	987.4	+10.2%	381.0	337.0	+13.1%	1,378.0
EBITDA	MEUR	90.5	81.8	+10.6%	31.9	32.1	+3.5%	120.9
EBITDA margin	%	8.3	8.3	-	8.4	9.2	-	8.8
EBITA	MEUR	73.9	63.2	+16.9%	27.2	26.1	+4.2%	100.5
EBITA margin	%	6.8	6.4	-	7.1	7.7	-	7.3
Employees (as of end of period)	-	6,147	5,894	+4.3%	6,147	5,894	+4.3%	5,993

PULP & PAPER

Project activity showed further signs of recovery

- **Market:** good project activity for pulp and paper equipment worldwide – especially for modernizations and capacity increases in Europe and North America – due to continuing solid pulp demand, low inventory levels, and relatively full order books in the paper industry; planning activity for new pulp mill projects continued.
- Solid development of **order intake** in Q3 2010.
- Significant increase of **sales, earnings,** and **profitability.**

	Unit	Q1-Q3 2010	Q1-Q3 2009	+/-	Q3 2010	Q3 2009	+/-	2009
Order intake	MEUR	1,075.9	604.4	+78.0%	327.2	301.6	+8.5%	923.0
Order backlog (as of end of period)	MEUR	1,124.9	692.5	+62.4%	1,124.9	692.5	+62.4%	778.7
Sales	MEUR	767.7	671.2	+14.4%	288.4	205.4	+40.4%	903.3
EBITDA	MEUR	63.9	26.3	+143.0%	25.6	11.9	+115.1%	42.0
EBITDA margin	%	8.3	3.9	-	8.9	5.8	-	4.6
EBITA	MEUR	50.5	7.2	+601.4%	21.1	7.0	+201.4%	17.5
EBITA margin	%	6.6	1.1	-	7.3	3.4	-	1.9
Employees (as of end of period)	-	4,849	4,396	+10.3%	4,849	4,396	+10.3%	4,239

METALS

Low project activity; solid profitability

- **Market:** in spite of relatively good global capacity utilization of steel plants, very moderate project activity continued due to persistent uncertainty regarding the economic development in the next few quarters and the slight drop in steel prices influenced by over-capacities in certain segments; only few orders, especially from Asia, with focus on stainless steel market.
- **Order intake** in Q3 2010 significantly below the high figure of Q3 2009.
- **Sales** down; however, **profitability** remained at a solid level.

	Unit	Q1-Q3 2010	Q1-Q3 2009	+/-	Q3 2010	Q3 2009	+/-	2009
Order intake	MEUR	196.7	261.7	-24.8%	55.1	116.4	-52.7%	296.2
Order backlog (as of end of period)	MEUR	524.7	656.5	-20.1%	524.7	656.5	-20.1%	564.1
Sales	MEUR	246.3	351.9	-30.0%	84.2	108.3	-22.3%	473.4
EBITDA	MEUR	14.2	20.4	-30.4%	6.4	9.5	-32.6%	23.2
EBITDA margin	%	5.8	5.8	-	7.6	8.8	-	4.9
EBITA	MEUR	12.0	18.4	-34.8%	5.6	9.0	-37.8%	20.5
EBITA margin	%	4.9	5.2	-	6.7	8.3	-	4.3
Employees (as of end of period)	-	968	991	-2.3%	968	991	-2.3%	971

ENVIRONMENT & PROCESS

Order intake, sales, earnings, and profitability significantly up

- **Market:** satisfactory project activity for sludge dewatering, especially in Europe and Asia; considerable project activity for industrial process applications (especially in the mining and petrochemical industries), with the most active regions in China, India, Russia, and the Middle East; while project activity for sludge drying plants in the municipal sector remained moderate, project activity for industrial drying plants was satisfactory.

- **Order intake** in Q3 2010 significantly higher than in Q3 2009, due to both strong organic growth and first-time consolidation of acquired companies (KMPT, Delkor).

- **Sales, earnings,** and **profitability** developed very favorably.

	Unit	Q1-Q3 2010	Q1-Q3 2009	+/-	Q3 2010	Q3 2009	+/-	2009
Order intake	MEUR	310.9	231.8	+34.1%	129.0	78.8	+63.7%	305.4
Order backlog (as of end of period)	MEUR	259.7	162.9	+59.4%	259.7	162.9	+59.4%	139.6
Sales	MEUR	245.6	227.7	+7.9%	101.1	75.9	+33.2%	322.6
EBITDA	MEUR	24.5	15.5	+58.1%	11.3	5.2	+117.3%	29.3
EBITDA margin	%	10.0	6.8	-	11.2	6.9	-	9.1
EBITA	MEUR	20.6	11.9	+73.1%	9.8	4.0	+145.0%	24.6
EBITA margin	%	8.4	5.2	-	9.7	5.3	-	7.6
Employees (as of end of period)	-	1,777	1,380	+28.8%	1,777	1,380	+28.8%	1,329

FEED & BIOFUEL

Very good development of wood pelleting and feed sectors

- **Market:** favorable project activity in the animal feed sector, mainly in South America, Asia, and Eastern Europe; continuation of good project activity for biomass/wood pelleting equipment in Europe and North America – and to an increasing extent in Asia and South America.
- **Order intake** in Q3 2010 significantly up compared to Q3 2009.
- Very good development of **sales, earnings,** and **profitability.**

	Unit	Q1-Q3 2010	Q1-Q3 2009	+/-	Q3 2010	Q3 2009	+/-	2009
Order intake	MEUR	110.9	78.5	+41.3%	29.4	21.4	+37.4%	130.8
Order backlog (as of end of period)	MEUR	58.8	33.4	+76.0%	58.8	33.4	+76.0%	57.6
Sales	MEUR	111.5	92.0	+21.2%	41.9	29.5	+42.0%	120.2
EBITDA	MEUR	9.2	2.7	+240.7%	3.7	-0.1	n. a.	2.8
EBITDA margin	%	8.3	2.9	-	8.8	-0.3	-	2.3
EBITA	MEUR	7.9	1.3	+507.7%	3.3	-0.6	+650.0%	1.0
EBITA margin	%	7.1	1.4	-	7.9	-2.0	-	0.8
Employees (as of end of period)	-	526	515	+2.1%	526	515	+2.1%	517

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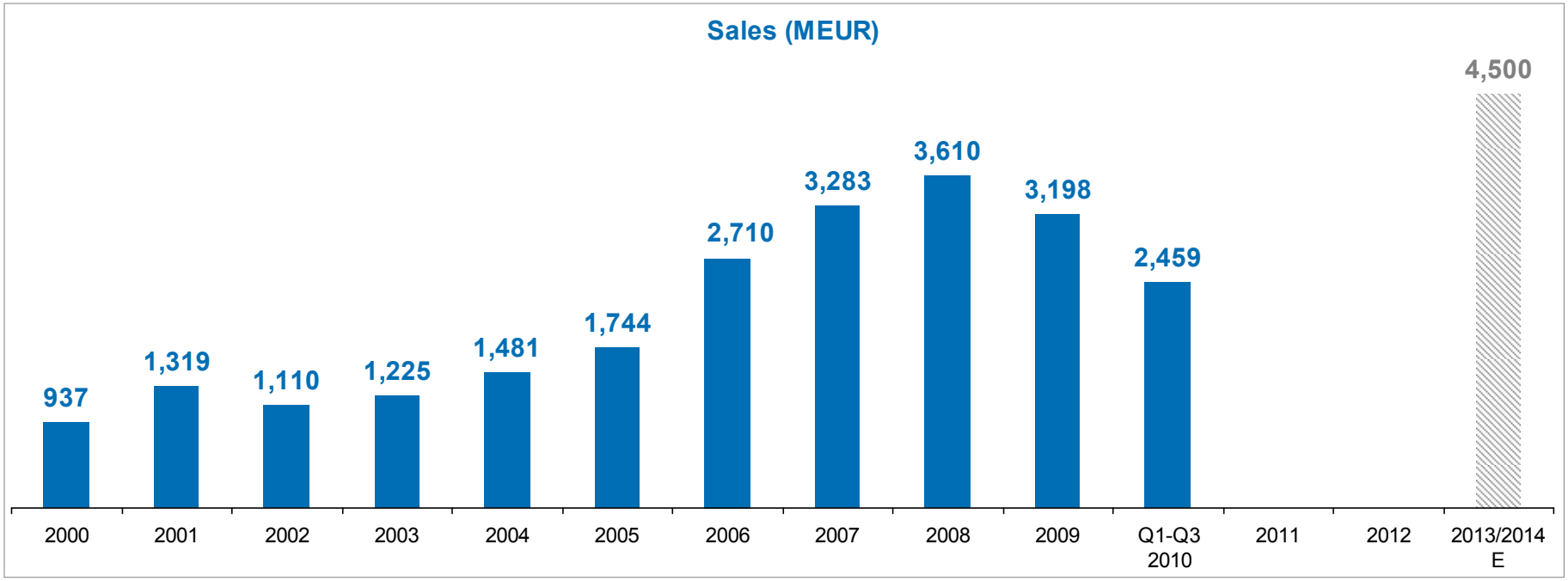
Sales target

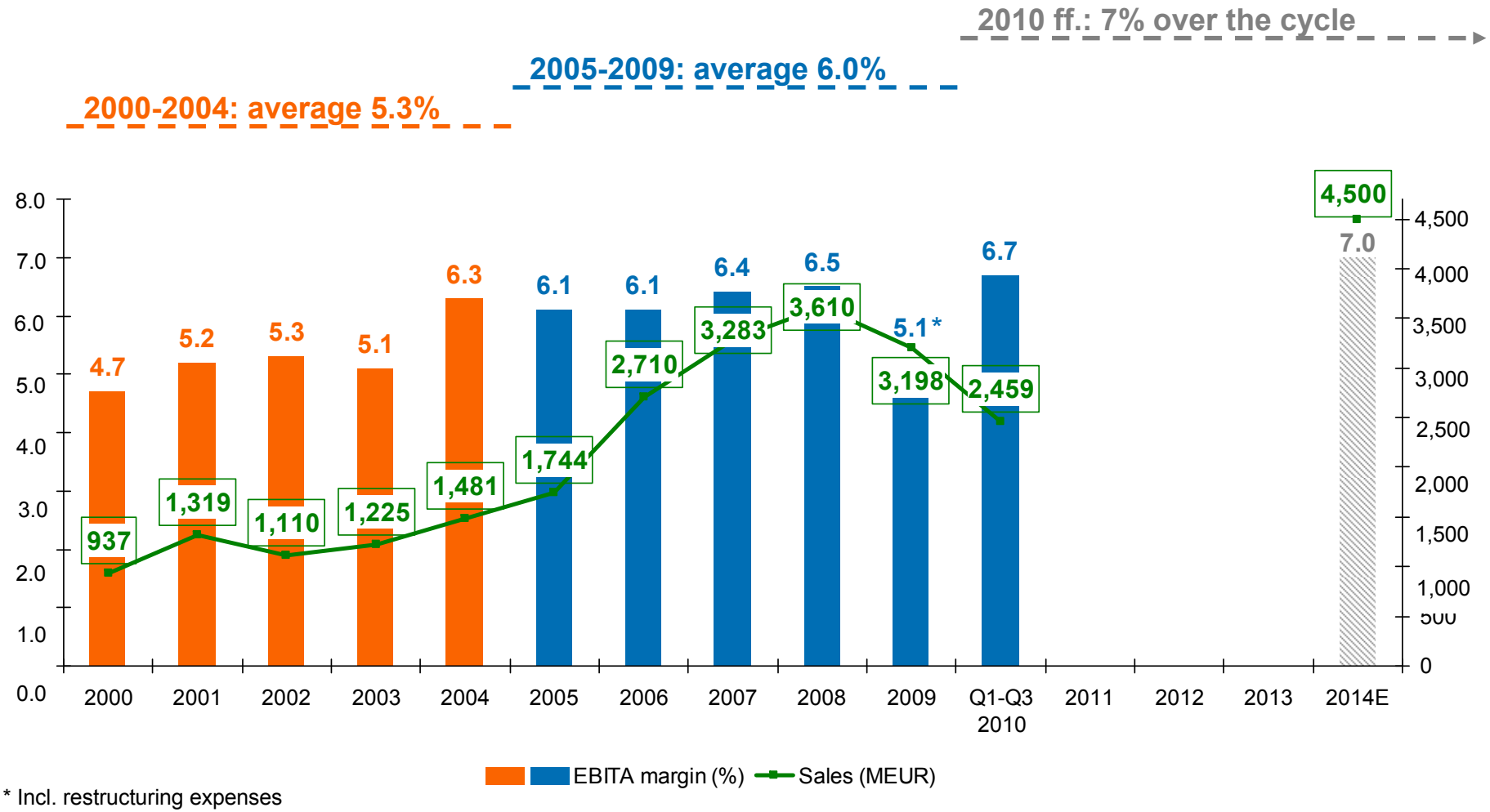
4.5 bn. Euro sales goal targeted for 2013/2014

- Confident to continue growth: Confirmation of goal to increase sales by 10% p. a. on average.
- CAGR 2000-2009: +15% p. a. (thereof 7% p. a. organic growth).
- 4.5 bn. goal, delayed due to crisis, should be reached 2013/2014.



EBITA margin target

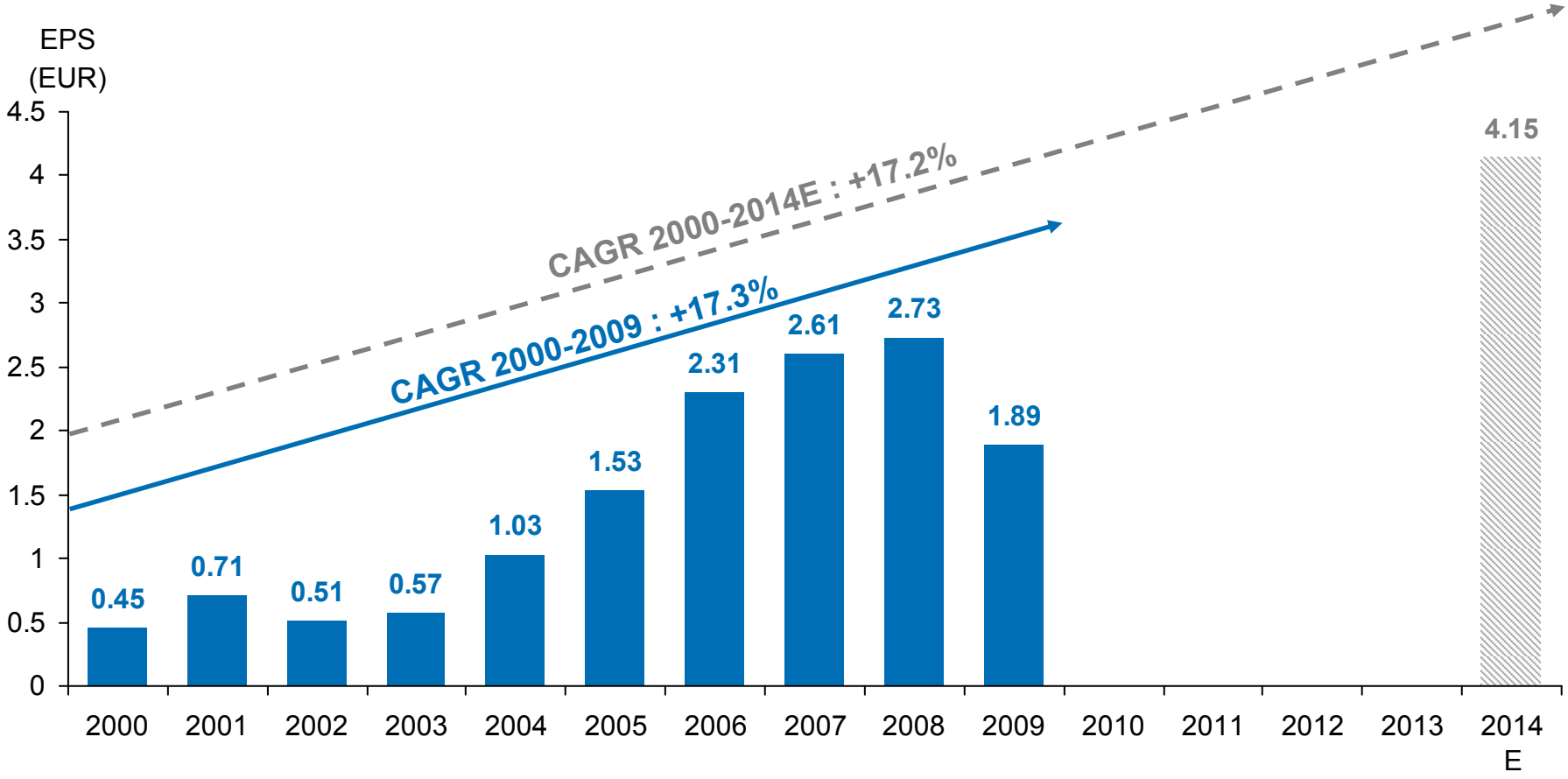
7% over the cycle



* Incl. restructuring expenses

Earnings per share

Assumptions for 2014E EPS calculation: 4.5 bn. EUR sales; 7% EBITA margin; 30% tax rate.

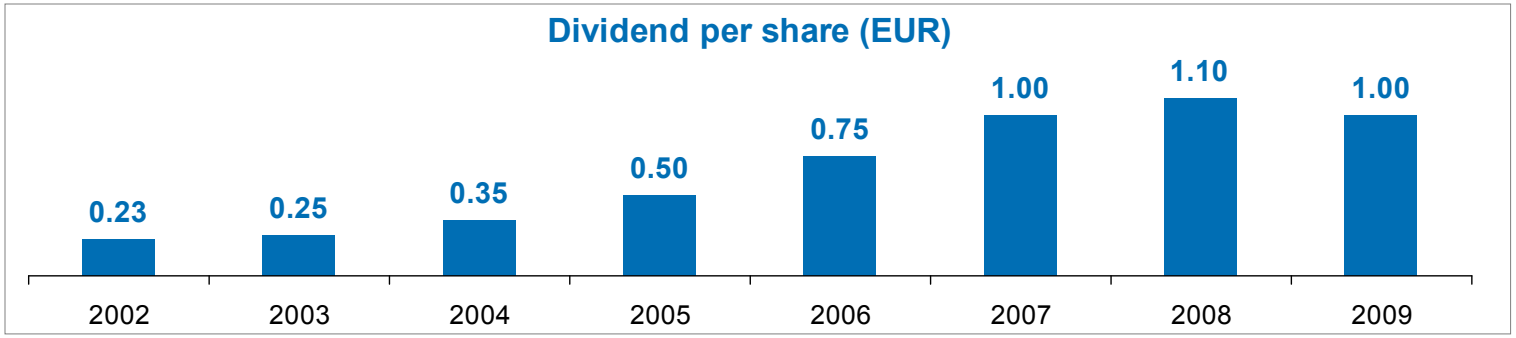


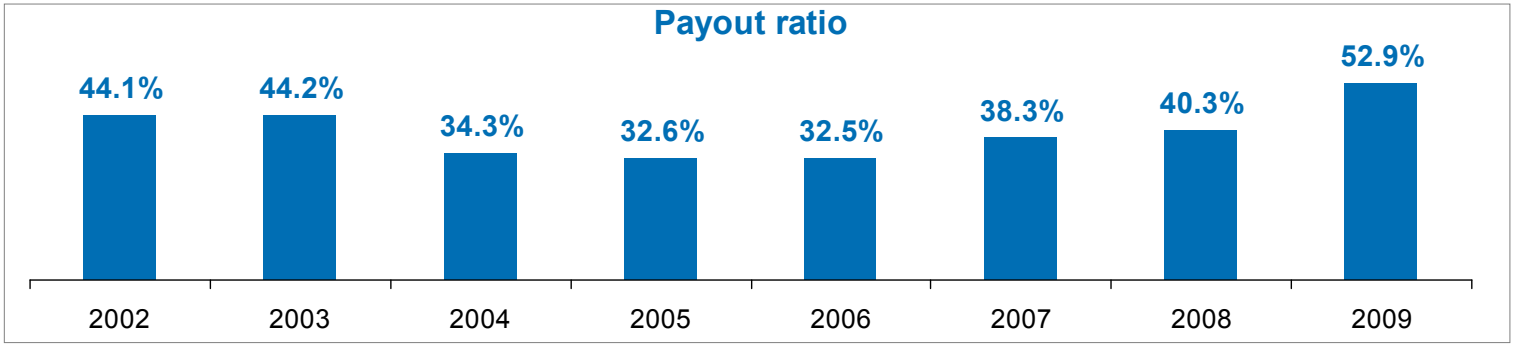
Dividend payments

Sustainable dividend payout ratio on top of strong sales growth

Goals:

- Keep payout ratio by at least 50%.
- Mid-term increase to ~60%.





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

Outlook

Sales 2010 expected to slightly increase vs. 2009

Expectations for the business areas:

- HYDRO: continuing **positive project activity** for both modernizations/upgrades and new hydropower plants.
- PULP & PAPER: **acceptable project activity** for greenfield pulp and paper mills.
- METALS: **moderate project activity** expected to continue with only selective projects for special end-market products in emerging markets (automotive and household applications industries).
- ENVIRONMENT & PROCESS: continuation of **favorable project activity** for mechanical and thermal solid/liquid separation.
- FEED & BIOFUEL: **satisfactory project activity** for both feed and biomass pelleting equipment.

Expectations for the ANDRITZ GROUP:

- **Sales 2010 slightly up** compared to 2009.
- **Earnings positively impacted** by restructuring measures implemented in 2008/2009.

Disclaimer

Certain statements contained in this presentation constitute 'forward-looking statements.' These statements, which contain the words 'believe', 'intend', 'expect' and words of similar meaning, reflect management's beliefs and expectations and are subject to risks and uncertainties that may cause actual results to differ materially.

As a result, readers are cautioned not to place undue reliance on such forward-looking statements. The Company disclaims any obligation to publicly announce the result of any revisions to the forward-looking statements made herein, except where it would be required to do so under applicable law.

According to IFRS.