



The ANDRITZ GROUP

Company presentation December 2013

Contents

ANDRITZ GROUP overview and results Q3 2013

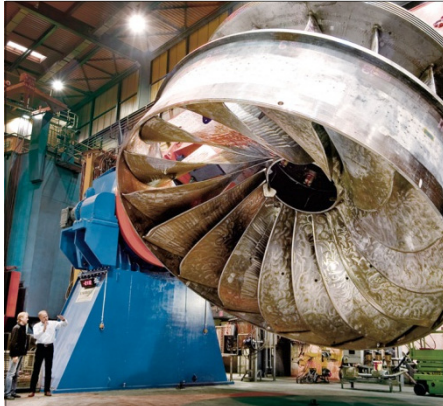
Business areas

Long-term goals and outlook



Company profile

A world market leader in most business areas



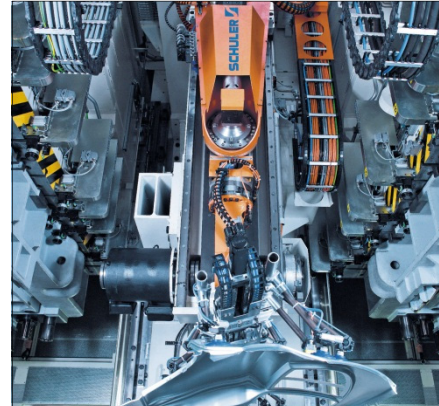
HYDRO
35-40%*

Electromechanical equipment for hydro-power plants (turbines and generators); pumps (e.g. for water transport and irrigation); turbo-generators for thermal power stations



PULP & PAPER
25-30%*

Systems and equipment for production of pulp, paper, tissue, and board; energy boilers; production equipment for bio-fuel/biomass; plants for production of nonwovens and plastic films



METALS
25%*

Presses for metal-forming; systems for production and processing of stainless steel, carbon steel, and non-ferrous metal strip; industrial furnace plants



SEPARATION
10%*

Equipment for solid/liquid separation for municipalities and various industries; systems and equipment for production of animal feed pellets

* Average share of ANDRITZ GROUP's total order intake

Strengthening of the market position

Growth through organic expansion and acquisitions

Recent acquisitions by business area

HYDRO

2006 VA TECH HYDRO
2007 Tigép
2008 GE Hydro business
2008 GEHI (JV)
2010 Precision Machine
2010 Hammerfest Strøm (59%)
2010 Ritz
2011 Hemicycle Controls

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 Carbona
2006 Pilão
2006 Bachofen + Meier
2007 Sindus
2008 Kufferath
2009 Rollteck
2010 Rieter Perfojet
2010 DMT/Biax

2011 AE&E Austria
2011 Iggesund Tools
2011 Tristar Industries
2011 Asselin-Thibeau
2012 AES
2013 MeWa

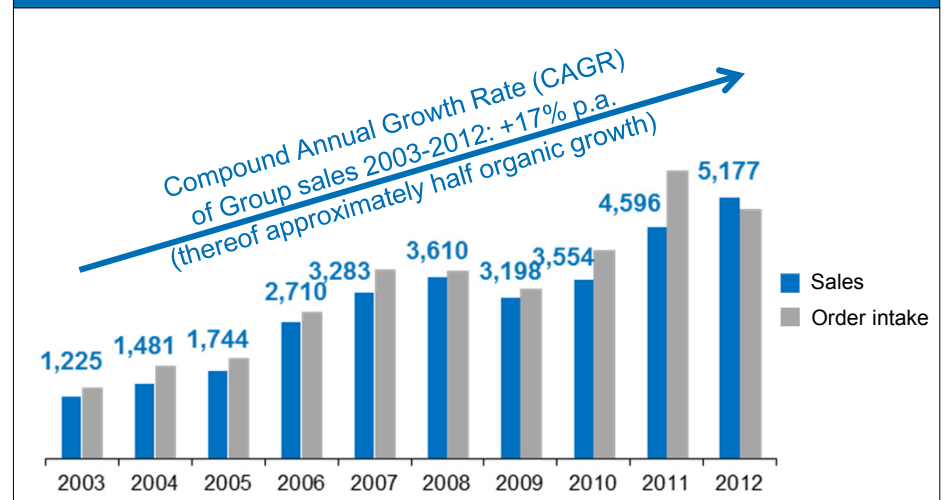
METALS

1997 Sundwig
1998 Thermtec
2000 Kohler
2002 SELAS SAS Furnace Div.
2004 Kaiser
2005 Lynson
2008 Maerz
2012 Bricmont
2012 Soutec
2013 Schuler (> 90%)
2013 FBB Engineering

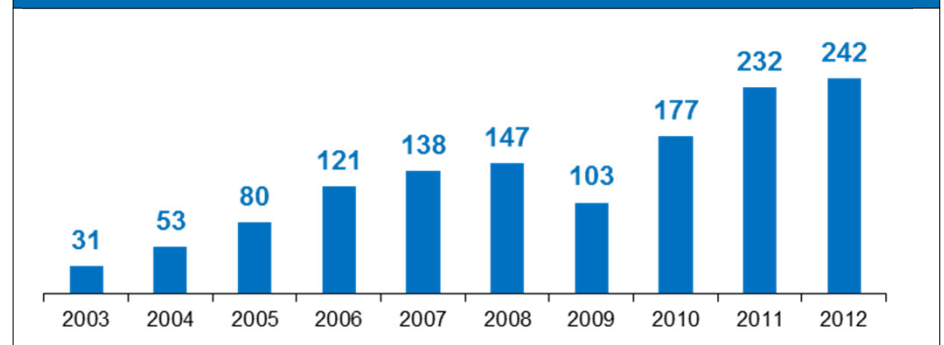
SEPARATION

1992 TCW Engineering
1995 Jesma-Matador
1996 Guinard
2000 UMT
2002 3SYS
2004 Bird Machine
2004 NETZSCH Filtration
2004 Fluid Bed Systems
2005 Lenser Filtration
2006 CONTEC Decanter
2009 Delkor Capital Equipment
2009 Frautech
2010 KMPT
2012 Gouda
2013 Shende Machinery (80%)

Sales and order intake of the ANDRITZ GROUP (MEUR)

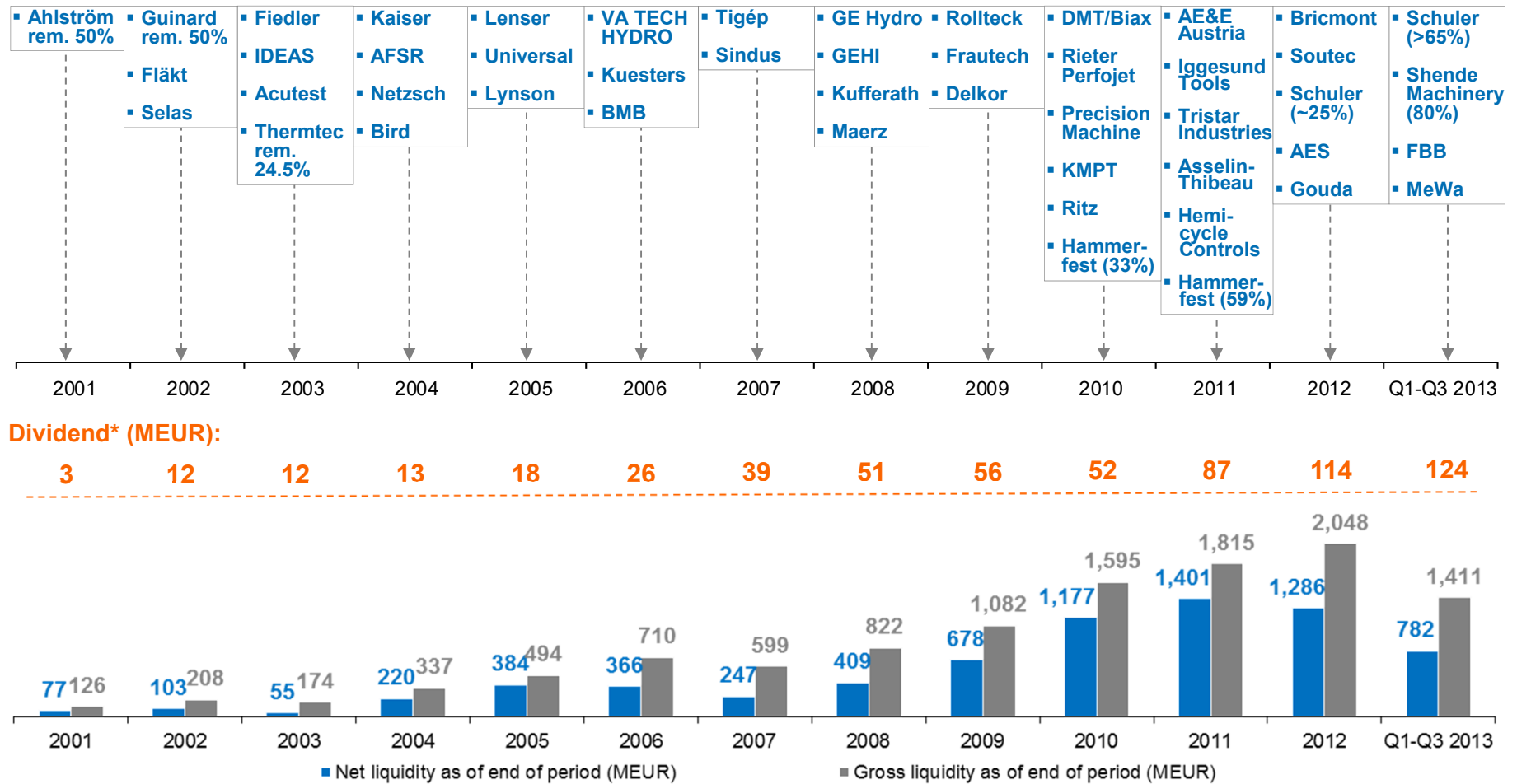


Net income of the ANDRITZ GROUP (MEUR)



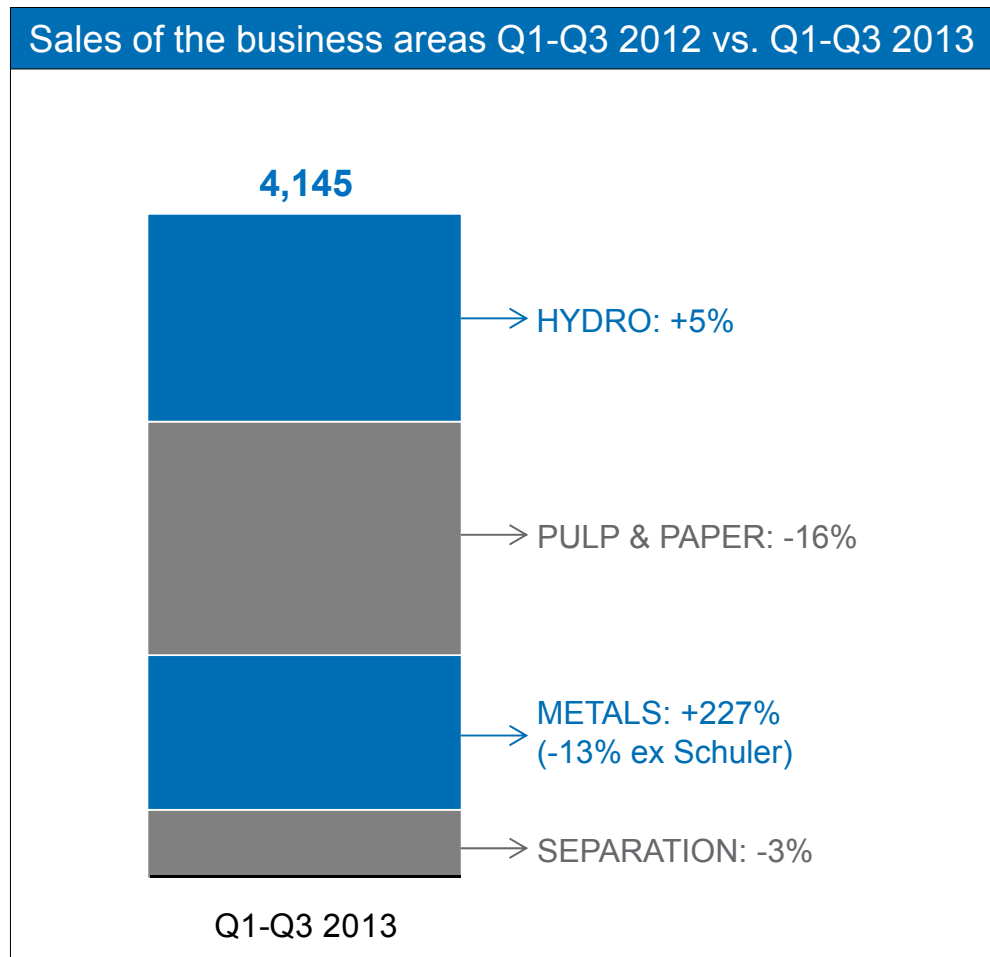
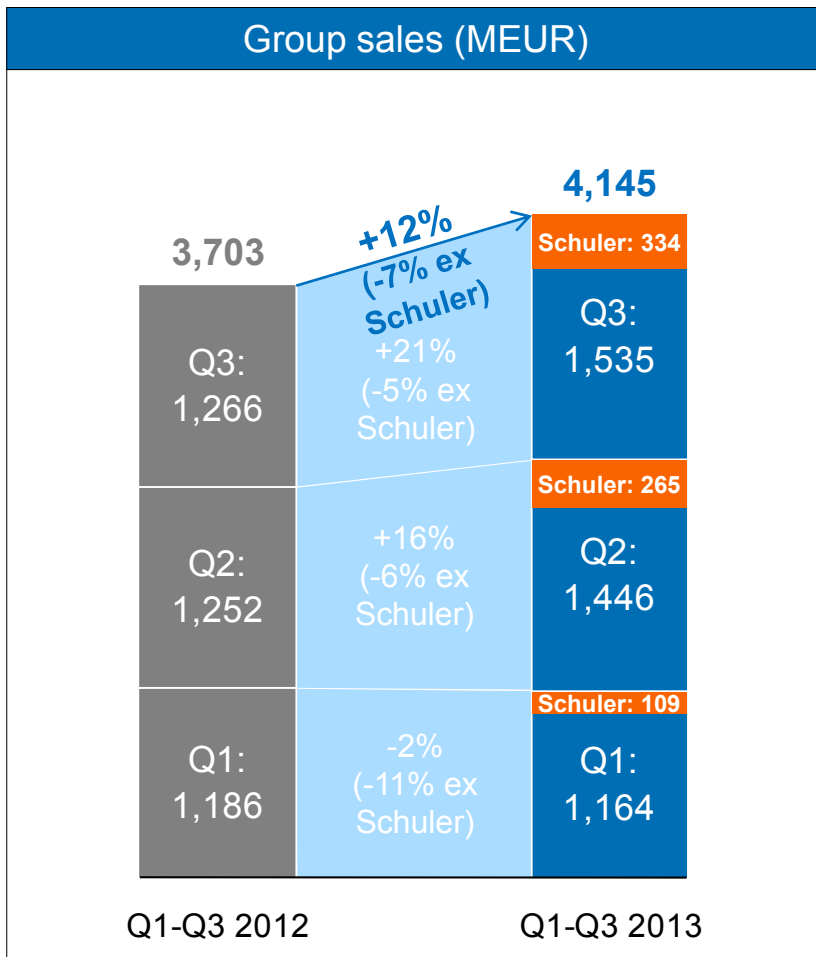
Continuing strong net cash position

Schuler fully paid



* Paid out after AGM for the previous year

Schuler drives sales increase in Q3 2013



The Schuler Group was consolidated into the consolidated financial statements of the ANDRITZ GROUP as of March 1, 2013; no pro forma figures are available for the reference periods of last year.

Group EBITA substantially down in Q3 2013

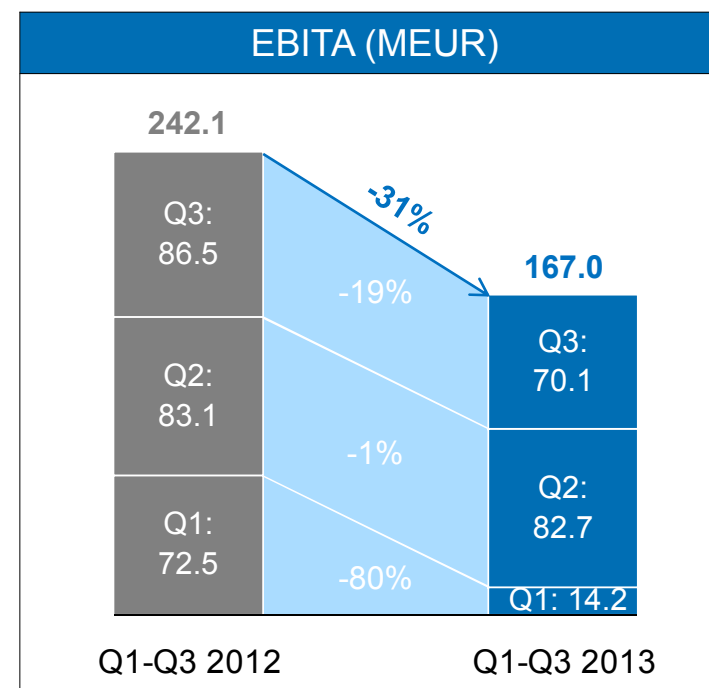
due to PULP & PAPER and SEPARATION

Q3 2013

- EBITA: 70.1 MEUR (-19% vs. Q3 2012)
 - Impacted by additional provisions in the low double-digit million euros range due to cost overruns in connection with large greenfield pulp project in South America and additional costs related to launch of new SEPARATION products in China
 - Very good development of HYDRO and METALS (Schuler)
- EBITA margin: 4.6% (Q3 2012: 6.8%)

Q1-Q3 2013:

- EBITA: 167.0 MEUR (-31% vs. Q1-Q3 2012)
- EBITA margin: 4.0% (Q1-Q3 2012: 6.5%); decline due to:
 - PULP & PAPER: provisions for large greenfield pulp project in Q1 2013; project mix; competitive pressure
 - SEPARATION: product launch costs in China

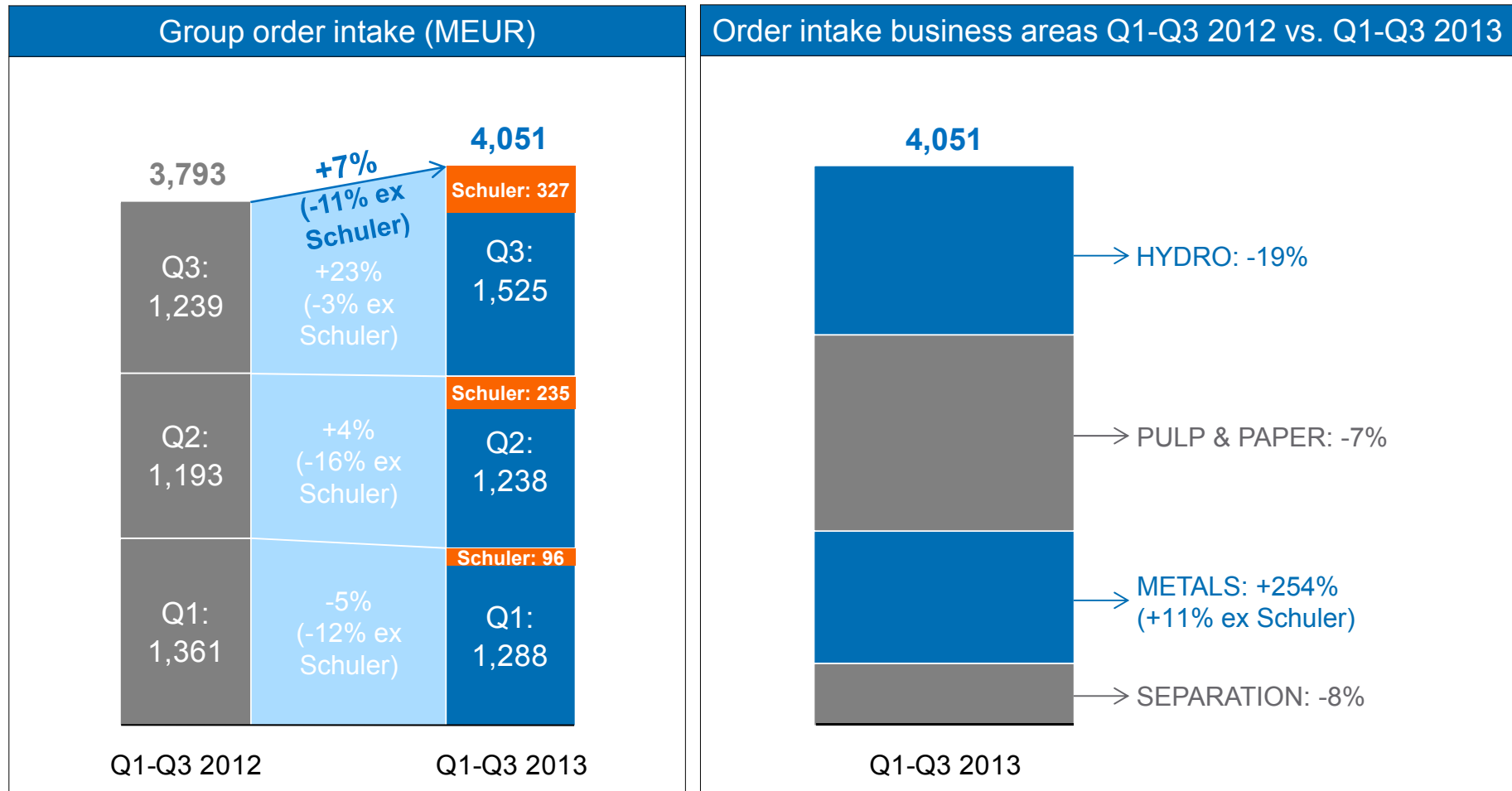


	Q3 2013	Q3 2012	Q1-Q3 2013	Q1-Q3 2012
EBITA margin	4.6%	6.8%	4.0%	6.5%

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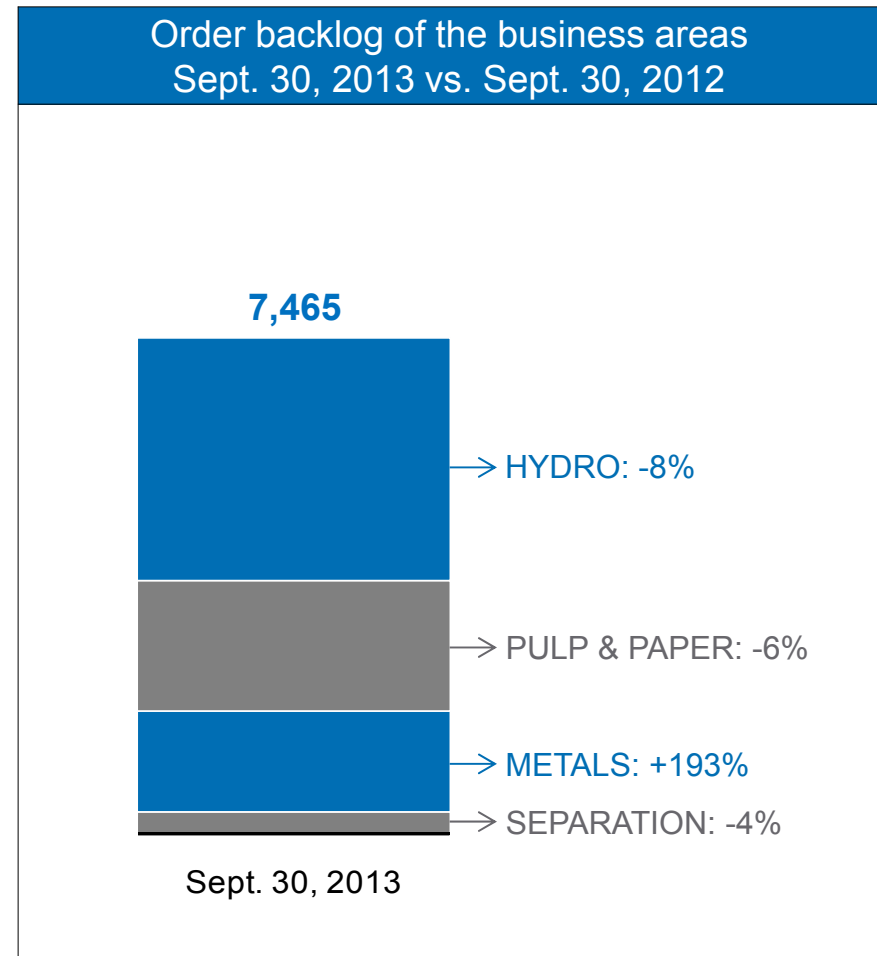
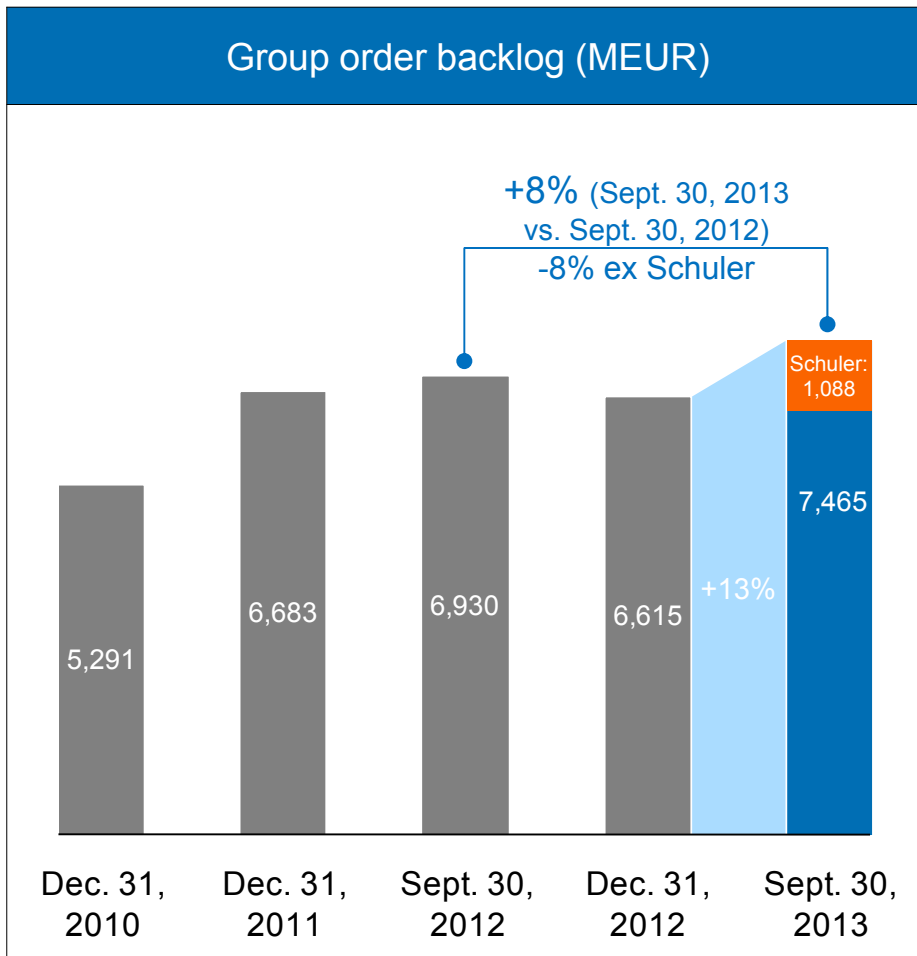
Increase of order intake in Q3 2013

basically driven by Schuler only



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Order backlog up due to Schuler



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Key figures Q3/Q1-Q3 2013 at a glance

	Unit	Q1-Q3 2013	Q1-Q3 2012	+/-	Q3 2013	Q3 2012	+/-	2012
Order intake	MEUR	4,051.3	3,793.2	+6.8%	1,525.3	1,238.8	+23.1%	4,924.4
Order backlog (as of end of period)	MEUR	7,464.5	6,929.8	+7.7%	7,464.5	6,929.8	+7.7%	6,614.8
Sales	MEUR	4,144.6	3,703.3	+11.9%	1,534.5	1,265.5	+21.3%	5,176.9
EBITDA	MEUR	229.3	286.1	-19.9%	93.3	101.4	-8.0%	418.6
EBITA	MEUR	167.0	242.1	-31.0%	70.1	86.5	-19.0%	357.8
EBIT	MEUR	116.2	224.0	-48.1%	50.3	80.9	-37.8%	334.5
EBT	MEUR	110.8	231.0	-52.0%	48.0	81.2	-40.9%	331.6
Financial result	MEUR	-5.4	7.0	-177.1%	-2.3	0.3	-866.7%	-2.9
Net income (including non-controlling interests)	MEUR	77.6	166.2	-53.3%	32.8	58.7	-44.1%	242.2
Cash flow from operating activities	MEUR	-81.1	221.8	-136.6%	5.4	106.7	-94.9%	346.5
Capital expenditure	MEUR	65.5	52.3	+25.2%	21.1	17.8	+18.5%	109.1
Equity ratio	%	18.0	19.4	-	18.0	19.4	-	20.0
Net liquidity	MEUR	782.3	1,286.4	-39.2%	782.3	1,286.4	-39.2%	1,285.7
Net working capital	MEUR	-435.6	-638.7	-31.8%	-435.6	-638.7	-31.8%	-631.5
EBITDA margin	%	5.5	7.7	-	6.1	8.0	-	8.1
EBITA margin	%	4.0	6.5	-	4.6	6.8	-	6.9
EBIT margin	%	2.8	6.0	-	3.3	6.4	-	6.5
Employees (as of end of period; without apprentices)	-	23,939	17,686	+35.4%	23,939	17,686	+35.4%	17,865

Financial result

Decrease due to:

- Interest rate swap for bond 2012
- Generally lower interest rates
- Reduced net liquidity

Net liquidity

Reduction mainly due to Schuler acquisition

Net working capital

Decline due to lower customer advances and payments to sub-suppliers

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Foto: BMW AG/Martin - Kienle/Worm

HYDRO

Solid business development

Market Q3 2013

Overall satisfactory market conditions; however, global investment activity below last years' peak levels:

- **Modernizations/rehabilitations:** unchanged solid project activity in Europe and North America
- **New hydropower plants:** some projects in emerging markets
- **Small-scale hydropower plants:** satisfactory project activity

Business Q3 2013 vs. Q3 2012

- Reasonable development of **order intake**; few large orders decided
- **Sales:** slight increase
- Very good development of **earnings and margin**

	Unit	Q1-Q3 2013	Q1-Q3 2012	+/-	Q3 2013	Q3 2012	+/-	2012
Order intake	MEUR	1,221.6	1,504.6	-18.8%	367.3	391.4	-6.2%	2,008.4
Order backlog (as of end of period)	MEUR	3,637.4	3,944.6	-7.8%	3,637.4	3,944.6	-7.8%	3,842.3
Sales	MEUR	1,301.5	1,245.7	+4.5%	450.9	438.7	+2.8%	1,836.8
EBITDA	MEUR	121.2	114.0	+6.3%	45.0	39.3	+14.5%	182.4
EBITDA margin	%	9.3	9.2	-	10.0	9.0	-	9.9
EBITA	MEUR	99.3	92.4	+7.5%	38.0	32.1	+18.4%	153.2
EBITA margin	%	7.6	7.4	-	8.4	7.3	-	8.3
Employees (as of end of period; without apprentices)	-	7,712	7,534	+2.4%	7,712	7,534	+2.4%	7,469

HYDRO

Global market volume substantially below peak levels

MARKET

Large-scale projects:

- Solid demand for rehabilitation and modernization to continue due to age of installed base
- Some greenfield hydropower projects in emerging markets (Africa, South America)

Small-scale projects:

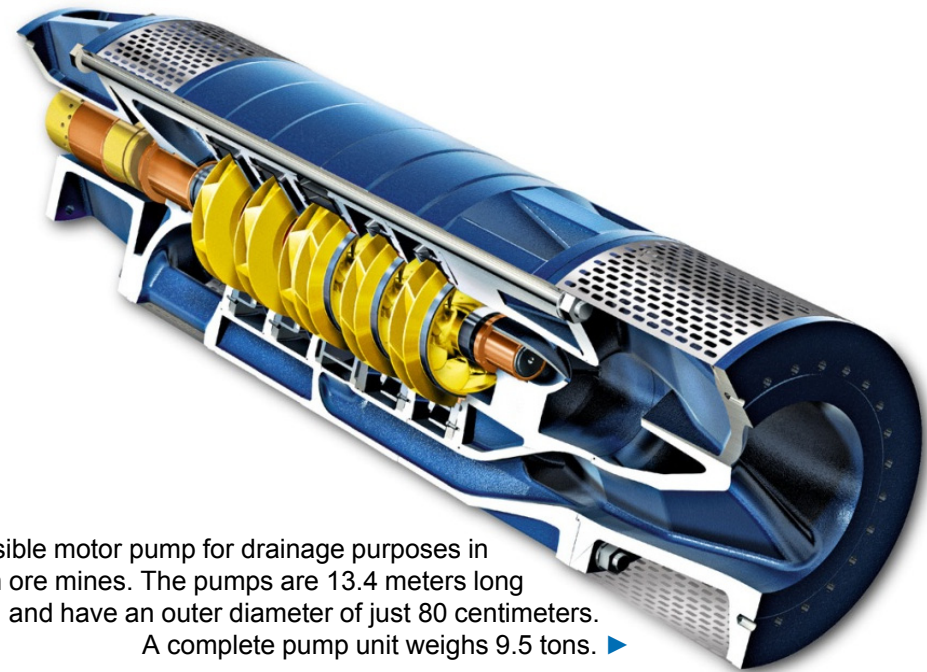
Good activity to continue, especially in emerging markets (high energy demand, low capex needs)

Pumps:

Demand for special pumps to remain high (irrigation, water transport, etc.)

COMPETITION

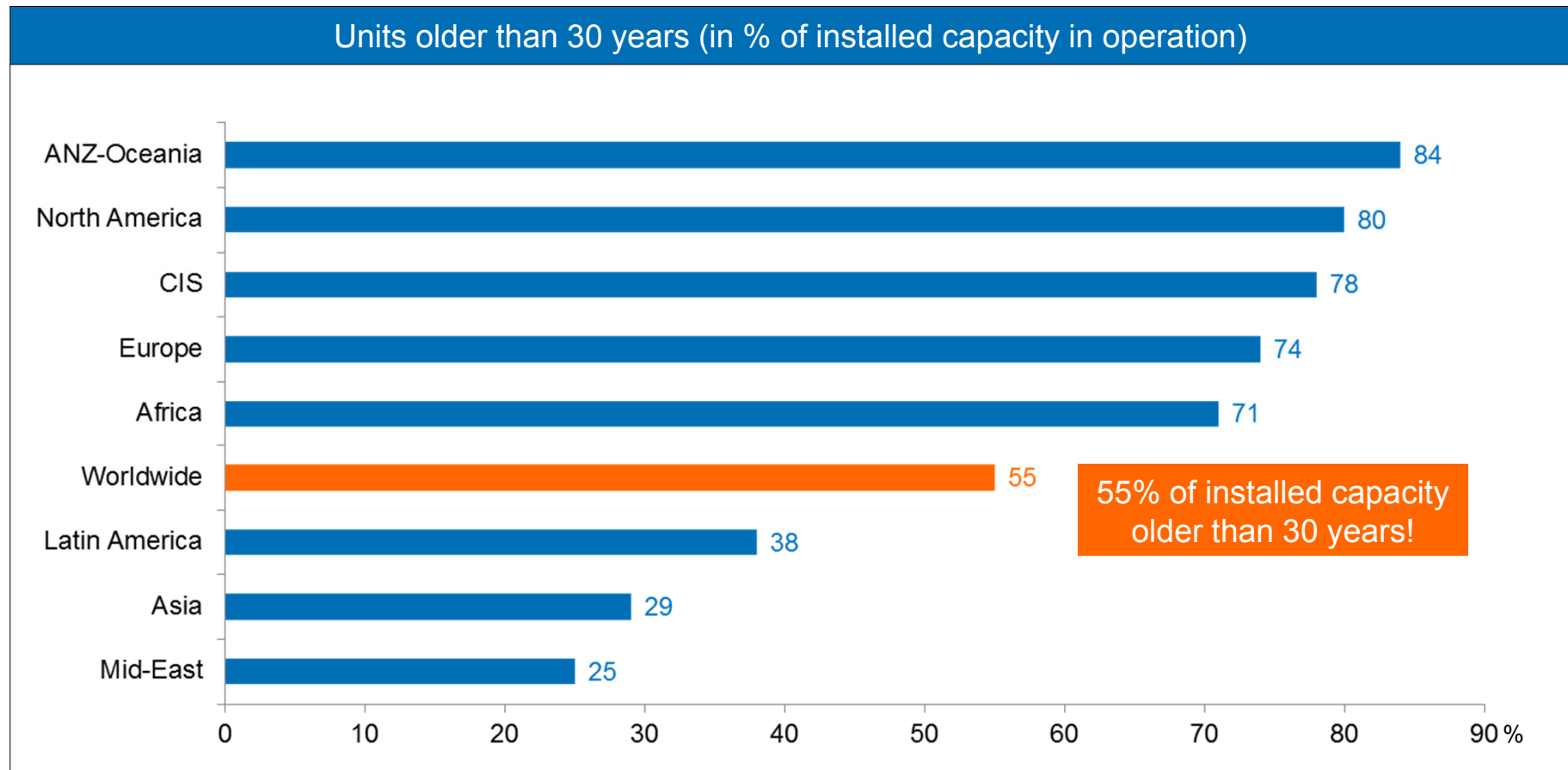
- Stable at challenging level
- Asian competitors?



Submersible motor pump for drainage purposes in iron ore mines. The pumps are 13.4 meters long and have an outer diameter of just 80 centimeters. A complete pump unit weighs 9.5 tons. ▶

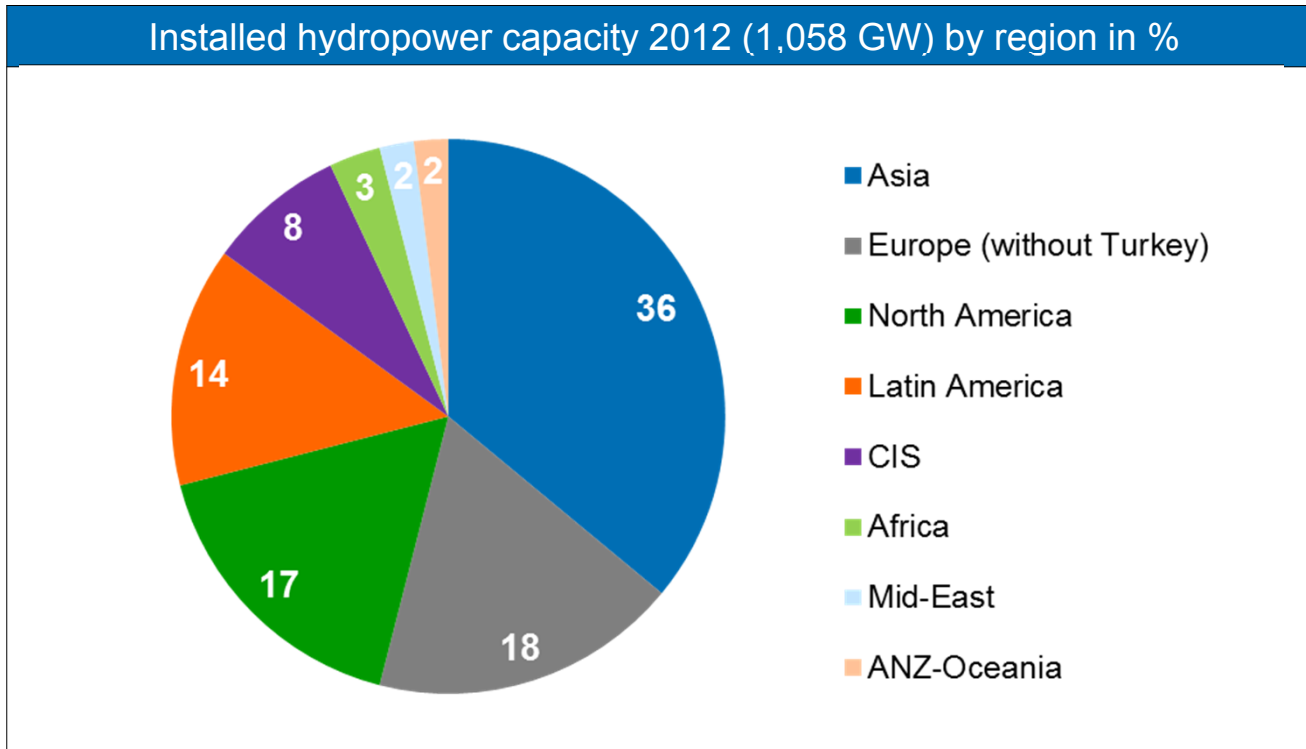
HYDRO

Favorable long-term potential for rehabilitation/modernization



Source: ANDRITZ; Platts – UDI

HYDRO: based on 55% share of capacity being older than 30 years, it would take 58 years to modernize this fleet



Today's annual 10 GW rehab rate is not sufficient to stop aging of existing fleet!

Source: GlobalData, Hydropower&Dams World Atlas

PULP & PAPER: favorable order intake development, earnings negatively impacted by provisions

Market Q3 2013

- **Modernizations/upgrades and greenfield pulp mills:** solid project activity
- **Biomass/recovery boilers:** satisfactory market development
- **Pricing:** unchanged very strong pricing pressure, especially for large-scale projects

Business Q3 2013 vs. Q3 2012

- **Order intake** increased, mainly due to large order from Chile for air pollution equipment
- **Sales:** declined due to high sales contribution by two large pulp mill orders last year
- **Earnings and margin:** down due to provisions for large greenfield pulp project in South America

	Unit	Q1-Q3 2013	Q1-Q3 2012	+/-	Q3 2013	Q3 2012	+/-	2012
Order intake	MEUR	1,417.3	1,523.3	-7.0%	602.3	542.1	+11.1%	1,962.4
Order backlog (as of end of period)	MEUR	1,956.0	2,088.7	-6.4%	1,956.0	2,088.7	-6.4%	2,018.1
Sales	MEUR	1,456.7	1,724.8	-15.5%	524.5	561.1	-6.5%	2,282.2
EBITDA	MEUR	8.2	121.7	-93.3%	-1.8	43.2	-104.2%	156.2
EBITDA margin	%	0.6	7.1	-	-0.3	7.7	-	6.8
EBITA	MEUR	-9.2	106.0	-108.7%	-7.7	37.9	-120.3%	134.6
EBITA margin	%	-0.6	6.1	-	-1.5	6.8	-	5.9
Employees (as of end of period; without apprentices)	-	7,075	6,677	+6.0%	7,075	6,677	+6.0%	6,774

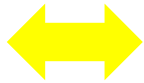
PULP & PAPER

Reasonable project activity, but fierce competition

MARKET

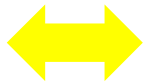
Pulp:

- Investments in greenfield pulp mills to continue, mid-term some order awards in South America and Asia
- Modernization projects to increase efficiency and profitability of existing mills
- Green energy investments
- Regionally different development for biomass pelleting projects



Paper and packaging:

Solid demand for tissue and container board machines



Nonwoven and plastic film:

Reasonable project activity



Service:

Good potential to grow organically and by acquisitions



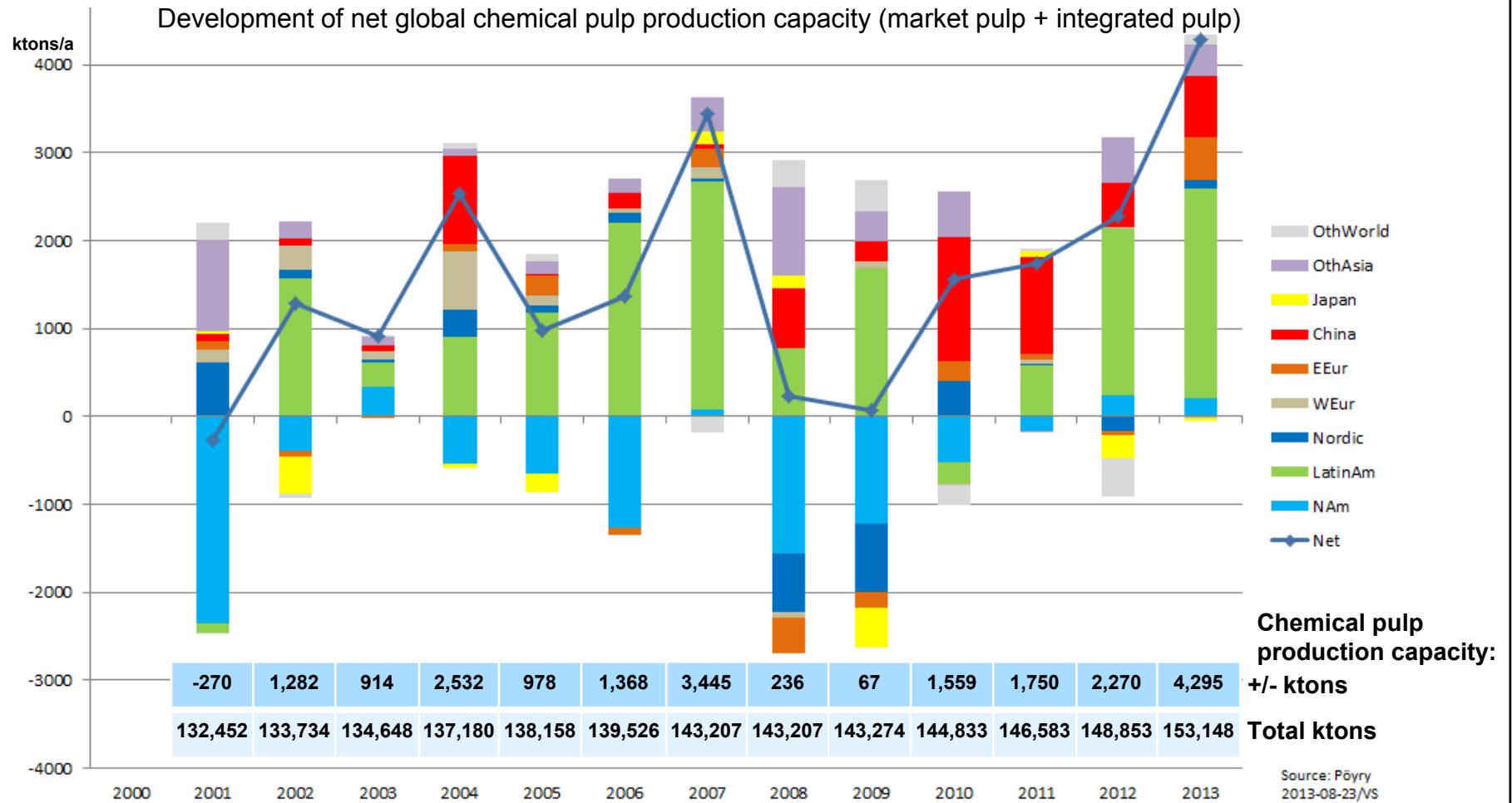
COMPETITION

- Stiff price competition for greenfield projects to continue
- Challenging environment for brownfield projects
- Consequences of Metso split-up?



▲ ANDRITZ will deliver a biomass boiler plant to the new Värtaverket combined heat and power plant in Stockholm, Sweden. The plant will largely replace fossil-based fuels like coal and oil with eco-friendly biomass.

Despite new capacities built, net capacity worldwide has only marginally increased



PULP & PAPER

Planned major projects > 1 million tons

Country	Owner	Project	Capacity/ year*	Planned start-up
Brazil	Klabin	Ortigueira	1.1	2015
Brazil	Eldorado	Três Lagoas	4.0	2017 et seq
Brazil	Fibria	Três Lagoas	1.5	2017 et seq
Brazil	Fibria	Aracruz	1.5	2017 et seq
Brazil	Veracel	Eunápolis	1.5	2017 et seq
Brazil	Brasileira de Celulose	Peixes	1.5	2017 et seq
Brazil	Suzano	Imperatriz	1.3	2017 et seq
Brazil	Portucel Brazil	-	1.3	2017 et seq
Chile	Arauco	Bio-Bio	1.6	2017 et seq
China	Guangxi Jingui	Qinzhou City	1.2	2017 et seq
Indonesia	Oki Pulp & Paper Mills	Palembang	2.0	2017 et seq
Mozambique	Portucel Mozambique	-	1.3	2017 et seq

* In million t; source: Pöyry



▲ In addition to the existing mill in Três Lagoas (photo), Brazil, Fibria plans to erect a second market pulp line. Eldorado Brasil announced two additional pulp lines in Três Lagoas

Update on pulp mill project in Uruguay

- ~ 95% of project finished
- Customer published in October that start-up of the mill is expected during the first months of 2014
- Additional provisions likely if difficult labor situation on site continues
- When this contract was signed two years ago, it had all the ingredients for success:
 - ANDRITZ successfully executed a similar project in good cooperation with owner (Fray Bentos pulp mill: successful start-up in 2007):
 - Same country
 - Same sub-suppliers
 - Same capacity
- Difference is only related to labor-related strikes on site, which are impacting all suppliers and owners

METALS: solid development due to Schuler

Legacy ANDRITZ METALS stays at low level

Market Q3 2013

- **Metal forming equipment:** in spite of slowing demand, overall solid project activity
- **Steel:** unchanged very low project activity for stainless steel due to ongoing overcapacities and related limited capex; selective projects for carbon steel
- **Furnaces:** satisfactory investment activity

Business Q3 2013 vs. Q3 2012

- **Order intake:** favorably up due to Schuler (order intake ex Schuler: -39%)
- **Sales:** rose due to Schuler; ex Schuler, sales declined (-32%)
- **Earnings and margin:** up due to Schuler

	Unit	Q1-Q3 2013	Q1-Q3 2012	+/-	Q3 2013	Q3 2012	+/-	2012
Order intake	MEUR	958.3	270.8	+253.9%	423.8	159.5	+165.7%	324.2
Order backlog (as of end of period)	MEUR	1,500.3	512.3	+192.9%	1,500.3	512.3	+192.9%	451.4
Sales	MEUR	962.9	294.4	+227.1%	413.7	117.7	+251.5%	404.7
EBITDA	MEUR	90.2	19.3	+367.4%	45.1	8.7	+418.4%	28.0
EBITDA margin	%	9.4	6.6	-	10.9	7.4	-	6.9
EBITA	MEUR	74.7	17.6	+324.4%	37.4	8.0	+367.5%	25.1
EBITA margin	%	7.8	6.0	-	9.0	6.8	-	6.2
Employees (as of end of period; without apprentices)	-	6,309	1,146	+450.5%	6,309	1,146	+450.5%	1,129

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METALS

Good activity in furnaces, low in carbon and stainless

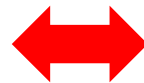
MARKET

Metalforming:



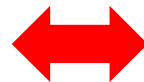
- Automotive demand to slow down from record levels of past years; regionally different development: Europe ex Germany weak, Asia and South America good
- Stable demand from other industries

Stainless steel:



Investment activity to remain at very low level, no big capex plans by customers

Carbon steel:



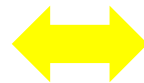
Unchanged slow market; some early signs of recovery?

Furnaces:



Good demand to continue

COMPETITION



- Stable at challenging level
- Depreciation of Yen to benefit Japanese competitors?



▲ Schuler successfully started up a 1,600 ton servo press for Miele, Germany. Miele increased the output by up to 50% with the new press.

SEPARATION

Continued unsatisfactory business development

Market Q3 2013

- **Municipal/industrial wastewater treatment and food industry:** reasonable investment activity
- **Chemical, mining, and minerals:** low project activity
- **Feed and biomass:** satisfactory project activity

Business Q3 2013 vs. Q3 2012

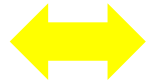
- **Order intake:** decline mainly due to unchanged low investment activity in mining and chemicals
- **Sales:** slightly down
- **Earnings and margin:** negatively impacted by additional costs related to launch of new products in China

	Unit	Q1-Q3 2013	Q1-Q3 2012	+/-	Q3 2013	Q3 2012	+/-	2012
Order intake	MEUR	454.1	494.5	-8.2%	131.9	145.8	-9.5%	629.4
Order backlog (as of end of period)	MEUR	370.8	384.2	-3.5%	370.8	384.2	-3.5%	303.0
Sales	MEUR	423.5	438.5	-3.4%	145.4	148.1	-1.8%	653.2
EBITDA	MEUR	9.7	31.1	-68.8%	5.0	10.2	-51.0%	52.0
EBITDA margin	%	2.3	7.1	-	3.4	6.9	-	8.0
EBITA	MEUR	2.2	26.1	-91.6%	2.4	8.5	-71.8%	44.9
EBITA margin	%	0.5	6.0	-	1.7	5.7	-	6.9
Employees (as of end of period; without apprentices)	-	2,843	2,329	+22.1%	2,843	2,329	+22.1%	2,493

SEPARATION

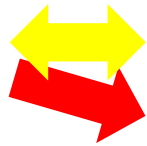
Slow market to continue

MARKET



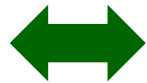
Municipalities:

Investment activity at reasonable levels



Industries:

- Reasonable demand in food processing
- Low project activity in mining, minerals, and chemical industries



Animal feed:

Continuing at solid level



Biomass pelleting:

Good demand to continue

ANDRITZ's product issues expected to be resolved in Q1 2014 at the latest



COMPETITION

Challenging with many local competitors



▲ Biomass torrefaction pilot plant in Frohnleiten, Austria. The energy content of torrefied biomass is 20% higher than that of white wood pellets.

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Metals

ANDRITZ

Earnings influencing factors 2013 and 2014

and margin improvement potential (1)

Expected market and order intake development:

- Stable market development to continue in all four business areas, however no sign of major recovery for 2014
- Excluding Schuler, ANDRITZ's order intake 2013 will be slightly lower than 2012 → expected to remain stable in 2014
- Chances for some larger orders in HYDRO and PULP & PAPER

Operational measures and IFRS related issues:

- Given the expected developments as described above, certain, although limited capacity adjustments will be targeted in some areas
- Schuler:
 - First round of simplifications of complex corporate structure and shift of value added to major markets expected by end of Q4 2013
 - Purchase price allocation of intangibles (backlog, patents, customer relations) based on IFRS regulations lead to amortization of approx. 50 MEUR p.a. in 2013 and 2014, declining to below 30 MEUR p.a. from 2015 to 2020

Earnings influencing factors 2013 and 2014

and margin improvement potential (2)

Margin development:

Short-term:

- Group margin impacted by one-off cost overruns in PULP & PAPER and SEPARATION; HYDRO stable at solid level; METALS supported by Schuler
- Ongoing review of opportunities for structural improvements: Schuler/Müller Weingarten, PULP & PAPER, METALS, SEPARATION

	Margin development	
	Short-term	Long-term
ANDRITZ GROUP	-	+
HYDRO	o	+
PULP & PAPER	-	+
METALS	+	o
SEPARATION	-	++

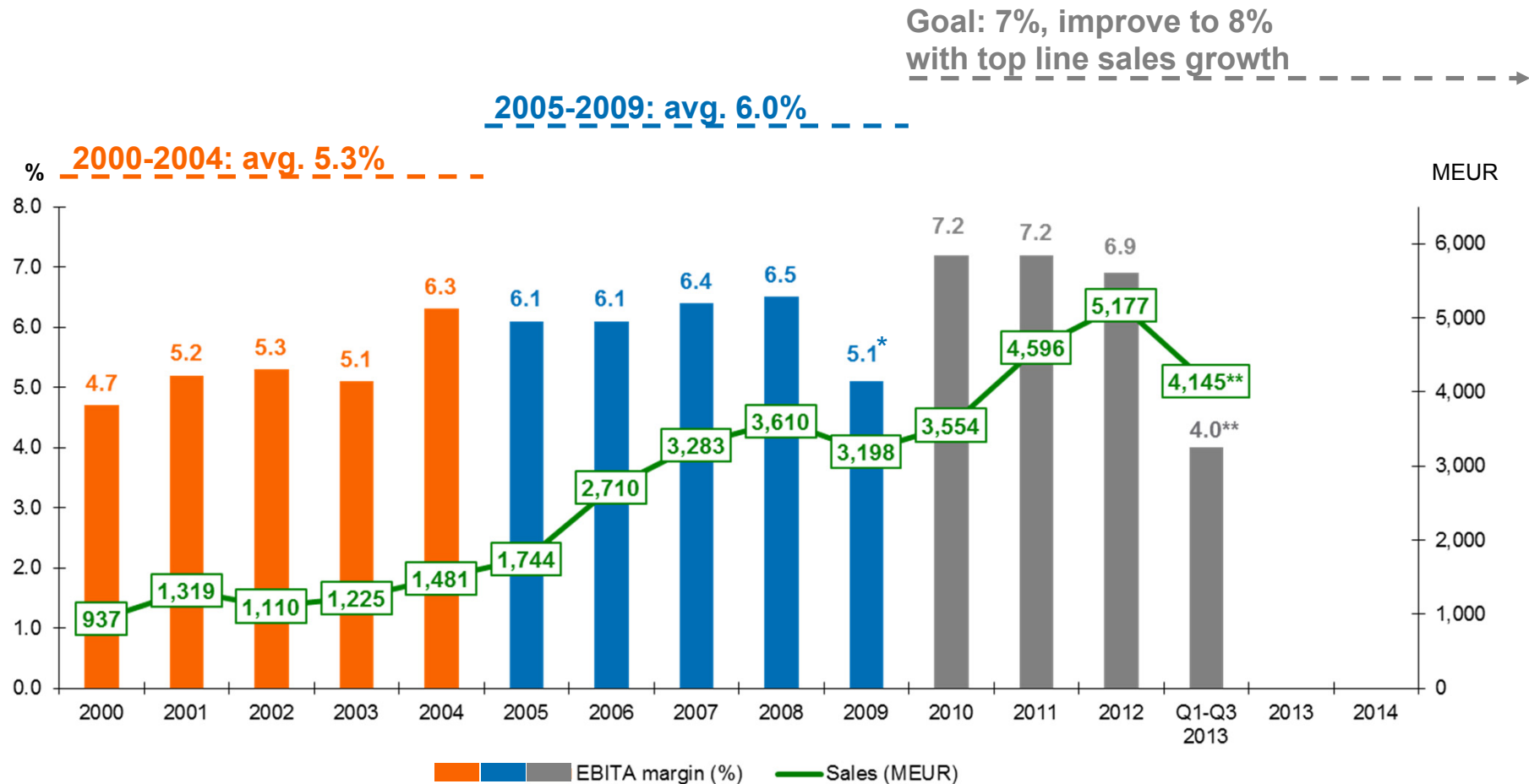
o stable + positive - negative

Long-term:

- Upside due to targeted earnings improvement in PULP & PAPER as well as in SEPARATION; HYDRO to remain at good level

Target to continue long-term profitable growth

Goal: maintain 7% and improve to 8% with top line sales growth



* Including restructuring expenses

** Including Schuler as of March 1, 2013; no pro forma figures are available for the reference periods of last years

Outlook for remainder of 2013

Investment activity to remain at current levels

Macroeconomic environment

No major change anticipated with regard to macroeconomic development for remaining months of 2013

Expectations for the business areas

HYDRO	Solid project activity for modernizations and new hydropower stations to continue; but no large-scale order expected for remainder of 2013
PULP & PAPER	Solid project activity for modernizations/capacity increases as well as for power/biomass boilers; good pipeline of greenfield pulp mills; mid-term some order awards for large-scale projects expected; unchanged stiff price competition
METALS	<ul style="list-style-type: none">▪ Global automotive market expected to stay at current level▪ Project activity for stainless steel equipment to remain at subdued level; conditions somewhat improving for carbon steel equipment
SEPARATION	Low project activity for solid/liquid separation equipment to remain; good investment activity in feed

Expectations for the Group

- Increase in sales due to Schuler
- Net income expected to decrease significantly due to sharp earnings decline in PULP & PAPER and SEPARATION, as well as due to scheduled amortization of intangible assets related to acquisition of Schuler and provisions in connection with structural improvement measures planned at Schuler

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.

All figures according to IFRS.

Due to the utilization of automatic calculation programs, differences can arise in the addition of rounded totals and percentages.

MEUR = million euros.